

# SHAREHOPE MEDICINE CO.,LTD.

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

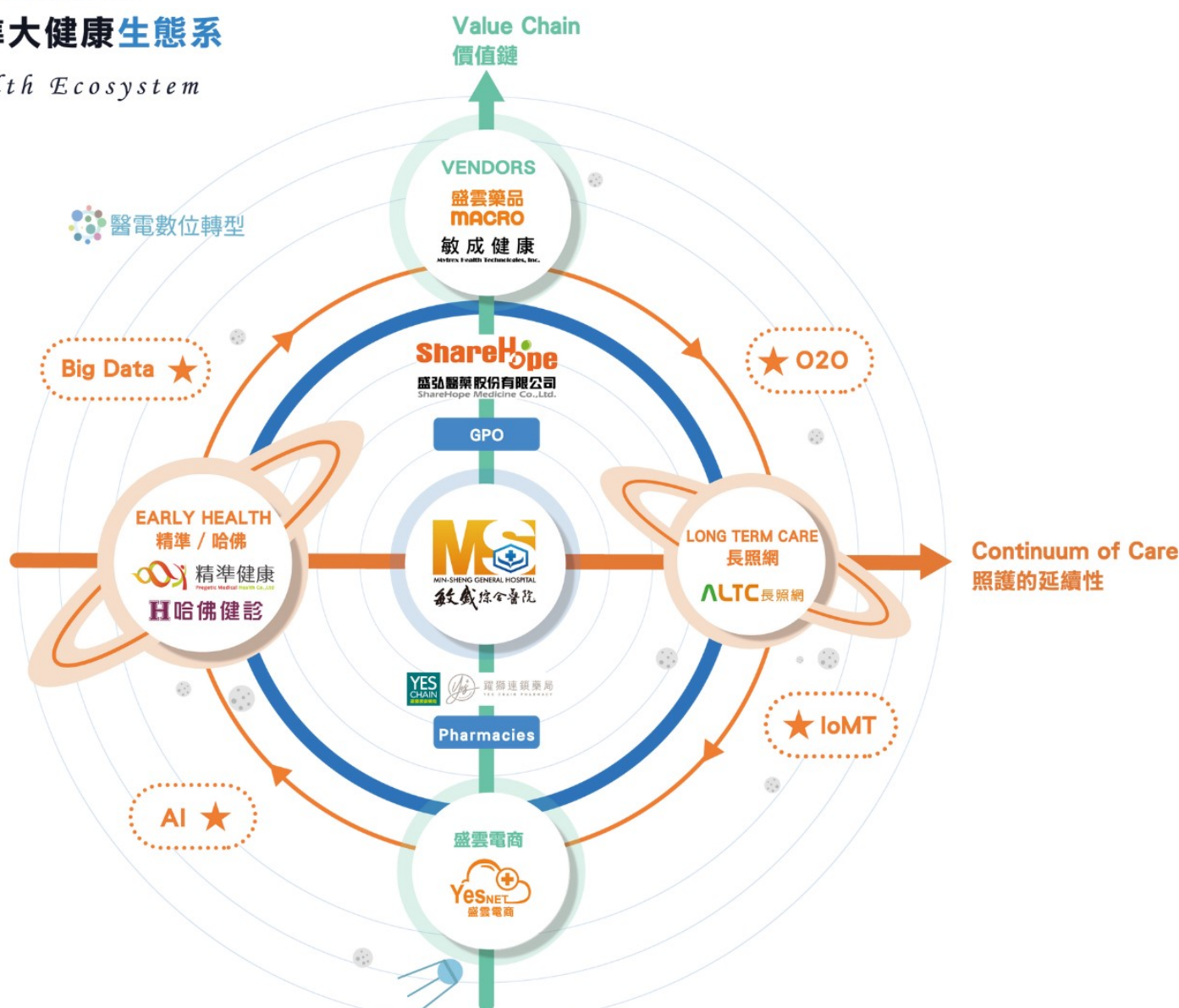
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## 2022 ANNUAL REPORT

ASIA'S LEADING HEALTHCARE ECOSYSTEM

敏盛醫療體系  
精準大健康生態系

*Health Ecosystem*



PUBLISHED ON MAY 25, 2023

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# SHAREHOPE MEDICINE CO ., LTD.

## 2022 Annual Report

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The Company does not apply

### **VI. Company website: [https : //www.share-hope.com](https://www.share-hope.com)**

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# I. Report to Shareholders

## 1.1. Operating results for 2022

### 1.1.1. Implementation results of the business plan.

The company's 2022 consolidated revenue is 4,137,132 NTDthousand , an increase of 287,105 NTDthousand over the previous year; in terms of profit, the net profit after tax attributable to the company is 293,946 NTDthousand , an increase of 61,283 NTDthousand over the previous year, and the earnings per share are NTD2.45 . It is mainly due to the impact of the epidemic in 2022 and the substantial growth of the PCR business.

Facing 2023, as the epidemic slows down and the epidemic prevention is loosened, the health inspection business of health management will return to stable growth. The company and its subsidiaries will continue to cultivate the health inspection market in Taozhumiao and Greater Taipei, and will extend their tentacles to Tainan Established Shengyou Clinic. The real estate of Château de Château Taoyuan was purchased last year to create a smart "Smart Smart Medical City". The Sheng Yun Kang Apartment with rooms on the middle and high floors has started trial operation, and the Smart Medical Clinic on the lower floors will start trial operation in mid-March 2023 , covering outpatient clinics, health checkups, and medical beauty services, the benefits will gradually emerge, and a brand-new business model will be established for Taiwan's medical industry.

The results of operations are summarized below:

#### ➤ Consolidated Financial Statements

Unit: NT\$ thousand

	2022	2021
Operating income	4,137,132	3,850,027
Operating costs	3,153,221	3,016,071
Operating profit	983,911	833,956
Operating expenses	732,370	648,896
Other gains and expenses, net	87,575	73,391
Operating profit	339,116	258,451
Non-operating income and expenses	822	9,178
Net profit before tax	339,938	267,629
Income tax expense	95,828	74,201
Net profit for the period	244,110	193,428
Net profit for the period attributable to:		
Parent company owners	293,946	232,663
Non-controlling interests	(49,836)	(39,235)

➤ Summary of individual financial statements

Unit: NT\$

	2022	2021
Net profit (NT\$ thousand)	293,946	232,663
Earnings per share: basic	2.45	1.94
Earnings per share: diluted	2.43	1.92

(Note) 2021 retroactively adjusted earnings per share.

1.1.2. Analysis of financial revenue and expenditure and profitability

1.1.2.1. Financial revenue and expenditure

Unit: NT\$ thousand

Project	2022	Description
Cash and equivalent cash balance at the beginning of the year	1,557,173	
Net cash inflow from operating activities	642,468	Mainly due to the growth of inspection business and the increase in hospital performance management fees this year.
Net cash outflow from investing activities	(1,373,575)	Mainly due to the purchase of the real estate of the Smart Medical City Building.
Net cash outflow from financing activities	706,282	Mainly due to the increase in borrowings for the purchase of the real estate of the Smart Medical City Building.
Impact of exchange rate changes on cash and cash equivalents	2,834	
Cash and approximate cash balance at year-end	1,535,182	

### 1.1.2.2. Profitability analysis

Project	2022	2021
Return on assets (%)	4.03	3.53
Return on shareholders equity (%)	6.12	5.18
Ratio of operating profit to paid-in capital (%)	28.25	22.61
Ratio of pre-tax net profit to paid-in capital (%)	28.32	23.41
profit rate (%)	5.90	5.02
Earnings per share after tax	2.45	1.94

### 1.1.3. Research and development status

Our company specializes in medical logistics services, with a primary focus on business and channel expansion. We are not engaged in manufacturing and do not have a dedicated research and development department.

Our subsidiary, Mincheng, embraces a spirit of technological innovation, enhancing core melt-blown technology and applying it to consumer goods, industrial products, and medical biotechnology commodities. We are also involved in developing related processes and products. We consistently invest in research and development resources, including equipment, funding, and the recruitment of research talents with master's degrees and higher. This investment empowers us to accelerate the development of new products and processes, aiming to shorten the R&D timeline. Our research and development team continuously explores product development in new application areas required by different industries. This includes assessing the feasibility of new high-polymer materials in the melt-blown manufacturing process and progressively developing specialized non-woven fabric composite processes, among others.

## 1.2. Summary of the 2022 annual business plan

### 1.2.1. Business policy

Pharmaceutical distribution business:

- Pharmaceutical joint procurement platform: including medicines, health materials, home care products, etc.
- Warehousing and logistics management of medicines and health materials.
- Professional information consultation and services for pharmaceuticals and health materials.
- Distribution and agency of pharmaceuticals, health food and cosmeceuticals.

Specialist Service Business:

- Medical instruments and equipment leasing: including medical instruments and equipment, engineering, surgical instruments, information software and hardware and other features Buying, selling, leasing, and other equipment.
- Follow-up services for leasing medical equipment and equipment: including maintenance (original factory or auxiliary factory), repair and related maintenance consultation, and assist in the handling of used instruments and equipment.
- Project leasing: Tailor-made according to customer needs, the goods and services are modularized, and customers are completely adaptable Cut the rental project.
- Professional consultation: provide medical equipment construction, procurement and update related evaluation, medical hospital construction related to the construction Software and hardware consulting, large-scale medical equipment construction and cooperation consulting; Graphic planning, engineering and engineering of medical specialties Cooperation consulting.
- Specialized management: cooperate with medical specialties of medical institutions to provide high-end medical equipment for specialized operation and integrated medicine The supply chain of medical specialties and equipment, providing more advanced and professional medical services to the medical population, and can assist the space and Advice on engineering design planning.

#### Health Management Business:

- Medical and health examination management consulting and entrusted operation services.
- Medical laboratory management consulting and commissioned operation services.
- integrated marketing of medical testing related instruments, reagents and consumables.
- healthcare workforce planning and dispatch services.
- Infirmary planning and setup.
- Workplace health management consulting services.

#### Dialysis service business

The Dialysis Division was established in June 2017 to integrate existing dialysis service business bases, carry out resource sharing, manpower support, improve service quality and service management performance, and adjust according to system and market demand, waiting for the opportunity to develop new dialysis service bases.

#### 1.2.2. Expected sales quantity and basis

##### 1.2.2.1. Medicine supply service

The pharmaceutical circulation department has been cultivating the supply platform of medicines and hygiene materials 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 procurement cost of



medicines and hygiene materials.

Continued investment in Yes Health Co., Ltd., successively established a number of pharmacies in Taiwan, and locked in the chronic prescription and non-prescription drug market. In recent years, due to the widespread chronic diseases in Taiwan's medical market, long-term prescriptions and self-paid drugs have increased year by year, driving Taiwan. The pharmacy market is growing. At present, by building an e-commerce platform and providing online procurement, the breadth and depth of customer contact are expanded, and the growth momentum of pharmaceutical supply is increased.

#### 1.2.2.2. Specialized service business

Equipment leasing business and medical institution service management continue to grow steadily and dynamically along with the company's overall business expansion.

In addition, the Specialty Service Department will focus more on the cooperative operation of medical specialties, and carry out a mutually beneficial development model of the combination of specialized operations, equipment leasing and medical management. breadth, and discover new drivers of growth.

#### 1.2.2.3. Health management services

Affected by the COVID-19 outbreak, in 2021, including the physical examination of foreigners and the physical examination of Chinese laws and regulations, it has a great impact on business, and institutions providing health examination services have also entered a restructuring period. We will expand the health examination service team, continue to strengthen cost control, and continuously improve service quality and satisfaction, so as to build customer loyalty and the company's brand image. In addition to fully expanding business to achieve budget goals, we will expand the level of operation in accordance with the company's medium- and long-term strategic direction and build a base for health examination 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 laboratory laboratories in order to improve their operations, so that hospitals can not only quickly obtain professional skills and resources, continuously improve quality and enhance customer satisfaction, but also reduce operating costs and achieve a win-win situation. The company's health management department, with rich experience to develop mature medical testing technology and professional management methods, coupled with the professional planning of equipment leasing services and integration with external testing reagent manufacturers, has a strong competitive advantage in contracting related business.

#### 1.2.2.4. Dialysis Division

In order to integrate the service base of the dialysis business, the original Mins-heng General Hospital cooperated with Fresenius FMC, the world's largest dialysis equipment supplier, to operate the kidney dialysis business in 2002. In 2016, the "Second Hemodialysis Room B Area" of the General Hospital was added, using dialysis equipment imported from Germany, and complete care is provided by professional nephrologists and nursing teams. In June 2017, the company provided consulting service management, integrated and strengthened system resources, and provided better localization and good dialysis medical quality services. In addition to continuously improving the quality of dialysis and establishing standardized operation management, many advanced concepts and equipment have been introduced. For example, in June 2015, the hemodialysis management system of Maya Information Company was introduced to monitor the dialysis information data in real time and accurately. April 1, 2018 As of March 31, 2020, cooperate with Wistron Medical Technology Co., Ltd. "Application of clinical decision support system in hemodialysis care", cooperate with dialysis complication risk assessment software monitoring, and perfect medical passport care, continue to provide the safest , Warm, high-quality dialysis services, the purpose of which is to enable kidney friends to live and work normally, enjoy family harmony and participate in the ideal life goal of socializing.

In order to integrate and strengthen system resources, the first hemodialysis medical center in Dayuan was established in Dayuan Minsheng Hospital in September 2014. In August 2015, the bed was expanded to 21 beds. After the establishment, based on the advantages of localization and accessibility, the folks who were originally dialysis in dialysis medical institutions in various places in Taoyuan City can receive local high-quality services. Due to the rapid growth of Dayuan's dialysis business, the number of existing dialysis beds is not enough. Based on the original intention of serving the folks, it was decided to expand the scale of dialysis services. With the support of the system and the board of directors, in March 2021, the company will continue to expand the dialysis specialty business. It is planned to set up a new dialysis clinic in Dayuan District, Taoyuan City, and merge the existing dialysis business of Dayuan Minsheng Hospital to improve the overall operating efficiency. And the latest Swedish-made dialysis equipment is introduced to monitor the quality and efficiency of dialysis in real time, and adjust the dialysis prescription accordingly; the dialysis water also meets the most stringent American dialysis water standards. Expand the scale of serving folks with the best dialysis services and quality. In the past 9 years, it has served more than 98,822 dialysis patients, and reached a historical peak of 1,331 in August 2022; in October 2022, in line with business adjustments, the management rights of Shengren Clinic were transferred to Renxuan Co., Ltd.

The dialysis bases served by the dialysis business department will be consolidated. In March 2023, the general hospital will add 9 beds, delete 25 beds in Sanmin, and introduce the second generation of Maya hemodialysis management system to optimize the value of dialysis business to improve efficacy. Because dialysis patients have a high risk of cardiovascular disease, in the

future, we will cooperate with the interdisciplinary team to implement the plan. The target completion rate of dialysis patients within one year is 100%, and the necessary cross-team treatment measures will be taken in a timely manner. According to research, as many as 1/4 of dialysis patients will suffer from lower limb "peripheral arterial occlusive disease". The initial symptoms may be cold hands and feet. In severe cases, amputation is required to preserve life and quality of life. The goal in 2023 is to provide better dialysis medical quality for dialysis patients with PAOD screening (peripheral arterial occlusive disease) and echocardiography.

In the future, it will cooperate with the development of the medical ecosystem of the system and combine the strong advantages of medical services, equipment leasing, information technology and medical access. With the post-epidemic era and the rise of various technologies, artificial intelligence (AI) technology will be introduced into hemodialysis to provide more high-quality dialysis medical options for kidney friends, and strive to expand suitable new bases.

#### 1.2.3. Future development strategy of the company

2023 The company's development of four major policies:

1.2.3.1. Expand and consolidate core business.

1.2.3.2. Develop new ventures.

1.2.3.3. Build a specialist brand.

1.2.3.4. Shape a culture of discipline.

### **1.3. The impact of the external competitive environment, regulatory environment and overall business environment**

With the rise of preventive medicine, the health checkup market has become the hottest industry. According to estimates, the domestic medical examination market is nearly 20 NTDbillion a year. In terms of the regulatory environment, in recent years, because the government has attached great importance to the workplace working environment, labor safety, and occupational medicine, and the concept of continuous improvement in quality driven by medical certification, the supervisor The agency has revised the "Occupational Safety and Health Law" to protect the safety of workers in the workplace, and formulated the "Rules for Labor Health Protection" and "Measures for the Accreditation and Management of Medical Institutions Handling Labor Physical and Health Examinations" to ensure the quality of labor physical examinations. It is the labor medical examination business and the factory medical manpower dispatch business that will have a significant impact, which will relatively give the company a new opportunity for this business. Therefore, how to improve internal management performance, improve internal operation efficiency and reduce costs is imperative, in order 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 an economic scale and become a global The largest health management platform.

In terms of pharmaceutical supply services, due to the impact of the national health insurance policy, medical institutions and health insurance pharmacies must reduce operating costs through joint procurement under the multiple pressures of limited growth in health insurance revenue, point value accounting, and cost reduction. Therefore, North Korea and the medical information system jointly build a pharmaceutical procurement e-commerce platform, discuss a new business model to obtain medical institution pharmaceutical trusteeship and pharmaceutical procurement authorization, and continue to carry out vertical integration and management of the supply chain to effectively develop sales channels , so as to achieve horizontal integration synergy.

Share Hope reinvested in YES Health pharmacies and YES Health has set up chain pharmacies throughout Taiwan in recent years. Now there are nearly 100 pharmacies, becoming an important base for deepening community medical services. Among them, the franchised pharmacy in Taoyuan combines the resources of the Minsheng medical system nearby to develop long-term care institution drug evaluation business and home care medicine service, so that patients with chronic medical records and in need of health consultation can get complete and professional medical care in the community nearby. The service will also help the expansion of the pharmaceutical distribution business, and will also get the support and feedback of end consumers.

In terms of equipment leasing, in response to the downturn in the general environment and the impact of the new crown epidemic, financial institutions have lowered interest rates one after another. It has entered an era of low profits, and equipment leasing owners have also requested to lower rents and interest rates, reducing the company's profits; the company except Coordinated medical engineering services and medical service management and engineering suggestions are used as the added value of equipment leasing. At the same time, in order to meet 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 institutions to establish an instrument-centered cooperative operation and management service model for medical specialties, and integrate upstream and downstream from product sales, leasing, operation management, maintenance, and second-hand instrument resale, and think about the layout of AI smart medical care. Can develop more comprehensive and professional medical leasing services.

According to statistics from the 2021 Taiwan Kidney Disease Annual Report, the population of Taiwan for kidney dialysis is approaching the 100,000 population mark, and the prevalence rate

of kidney dialysis ranks first in the world. According to statistics from the National Health Administration of the Ministry of Health and Welfare, the growth rate of kidney dialysis in Taiwan has been relatively stable in the past 10 years, about 1.5% to 2.5% per year. Although the number of people undergoing kidney dialysis is increasing year by year, the growth rate is not high, and the overall growth trend is relatively stable.

According to the population distribution map of the Global Information Network of the Department of Household Affairs of the Ministry of the Interior of the Republic of China, the dialysis population will continue to grow in about 10-15 years. However, due to the introduction of more drugs to slow down kidney disease, it is found that the current growth rate has begun to slow down (2021 About 1.9% per year), due to the improvement of drug treatment and quality of care, the growth will be slower later on. The average age of dialysis patients starting dialysis was 60 years old in 2000, and 68 years old in 2020. Due to the improvement of drug treatment effect and the government's encouragement of CKD care and other factors, the survival age of kidney friends after dialysis has increased to 7-8 years.

With the aging population in Taiwan, chronic diseases are becoming more and more prevalent. In recent years, kidney disease has also entered the list of top ten causes of death among Chinese people. It will rank 9th in 2021.

Although some service bases have been impacted by other newly established dialysis centers, since the establishment of the dialysis business department in June 2017, it has actively integrated the dialysis business at the hospital end of the system, continued to improve the functions of the department in the system medical ecosystem, and combined with the system medical ecology The system has its own advantages in medical services, pharmaceuticals and hygiene materials, and equipment leasing, and has been deeply cultivated in the field. Follow the laws and regulations step by step, uphold the original intention of service, and improve self-quality to serve the folks.

Our company this year will be committed to Layout the operation of the medical business ecosystem, and strive for continuous growth, and at the same time lock the six major axes as the focus of operation development, namely: E-ization of medical services, Entity access to pharmacies, expansion of medical service bases, stepping into the upstream field of medical materials, smart medical care and health examination business management. It is expected that with the active introduction of innovative models and the emergence of the synergistic effect of the group's resource integration, the annual operation will have the opportunity to reach new heights.

**Chairman Hung-jen Yang**

## II. Company Profile

### 2.1. Establishment date : November 4, 2003

### 2.2. History of the company

Year	Important Events
2003	✓ In November, Minsheng Medical Control Co., Ltd. reinvested 10 NTDMillion to establish ShareHope Medicine Co., Ltd. In the early stage, the main business scope was to build a drug joint procurement system and develop the peach bamboo seedling drug market.
2004	✓ Actively establish a drug joint procurement mechanism and develop channels for chain pharmacies
2005	✓ Officially established the Health Management Department, which is responsible for the development and implementation of the Taozhu Miao area health examination and inspection market.
2006	✓ Actively expand health examination and inspection-related businesses, and develop a large number of Chinese and foreign medical examination customers.
2007	<ul style="list-style-type: none"><li>✓ Formally established the pharmaceutical business department, responsible for the procurement and sales of Minsheng medical system and related enterprises, and established joint drug procurement channels for chain pharmacies such as Dashu chain pharmacy and Borden chain pharmacy.</li><li>✓ ●Formally established the equipment service department, responsible for the procurement and leasing of medical equipment for Minsheng medical system and related enterprises.</li><li>✓ ●In order to expand the scale of operation, the shareholders' meeting decided to increase the capital in cash, from the original capital of 10 million to 210 million.</li></ul>
2008	<ul style="list-style-type: none"><li>✓ Formally established the Professional Manpower Department, responsible for the on-site service of professional medical manpower, and signed cooperation contracts with listed OTC manufacturers such as TSMC and AU Optronics.</li><li>✓ Handled the first cash capital increase of the public offering, increasing the capital to 231 NTDMillion.</li><li>✓ Cooperated with Arich Enterprise Co.,Ltd. to formally establish the first hospital medical logistics supply system in China.</li><li>✓ Officially incorporated the health material joint procurement business into the pharmaceutical business department and changed its name to the pharmaceutical distribution department.</li><li>✓ Handled the capital increase of 19 NTDMillion by transferring surplus,</li></ul>

Year	Important Events
	<p>and the capital increased to 250 NTDmillion.</p> <ul style="list-style-type: none"> <li>✓ Formally established ShareHope Taipei Office.</li> <li>✓ Officially listed on December 24th.</li> </ul>
2009	<ul style="list-style-type: none"> <li>✓ Share Hope Private brand skin care products and health food officially launched.</li> <li>✓ Officially introduced ERP information system and successfully launched in September.</li> <li>✓ The "Intelligent and Innovative Care Service Construction Program for Discharged Patients" won the industry science subsidy from the Ministry of Economic Affairs.</li> <li>✓ In order to promote the listing of the cabinet, Professor Chong-xing Huang and other experts in the industry, academia and other industries were invited to serve as independent directors and supervisors.</li> <li>✓ In order to enhance working capital, completed a cash capital increase of 30 NT\$million, and the capital amount was increased to 301,500 NT\$thousand.</li> <li>✓ Transferred investment to establish Intelligent Medical Technology Co., Ltd. and established SmartCareCenter</li> <li>✓ In order to develop middle-level health examination services, Yu Minsheng Jingguo General Hospital formally established the Health Management Center.</li> </ul>
2010	<ul style="list-style-type: none"> <li>✓ In January, 1,000 employee stock options were issued, with 1,000 shares per unit subscribed. In addition, it invested in Mytrex Industries, Inc. to provide hospital medical hygiene materials and expand the company's product line.</li> <li>✓ In February, the cash capital was increased by 49,980 NTDthousand for the transfer of investment Mytrex Industries, Inc. and the capital amount was increased to 351,480 NTDthousand.</li> <li>✓ In August, the Medical Imaging Interpretation Center was established in Beijing.</li> <li>✓ In August, ShareHope cooperated with Crystalvue Corporation.</li> <li>✓ In September, the surplus and employee dividend were transferred to a capital increase of 29,618 NTDthousand, and the capital amount increased to 381,098 NTDthousand .</li> <li>✓ In September, ShareHope Pharmaceutical (Shares) Company cooperated with 100 health insurance special pharmacies in Taoyuan County to form an alliance and launched a new channel for pharmacy.</li> </ul>

Year	Important Events
2011	<ul style="list-style-type: none"> <li>✓ In January, it invested in the establishment of Jabon Technology Corporation to expand the sales of medical specialties and materials, and cooperate with hospitals for specialty operations.</li> <li>✓ Successfully listed on the counter in March; In addition, a cash capital increase of \$40,820 was handled, and the capital amount was increased to \$421,918.</li> <li>✓ In July, it invested in the establishment of Yongyang Co., Ltd. to expand the long-term care and services of the silver-haired people.</li> <li>✓ Reinvested in Medzoneasia Co., Ltd. in August, and actively expanded pharmaceutical channels, integrated drugs and sanitary consumables, and provided channel customers (medical institutions) with one-stop shopping needs.</li> <li>✓ In August, NTD12,658,000 was transferred from surplus and employee bonuses, and the capital increased to NT\$434,576,000.</li> <li>✓ In September, ShareHope Pharmaceutical won the "2011 Taiwan Biomedical and Agricultural Talent Competition" Biomedical Silver Award and won a prize of NT\$200,000.</li> </ul>
2012	<ul style="list-style-type: none"> <li>✓ Increased the capital of the subsidiary Mytrex Industries, Inc. by 41,770,000 in April.</li> <li>✓ Issued Share Hope Pharmaceutical's first unsecured convertible corporate bond in China in May, with a total issuance amount of 170,000,000.</li> <li>✓ Reinvested in HEMATECH BIOTHERAPEUTICS INC. in August, stepping into the field of plasma preparation development and manufacturing.</li> <li>✓ Remuneration Committee was established in August.</li> <li>✓ Reinvested in October to establish SHAREHOPE MEDICINE (Hong Kong) Co., Ltd.</li> <li>✓ In October, we handled capital increase from surplus transfer, employee exercise of stock options and conversion of convertible corporate bonds into shares, and the capital increased to RMB 512,971,000.</li> </ul>
2013	<ul style="list-style-type: none"> <li>✓ Reinvested in March to establish Minsheng (Tianjin) Investment Management Co., Ltd. to develop cross-strait business cooperation. Our team regularly goes to Hunan Changsha Wangwang Hospital and Beijing Yanran Angel Children's Hospital to conduct JCI international certification counseling related matters.</li> <li>✓ Established Share Hope Medicine Co., Ltd. Taichung Branch in March.</li> <li>✓ In August, Hope Medicine issued the second unsecured convertible corporate bond in China, with a total issuance amount of 500,000 NT\$thousand.</li> <li>✓ Reinvested in Shengkang Pharmaceutical Co., Ltd. in August and officially entered the pharmacy channel platform.</li> </ul>



Year	Important Events
	<ul style="list-style-type: none"> <li>✓ In August, the long-term care business department was added to effectively integrate the long-term care institutions within the group and actively expand the long-term care territory in an enterprise-like manner.</li> <li>✓ Obtained a 28.74% stake in the subsidiary Asia Pacific Health in September, which increased the company's shareholding in the subsidiary Asia Pacific Health from 71.26% to 100%.</li> <li>✓ In November, to develop the innovative model of "Multiple Destinations for Silver-haired People on Both Sides of the Taiwan Strait", introduce the "One-Card-Multiple-Destinations" system that has been practiced abroad for a long time, and arrange for the first group of seniors to go to the mainland for trial living and visits.</li> </ul>
2014	<ul style="list-style-type: none"> <li>✓ Reinvested in January to establish Minsheng Yiren (Beijing) Medical Investment Consulting Co., Ltd.</li> <li>✓ Long-term care business department "Longmin Nursing Home" officially opened in April, providing integrated care of "medical care integration".</li> <li>✓ Assisted Beijing Yanran Angel Children's Hospital to successfully pass the JCI evaluation in May, becoming the first JCI Fifth Edition certified hospital in Asia.</li> <li>✓ Minsheng Yiren (Beijing) Co., Ltd., which was reinvested in June, signed a JCI tutoring contract with Inner Mongolia Wuhai People's Hospital</li> <li>✓ Increased cash capital of NTD 40,000,000 to the subsidiary Asia Pacific Health in July.</li> <li>✓ Invested RMB 25,000,000 in China Development Biomedical Venture Capital Co., Ltd. in August, with a shareholding ratio of 2.86%.</li> <li>✓ Dayuan Dialysis and Dialysis Center opened in September, providing dialysis treatment for villagers in Dayuan, Guanyin and Xinwu Districts of Taoyuan City, and cooperating with health authorities to promote the prevention of early chronic kidney disease.</li> <li>✓ Participated in the cash capital increase of Shengkang Pharmaceutical Co., Ltd. by 2,500 thousand in September.</li> <li>✓ In December, the long-term care business department cooperated with Sichuan Yangcheng Jinhai Company to establish Taiwan Minsheng Day Care Center in Panzhihua City, Sichuan Province.</li> </ul>
2015	<ul style="list-style-type: none"> <li>✓ In January, the subsidiary Asia Pacific Health disposed of and transferred to Shilu Company to hold shares.</li> <li>✓ Invested in the establishment of Minsheng Pharmaceutical Co., Ltd. in February, and it is expected to open 10 community pharmacies in Taoyuan City.</li> <li>✓ Minsheng Yiren (Beijing) Co., Ltd., which was reinvested in March, signed a comprehensive strategic cooperation agreement with Anhui Danfeng Chaoyang Investment Management Co., Ltd.</li> <li>✓ In March, the long-term care business department assisted the "Taiwan Minsheng Day Care Center" in Panzhihua, Sichuan Province to build a</li> </ul>

Year	Important Events
	<p>full-time care center to provide full-day care services. "Taiwan Minsheng Day Care Center" was renamed "Taiwan Minsheng Elderly Care Center".</p> <ul style="list-style-type: none"> <li>✓ In September, the subsidiary Medzoneasia obtained the distribution rights of Guoguang Company's influenza and tetanus vaccines.</li> <li>✓ In October, we stepped into the professional field of ophthalmology and established the "Knifeless Femtosecond Laser Cataract Treatment Center".</li> <li>✓ In December, the board of directors approved to enter the medical management market in mainland China by acquiring the shares of Nanjing BenQ Hospital Co., Ltd. and Suzhou BenQ Hospital Co., Ltd. from the third regional holding company.</li> <li>✓ In December, the subsidiary Smart Medical Technology was registered on the Chuangcai version, code-named 7489.</li> <li>✓ In December, the long-term care business department's "home service conversion care platform" was officially launched.</li> <li>✓ In December, the long-term care business department "Minsheng Nursing Home" officially started construction.</li> </ul>
2016	<ul style="list-style-type: none"> <li>✓ In February, Minsheng Pharmaceutical stepped into the Hsinchu area and opened a community chain pharmacy.</li> <li>✓ In March, the subsidiary Smart Medical Technology and the Hsinchu Blood Donation Center jointly established the "Zhuke Blood Donation Room", and set up a "Diabetes and Weight Loss Management Center" in the Zhuke staff clinic.</li> <li>✓ In September, the subsidiary Smart Medical Technology acquired 51% equity of HIS manufacturer Fang Ding Company.</li> <li>✓ Transformed the overall transaction structure of long-term care institutions in October, with the concept of "separation of production and sales" for long-term care, adjusted the subsidiary Smart Medical Technology as the sales integration platform for long-term care institutions, and the long-term care business department is responsible for the operation and management services of long-term care institutions</li> <li>✓ Adjusted the operation mode of Taoyuan Pharmacy in November, purchased 30% equity of Minsheng Pharmaceutical from Shengkang Company, and the total shareholding reached 100%.</li> </ul>
2017	<ul style="list-style-type: none"> <li>✓ Long-term care business department "Minsheng Nursing Home" opened in January, proposing "dignity, longevity, health, and happiness", hoping that long-term care institutions can deepen their cultivation in the local area and provide the best quality services.</li> <li>✓ In May, the subsidiary Smart Medical Technology established Medzoneasia E-Commerce, hoping to establish an e-commerce platform through the cloud-based electronic medical record system and create an innovative sharing economic platform for the pharmaceutical industry. Officially launched the dialysis department operation of</li> </ul>

Year	Important Events
	<p>Minsheng General Hospital in June.</p> <ul style="list-style-type: none"> <li>✓ Established the "Minshine Precision Medicine Health Diagnosis Center" in July, and officially unveiled it at Taoyuan Minshine Hospital-Jingguo General Hospital on July 20.</li> <li>✓ In July, the subsidiary Smart Medical Technology developed the long-term care institution App and the national long-term care bed matching platform (ALTC) was officially launched. The short-term goal will be to focus on platform marketing as the main axis of business development.</li> <li>✓ Q4 Subsidiary Shengyun E-Commerce reinvested in Yaosheng Information Technology (Shares) Co., Ltd., hoping to effectively integrate drug e-commerce platform channels.</li> <li>✓ Invested in the establishment of Precision Health (Shares) Co., Ltd. in December.</li> </ul>
2018	<ul style="list-style-type: none"> <li>✓ Issued Share Hope Medicine third domestic unsecured convertible corporate bond in February, with a total issuance amount of NT\$150,000,000.</li> <li>✓ Cash capital increase of NT\$450,000,000 was processed in April, and the capital increased to NT\$927,978,000.</li> <li>✓ Obtained the shares of YES Health Co., Ltd. (BVI) in the British Virgin Islands with NT\$170 million in exchange for shares in May. After the completion of the merger, the number of self-owned pharmacies reached 104, ranking among the chain pharmacies in Taiwan top three.</li> <li>✓ In May, in order to strengthen the development of the e-commerce platform, it purchased 1 million shares of Medzoneasia E-commerce (Shares) Co., Ltd. from its subsidiary Zhike, with a shareholding ratio of 62.5%.</li> <li>✓ In June, the health management department and the Catholic Yonghe Gengxin Hospital cooperated in the high-level health examination business, officially entering the Greater Taipei market.</li> <li>✓ In June, in response to the expansion of the new pharmacy and channels, it was planned to readjust the layout of pharmacy channels, thus disposing of the equity of Shengkang Pharmaceutical (Shares) Co., Ltd.</li> <li>✓ In November, the subsidiary Medzoneasia E-Commerce (Shares) Co., Ltd. increased its capital to RMB 55,000,000, with a total shareholding of 7.5 million shares and a shareholding ratio of 57.69%.</li> <li>✓ In December, the subsidiary company Intelligent Medical Technology (Shares) Co., Ltd. was awarded the equity of "Xiangbao Zunrong Long-term Care Group", and at the same time, strategic investors were introduced to jointly develop the long-term care electronic platform ALTC.</li> </ul>

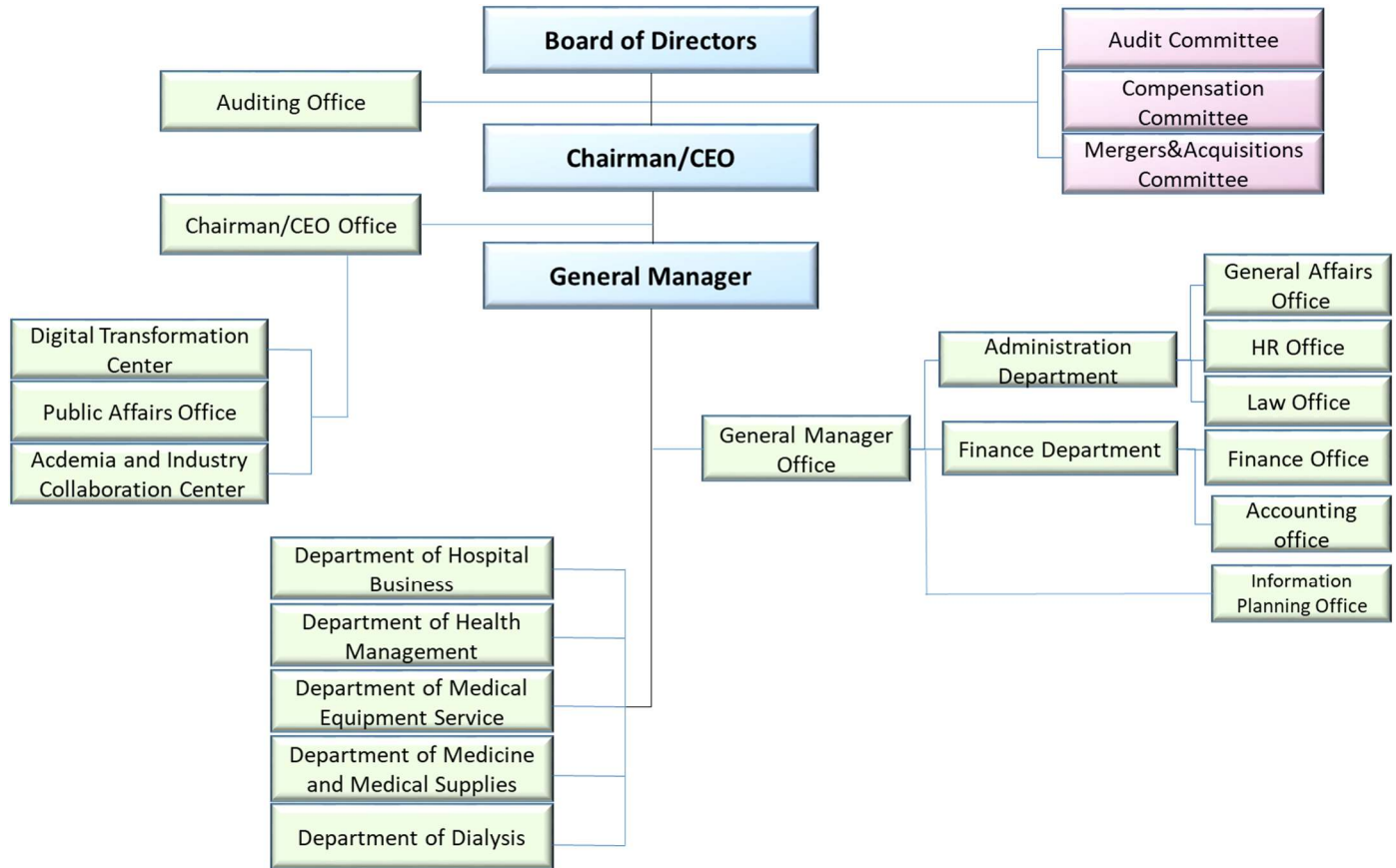
Year	Important Events
2019	<ul style="list-style-type: none"> <li>✓ In April, YES Health Co., Ltd., a subsidiary of YES Health (Shares) Co., Ltd., cooperated with the Investment Strategy Committee to create the first smart pharmacy in Taiwan, "YES Health Chain Pharmacy Smart No. 1 Store", planning to transform into a "community</li> <li>✓ In April, in order to seize the business opportunities of precision medicine, the subsidiary Precision Health acquired the Harvard Health Examination Center at a price of NTD 98,880,000. A complete health care service model from health management, prevention, diagnosis and treatment to home care.</li> <li>✓ Signed a strategic cooperation agreement with Usen Medical (4121) in September, announcing that the two major chain pharmacy systems of the two parties, " YES Health " and "Yourchance Healthy Life", will try strategic cooperation in stages to become the leading chain pharmacy in Taiwan step forward.</li> </ul>
2020	<ul style="list-style-type: none"> <li>✓ In March, Harvard Health Clinic, a subsidiary of Accurate, obtained JCI international medical quality certification, becoming the first independent health clinic center in Taiwan with international quality certification.</li> <li>✓ In December, signed the "Precise Health Ecosystem Strategic Alliance" with the Information Industry Promotion Association (Information Strategy Association), a consortium legal person, to jointly create a "Precise Health Ecosystem" for Taiwan, planning to combine YES Health, Harvard Medical Clinic,) Medzoneasia e-commerce and other related enterprises has reversed the traditional medical service model through the integration of online and offline (OMO, Online-Merge-Offline).</li> <li>✓ Participated in the operation of Fuyi Health Management Co., Ltd. (hereinafter referred to as Fuyi) through a share swap through its subsidiary Precision Health in December; Precision Health's 100% owned subsidiary is promoted by Precision Health's leading business, and Fuyi has become Precision Health's second health clinic base in the Taipei metropolitan area.</li> </ul>
2021	<ul style="list-style-type: none"> <li>✓ In March, the newly established Mins-heng dayuan Outpatient Center of the Dialysis Division - Shengren Clinic officially opened.</li> <li>✓ In April, Harvard Health Clinic, a subsidiary of Precision Health, signed a medical strategic alliance agreement with the Doctor Clinic founded by the Dean of the Front Dean Yuan-de Li.</li> <li>✓ In October, ShareHope CEO Hung-Jen Yang,won the IDC (International Data Information) Future Enterprise Award — 2021CEO (CEO of the Year).</li> </ul>

Year	Important Events
2022	<ul style="list-style-type: none"> <li>✓ In January, nearly 1.2 NTDbillion was spent to acquire the property rights of Chateau de Chine in Taoyuan. It plans to transform it into a forward-looking smart medical center and hopes to build Taiwan's first smart medical city, Smart Medical Mall.</li> <li>✓ In August, the subsidiary Accurate Health established a partnership with IAC, and integrated its product HealthBee Accurate Digital Health APP with Quanjiaobao, introduced it into Dayuan and Guanyin Industrial Zone factories, and upgraded the traditional employee health check to "personal exclusive Health Monitoring Platform".</li> <li>✓ In October, Shengyou Rehabilitation Technology, a subsidiary of Mytrex Health, cooperated with local rehabilitation physicians in Tainan to establish a new Tainan Shengyou Clinic, combining Share Hope's hospital management technology and resources with the group's drugs, health checks, and pharmacies. Create a Proof of Concept (POC) of smart medical city, which is a mini smart medical city that combines pharmacy, health examination, rehabilitation clinic and rehabilitation treatment center, providing technology and humanized services.</li> <li>✓ December Combined with subsidiary Medzoneasia E- Commerce's Medical Electronics, Fangding Information, and National Yangming Jiaotong University has joined hands to develop the Hermes medical intelligent voice system dedicated to the field of medical care and general health to help optimize the workflow of front-line medical service personnel. With the input function of high-precision voice recognition, it is the first step in the digital transformation of medical institutions.</li> <li>✓ In December, the subsidiary Mytrex Health invested 230 NTDbillion to purchase the entire equity of the subsidiary Medzoneasia E-commerce's YES Health in order to effectively utilize the company's resources and transform into the biotechnology and medical industry.</li> <li>✓ It is expected that an extraordinary meeting of shareholders will be held on February 8 next year to discuss, and the delivery will be completed in the first quarter of next year at the earliest.</li> </ul>
2023	<ul style="list-style-type: none"> <li>✓ In March, the entire equity of YES Health, a subsidiary of Medzoneasia Co., Ltd, was completed and transferred to the subsidiary Mytrex Health.</li> </ul>

### III.Participation, Corporate Governance Report

#### 3.1. Organization system

##### 3.1.1. Organizational structure



##### 3.1.2. The business of each main department

Unit	Division of duties
CEO	<ol style="list-style-type: none"> <li>1. Execute the resolutions of the board of directors, formulate development goals and business strategies.</li> <li>2. Coordinate the operation direction of the group and formulate overall budget goals.</li> </ol>
General manager	<ol style="list-style-type: none"> <li>1. Lead the company to develop business, expand the territory, and increase the company's revenue and profit.</li> <li>2. Comprehensively manage the company's business, command and supervise various institutions and administrative departments.</li> </ol>
Digital Transformation Center	<ol style="list-style-type: none"> <li>1. Research and develop an integrated service system and construct a demonstration operation platform.</li> </ol>

Unit			Division of duties
			2. Data value-added innovative business, system output big health industry.
Public affairs office			1. Maintenance and promotion of public relations. 2. Media relations management.
Industry-University Cooperation Center			1. Establishment of industry-university promotion center. 2. Promotion and implementation of Various industry-university cooperation projects.
Audit room			1. Establish a sound, reasonable and effective internal control system. 2. Draft the company's audit plan and implement the auditwork and provide suggestions.
General Manager's Office	Finance Department	Finance Office	1. Execute and manage the company's financial related operations. 2. Cashier, fund allocation, investment and follow-up management,bank financing and other related matters.
		accounting office	1. Execute and manage company accounting related operations. 2. Accounting, financial accounting,management accounting and tax declaration and other related matters.
	Administration Department	Law Room	1. Comprehensively manage and execute the company's normal legal affairs. 2. Drafting of contracts, dispute resolution, risk control and other related matters.
		HR room	1. Establishment and implementation of personnel system. 2. Personnel administration operations such as talent recruitment, salary calculation, education and training, employee benefits, etc.
		General Affairs Office	1. Please purchase office equipment and general affairs supplies. 2. Fixed asset management operations.
	Information Planning Office		1. Information business planning and execution. 2. Information security maintenance. 3. Planning and execution of marketing activities. 4. Planning and execution of network activities.

Unit	Division of duties
Pharmaceutical distribution department	<ol style="list-style-type: none"> <li>1. New market development, business strategy research.</li> <li>2. Procurement of raw materials and finished products, outsourcing processing operations.</li> <li>3. Supplier screening and management.</li> <li>4. Warehouse management and import and export related business.</li> <li>5. Domestic business sales and development.</li> </ol>
Health Management Department	<ol style="list-style-type: none"> <li>1. Promote health check market business and products.</li> <li>2. Marketing strategy planning and execution of health checkup business.</li> <li>3. Health inspection business coordination and quality control operations.</li> <li>4. Entrusted operation of medical testing laboratories and integrated marketing of related instruments, reagents and consumables.</li> <li>5. Dispatch operations of resident and on-site medical personnel and business management of resident clinics.</li> </ol>
Specialist Services	<ol style="list-style-type: none"> <li>1. Evaluation and procurement of medical equipment.</li> <li>2. Movable and immovable property custody operations.</li> <li>3. Medical equipment market analysis and operation strategy formulation.</li> <li>4. Management and maintenance of fixed assets and other properties.</li> <li>5. Planning and construction of medical equipment procurement platform.</li> <li>6. Assist in the management of medical specialties.</li> </ol>
Hospital Division	<ol style="list-style-type: none"> <li>1. Medical industry market analysis and strategy formulation.</li> <li>2. Hospital operation planning and execution.</li> <li>3. Expansion of the medical business territory.</li> <li>4. Operation and management of medical institutions.</li> <li>5. Improvement of hospital service quality.</li> </ol>



Unit	Division of duties
Dialysis Division	<ol style="list-style-type: none"> <li>1. Planning and execution of dialysis business.</li> <li>2. Dialysis market analysis and strategy formulation.</li> <li>3. Operation and management of dialysis medical institutions.</li> <li>4. Improve the quality of dialysis services.</li> <li>5. Assist in the development of systematic emolysis and peritoneal dialysis business.</li> <li>6. Application of electronic dialysis records, hemodialysis risk assessment, and big data of dialysis information.</li> </ol>

## 3.2. Information on directors, supervisors, general managers, deputy general managers, assistant managers, and supervisors of various departments and branches

### 3.2.1. Information on directors and supervisors

Job title (Note 1).	Nationality or place of registration	Last name	gender age (Note 2).	Elect (inaugurate) date	tenure	Initial selection date (Note 3).	At the time of election Holding shares		Now Number of shares held		Spouses, minor children now hold shares		Holding shares in the name of another person		The main scriptures (learning) calendars (Note 4).	He currently holds positions in the Company and other companies	Other officers, directors or supervisors with a relationship within the relationship of spouse or second parent			Remarks (Note 5)
							Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio			job title	name	relationship	
Chairman	Chinese republic	Minsheng Medical Control Shares Ltd.	Male 51-60 years old	2021.07.30	3 years	2003.09.10	31,585,307	29.01%	34,822,800	29.01%	-	-	-	-	1. Department of Medicine, National Taiwan Bay University 2. Master of Public Health, Harvard University, USA 3. Peter. Master of Business Administration Program, Durak School of Management 4. John. Master of Health Sciences from Hopkins 5. Visiting scholar at Stanford University 6. CEO of Minsheng Medical System 7. President of Beijing Yanran Angel Children's Hospital 8. President of Minsheng General Hospital	1. CEO of Minsheng Medical System 2. Chairman of the Board of Directors of the United Medical Foundation 3. Director of China BenQ Hospital Holdings 4. Chairman of Fuyi Health Management Consulting (Shares) Company 5. Chairman of Handing Digital Technology (shares) Company 6. Chairman of Honghan Health Business (Shares) Company 7. Chairman of Born Management Consultants (Shares) Company 8. Chairman of Shengyou Rehabilitation Technology (shares) Company 9. Chairman of Anzhun Technology (shares) company 10. Supervisor of Shengzhi Health Technology (Shares) Company 11. Director of Bohui Biotechnology (Shares) Company 12. Director of Shengshi Technology (Shares) Company 13. Director of Medzoneasia Co., Ltd. (Shares) Company 14. Chairman of YES Health Co., Ltd. (shares) Company 15. Chairman of Mytrex Health Technologies, Inc. (shares) Company 16. Chairman of Digimed Co., Ltd.	-	-	-	Simultaneously serving as the CEO, to enhance the independence of the board of directors, the company has planned to add one independent director position in the year 112, in order to strengthen the capabilities of the board and enhance its oversight function.
	Chinese republic	Representative person Hung-Jen Yang					757,534	0.70%	873,907	0.73%	-	-	-	-			director	Cai-Bi YangChen	Mother	

																(Shares) Company 17. Director of Global Biotech Multimedia (Shares) Company 18. Supervisor of Yida International Hospital Management Consulting (Shares) Company 19. Chairman of MetaTech(AP)Inc. (shares) company 20. Director of Precision Health (Shares) Company 21. Director of Minsheng Asset Management (shares) 22. Director of Fangding Information (Shares) Company 23. Chairman of Medzoneasia Co., Ltd. (Shares) Company 24. Supervisor of China Development Biomedical Venture Capital (Shares) Company 25. Director of Locus Cell Co.,Ltd. (Shares) Company 26. Yuede Enterprise (Share) Company Supervisor				
Vice Chairman	Chinese republic	Minsheng Medical Control shares Ltd.	Male				31,585,307	29.01%	34,822,800	29.01%	-	-	-	-	1. Department of Economics, National Taiwan University 2. Master of Business Administration from the University of Texas at Dallas	1. Director of Medzoneasia Co., Ltd. (shares) Company 2. Director of Mytrex Health Technologies, Inc. (shares) 3. Director of YES Health Co., Ltd. Company	-	-	-	—
	Chinese republic	Representative person Sheng-Xin XU	61-70 years old	2021.07.30	3 years	2003.09.10	-	-	-	-	-	-	-	3. Foreign banks are responsible for the overall Taiwan market business 4. A number of listed companies in Taiwan's electronics industry serve as professional senior managers			-	-	-	
Director	Chinese republic	Minsheng Medical Control shares Ltd.	Male				31,585,307	29.01%	34,822,800	29.01%	-	-	-	-	1. Department of Medical Technology, Taipei Medical College 2. EMBA of Yuanzhi School of Management 3. Executive Vice President of Minsheng General Hospital	1. Chairman of MacroGlobal Corporation (Share) 2. Chairman of Zhongyuan Medical Management Co., Ltd. 3. Supervisor of YES Health Co., Ltd. Company 4. Director Medzoneasia Co., Ltd. 5. Mytrex Health Technologies, Inc. (Share) company 6. Senior Vice President of Minsheng General Hospital	-	-	-	—
	Chinese republic	Representative person Ching-wen Liu	61-70 years old	2021.07.30	3 years	2010.09.01	14,777	0.01%	55,140	0.05%	-	-	-	-			-	-	-	

director	Chinese republic	Minsheng Medical Control shares Ltd.	Female				31,585,307	29.01%	34,822,800	29.01%	-	-	-	-	1. Ph.D., School of Management, University of Cambridge, UK 2. Master of Economics, Institute of Economics, National Taiwan University 3. Bachelor of Economics, National Taipei University (Chung Hsing University Law Business School).	1. Director of Research Center Bio Taiwan Economist 2. Director of Research Taiwan Institute Economic Research 、 Director of the Seventh Research Institute 3. Independent director of Fubon Insurance Co., Ltd.	-	-	-	—
	Chinese republic	Representative person Zhi-li Sun	51-60 years old	2021.07.30	3 years	2009.08.01	-	-	-	-	-	-	-	-			-	-	-	
Director	Chinese republic	Rong Yang Management Consultant Ltd.	Male 51-60 years old	2021.07.30	3 years	2003.09.10	115,694	0.11%	127,551	0.11%	-	-	-	-	1. Master's degree, Institute of Public Administration, University of Southern California (USC), USA 2. Minsheng Jingguo General Academy Executive Vice President 3. Deputy CEO of Minsheng Medical System 4. Deputy CEO of Asia Pacific Health (Shares) Company 5. The fifth and sixth directors of the Regional Hospital Association of the Republic of China 6. Deputy Captain of the Taoyuan County Patrol Brigade	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 Mytrex Health Technologies, Inc.	-	-	-	—
	Chinese republic	Representative person Chang-rong Zhang					-	-	-	-	-	-	-	-			-	-	-	
director	Chinese republic	Cai-Bi YangChen	Female 81-90 years old	2021.07.30	3 years	2003.09.10	1,223,861	1.12%	1,349,306	1.12%	1,156	0%	-	-	1. Department of Physics, Normal University 2. Assistant professor and lecturer of Taipei Medical College 3. Principal of New Life Medical School 4. Chairman of Jiuyu Co., Ltd 5. Chairman of Minsheng Asset Management (Shares) Company	1. Chairman of Good Pair Co., Ltd. 2. Chairman of Yang Zheng Investment Co., Ltd. 3. Director of Elsy Wellness & Revitalization Center Co., Ltd. 4. Director of Supervisor of Power Membrane Co. Ltd.	Chairman	Hung-Jen Yang	Mother	—
Independent Director	Chinese Republic	Ken-Tsai Wu	Male 61-70 years old	2021.07.30	3 years	2018.6.27	-	-	-	-	-	-	-	-	1. Department of Accounting, National Taiwan University 2. Auditor and audit team leader of Qinye Zhongxin United Accounting Firm 3. Chief Financial Officer and Director of Management Division of Manufacturing Industry 4. Partnership accountant of Integrity United Accounting Firm 5. Lecturer of special lecture of the Small and Medium-sized Enterprise Department	1. Partnership Accountant of Zhanyu United Accounting Firm 2. Director of Zhanyu Development Industrial (Shares) Company	-	-	-	—

															of the Ministry of Economic Affairs and the Enterprise Management Consulting Company 6. Pass the 80th year of the Republic of China Higher Accountant Examination					
Independent Director	Chinese republic	Shu-Hsing Li	Male 61-70 years old	2021.07.30	3 years	2019.6.27	-	-	-	-	-	-	-	-	1.Ph.D. in Accounting, New York University 2.Bachelor of Business Administration, National Chengchi University 3.Vice President of Finance, National Taiwan University 4.Dean of the School of Management, National Taiwan University 5.Director of the Department of Accounting and Research Institute, National Taiwan University 6.Acting Dean of Tunghai University's School of Management 7.Chair Professor, Department of Accounting, Tunghai University 8.Assistant Professor of Accounting, Rutgers University 9.Chairman of the Chinese Accounting Education Association 10.Director of the Accounting Research and Development Foundation	1.Full-time Professor, Department of Accounting, School of nagement, National Taiwan University 2.Independent director of Fubon Financial Holdings (shares) Company 3.Independent director of Kanglian Biomedical Technology (shares) Company 4.Independent director of Mingtai Technology (shares) Company	-	-	-	—
Independent Director	Chinese republic	Hou-Ming Chen	Male 61-70 years old	2021.07.30	3 years	2021.07.30	-	-	-	-	-	-	-	-	1.Ph.D. in Marketing Group, Institute of Business, National Taiwan University 2.Master of Applied Statistics, University of Iowa 3.Master of Management Science Research Institute, Tamkang University 4.Department of Chemical Engineering, Tamkang University 5.Dean of School of Social Sciences and Management, National Chung Hsing University 6.Dean and Director of the Department of usiness Management of	1.Full-time Professor, Department of International Business and Research Institute, National Taiwan University 2.Independent director of Fuqiao Industrial (shares) company 3.Independent director of SINBON Electronics (shares) company	-	-	-	—

															National Chung Hsing University 7. President of the Institute of Business Development 8. Chairman of the Chinese Negotiation Management Society 9. Chairman of Taiwan Marketing Science Society					
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Note 1: Corporate shareholders should list the names of corporate shareholders and representatives separately (if they are representatives of corporate shareholders, the names of corporate shareholders should be indicated) and should fill in the following table.

Note 2: The chronological age should be shown and expressed in interval mode.

Note 3: Fill in the time when you first served as a director or supervisor of the company, and if there is any interruption, a note should be provided.

Note 4: Related Experience Relevant to Current Position, If there were any prior employment at a certified public accounting firm or affiliated companies during the mentioned period, please state the job title held and the responsibilities undertaken.

Note 5: If the Chairman of the Board and the CEO or equivalent positions (top management) are the same individual, are spouses, or have a first-degree kinship relationship, the reasons, rationale, necessity, and corresponding measures should be explained. This may include information about the addition of independent director seats, ensuring that more than half of the directors do not concurrently hold employee or managerial positions, or other appropriate approaches.

### 3.2.1.1. Major shareholders of legal person shareholders

May 1, 2023

Legal entity shareholder name (Note 1.)	Legal entity shareholder name (Note 2.)
Missioncare Co.	Yang Zheng Investment Co., Ltd.12.34%、Yi-Jen Charity Foundation 10.86%、Minsheng Asset Management Co., Ltd. 10.30%、Purzer Pharmaceutical Co., Ltd. 5.40%、Min-Sheng Yang 4.85%、Taiwan Biotech Co.,Ltd. 3.31%、Fure-Lin Investment Co., Ltd. 2.99%、Cai-Bi YangChen 2.36%、Yung shin Pharm. Ind.Co.,Ltd. 2.17%、Victor Management Consultants Co.,Ltd. 1.79%

Note 1: If directors and supervisors are legal person shareholder representatives, the name of the legal person shareholder should be filled in.

Note 2: Fill in the name of the main shareholder of the legal person shareholder (whose shareholding ratio accounts for the top ten) and the shareholding ratio. If the major shareholder is a legal person, the following table 2 shall be filled in again.

Note3: Corporate shareholders are not organizers of the company. The names of such shareholders and their shareholding ratios, which should be disclosed, are the contributors or donors (refer to Judicial Yuan's public announcement for reference) and their contribution or donation ratios. In the case of deceased donors, "Deceased" should be added.

### 3.2.1.2. Major shareholder in the above table is a legal person, major shareholder

May 1 2023

Legal entity shareholder name (Note 1.)	Legal entity shareholder name (Note 2.)
Yang Zheng Investment Co., Ltd.	Min-Sheng Yang 58.58%、Cai-Bi YangChen 31.18%、Yi-Chen Yang 5.12%、Yi-Shan Yang5.12%。
Yi-Jen Charity Foundation	Min-Sheng General Hospital 82.48% ( 2021 Annual Donation Ratio)。
Minsheng Asset Management Co., Ltd.	Missioncare Co. 14.41%、Yang Zheng Investment Co., Ltd.8.47%、Cai-Bi YangChen 7.71%、Purzer Pharmaceutical Co., Ltd.5.29%、Min-Sheng Yang 4.92%、Hung-Jen Yang 3.77%、Mytrex Health Technologies, Inc.3.37%、Taiwan Biotech Co.,Ltd. 3.27%、Fure-Lin Investment Co., Ltd. 2.93%、Yung shin Pharm. Ind.Co.,Ltd.2.13%。
Purzer Pharmaceutical Co., Ltd. (Out of business)	Synmosa Biopharma Corporation 91.73%。
Taiwan Biotech Co.,Ltd.	You Yuan Co., Ltd.13.13%、Taiwan Venture Capital Co., Ltd. 10.83%、Evre-Prosperous Multitechnologies Enterprise Ltd. 10.00%、National Development Fund, Executive 7.62%、Global BioPharma Co., Ltd.3.33%、Panpal Technology Corp. Co., Ltd.3.26%、Adimmune Corporation Co., Ltd.3.26%、Chang Yi Investment Co., Ltd.3.15%、Adimmune Corporation Co., Ltd.1.66%、Ke Yanhui1.61%
Fure-Lin Investment Co., Ltd.	Fure-Lin Engineering Co.,Ltd 33.34%、Hsin-Hui Sun 27%、Maw-Shin Construction Co.,Ltd. 16.33%、Min-Ling Sun 3.67%、Kuan-Yu Sun 10.33%、Wei-Chi Sun 6.33%、Tseng-Lan Sun 3%。
Yung shin Pharm. Ind.Co.,Ltd.	YungShin Global Holding Corporation 100%。
Victor Management Consultants Co.,Ltd.	Yi-Chen Yang 50%、Yi-Shan Yang 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 (whose shareholding ratio accounts for the top ten) and their shareholding ratio.

Note 3: If the legal person shareholder is not a company organization, the name and shareholding ratio of the shareholder that should be disclosed in the opening statement is the name of the investor or donor (refer to the announcement of the Judicial) and the ratio of capital contribution or donation. If the donor has passed away, And add "deceased".



### 3.2.2. The professional knowledge and independence of directors or supervisors:

#### 3.2.2.1. Disclosure of professional qualifications of directors and supervisors and independent director independence:

Name / Condition	Professional qualifications and experience(Note 1)	Independence (Note 2)	兼任其他公開發行公司獨立董事家數
Minsheng Medical Control shares Ltd. Representative person Chairman Hung-Jen Yang	Background: Graduated from the Medical Department of National Taiwan University; possesses professional medical expertise, work experience in the medical field, and operational judgment capabilities required by the company, as well as international market insights and decision-making abilities. Experience: Formerly served as the Director of Kangning Hospital/ Director of Beijing Yiran Angel Children's Hospital/ Responsible Physician at Minsheng General Hospital.	Chairman Hung-Jen Yang, the Chairman of the Board, serves as the representative of the legal entity directors of the company. He holds positions as the Chairman and CEO of the company, as well as a director in a subsidiary. Simultaneously, he is also one of the top ten individual shareholders of the company (0.73%) and is not an independent director. The rest of the directors meet the independence criteria specified in the "Regulations Governing the Appointment of Independent Directors and Compliance Matters for Public Companies" Article 3, Paragraph 1, as stipulated by the Financial Supervisory Commission.  Chairman Hung-Jen Yang, and Director Cai-Bi YangChen are mother and son, having a relative relationship within the second degree of kinship.	0
Minsheng Medical Control shares Ltd. Representative person Vice Chairman Sheng-Xin XU	Background: Graduated from the Economics Department of National Taiwan University; possesses work experience in investment marketing management and operational management, as well as the necessary business and industry knowledge and crisis management capabilities required by the company. Experience: Responsible for overall market operations in Taiwan for a foreign commercial bank/ Held positions as a senior professional manager in several publicly listed and over-the-counter electronic industry companies in Taiwan.	Vice Chairman Sheng-Xin XU serves as the representative of the legal entity directors of the company and is also a director in a subsidiary. He is not an independent director. The remaining directors meet the independence criteria specified in the "Regulations Governing the Appointment of Independent Directors and Compliance Matters for Public Companies" Article 3, Paragraph 1, as stipulated by the Financial Supervisory Commission.	0
Minsheng Medical Control shares Ltd. Representative person Director Ching-Wen Liu	Background: Holds an EMBA from Yuan Ze University Management College; possesses work experience in managing medical institutions and operational management, as well as the necessary industry knowledge, accounting, and financial analysis capabilities required by the company. Experience: Former Deputy Director of Medical Affairs at Minsheng General Hospital/ Chairman of Sheng Hong Pharmaceuticals (Stock) Company.	Director Ching-Wen Liu serves as the representative of the legal entity directors of the company and holds positions as the General Manager of the company and a director in a subsidiary. He is not an independent director. The remaining directors meet the independence criteria specified in the "Regulations Governing the Appointment of Independent Directors and Compliance Matters for Public Companies" Article 3, Paragraph 1, as stipulated by the Financial Supervisory Commission.	0

Minsheng Medical Control shares Ltd. Representative person Director Zhi-Li Sun	Background: Holds a Ph.D. from the University of Cambridge Judge Business School; possesses professional experience in academia and the business field required by the company, as well as the necessary business and industry knowledge. Experience: Former Director of the Biotechnology Industry Research Center and Intellectual Property Valuation Service Center at Taiwan Institute of Economic Research/ Adjunct Associate Professor at the Institute of Biotechnology, National Taiwan University/ Adjunct Associate Professor at the Institute of Technology Management, National Tsing Hua University.	Director Zhi-Li Sun serves as the representative of the legal entity directors of the company and is not an independent director. The remaining directors meet the independence criteria specified in the "Regulations Governing the Appointment of Independent Directors and Compliance Matters for Public Companies" Article 3, Paragraph 1, as stipulated by the Financial Supervisory Commission.	1
Rong Yang Management Consultant Ltd. Representative person Director Chang-Rong Zhang	Background: Holds a Master's degree from the School of Public Administration at the University of Southern California (USC); possesses work experience in managing medical institutions and asset management, as well as the necessary leadership skills required by the company. Experience: Former Deputy Director of Administration at Minsheng E-DA Hospital/ Deputy CEO of Asia Pacific Health Corporation/ Director of the 5th and 6th sessions of the Taiwan Area Hospital Association/ Deputy Battalion Commander of Taoyuan County Patrol Battalion.	Director Chang-Rong Zhang serves as the representative of the legal entity directors of the company and is not an independent director. The remaining directors meet the independence criteria specified in the "Regulations Governing the Appointment of Independent Directors and Compliance Matters for Public Companies" Article 3, Paragraph 1, as stipulated by the Financial Supervisory Commission.	0
Director Cai-Bi YangChen	Background: Holds a degree from the Physics Department of a Normal University; possesses academic, investment management, and the required professional experience for the company's business. Experience: Former Assistant Professor, Lecturer at Taipei Medical University/ Principal of Xinsheng Medical School/ Chairman of Jiuyu Co., Ltd./ Chairman of Minsheng Asset Management (Stock) Company.	Director Cai-Bi YangChen currently serves as a natural person director and is also one of the top ten individual shareholders of the company (1.12%). However, she also meets the independence requirements set by the regulatory authority. In the two years prior to her appointment and during her term, she complies with the independence criteria specified in Article 3 of the "Regulations Governing the Appointment of Independent Directors and Compliance Matters for Public Companies" as stipulated by the Financial Supervisory Commission. Throughout her tenure as a director, she has been granted the rights to fully participate in decision-making and express opinions in accordance with Article 14-3 of the Securities Exchange Act, thus exercising relevant duties independently. Director Cai-Bi YangChen is the mother of Chairman Hung-Jen Yang, with a relationship within the second degree of kinship.	0

Independent director Ken-Tsai Wu	<ol style="list-style-type: none"> <li>1. Background: Graduated from the National Taiwan University Department of Accounting (Passed the Certified Public Accountant Examination in 80th fiscal year); possesses work experience in accounting, finance, and the necessary expertise required by the company's business.</li> <li>2. Experience: Auditor and Audit Team Leader at Ernst &amp; Young Certified Public Accountants Firm, Financial Manager in the manufacturing industry, Director of Management Department, Partner Accountant at Honest &amp; Trustworthy Certified Public Accountants Firm, Special Lecturer at the Small and Medium Enterprise Administration of the Ministry of Economic Affairs, and Management Consulting Company.</li> <li>3. Independent Director Wu possesses extensive practical accounting experience. Through their expertise, they provide insightful guidance in various data review aspects and offer suitable advisory directions.</li> </ol>	<p>The following three independent directors do not fall under any circumstances specified in Article 30 of the Company Act, are not elected as representatives of the government, juridical persons, or their representatives in accordance with Article 27 of the Company Act, and are not related to any other director by marriage or within the second degree of kinship. Additionally, they have not been involved in any of the following situations within the two years prior to their appointment:</p> <ol style="list-style-type: none"> <li>1. Being an employee of the company or its affiliated enterprises.</li> <li>2. Serving as a director or supervisor of the company or its affiliated enterprises (except in cases where independent directors mutually serve each other in this company and its parent company, subsidiary, or subsidiary of the same parent company as stipulated under this law or local laws).</li> <li>3. The individual, their spouse, minor children, or individuals holding shares on their behalf, holding</li> </ol>	0
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Independent Director Shu-Hsing Li	<p>4. Current Position: Full-time Professor at the College of Management, National Taiwan University.</p> <p>5. Background: Holds a Ph.D. in Accounting from New York University; has served as a lecturer in relevant departments at public and private universities and colleges, possessing professional experience required by the company in business, finance, accounting, and related fields.</p> <p>6. Experience: Former Vice President of Finance at National Taiwan University/ Dean of the College of Management/ Department Chair of Accounting, National Taiwan University/ Acting Dean of the College of Management, Tunghai University/ Distinguished Professor in the Department of Accounting, Chairperson of the Chinese Accounting Education Association.</p> <p>7. Independent Director Li has expertise in finance and accounting, along with extensive experience as an independent director in various industries. She can provide the company with diversified industry operational insights and offer management decision advice in areas such as industry integration analysis and risk management.</p>	<p>more than 1% of the total issued shares of the company or ranking among the top ten shareholders.</p> <p>4. Being a manager referred to in the first paragraph or a spouse, a relative within the second degree of kinship, or a relative within the third degree of kinship of the individuals listed in the second and third paragraphs.</p> <p>5. Directly holding more than 5% of the total issued shares of the company, being among the top five shareholders, or being a director, supervisor, or employee of a corporate shareholder that appoints a representative pursuant to the first or second paragraph of Article 27 of the Company Act to serve as a director or supervisor of the company (except in cases where independent directors mutually serve each other in this company and its parent company, subsidiary, or subsidiary of the same parent company as stipulated under this law or local laws).</p> <p>6. The company and another company share the same director seats or the shares with voting rights held by the same person account for more than half of the total, and the individual serves as a director, supervisor, or employee of the other company (except</p>	3
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Independent Director Hou-Ming Chen	<ol style="list-style-type: none"> <li>1. Current Position: Professor at the Department of International Business, National Taiwan University, and Graduate Institute of International Business.</li> <li>2. Background: Holds a Ph.D. from the Graduate Institute of Business Administration at National Taiwan University; has served as a lecturer in relevant departments at public and private universities and colleges, possessing professional experience required by the company in business, and relevant expertise.</li> <li>3. Experience: President of the Commerce Development Research Institute, a non-profit organization/ Dean of the College of Social Sciences and Management, National Chung Hsing University.</li> <li>4. Independent Director Chen has expertise in management and also possesses experience as an independent director in other industries. She can provide diverse suggestions on business operations and management and offer clear guidance in practical operations.</li> </ol>	<p>in cases where independent directors mutually serve each other in this company and its parent company, subsidiary, or subsidiary of the same parent company as stipulated under this law or local laws).</p> <ol style="list-style-type: none"> <li>7. If the chairman, general manager, or equivalent position of the company is the same person or spouse of the chairman, general manager, or equivalent position of another company or institution, and the individual serves as a director (supervisor), supervisor (supervisor), or employee of the other company or institution (except in cases where independent directors mutually serve each other in this company and its parent company, subsidiary, or subsidiary of the same parent company as stipulated under this law or local laws).</li> <li>8. Holding the position of a director (supervisor), supervisor (supervisor), manager, or shareholder with ownership of more than 5% in specific companies or institutions that have financial or business dealings with the company, as outlined below:               <ol style="list-style-type: none"> <li>(1) Holding more than 20% but less than 50% of the total issued shares of the company.</li> <li>(2) Both the other company and its directors, supervisors, and shareholders holding more than 10% of the total issued shares of the company having a combined total of more than 30% of the total issued shares of the company, and there being financial or business dealings between the two sides. The shares held by the foregoing persons, including their spouses, minor children, and persons holding the shares in another's name, are included.</li> <li>(3) More than 30% of the company's operating revenue comes from another company and its affiliated companies.</li> <li>(4) The main raw materials (referring to those accounting for over 30% of the total purchase amount, and essential materials without which the manufacturing of products cannot be completed) for the company's main products or the main products (referring to those accounting for over 30% of the total operating revenue) come from another</li> </ol> </li> </ol>	2
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		<p>company and its affiliated companies, totaling more than 50%.</p> <p>9. Individuals who are professionals, sole proprietors, partnerships, corporations, or institutions providing relevant services such as business, legal, financial, and accounting services to the company or its affiliated enterprises, and have received a cumulative compensation exceeding NT\$500,000 in the past two years. This includes proprietors, partners, directors (executive directors), supervisors (executive supervisors), managers, and their spouses. However, members of the remuneration committee, the public tender offer review committee, or the special committee for mergers who fulfill their duties pursuant to this law or relevant laws governing enterprise acquisitions are exempt from this restriction.</p>	
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Note 1: A thorough examination of all directors of the company reveals that none currently fall under any of the circumstances stipulated in Article 30 of the Company Act.

### 3.2.2.2. Board Diversity and Independence:

The Company has formulated the "Directors Election Regulations", which stipulate that the selection of directors (including independent directors) of the Company shall consider the overall allocation, the composition of the members shall consider diversity, and appropriate diversity sub -needles shall be formulated for their own operation, operation mode and development needs, including but not limited to the following two major criteria:

3.2.2.2.1. Basic conditions and values: gender, age, nationality and culture, etc.

3.2.2.2.2. Professional knowledge and skills: professional background (such as law, accounting, industry, finance, marketing or technology), professional skills and industry experience.

The current Board of Directors of the Company consists of 9 Directors, including 3 independent Directors, whose members have rich experience and expertise in the fields of pharmaceutical, financial, commercial and management. In addition, the Company also pays attention to gender equality in the composition of the Board of Directors, and has a female director ratio of more than 25%, and currently has 9 directors, including 2 female directors, with a ratio of 22.2%. The current Board of Directors of the Company elects a total of 9 directors, of which 3 are independent directors, accounting for 33%, and upon evaluation by the Company at the time of election, an independent director qualification checklist is issued,

and the independent director himself signs the independent director declaration at the time of appointment Confirm that none of the independent directors are subject to the provisions of Items 3 and 4 of Article 26-3 of the Securities and Exchange Act, and exercise their detached independence; In addition, except for Director Cai-Bi YangChen-PI and Director Hung-Jen Yang who are mother and son, the remaining directors do not have a spouse or second parent.

#### Board Diversity Implementation:

Diversified core projects	Basic composition							Industry experience				Professional competence			
	Nationality	Gender	Concurrently The Company employee	Age			Length of tenure of independent directors	Medical professions	Healthcare facility management	Educate	Investment management	Law	Accounting finance	Marketing management	Information Technology
51 to 60				61 to 70	71 or more	Within 3 sessions									
Hung-Jen Yang	Republic of China	Male	V	V				V	V	V	V			V	V
Sheng-Xin Xu	Republic of China	Male			V			V	V		V		V	V	V
Ching-Wen Liu	Republic of China	Male	V		V			V	V		V		V	V	V
Zhi-Li Sun	Republic of China	Female		V						V	V			V	V
Chang-Rong Zhang	Republic of China	Male	V	V					V				V	V	V
Cai-Bi YangChen	Republic of China	Female				V			V	V	V				
Ken-Tsai Wu	Republic of China	Male		V	V		V						V		
Shu-Hsing Li	Republic of China	Male		V	V		V			V	V		V		V
Hou-Ming Chen	Republic of China	Male			V		V			V	V		V	V	V

### Competencies of the Board of Directors as a whole:

Diversified core projects	Gender	Operational judgment ability	Accounting and financial analysis skills	Business management ability	Crisis management ability	Industry knowledge	International market view	leadership	Decision-making ability
Name of Director									
Hung-Jen Yang	Male	V	V	V	V	V	V	V	V
Sheng-Xin Xu	Male	V	V	V	V	V	V	V	V
Ching-Wen Liu	Male	V	V	V	V	V	V	V	V
Zhi-Li Sun	Female	V	V	V	V	V	V	V	V
Chang-Rong Zhang	Male	V	V	V	V	V	V	V	V
Cai-Bi YangChen	Female	V	V			V			V
Ken-Tsai Wu	Male	V	V	V	V	V		V	V
Shu-Hsing Li	Male	V	V	V	V	V	V	V	V
Hou-Ming Chen	Male	V	V	V	V	V	V	V	V



### 3.2.3. General managers, deputy general managers, assistant directors and heads of departments and branches

April 30, 2023

Job Title	Nationality	Name	Date of inauguration	Holding shares		Spouse, minor children Holding shares		Taking advantage of someone else's name Holding shares		The main scriptures (learning) calendars	He currently holds positions in other companies	A manager with a relationship within the spouse or second parent			Remark
				Number of shares	Holdings ratio	Number of shares	Holdings ratio	Number of shares	Holdings ratio			Job Title	Name	Relationship	
Ceo	Republic of China	Hung-Jen Yang (Note 4).	2020/01/31	873,907	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 Durac School of Management 4.John. Master of Health Sciences from Hopkins 5.Visiting scholar at Stanford University 6.CEO of Minsheng Medical System 7.President of Beijing Yanran Angel Children's Hospital 8.Physician in charge of Minsheng General Hospital	1. CEO of Minsheng Medical System 2.Chairman of the Board of Directors of the United Medical Foundation 3. Director of China BenQ Hospital Holdings 4. Chairman of Fuyi Health Management Consulting (Shares) company 5. Chairman of Hung-Han Medical Health CO., LTD. (shares)company 6. Chairman of Honghan Health Business (shares )company 7.Chairman of Bohn Management Consultants (Shares) company 8.Chairman of Shengyou Rehabilitation Technology (shares) company 9.Chairman of Anzhun Technology (shares) company 10.Supervisor of Shengzhi Health Technology (Shares) Company 11.Director of Bohui Biotechnology (shares) Company 12.Director of Shengshi Technology (Shares) Company 13.Director of MACRO GLOBAL CORPORATION 14.Chairman of YES Health Co., Ltd.	supervise affair	poplar old color green jade	mother child	Chairman and Chief Executive Officer

Job Title	Nationality	Name	Date of inauguration	Holding shares		Spouse, minor children Holding shares		Taking advantage of someone else's name Holding shares		The main scriptures (learning) calendars	He currently holds positions in other companies	A manager with a relationship within the spouse or second parent			Remark
				Number of shares	Holdings ratio	Number of shares	Holdings ratio	Number of shares	Holdings ratio			Job Title	Name	Relationship	
											15.Chairman of Mytrex Health Technologies, Inc.(shares) Company 16.Chairman of Medical Digital Transformation (Shares) Company 17.Director of Global Biotech Multimedia (shares) Company 18.Supervisor of Yida International Hospital Management Consulting (Shares) Company 19.Chairman of Sangu shares) Company 20.Director of Precision Health (Shares) company 21.Director of Minsheng Asset Management (Shares) Company 22.Director of Fangding Information (Shares) Company 23.Chairman Medzoneasia Co., Ltd (shares) company 24.Supervisor of China Development Biomedical Venture Capital (Shares) company 25.Director Locus Cell Co.,Ltd. (shares) company 26.Supervisor of Yuede Enterprise (Share) company				

Job Title	Nationality	Name	Date of inauguration	Holding shares		Spouse, minor children Holding shares		Taking advantage of someone else's name Holding shares		The main scriptures (learning) calendars	He currently holds positions in other companies	A manager with a relationship within the spouse or second parent			Remark
				Number of shares	Holdings ratio	Number of shares	Holdings ratio	Number of shares	Holdings ratio			Job Title	Name	Relationship	
Managing director	Republic of China	Ching-Wen Liu (Note 4).	2005/6/1	55,140	0.05%	0	0	0	0	1. Department of Medical Technology, Taipei Medical College 2. EMBA of Yuanzhi School of Management 3. Executive Vice President of Minsheng General Hospital	1. Chairman of Medzoneasia Co., Ltd (shares) company 2. Chairman of Zhongyuan Medical Management (Shares) company 3. Director of Yes Health (shares) company 4. Director of Medzoneasia Co., Ltd. (Shares) Company 5. Director Mytrex Health Technologies, Inc. 6. Senior Vice President of Minsheng General Hospital	-t	-t	-	
Deputy General Manager	Republic of China	Wei-Kuang Ho	2020/08/01	0	0	0	0	0	0	1. Bachelor of Information Engineering, Jiaotong University 2. Master of Information Engineering Institute, National Taiwan University 3. Director of the Digital Service Innovation Research Institute of the Information Industry Policy Association 4. Manager of the information department of Taiwan TV / director of the marketing business department 5. Host of the Smart Innovation and Service-oriented Promotion Program of the Industrial Bureau of the Ministry of Economic Affairs 6. Host of the Internet of Things Intelligent Manufacturing Base Plan of the Industrial Bureau of The Ministry of Economic Affairs 7. Moderator of the Network Community Innovative Service Development Program of the Department of Commerce of the Ministry of Economic Affairs 8. Co-host of the Digital TV/Telecommunications Value-added Service Demonstration Information Application DevelopmentProgram of	1. Chairman of Fangding Information (shares) Company 2. CEO of Digimed Co., LTD. 3. Director of Digimed Co., LTD. 4. General Manager of YES Health Co., Ltd.	-	-	-	

Job Title	Nationality	Name	Date of inauguration	Holding shares		Spouse, minor children Holding shares		Taking advantage of someone else's name Holding shares		The main scriptures (learning) calendars	He currently holds positions in other companies	A manager with a relationship within the spouse or second parent			Remark
				Number of shares	Holdings ratio	Number of shares	Holdings ratio	Number of shares	Holdings ratio			Job Title	Name	Relationship	
										the Technical Department of the Ministry of Economic Affairs					
Deputy General Manager	Republic of China	Peng-Hsuan Chen	2019/08/16	141	0%	0	0	0	0	1. Graduated from the Institute of Medical Management, Chang Gung University 2. Intelligent Medical Technology (shares) company/senior deputy general manager 3. Marcolon (shares) company/general manager 4. ShareHope Pharmaceutical Co., Ltd./Deputy CEO of Long-term Care Division 5. Minsheng Medical System/Administrative Director 6. Minsheng Medical System/Nursing Supervisor	1. Legal agent of Minsheng (Tianjin)Investment Management Co., Ltd 2. CEO of Medzoneasia Co., Ltd. 3. Acting General Manager of YES Health Co., Ltd. 4. Director of Global Biotechnology Multimedia Co., Ltd.	-	-	-	
Deputy General Manager	Republic of China	Lan-Ying Fu	2016/9/29	28,734	0.03%	0	0	0	0	1.Department of Industrial Management Technology, National Taiwan Institute of Industrial Technology 2. International Internal Auditor 3. International internal control self-assessor 4. Enterprise appraiser of China Intangible Assets and Enterprise Evaluation Association 5. Senior Medical Manager of Taiwan Medical Management Association 6. Manager of the general manager's office and audit office of Share Hope Medicine Co., Ltd. (shares) company 7. Director of Audit Office and Director of Accounting Office of Minsheng General Hospital 8. Minsheng Medical System Operation Department and President Office Senior Specialist	-	-	-	-	

Job Title	Nationality	Name	Date of inauguration	Holding shares		Spouse, minor children Holding shares		Taking advantage of someone else's name Holding shares		The main scriptures (learning) calendars	He currently holds positions in other companies	A manager with a relationship within the spouse or second parent			Remark
				Number of shares	Holdings ratio	Number of shares	Holdings ratio	Number of shares	Holdings ratio			Job Title	Name	Relationship	
Deputy General Manager	Republic of China	Ming-Hsun Wu	2008/1/1	242,549	0.20%	31,853	0.03%	0	0	1. Master of Life Science Research Institute, Chung Hsing University 2. Master of Management Institute, Yuanze University	1. General Manager of Zhongyuan Medical Management (Shares) company 2. Director of the Medical Technology Department of Minsheng General Hospital	-	-	-	
Deputy General Manager	Republic of China	Mei-Tzu Chen (Note 2)	2018/06/27	0	0	0	0	0	0	1.Department of Pharmacy, Taipei Medical University 2.National Taiwan University EMBA 3. Director of Taiwan Amgen Pharmaceutical Co., Ltd. / Chronic Drug Business Group 4.MSD Pharmaceutical Co., Ltd. Taiwan ranch/Marketing Director 5. Marketing Manager, Astier Zeneca Co., Ltd./Product Group, Taiwan/ 6.Pfizer Big Pharma Co., Ltd. / Associate Marketing Manager 7. Taiwan Major Chemical & Pharmaceutical Corp., Alstrong Scientific International Ltd./Assistant Sales Manager 8.Bristol-Myers Squibb (Taiwan) Ltd./Business Representative	Independent Director of PAPAGO, Inc.	-	-	-	
Deputy General Manager	Republic of China	Hung-Yi Li	2019/09/03	0	0	0	0	0	0	1.Australian National University of South Australia Institute of Business Administration 2.Director of Jih Sun Internation Bank Co., Ltd/ Financial Investment Division 3Cathay Commercial Bank/ Audit Office Specialist	1. General Manager of Precision Health Inc. 2. General Manager of Medzoneasia Co., Ltd. 3. Chairman of Chinachem Biomedical Co., Ltd.	-	-	-	
Deputy General Manager	Republic of China	Yu-Fang Tsai	2019/09/01	0	0	0	0	0	0	1. Master of Business Administration, Senior Executive of National Central University 2. Soochow University Faculty of Law 3. Director of the Company/Administration Division of Sharehope Pharmaceutical (Shares) 4. Minsheng Medical Control (/Shares) Company/ Legal College 5. Ford Liuhe Motor Co./ Legal Affairs	1. Administrative Deputy General Manager, Precision Health Inc. 2. Supervisor of Zhongyuan Medical Management (Shares) Company	-	-	-	

Job Title	Nationality	Name	Date of inauguration	Holding shares		Spouse, minor children Holding shares		Taking advantage of someone else's name Holding shares		The main scriptures (learning) calendars	He currently holds positions in other companies	A manager with a relationship within the spouse or second parent			Remark
				Number of shares	Holdings ratio	Number of shares	Holdings ratio	Number of shares	Holdings ratio			Job Title	Name	Relationship	
										6. Department of State- owned Property of the Ministry of Finance/Legal Affairs					
Head of Accounting	Republic of China	Ya-Mei Huang	2018/05/01	32,873	0.02%	0	0	0	0	1. Department of Accounting, Ming Chuan University 2. Deputy Head of Audit of Ernst & Young United Accounting Firm 3. Accounting and Treasurer of Maxigen Biotech Inc.	Director of Zhongyuan Medical Management (Shares) Company	-	-	-	
Audit supervisor	Republic of China	Pei-Yu Yeh	2022/03/25	0	0	0	0	0	0	1.Graduated from the Institute of Finance and Economics, Central University 2.Bestec Power Electronics Co., L.t.d. /Audit Assistant Manager 3.G-Yen Hutong Co., Ltd. /Audit Assistant Manager 4.Xintec Inc. /Audit Senior Manager	-	-	-		

Note 1: Vice President Peng-Hsuan Chen resigned on 2023.04.15.

Note 2: Vice President Mei-Tzu Chen resigned on 2022.06.24.

Note 3: Pei-Yu Yeh, the audit supervisor, was newly hired on 2022.03.25.

Note 4: The total number of directors in the company is 9. Among them, 3 directors concurrently hold employee positions, with 2 of them holding positions of vice president or above, and 1 holding a position of general senior management. More than half of the director positions are not concurrently held by employees.

To enhance the independence of the board of directors, as the chairman concurrently holds the position of CEO, the company has planned to add one independent director seat in the year 2023. This addition aims to bolster the capabilities of the board of directors and strengthen its oversight functions.

### 3.2.4. Remuneration paid to directors, supervisors, general manager and deputy general manager in the most recent year

#### 3.2.4.1. Remuneration of directors (including independent directors):

Unit: NT\$ thousand; %; thousand shares

Job title	Name	Directors' Remuneration								The total amount of A, B, C, and D, as well as the ratio to the post-tax net income.		Concurrently employees receive relevant remuneration								The total amount of A, B, C, D, E, F, and G, as well as the ratio to post-tax net income		Receiving remuneration from subsidiaries other than investment businesses or the parent company.	
		Remuneration (A)		Retirement pension (B)		Directors' remuneration (C)		Business execution costs (D)				Salary, bonuses and special expenses, etc. (E)		Retirement pension (F)		Employee remuneration (G) (Note )							
		Root public manager	All companies in the financial Report	Root public manager	All companies in the financial Report	Root public manager	All companies in the financial Report	Root public manager	All companies in the financial Report	Root public manager	All companies in the financial report	Root public manager	All companies in the financial Report	Root public manager	All companies in the financial Report	The Company		Within the financial report All companies (Note 7).		Root public manager	All companies in the financial report		
Chairman	Minsheng Medical Control (shares) company Representative: Hung-Jen Yang	3000	3937	0	0	2715	2715	326	494	6041 2.06%	7146 2.43%	13207	113207	181	181	1884	0	1884	0	21313 7.25%	22418 7.62%	0	
Director	Minsheng Medical Control (shares) Company Representative Sheng-Xin Xu																						
Director	Minsheng Medical Control (shares) company Representative: Ching-Wen Liu																						

Director	Minsheng Medical Control (shares) company Representative: Zhi-Li Sun																				
Director	Rongyang Management Consulting (Shares) Company Representative: Chang-Rong Zhang																				
Director	Cai-Bi YangChen																				
Independent Director	Shu-Hsing Li																				
Independent Director	Ken-Tsai Wu	0	0		1367	1367	269	269	1636 0.56%	1636 0.56%	0	0	0	0	0	0	0	0	1636 0.56%	1636 0.56%	0
Independent Director	Hou-Ming Chen																				
<p>1.Please describe the independent director's remuneration payment policy, system, standards and structure, and describe the relationship with the amount of remuneration based on the responsibilities, risks, investment time and other factors:The remuneration of independent directors is based on the distribution of traveling expenses for meetings (the board of directors, the salary committee, and the review committee) and the distribution of remuneration for directors and supervisors; the traveling expenses are paid according to market conditions, and the remuneration of directors is based on attendance, personal performance (industry experience and professionalism), The company's long-term operating performance and the degree of participation in the company's operations are measured as factors, and the remuneration ratio is calculated after comprehensive consideration of the company's goal achievement rate, profitability and operating efficiency.</p> <p>2.In addition to the disclosure in the above table, the remuneration received by the directors of the company for services provided to all companies in the financial report (such as a cting as consultants who are not employees, etc.)) in the most recent year: None</p>																					

Note: The company's 2022 remuneration for directors and supervisors has not yet been approved by the resolution of the shareholders' meeting, and it is only expressed in terms of the estimated amount of the proposed distribution



### 3.2.4.2. Directors' remuneration levels:

#### Remuneration Grading Schedule

Pay the remuneration bracket of each director of the Company	Name of Director			
	The total amount of the first four honoraria (A+B+C+D).		The total amount of the first seven honoraria (A+B+C+D+E+F+G).	
	The Company	All companies in the financial creport	The Company	All companies in the financial creport All companies J in the financial report
Less than \$1,000,000	Sheng-Xin Xu Ching-Wen Liu Zhi-Li Sun Chang-Rong Zhang Cai-Bi YangChen Ken-Tsai Wu Shu-Hsing Li Hou-Ming Chen Rongyang Management Consulting (Shares) Company	Sheng-Xin Xu Zhi-Li Sun Chang-Rong Zhang Cai-Bi YangChen Ken-Tsai Wu Shu-Hsing Li Hou-Ming Chen Rongyang Management Consulting (Shares) Company	Sheng-Xin Xu Zhi-Li Sun Tsai-Pi Chen Yang Ken-Tsai Wu Shu-Hsing Li Hou-Ming Chen	Sheng-Xin Xu Zhi-Li Sun Cai-Bi YangChen Ken-Tsai Wu Shu-Hsing Li Hou-Ming Chen
1,000,000 (inclusive) ~ 2,000,000 (excluded).	-	Ching-Wen Liu	Chang-Rong Zhang Rongyang Management Consulting (Shares) Company	Chang-Rong Zhang Rongyang Management Consulting (Shares) Company
2,000,000 (inclusive) ~ 3,500,000 (excluded).	-	-	-	-
3,500,000 (inclusive) ~ 5,000,000 (excluded).	Hung-Jen Yang	Hung-Jen Yang	Ching-Wen Liu	-
5,000,000 (inclusive) ~ 10,000,000 (excluded).	Missioncare Co.	Missioncare Co.	-	Ching-Wen Liu
10,000,000 (inclusive) ~ 15,000,000 (excluded).	-	-	Hung-Jen Yang	Hung-Jen Yang
15,000,000 (inclusive) ~ 30,000,000 (excluded).	-	-	Missioncare Co.	Missioncare Co.
30,000,000 (inclusive) ~ 50,000,000 (excluded).	-	-	-	-

50,000,000 (inclusive) ~ 100,000,000 (excluded).	-	-	-	-
More than \$100,000,000	-	-	-	-
Total	11	11	11	11

### 3.2.4.3. Remuneration of the general manager and deputy general manager: (summary and cooperation with the method of disclosure of names)

Unit: NT\$ thousand;%

Job Title	Name	Salary (A).		Retirement pension (B).		Bonuses and Special charges, etc.(C).		The amount of employee remuneration (D). (Note )				The total of the four Items A, B, C and D as A proportion of net profit after tax (%)		Receiving remuneration from subsidiaries other than investment businesses of the parent company.
		The Company	Financial reporting All within Firm	The Company	All in the Financial Report firm	The Company	Financial reporting All within Firm	The Company		All in the financial report firm		The Company	Financial reporting Sue Neisho There are companies	
								Cash amount	Share amount	Cash amount	Share amount			
Ceo	Hung-Jen Yang	19052	23128	639	824	2559	3102	2873	0	2873	0	25123 (8.55%)	29927 (10.18%)	0
Managing director	Ching-Wen Liu													
Deputy General Manager	Ming-Hsun Wu													
Deputy General Manager	Peng-Hsuan Chen													
Deputy General Manager	Yu-Fang Tsai													
Deputy General Manager	Hung-Yi Li													

Deputy General Manager	Yu-Fang Tsai													
Deputy General Manager	Mei-Tzu Chen													
Deputy General Manager	Wei-Kuang Ho													

Note: The Company's 2022 employee remuneration has not been resolved by the shareholders' meeting and is only expressed as an estimate of the proposed distribution.

#### 3.2.4.4. Remuneration level of general manager and deputy general manager:

Pay the remuneration level of each general manager and deputy general manager of the Company	Names of the General Manager and Deputy General Manager	
	The Company	All companies in the financial report
Less than \$1,000,000	Mei-Tzu Chen	-
1,000,000 (inclusive) ~ 2,000,000 (excluded).	Lan-Ying Fu 、Peng-Hsuan Chen 、Wei-Kuang Ho 、Hung-Yi Li	Lan-Ying Fu 、Mei-Tzu Chen
2,000,000 (inclusive) ~ 3,500,000 (excluded).	Ming-Hsun Wu 、Yu-Fang Tsai	Ming-Hsun Wu 、Peng-Hsuan Chen 、Wei-Kuang Ho 、Yu-Fang Tsai 、Hung-Yi Li
3,500,000 (inclusive) ~ 5,000,000 (excluded).	Ching-Wen Liu	Ching-Wen Liu
5,000,000 (inclusive) ~ 10,000,000 (excluded).	Hung-Jen Yang	Hung-Jen Yang
10,000,000 (inclusive) ~ 15,000,000 (excluded).	-	-
15,000,000 (inclusive) ~30,000,000 (excluded).	-	-
30,000,000 (inclusive) ~ 50,000,000 (excluded).	-	-
50,000,000 (inclusive) ~ 100,000,000 (excluded).	-	-
More than \$100,000,000	-	-
Total	9	9

### 3.2.4.5. Names of managers who have received remuneration for employees and the distribution details:

April 30, 2023							Unit:NT\$thousand; %
Project	Job Tital	Name	Stock Amount	Cash Amount	Tatol	Total net profit after tax (%)	
Manager	Ceo	Hung-Jen Yang	0	3,103	3,103	1.06%	
	Managing Director	Ching-Wen Liu					
	Deputy General Manager	Ming-Hsun Wu					
	Deputy General Manager	Mei-Tzu Chen					
	Deputy General Manager	Peng-Hsuan Chen					
	Deputy General Manager	Lan-Ying Fu					
	Deputy General Manager	Hung-Yi Li					
	Deputy General Manager	Yu-Fang Tsai					
	Deputy General Manager	Wei-Kuang Ho					
	Head of Accounting	Ya-Mei Huang					
	Head of Audit	Pei-Yu Yeh					

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

Note 2: The amount of remuneration for managers is based on the most recent fiscal year's allocation approved by the board of directors (including stock and cash). If it cannot be estimated, it will be calculated based on the proportion of the actual distribution amount from the previous year. Net profit after tax refers to the net profit after tax for the most recent fiscal year. For entities that adopt international financial reporting standards, net profit after tax refers to the net profit after tax in individual or separate financial statements.

Note 3: The scope of applicable managers is as defined in the letter issued by this commission with reference number San-Cai-Yin-Zi No. 0920001301 dated March 27, 2003. The scope is as follows:

- (1) General managers and equivalent positions
- (2) Deputy general managers and equivalent positions
- (3) Assistant general managers and equivalent positions
- (4) Heads of finance departments
- (5) Heads of accounting departments
- (6) Others with authority over company management affairs and signature rights

Note 4: If directors, general managers, and deputy general managers receive remuneration for employees (including stock and cash), apart from completing Attachment 1-2, this form should also be completed.

Note 5: The employee remuneration for the fiscal year 2022 of the Company has not yet been approved by the shareholders' meeting. The figures provided are based on projected distributions.

#### 3.2.4.6. Remuneration Policy:

##### 3.2.4.6.1 Remuneration Determination and Payment Policy

Directors remuneration (including independent directors) is mainly divided into two parts: directors' remuneration: including directors' and supervisors' remuneration, vehicle and horse expenses and business execution expenses; Remuneration for directors and concurrent employees: including salary of part-time employees and various bonuses.

Director Remuneration is in accordance with Article 21 of the Company's Articles of Incorporation: In the event that the company is profitable for the fiscal year, an amount not exceeding 3% of the aforementioned profit may be allocated for director remuneration, subject to approval by the Board of Directors. Based on this principle, the individual portion of the allocation for the fiscal year 2022 is set at 1% of pre-tax net profit. This proportion was approved by the 13th meeting of the 7th Board of Directors of the company and is intended to be submitted for approval at the 2023 shareholders' meeting for subsequent disbursement.

Directors' remuneration is calculated based on the principle of director's attendance rate, personal industry experience and professionalism, the company's business performance and the degree of participation in the company's operations, and calculates the remuneration ratio after taking into account the company's target achievement rate, profit margin and operating efficiency. The remuneration of directors and supervisors of other subsidiaries shall also be allocated in accordance with the articles of association of the company and shall be paid only after passing the legal procedures. The car and horse fee is set according to market conditions and is paid according to the actual attendance at the meeting of the board of directors, remuneration committee or audit committee.

Employee remuneration is in accordance with Article 21 of the Company's Articles of Incorporation: In the event that the company is profitable for the fiscal year, a portion ranging from 6% to 10% shall be allocated for employee remuneration. This allocation is to be decided by the Board of Directors and distributed in the form of stocks or cash. The recipients of this distribution include employees of subsidiary companies who meet specific criteria. Based on this principle, the individual portion of the allocation for the fiscal year 2022 is set at 6% of pre-tax net profit. This proportion was approved by the 13th meeting of the 7th Board of Directors of the company and is intended to be submitted for approval at the 2023 shareholders' meeting.

The remuneration of employees (including managers) is based on the employee salary reduction method formulated by the company, and is verified according to the scope of authority and responsibility of each position and with reference to the level of peers, including: salary, various additions and bonuses, employee remuneration, etc.

The company's employment and salary and remuneration of managers shall be submitted to the remuneration committee for consideration and approval by the board of directors according to the scope of duties and responsibilities of the company, taking into account the talent conditions required for the company's operation and development; In the performance evaluation, the performance appraisal system is implemented for managers, and the principle of distribution is based on comprehensive considerations such as personal contribution, the target achievement rate of the management department and the profit margin of the company, so as to construct a reasonable, fair, motivating and interrelated remuneration structure with business performance.

#### 3.2.4.6.2. Relationship with Business Performance and Future Risks:

The performance of the company's management is guided by the principle of risk management, ensuring that potential risks within their scope of responsibility are managed and mitigated. Actual performance is assessed, and ratings are assigned accordingly, with relevant rewards linked to these assessments. The standards and system for related remuneration are primarily based on the overall operational status of the company. The payment standards are determined based on the degree of performance achievement and contribution. Industry salary standards are also considered to ensure that the compensation for the company's management is competitive within the industry, aimed at retaining outstanding managerial talent. Critical decisions made by the company's management take into account various risk factors. The performance of these decisions is reflected in the company's profitability. In addition to performance-based bonuses for business units, these decisions also affect the distribution of annual year-end bonuses.

Recent proportion of director's remuneration and general manager and deputy general manager's remuneration to the company's after-tax net profit in the second year

Unit: NT\$ thousand; %

Item  Title or job position	The Company				Within the financial report All companies			
	2021		2022		2021		2022	
	Total	Ratio to post-tax net income	Total	Ratio to post-tax net income	Total	Ratio to post-tax net income	Total	Ratio to post-tax net income
Directors' Remuneration	6,824	2.93%	7,677	2.62%	7,530	3.23%	8,782	2.99%
Directors are also responsible for employee remuneration	12,655	5.44%	15,272	5.19%	13,179	5.66%	15,272	5.19%
General Manager and Deputy General Manager	24,348	10.46%	25,123	8.55%	31,725	13.64%	29,927	10.18%
Post-tax net income	232,663	-	293,946		232,663	-	293,946	

Note: There are no significant differences in remuneration expenses between the fiscal year 2022 (FY 2022) and the fiscal year 2021 (FY 2021). Furthermore, due to the increase in net profit in FY 2022 compared to FY 2021, the proportion of related remuneration to net profit has relatively decreased.

The increase in net profit in FY 2022 has led to no variations in director remuneration, which is allocated and distributed in accordance with the company's articles of incorporation and includes attendance fees. The remuneration for the CEO and Deputy CEO remains unchanged from the previous year. However, as the employee remuneration for FY 2022 has not yet been approved by the shareholders' meeting, it is estimated based on proposed figures. Consequently, the proportion of remuneration to net profit has relatively decreased.

### 3.3. Corporate governance operations

#### 3.3.1 Information on the operation of the board of directors

2022 Board of Directors meetings 8 times (A), directors and supervisors attended as follows:

Job Title	Name (Note 1)	Actual appearance (listing) of the table Number of times (B)	Delegated attendance frequency	Actual out (column). Seat rate(%) [B/A] (Note 2)	Remark
Chairman	Minsheng Medical Control (shares) company Representative: Hung-Jen Yang	8	0	100%	-
Vice Chairman	Minsheng Medical Control (shares) company Representative: Sheng- Xin Xu	8	0	100%	-
Director	Minsheng Medical Control (shares) company Representative: Ching- Wen Liu	8	0	100%	-
Director	Minsheng Medical Control (shares) company Representative: Zhi-Li Sun	7	1	87.5%	-
Director	Rong Yang Management Consultants Limited Representative: Chang- Rong Zhang	8	0	100%	-
Director	Cai-Bi YangChen	6	2	75%	-
Independent Director	Ken-Tsai Wu	8	0	100%	-
Independent Director	Shu-Hsing Li	8	0	100%	-
Independent Director	Hou-Ming Chen	7	1	87.5%	-

3.3.1.1 Other matters that should be recorded:

3.3.1.1.1. The company has established an Audit Committee, and all matters stipulated in Article 14-3 of the Securities and Exchange Act are subject to prior review and approval by the Audit Committee before being presented to the Board of Directors for resolution. For detailed information, please refer to page 55-57. Other matters to be recorded by the Audit Committee are as stipulated in Article 14-5 of the Securities and Exchange Act.

3.3.1.1.2 Other matters other than the foregoing, other Board meeting decisions that have been objected to or reserved by independent directors and have been recorded or notified in writing Item: None.

3.3.1.2. The directors shall state the names of the directors, the content of the proposals, the reasons for the withdrawal of interests, and the circumstances of participation in the voting

Board of Directors date	Period	Motion content	Benefit avoidance and reasons	Voting situation
2022/11/11	The 11th session of the seventh session	Smart Medical City Building Improvement Project	This case is related to the interests of the directors themselves, and the interest avoidance	The case was passed after the acting chairman consulted with all the directors present.
2022/12/23	The 12th session of the seventh session	Plan to donate NT\$1,000,000 to the United Medical Foundation	This case is related to the interests of the directors themselves, and the interest avoidance	The case was passed after the acting chairman consulted with all the directors present.
2022/12/23	The 12th session of the seventh session	The company's manager's year-end bonus distribution principle case	This case is related to the interests of the directors themselves, and the interest avoidance	The case was passed after the acting chairman consulted with all the directors present.

3.3.1.3 Listed and over-the-counter companies are required to disclose information regarding the self-assessment (or peer assessment) of the Board of Directors, including the assessment cycle and period, scope, methodology, and content of the assessment, as well as the implementation status on a regular basis.

Assessment Cycle: (Note 1)	Assessment Period: (Note 2)	Assessment Scope: (Note 3)	Assessment Method: (Note 4)	Assessment Content: (Note 5)
Performed annually.	2022/1/1~2022/12/31	Performance evaluations of the Board of Directors, functional committees, and individual board members.	Self-assessment within the Board of Directors and self-assessment by individual board members.	<b>1. Board Performance Evaluation:</b> A. Participation in Company Operations B. Enhancement of Board Decision Quality C. Composition and Structure of the Board D. Selection and Ongoing Education of Directors E. Internal Control <b>2. Individual Director Performance Evaluation:</b> A. Understanding of Company Goals and Mission B. Recognition of Director Responsibilities C. Participation in Company Operations



				D. Management of Internal Relationships and Communication E. Director's Expertise and Continuous Education F. Internal Control <b>3. Functional Committee Performance Evaluation:</b> A. Participation in Company Operations B. Recognition of Functional Committee Responsibilities C. Enhancement of Functional Committee Decision Quality D. Composition and Member Selection of Functional Committees E. Internal Control
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Note 1: Indicate the frequency of the Board evaluation execution, for example: conducted annually.

Note 2: Specify the coverage period for the Board evaluation, for example: evaluating the performance from January 1, 2020 to December 31, 2020.

Note 3: The evaluation scope includes the Board, individual directors, and functional committee performance evaluations.

Note 4: The evaluation methods encompass internal self-assessment of the Board, self-assessment of individual directors, peer assessment, engagement of external professional institutions, experts, or other appropriate methods for performance evaluation.

Note 5: The evaluation content, based on the evaluation scope, should include at least the following items:

Note5.1: Board Performance Evaluation: At least covering participation in company operations, enhancement of Board decision quality, composition and structure of the Board, selection and ongoing education of directors, internal control, etc.

Note5.2: Individual Director Performance Evaluation: At least covering understanding of company goals and mission, recognition of director responsibilities, participation in company operations, management of internal relationships and communication, director's expertise and continuous education, internal control, etc.

Note5.3: Functional Committee Performance Evaluation: Participation in company operations, recognition of functional committee responsibilities, enhancement of functional committee decision quality, composition and member selection of functional committees, internal control, etc.

**Board Evaluation Implementation Status:** During the implementation period of the 2022 board performance evaluation and assessment, from January 1, 2022 to December 31, 2022, 9 self-assessment self-assessment questionnaires for directors were issued, and 9 were returned, with an average self-assessment score of 98.9. Issue self-assessment questionnaires for the performance appraisal of the Board of Directors, Audit Committee, and Remuneration Committee to be scored by the corporate governance unit. point). The results were reported on March 24, 2023 at the 13th meeting of the seventh session of the Board of Directors Report Item 7.

**3.3.1.4. Assessment of Strengthening Board Functions for the Current and Recent Years: Evaluation of Objectives for Enhancing Board Functions (such as establishing an audit committee, improving information transparency, etc.) and Implementation Status.**

**3.3.1.4.1.** The company established the Audit Committee on June 27, 2018, to oversee and enhance the quality of board decisions.

**3.3.1.4.2.** In terms of strengthening board functions: The company has formulated the "Board Meeting Regulations," "Audit Committee Charter," "Remuneration Committee Charter," and "Board and Functional Committee Performance Evaluation Guidelines." The operation, evaluation, and assessment of the board and functional committees are all conducted in accordance with these guidelines.

**3.3.1.4.3.** Regarding enhancing information transparency: The company has a spokesperson and deputy spokesperson to respond to external inquiries. The company also maintains a corporate website (<https://www.share-hope.com/>) that includes sections on business development, investor relations, corporate governance, stakeholders, ESG sustainability, and more.

3.3.1.4.4. In May 2019, the company established the "Standard Operating Procedure for Handling Director Requests" and appointed a Corporate Governance Officer in November 2021. This officer assists directors in obtaining appropriate and comprehensive information about company operations and provides updates on revisions to relevant legal and regulatory governance matters.

3.3.1.4.5. In compliance with regulatory requirements, the company organized two director training courses on August 12, 2022, and November 11, 2022, to ensure directors meet the annual training hours requirement.

Note 1: If the directors and supervisors are legal persons, the names of the shareholders of the legal person and the names of their representatives shall be disclosed.

Note 2: (1) If a director supervisor leaves the company before the end of the year, the date of resignation should be indicated in the remarks column, and the actual attendance (attendance) (%) It is calculated based on the number of meetings of the board of directors and the number of actual appearances (attendances) during its term of office.

(2) If a director supervisor is re-elected before the end of the year, the new and old director supervisors should be filled in, and the remarks column should indicate that the director supervisor is the old, new or re-elected and the date of re-election (The actual attendance rate (%) is calculated based on the number of board meetings and the number of actual attendance( attendance) during its term of office.

3.3.2. The operation of the audit committee or the participation of supervisors in the operation of the board of directors

3.3.2.1. The Company shall establish an Audit Committee at the Ordinary Meeting of Shareholders on June 27, 2018 in accordance with the provisions of Article 14-4 of the Securities and Exchange Act.

3.3.2.2. The work priorities of the Audit Committee

The Audit Committee of the Company consists of 3 independent directors, and the main purpose of the Audit Committee is to express the proper expression of the Company's financial statements, the selection (dismissal) of certified public accountants and their independence and performance, the effective implementation of internal control, compliance with relevant laws and regulations, and the supervision of the control of existing or potential risks. A summary of the priorities is as follows:

3.3.2.2.1. Review financial reports

The board of directors prepared the company's 2022 business report, financial statements and earnings distribution proposals, among which the financial statements have been completed by the entrusted KPMG International United Accounting Firm, and an audit report is issued. The above business report, financial statements and earnings distribution proposal have been examined by the Audit Committee and are found to be not inconsistent.

3.3.2.2.2. Consider 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 reports of the audit department, including risk management and regulatory compliance. The Head of Audit meets regularly with the Convenor of the Audit Committee to understand the issues that may be faced in the internal audit execution process, and as such, the Audit Committee considers that the Company's risk management and internal control systems are effective and that the Company has adopted the necessary control mechanisms to monitor and correct violations.

### 3.3.2.2.3. To review the independence and performance evaluation of certified public accountants

The Audit Committee has been entrusted with the responsibility of overseeing the independence of the Certified Public Accountants to ensure the impartiality of the financial statements. In order to ensure the independence of the certified public accounting firm, the Audit Committee has formulated an independence assessment form with reference to Article 47 of the Accountants Act and the

Communiqué No. 10 of the Code of Professional Ethics for Accountants No. 10 on integrity, impartiality, objectivity and independence, and assesses whether the accountants are related persons, mutual business or financial interests with the Company, etc. Regarding the assessment of the independence and eligibility of accountants, Anhou Jianye completed the assessment at the 6<sup>th</sup> meeting of the 7<sup>th</sup> Board of Directors on March 25.

### 3.3.2.2.4. Supervision of compliance with laws and regulations and risk control

The Audit Committee deliberates in advance on matters such as the company's major investment benefits and possible risks of asset transactions, the appointment and removal of audit supervisors, endorsement guarantees, etc., and reports the results of the Audit Committee's deliberations during the discussion of the Board of Directors.

### 3.3.2.3. The term of office of the current audit committee: July 30, 2021 to July 29, 2024, the latest operation The situation is as follows:

The Audit Committee held 7 meetings (A), and the attendance of independent directors is as follows:

Job Title	Name	Actual Attendance(B)	Number of delegated attendance	Actual Attendance (%) (B/A)(Note)	Remark
Independent Director	Ken-Tsai Wu	7	0	100%	-
Independent Director	Shu-Hsing Li	7	0	100%	-
Independent Director	Hou-Ming Chen	6	1	85.71%	-

Other matters that should be recorded:

- In any of the following circumstances, the operation of the Audit Committee shall state the date, period, content of the proposal, the result of the resolution of the Audit Committee and the Company's handling of the Audit Committee's opinions.

1.1 Matters listed in Article 14-5 of the Securities and Exchange Act :

Audit Committee Date	Farewell	Content of the motion	Audit Committee Resolution results	The Company's handling of the Audit Committee's opinions
2022/01/21	The 4th of the 2nd session	1.The purchase of Taoyuan Hanpin Hotel Building.	Adopted	After being submitted to the Board of Directors for discussion, the resolution was adopted
2022/03/25	The 5th of	1.2021 Annual Business Report	Adopted	After being

		the 2nd session	<p>and Financial Statements.</p> <p>2. Assessment and appointment of independence and suitability of certified public accountants in 2022.</p> <p>3. Appointment of the Company's audit officer.</p> <p>4. Deliberation of the Statement of Internal Control System.</p> <p>5. Revision of the internal control system "Transaction Management Operations of Related Enterprises".</p> <p>6. Amend the Company's "Guidelines for the Acquisition or Disposition of Assets".</p>		submitted to the Board of Directors for discussion, the resolution was adopted.	
	2022/05/13	The 6th of the second session	<p>1. Consolidated Financial Statements for the First Quarter of 2022.</p> <p>2. 2021 Surplus Distribution.</p> <p>3. Conversion of surplus into capital increase and issuance of new shares.</p>	Adopted	After being submitted to the Board of Directors for discussion, the resolution was adopted.	
	2022/08/12	The 7th of the 2nd session	1. Consolidated Financial Statements for the Second Quarter of 2022.	Adopted	After being submitted to the Board of Directors for discussion, the resolution was adopted.	
	2022/10/21	The 8th of the 2nd session	1. Disposition of the equity of Mingda Medical Technology Co., Ltd.	Adopted	After being submitted to the Board of Directors for discussion, the resolution was adopted.	
	2022/11/11	The 9th of the 2nd session	<p>1. Consolidated financial statements for the third quarter of 2022.</p> <p>2. Smart Medical City Building Improvement Project.</p>	Adopted	After being submitted to the Board of Directors for discussion, the resolution was adopted.	
	2022/12/23	The 10th of the 2nd session	1. Preparation of the 2023 audit plan	Adopted	After being submitted to the Board of Directors for discussion, the resolution was adopted	
			2. To formulate the general principles of the company's pre-approval non-confirmation service policy.	Recommend dismissal	After being submitted to the board of directors for discussion, it was decided to	

					withdraw the case
2023/03/24	The 11th of the 2nd session	1.111 Annual Business Report and Financial Statements Proposal 2.112 Evaluation of Independence and Competence of the External Auditor for Certification 3.112 Appointment of External Auditor Proposal 4.Replacement and Leasing Procurement Proposal for Upgrading CT Scan Equipment at Minsheng General Hospital 5.Proposal for Formulating General Principles for Pre-approval of Non-assurance Services in the Company 6.Review of Statement on Internal Control System	Adopted	After being submitted to the Board of Directors for discussion, the resolution was adopted	

1.2.Other matters other than the preceding matters that have not been approved by the Audit Committee and approved by more than two-thirds of all directors: None.

2. The circumstances of the implementation of the independent director's recusal of the interest proposal shall state the name of the independent director, the content of the proposal, the reasons for the interest avoidance and the circumstances of participation in the voting: None.

3. Communication between independent directors and internal audit supervisors and accountants (including major matters, methods and results of communication on the company's financial and business conditions, etc.).

3.1. In addition to submitting an audit report to the independent directors every month to report the implementation of the internal audit, the internal audit officer of the Company regularly reports the audit results and the improvement of the internal control deficiencies to the audit committee in the audit committee, and reports to the audit committee members in real time if major violations or risks of significant damage to the company are found. The main communications are summarized below, and none of the independent directors has expressed any objection.

3.1.1. Communication with the Audit Committee:

Date	Communication focus
2022/03/25	1. Review the status of work execution from November 2021 to February2022. 2. 2021 Internal Control System Self-Assessment Report. 3. Revise the internal control system "Transaction Management Operations of Related Enterprises".
2022/05/13	Review of job execution status in March 2022.
2022/08/12	Review of the status of job execution from April to June2022.
2022/11/11	Review of job execution from July to September 2022.
2022/12/23	2023 Audit Plan.
2023/03/24	1. The implementation status of the audit work from October to December 2022. 2. Self-assessment report on the internal control system in 2022.

3.1.2. Communicate with independent directors individually:

Date	Communication focus
2022/03/22	1. Review the status of work execution from November 2021 to February 2022. 2. The audit operation from March to April 2022 shall carry out the project.

2022/05/09	1. Review of job execution status in March 2022. 2. 2022 May-June audit work should execute the project.
2022/08/12	1. Review of the status of job execution from April to June 2022 . 2. The audit of the third quarter of 2022 should execute the project.
2022/11/7	1. Review of job execution from July to September 2022 . 2. The audit work in the fourth quarter of 2022 should carry out the project.
2022/12/19	1. 2023 years audit plan. 2. Project reports: Mincheng, Shengshi, Minsheng Asia Pacific, Share Hope Medicine (Hong Kong), Minsheng (Tianjin).
2023/03/20	1. The implementation status of the audit work from October to December 2022. 2. Self-assessment report on the internal control system in 2022. 3. Items to be implemented in the audit operation in the first quarter of 2023.

3.2. Communication between independent directors and certified public accountants

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

The main communication between the independent directors and the certified public accountant in 2022 is summarized below, and none of the independent directors have expressed any objections.

Date	Communication focus
2022/03/25 Board of directors	1. Results of the review of the 2021 financial statements and consolidated financial statements. 2. Accountants discuss and communicate with participants about their questions. 3. Communicate the audit conclusions with the corporate governance unit.
2022/05/13 Board of directors	1. Results of the review of the consolidated financial statements for the first quarter of 2022. 2. Accountants discuss and communicate with participants about their questions.
2022/08/12 Board of directors	1. Results of the review of the consolidated financial statements for the second quarter of 2022. 2. Accountants discuss and communicate with participants about their questions.
2022/11/11 Board of directors	1. Results of the review of the consolidated financial statements for the third quarter of 2022. 2. Accountants discuss and communicate with participants about their questions.
2023/03/24 Board of directors	1. 2022 financial statements and consolidated financial statements audit results. 2. The accountant discusses and communicates with the questions raised by the participants.

3.3. Communication between independent directors and audit supervisors and accountants

Date	Communication focus
2022/11/11	audit plan - audit scope and matters of concern (including key audit items) communication
2023/03/24	2022 consolidated and individual financial report results, key inspection items will be reported, and the impact of the newly revised laws will be discussed and communicated.

## Directors' and supervisors' advanced training

Director and supervisor	Last name	Study date	Organizer	Course name	Number of hours of further study
Representative of legal director	Hung-Jen Yang	2022/11/11	China Corporate Governance Association	How to prevent internal worries_Enterprise internal investigation analysis	3.0
		2022/08/12	China Corporate Governance	Dialysis of the norms and development trends of third-party payment	3.0

Director and supervisor	Last name	Study date	Organizer	Course name	Number of hours of further study
			Association		
Representative of legal director	Sheng-Xin Xu	2022/11/11	China Corporate Governance Association	How to prevent internal worries_Enterprise internal investigation analysis	3.0
		2022/08/12	China Corporate Governance Association	How to prevent internal worries_Enterprise internal investigationAnalysis Dialysis of the norms and development trends of third-party payment	3.0
Representative of legal director	Cai-Bi YangChen	2022/11/11	China Corporate Governance Association	How to prevent internal worries_Enterprise internal investigation analysis	3.0
		2022/08/25	Securities Over-the-counter Trading Center	Insider equity promotion briefing meeting of the OTC Xinghu Company	3.0
		2022/08/12	China Corporate Governance Association	Dialysis of the norms and development trends of third-party payment	3.0
Representative of legal director	Ching-Wen Liu	2022/11/11	China Corporate Governance Association	How to prevent internal worries_Enterprise internal investigation analysis	3.0
		2022/08/25	Securities Over-the-counter Trading Center	Insider equity promotion briefing meeting of the OTC Xinghu Company	3.0
		2022/08/12	China Corporate Governance Association	Dialysis of the norms and development trends of third-party payment	3.0
Representative of legal director	Zhi-Li Sun	2022/11/11	China Corporate Governance Association	How to prevent internal worries_Enterprise internal investigation analysis	3.0
		2022/08/12	China Corporate Governance Association	Dialysis of the norms and development trends of third-party payment	3.0
Representative of legal director	Chang-Rong Zhang	2022/11/11	China Corporate Governance Association	How to prevent internal worries_Enterprise internal investigation analysis	3.0
		2022/08/12	China Corporate Governance Association	Dialysis of the norms and development trends of third-party payment	3.0
Independent Director	Ken-Tsai Wu	2022/11/11	China Corporate Governance Association	How to prevent internal worries_Enterprise internal investigation analysis	3.0
		2022/08/12	China Corporate Governance Association	Dialysis of the norms and development trends of third-party payment	3.0
Independent Director	Shu-Hsing Li	2022/11/11	China Corporate Governance Association	How to prevent internal worries_Enterprise internal investigation analysis	3.0
		2022/05/06	China Independent Directors Association	the net-zero challenge for Taiwan's petrochemical industry; Analysis of industrial low-carbon technology and market transformation	3.0
		2022/04/29	China Independent Directors Association	Carbon Pricing Mechanism - How Taiwan Chooses?;TCFD assessment under climate change	3.0

Director and supervisor	Last name	Study date	Organizer	Course name	Number of hours of further study
		2022/04/21	China Independent Directors Association	Net-zero carbon brand and corporate governance;Promotion andfuture prospects of Taiwan's sustainability classification standards	3.0
Independent Director	Hou-Ming Chen	2022/07/22	China Corporate Governance Association	Net zero trend (top).	3.0
		2022/07/22	China Corporate Governance Association	Net zero trend (bottom).	3.0



### 3.3.3. The operation of corporate governance and its differences from the Code of Practice for Corporate Governance of Listed OTC Companies and the reasons

Evaluate the project	Operational situation (Note)			Discrepancies and reasons for differences from the Code of Practice on Governance of Listed OTC Companies
	Yes	No	Summary description	
1. Has the company formulated and disclosed the Code of Practice on Corporate Governance in accordance with the Code of Practice on Corporate Governance for Listed and OTC Companies?	√		<p>1. The Company formulated the Company's Corporate Governance Code in accordance with the Code of Practice for Listed OTC Companies, which was adopted by 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 13th board of directors of the seventh session of the company approved the revision of the "Corporate Governance Code".</p> <p>3. The current operation mode of the company is in line with the spirit of the "Code of Practice for Governance of Listed and OTC Companies", and in accordance with the "Code of Practice on Governance of Listed and OTC Companies" and taking into account the actual operation needs of the company, the "Code of Conduct for Board Meetings", the "Rules of Procedure of the Shareholders' Meeting", the "Code of Ethics", the "Rules of Conduct for the Election of Directors", the "Code of Corporate Governance", the "Code of Practice for Sustainable Development", " Integrity management operating procedures and behavioral guidelines and other measures require all employees to follow the rules and regulations.</p> <p>4. The company's governance code and various relevant corporate governance measures have been disclosed on the company's website, annual report and public information observatory, and investors can download it from the company's website\ Investor Relation\corporate governance.</p>	Comply with the provisions of the Code of Practice on the Governance of Listed OTC Companies
<p>2. The company's shareholding structure and shareholders' rights</p> <p>2.1 Has the company established internal operating procedures to deal with shareholders' proposals,doubts, disputes and litigation matters, and implemented them in accordance with the procedures?</p>	√		<p>1. The Company has formulated a "Spokesperson System Specification", in which the spokesperson or proxy spokesperson cooperates with the stock agency to jointly handle the suggestions and doubts of shareholders.</p> <p>2. In the event of shareholder disputes and litigation matters, the Office of Laws and Regulations shall handle them jointly with the Company's legal counsel and appointed lawyers.</p> <p>3. The company's website\Investor Relation \Investor Service, containing specific contact persons and contact information, specifically to answer investors' questions.</p>	Comply with the provisions of the Code of Practice on the Governance of Listed OTC Companies

2.2. Does the company have a list of the major shareholders who actually control the company and the ultimate controllers of the major shareholders?	√	<p>1. The company designates a special person in charge of the financial office to update the actual control of the company's major shareholders with the stock agency at any time; and establish communication channels with relevant personnel designated by major shareholders to grasp the information of major shareholders.</p> <p>2. The responsible personnel regularly go to the industrial and commercial registration website of the Ministry of Economic Affairs to inquire about the main legal person shareholders and the change registration status of their legal person shareholders.</p> <p>3. The main shareholders of the company's corporate shareholders, and the major shareholders and shareholdings of the major shareholders of the legal person, are disclosed on the company's website, annual reports and public information observation stations, and investors can go to the company's website\ Investor Relations\shareholders' meeting related information\ Top 10 shareholder inquiries.</p>	Comply with the provisions of the Code of Practice on the Governance of Listed OTC Companies
2.3. Has the company established and implemented risk control and firewall mechanisms with affiliated enterprises?	√	<p>1. The Company has formulated the "Subsidiary Supervision Operation Measures" and "Affiliated Enterprise Transaction Management Operating Specifications" to ensure that the reinvestment business has clear strategies and specific operational specifications in operation, finance and business management. In addition to requiring business dealings between the Company and its affiliates to comply with the principles of fairness, openness and impartiality, it also requires and assists subsidiaries in establishing sound accounting and financial systems, important operation controls, etc., and guides them to formulate internal control systems.</p> <p>2. The company's auditors perform audit operations on subsidiaries in accordance with the annual audit plan to confirm that the subsidiaries' operating activities and related control operations can operate effectively.</p> <p>3. For subsidiaries that have not yet been publicly offered, major business and financial matters and proposals submitted to the board of directors must be reviewed by the company's investment management unit and the director of rights and responsibilities in advance.</p>	Comply with the provisions of the Code of Practice on the Governance of Listed OTC Companies
2.4 .Does the company have internal regulations prohibiting insiders from using undisclosed information in the market to buy and sell securities?	√	<p>1. In order to prevent insiders from using undisclosed information in the market to buy and sell securities, the company has formulated the "Management Measures for Preventing Insider Trading" and requires all personnel to implement it.</p> <p>2. The company amended the "Administrative Measures for Preventing Insider Trading" in accordance with the Financial Management Certificate No. 1100373495 letter issued by the Financial Supervision and Administration Commission on December 6, 2021, and was approved by the 6th meeting of the seventh session of the Board of Directors on March 25, 2022. Newly added colleagues in charge of stock affairs and board of directors meeting units, who are responsible for reminding the closed period before the financial report is announced.</p>	Comply with the provisions of the Code of Practice on the Governance of Listed OTC Companies
<p>3. Composition and responsibilities of The Board of Directors</p> <p>3.1. Does the board formulate diversity policies, specific management objectives and implement them?</p>	√	<p>1. On May 9, 2018, the 22nd Board of Directors of the Fifth Session of the Company approved the amendment of the "Measures for the Election of Directors", Article 3 of the Measures stipulates that the composition of the Board of Directors shall consider the policy of diversity, in addition to the basic conditions. There are also standards for professionalism, skills and management ability for the purpose of overall supervision.</p> <p>2. A total of two directors of the company also serve as company managers, accounting for 22% of the directors' seats, not exceeding one-third of the directors' seats.</p> <p>3. The company has three independent directors who have the professional qualifications and work experience in business management, finance, and accounting required by the company, which are of substantial help to the</p>	Comply with the provisions of the Code of Practice on the Governance of Listed OTC Companies

company's implementation of investor protection and strengthening of corporate governance. Independent directors account for 33% of the directors' seats, and the current term of office has not exceeded three terms, including independent director Ken-Tsai Wu who took office on June 27, 2018, independent director Shu-Hsing Li who took office on June 28, 2019, and Hou- Ming Chen Independent Director to serve on July 30, 2021.

4. There are nine directors in this session, including six directors and three independent directors. The diverse working experience and professional qualifications of the board of directors are composed in a complementary manner. The relevant implementation conditions are as follows, disclosed on the company's website and annual report investors can go to the company's website\corporate governance\board of directors\board members information query.

Implementation of the diversity policy by members of board directors

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
Hung-Jen Yang	√	0	√	√	√	√	√	√	√	√
Sheng-Hsin Hu		0	√	√	√	√	√	√	√	√
Ching-Wen Liu	√	0	√	√	√	√	√	√	√	√
Chih-Li Sun		0	√	√	√	√	√	√	√	√
Chang-Jung Chang		0	√	√	√	√	√	√	√	√
Tsai-Pi Chen Yang		0	√	√			√			√
Ken-Tsai Wu		4	√	√	√	√	√	√	√	√
Shu-Hsing Li		3	√	√	√	√	√	√	√	√
Hou-Ming Chen		1	√	√	√	√	√	√	√	√

3.2 .In addition to setting up a salary and remuneration committee and an audit committee according to law, does the company voluntarily set up other functional committees?

√

1. In addition to the Remuneration Committee and the Audit Committee, the Company has established a Special Committee on Mergers and Acquisitions to improve its corporate governance structure.
2. On July 6, 2016, the Company has passed the organizational rules of the special committee on mergers and acquisitions through the eighth meeting of the fifth session of the board of directors, and since 2016year began to be implemented.
- 3.The Company has formulated the "Organizational Rules of the Remuneration Committee", the "Organizational Rules of the Audit Committee" and the "Organizational Rules of the Special Committee on Mergers and Acquisitions", which serve as the management basis for the "Remuneration Committee", "Audit Committee" and "Special Committee on Mergers and Acquisitions" respectively.

Comply with the provisions of the Code of Practice on the Governance of Listed OTC Companies

<p>3.3.Has the company formulated performance evaluation methods and evaluation methods for the board of directors,conducted performance evaluation annually and periodically, and submitted the results of performance evaluation to the board of directors, and used them for reference in theremuneration and nomination of individual directo</p>	<p>√</p>	<ol style="list-style-type: none"> <li>1. The Company has approved the performance evaluation method and evaluation method of the board of directors at the fifth meeting of the fifth session of the board of directors on December 23, 2015, and has been evaluated since 2015 ement of implementation, board of directors and individual performance evaluation of board members.</li> <li>2. The performance evaluation of the new functional committee of the Company in 2018 was amended by the 17th session of the sixth session of the Board of Directors on December 25, 2020 Performance Evaluation Methods for the Board of Directors and Functional Committees".</li> <li>3. The performance evaluation methods, evaluation methods and evaluation results of the board of directors and functional committee are disclosed on the company's website and annual report, and investors can go to the company's website\ Investor Relations \corporate governance inquiry.</li> <li>4. The results of the 2022 annual board performance evaluation and assessment will be reported on March 24, 2023, the thirteenth report of the seventh session of the board of directors. The assessment period is from January 1, 2022 to December 31, 2022. The self-assessment questionnaire for performance appraisal of the board of directors and the self-assessment questionnaire for performance appraisal of functional committees are scored by the corporate governance unit. The self-assessment scores of the performance appraisal of the board of directors are 98.9 points, the self-assessment scores of individual directors are 98.9 points, and the self-assessment scores of functional committees (audit committee, salary and remuneration committee) are 100 points and 89.1 points respectively (90 points in total).</li> <li>5. 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 of each director, industry experience, professional skills, personal performance, the company's long-term operating performance, and the performance of independent responsibilities, as a reference for the remuneration of board members.</li> <li>6. The suitability of the members of the Board of Directors of the Company shall, in accordance with the preceding paragraph, be evaluated as a list of nominations for each director member to serve as a director or independent director of the Company, and after discussion by the Board of Directors, it shall be submitted to the shareholders' meeting for a vote.</li> </ol>	<p>Comply with the provisions of the Code of Practice on the Governance of Listed OTC Companies</p>
<p>3.4 Does the company regularly assess the independence of the certified public accountant?</p>	<p>√</p>	<ol style="list-style-type: none"> <li>1. The Company evaluates the independence of the certified accountant before signing the public fee service with the certified accountant every year.</li> <li>2. The Audit Committee of the Company regularly evaluates the independence of certified public accountants every year and submits the results to the Board of Directors.</li> <li>3. After the company's assessment results were approved by the Audit Committee on March 25, 2022, it will be submitted to the Board of Directors for approval on March 25, 2022. The evaluation mechanism is as follows: <ol style="list-style-type: none"> <li>3.1. Refer to Article 47 of the Teacher's Law and Bulletin No. 10 of the Code of Ethics for Accountants.</li> <li>3.2. There are a total of 15 items evaluated, which are described as follows: <ol style="list-style-type: none"> <li>3.2.1. As of the latest visa operation, there has been no change for seven years.</li> <li>3.2.2. There is no major financial interest in the client.</li> <li>3.2.3Avoid any inappropriate relationship with the client.</li> <li>3.2.4Accountants should ensure honesty, impartiality and independence of their assistants.</li> </ol> </li> </ol> </li> </ol>	<p>Comply with the provisions of the Code of Practice on the Governance of Listed OTC Companies</p>

		<p>3.2.5The financial statements of the service organization within the two years before the practice shall not be checked.</p> <p>3.2.6The name of the accountant shall not be used by others.</p> <p>3.2.7. Do not hold shares of the Company and related companies.</p> <p>3.2.8. Not having any monetary loan with the Company or its affiliates.</p> <p>3.2.9. Not having a joint investment or benefit-sharing relationship with the Company or its affiliates.</p> <p>3.2.10. Those who do not work concurrently with the Company or related companies will receive a fixed salary.</p> <p>3.2.11. Management functions that are not involved in decision-making by the Company or affiliated companies.</p> <p>3.2.12 .Not concurrently engaged in other undertakings that may lose their independence.</p> <p>3.2.13 .There are no internal collateral blood relatives such as spouses, lineal blood relatives, direct blood relatives, or second relatives with the management of the Company System.</p> <p>3.2.14No commission is charged in connection with the business.</p> <p>3.2.15So far, there has been no sanction or impairment of the principle of independence.</p> <p>3.3. The assessment of the above items is in line with the independence and objectivity of the accountant.</p>	
4. Whether the listed OTC company has an appropriate number of corporate governance personnel, and designates a corporate governance supervisor to be responsible for matters related to corporate governance (including but not limited to providing directors and supervision). ness, assistance to directors and supervisors in complying with laws and regulations, handling matters related to meetings of the board of directors and shareholders' meetings in accordance with the law, and making minutes of board of directors and shareholders' meetings, etc)	√	<p>1. In order to cooperate with the Corporate Governance 3.0 issued by the FSC and strengthen the functions of the board of directors to enhance the sustainable value of the enterprise, the Company adheres to the "Key Points to be followed in the establishment and exercise of the powers of the board of directors of OTC companies" . Article 23, on November 5, 2021, the third session of the seventh session of the board of directors approved the appointment of Fu Lanying, deputy general manager of the general manager's office, as the company ad of governance, assisting in corporate governance evaluation. Deputy General Manager Fu Lanying has served as the audit supervisor of the Company for 3 years, responsible for the board of directors, shareholders' meetings and arranging refresher courses for directors and supervisors for more than 3 years, and is qualified as the head of corporate governance. The main business contents are as follows:</p> <p>1.1 Assist in the operation of the board of directors and the affairs of the unit.</p> <p>1.2 Provide members with the latest information on the revision of laws and regulations related to corporate governance.</p> <p>1.3 Promote corporate governance evaluation.</p> <p>2.The Board of Directors of the Company designates the Board of Directors to be responsible for the Finance Office, which is responsible for coordinating and providing the information necessary for the directors to perform business and corporate governance related matters, including:</p> <p>2.1 Notify the members of the meeting of the Board of Directors/Audit/Remuneration Committee seven days before the meeting of the Board of Directors/Audit/Remuneration Committee, and notify the members of the meeting separately; The minutes of each meeting shall also be signed or sealed by the chairman and recorder of each meeting, and shall be distributed to the members of each meeting within 20 days after the meeting, and shall be included in the important files of the company for proper preservation.</p> <p>2.2 Assist Directors in their appointment and compliance with laws and regulations; and assist directors in completing annual refresher courses.</p> <p>2.3 Provide the company information required by the directors, maintain smooth communication and communication between the directors and the officers, and assist in arranging communication meetings between the independent directors and the head of internal audit, certified public accountant, or other internal units to facilitate the independent directors to carry out their business.</p>	Comply with the provisions of the Code of Practice on the Governance of Listed OTC Companies

		<div>2.4 Cooperate with the latest laws and regulations related to the company's business field and corporate governance, amend the internal rules related to corporate governance, and submit it to the board of directors for resolution.</div> <div>2.5 Complete the application or renewal of liability insurance for directors of the Company.</div> <div>2.6 Preparation, convening, preparation of minutes and other share-related business of the shareholders' meeting, and provision of sufficient information to shareholders to ensure that shareholders' rights and interests are well protected.</div> <div>2.7 Responsible for reviewing the release of material information, ensuring the legality and correctness of the content of material information, so as to protect the equivalence of investors' transaction information.</div>																
5. Has the company established communication channels with stakeholders (including but not limited to shareholders, employees, customers and suppliers, etc.) set up a stakeholder section on the company's website, and appropriately responded to important corporate social responsibility issues of stakeholder concern?	√	<div>The company is willing to assume corporate social responsibility for employees, customers, shareholders, suppliers, communities and the overall environment, not only to play a role in sustainable growth, but also to actively implement corporate responsibility. The company has a good communication channel and dedicated personnel, responsible for listening to the needs of various stakeholders, and explaining and responding to the feedback information collected by different communication channels according to the status of the issue and tracking processing, and has a special stakeholder area on the company's website. The following are the priority concerns and communication situations of the relevant stakeholders of the Company:</div> <table><tr><th>Categories of stakeholders</th><th>Priority issues</th><th>Communication and response mechanisms</th><th>Response Department</th><th>Connecting windows</th></tr><tr><td>Investor</td><td><div>• Company Vision</div><div>• Operating performance and financial information</div><div>• Shareholders' equity</div><div>• Corporate governance</div><div>• Sustainable Development strategy</div><div>• Risk management</div><div>• Compliance</div><div>• Corporate image</div></td><td><div>1. Annual report and shareholders' meeting: the financial performance of the company's operation status every year</div><div>2. Company website: The investor area is updated from time to time</div><div>3. Spokesperson and stock office</div><div>4. Open information observatory</div><div>5. Press conference or Investor conference</div></td><td><div>• spokesman</div><div>• Acting Spokesperson</div><div>• Stock Affairs</div></td><td><div>【Deputy General Manager Mr. Li】</div><div>(02)3322-1589</div><div><a href="mailto:hungyi9@gmail.com">hungyi9@gmail.com</a></div></td></tr><tr><td>Client</td><td><div>• Customer Privacy &amp; satisfaction</div></td><td><div>1. Personnel of various business departments visit customers from time to time to</div></td><td><div>• Each businessunit</div></td><td><div>【General Manager Office Miss Zheng】</div><div>(03)336-1508#525</div></td></tr></table>	Categories of stakeholders	Priority issues	Communication and response mechanisms	Response Department	Connecting windows	Investor	<div>• Company Vision</div> <div>• Operating performance and financial information</div> <div>• Shareholders' equity</div> <div>• Corporate governance</div> <div>• Sustainable Development strategy</div> <div>• Risk management</div> <div>• Compliance</div> <div>• Corporate image</div>	<div>1. Annual report and shareholders' meeting: the financial performance of the company's operation status every year</div> <div>2. Company website: The investor area is updated from time to time</div> <div>3. Spokesperson and stock office</div> <div>4. Open information observatory</div> <div>5. Press conference or Investor conference</div>	<div>• spokesman</div> <div>• Acting Spokesperson</div> <div>• Stock Affairs</div>	<div>【Deputy General Manager Mr. Li】</div> <div>(02)3322-1589</div> <div><a href="mailto:hungyi9@gmail.com">hungyi9@gmail.com</a></div>	Client	<div>• Customer Privacy &amp; satisfaction</div>	<div>1. Personnel of various business departments visit customers from time to time to</div>	<div>• Each businessunit</div>	<div>【General Manager Office Miss Zheng】</div> <div>(03)336-1508#525</div>	Comply with the provisions of the Code of Practice on the Governance of Listed OTC Companies
Categories of stakeholders	Priority issues	Communication and response mechanisms	Response Department	Connecting windows														
Investor	<div>• Company Vision</div> <div>• Operating performance and financial information</div> <div>• Shareholders' equity</div> <div>• Corporate governance</div> <div>• Sustainable Development strategy</div> <div>• Risk management</div> <div>• Compliance</div> <div>• Corporate image</div>	<div>1. Annual report and shareholders' meeting: the financial performance of the company's operation status every year</div> <div>2. Company website: The investor area is updated from time to time</div> <div>3. Spokesperson and stock office</div> <div>4. Open information observatory</div> <div>5. Press conference or Investor conference</div>	<div>• spokesman</div> <div>• Acting Spokesperson</div> <div>• Stock Affairs</div>	<div>【Deputy General Manager Mr. Li】</div> <div>(02)3322-1589</div> <div><a href="mailto:hungyi9@gmail.com">hungyi9@gmail.com</a></div>														
Client	<div>• Customer Privacy &amp; satisfaction</div>	<div>1. Personnel of various business departments visit customers from time to time to</div>	<div>• Each businessunit</div>	<div>【General Manager Office Miss Zheng】</div> <div>(03)336-1508#525</div>														

			<ul style="list-style-type: none"> <li>• Protection of customer rights and interests</li> <li>• Customer relationship maintenance</li> <li>• Service (product) quality</li> <li>• Information Transparency &amp; security</li> </ul>	<p>communicate and understand service quality</p> <p>2. Each department Conducts Regular customer satisfaction surveys</p>		<a href="mailto:A003799@share-hope.com">A003799@share-hope.com</a>
		Employee	<ul style="list-style-type: none"> <li>• Employee compensation and benefits policy</li> <li>• Labor-management relations</li> <li>• Personnel training and development</li> <li>• Occupational health and safety</li> <li>• Employee appraisal system</li> </ul>	<p>1. Announce company policies and various employee welfare matters from time to time through the company's intranet</p> <p>2. Set up an employee Welfare Committee and communicate with regular meetings every quarter</p> <p>3. Quarterly labor-management meetings are held</p> <p>4. Free employee health checks are provided annually</p> <p>5. Handle employee performance appraisal every six months</p> <p>6. Set up employee mailboxes to provide employee feedback and appeal channels</p>	<ul style="list-style-type: none"> <li>• Personnel Office</li> </ul>	<p>【Personnel Office Miss Li】</p> <p>(03)346-9595#603</p> <p><a href="mailto:A000865@share-hope.com">A000865@share-hope.com</a></p>
		Government and authorities	<ul style="list-style-type: none"> <li>• Compliance</li> <li>• Corporate governance</li> </ul>	<p>1. Government decree advocacy and promotion of related systems</p> <p>2. Attend from time to</p>	<ul style="list-style-type: none"> <li>• Spokesman</li> <li>• Acting Spokesperson</li> </ul>	<p>【Audit Office Miss Ye】</p> <p>(03)346-9595#600</p> <p><a href="mailto:A003976@share-hope.com">A003976@share-hope.com</a></p>

			<ul style="list-style-type: none"> <li>• Communication with the competent authority</li> <li>• Risk management</li> </ul>	time by relevant units and participate in symposiums/public hearings/policy briefings of competent authorities, etc 3. Correspondence and correspondence 4. Cooperate with the supervision and inspection of the competent authority 5. Visit the competent authorities to establish direct communication opportunities	• Audit department	
		Vendor	<ul style="list-style-type: none"> <li>• Supplier management</li> <li>• Clear- informed &amp; safe</li> </ul>	1. Ask suppliers to sign the integrity management pledge 2. When signing contracts with major suppliers, the content must comply with the company's corporate integrity management and business ethics requirements	• General Manager Office	<b>【 General Manager Office Miss Zheng】</b> (03)346-9595#525 <a href="mailto:A003799@share-hope.com">A003799@share-hope.com</a>
		Media	<ul style="list-style-type: none"> <li>• Corporate image</li> <li>• Operation strategy</li> <li>• Operating performance &amp; financial information</li> <li>• Social responsibility and care</li> <li>• Communicate with the public and investors</li> </ul>	1. Through the public relations company to conduct two-way communication with the media from time to time, convey the company's business philosophy and important business strategies to the society and investors 2. Publish operation-Related press	<ul style="list-style-type: none"> <li>• spokesman</li> <li>• Public relations company</li> </ul>	<b>【 Spokesperson Mr. Ho】</b> <a href="mailto:vincent.ho@digimed.tw">vincent.ho@digimed.tw</a>



				releases from time to time 3. Accept media interviews and inquiries from time to time (instantly)			
6. Does the company appoint a professional stock agency to handle the affairs of the shareholders' meeting?	√		The Company appointed the Equity Agency Department of Qunyi Jinding Securities Co., Ltd., a professional stock agency, to handle matters related to the shareholders' meeting to protect the rights and interests of shareholders.				Comply with the provisions of the Code of Practice on the Governance of Listed OTC Companies
7. Information Disclosure (1) Has the company set up a website to disclose financial business and corporate governanc information?	√		The company's corporate governance and financial business information have been disclosed on the company's website, website: <a href="https://www.share-hope.com">https://www.share-hope.com</a> , investors can go to the company's website for inquiries.				Comply with the provisions of the Code of Practice on the Governance of Listed OTC Companies
(2) Does the company adopt other methods of information disclosure (such as setting up an English website,designating a special person to be responsible for the collection and disclosure of company information, implementing the spokesperson system, placing the company's website during the legal person briefing process, etc.)?	√		1. The company's website has set up an English version of the webpage to provide inquiries for investors. 2. All the information that should be disclosed by the company will be handled by dedicated personnel. 3. The briefing and audio files of the legal person briefing session have been disclosed on the company's website. Investors can go to the company's website\Investor Relations\Major Information for inquiries. 4. The company implements the executive spokesperson system. The investing public can use the company's website\investor relations\investor services to contact the spokesperson and acting spokesperson by phone or email				Comply with the provisions of the Code of Practice on the Governance of Listed OTC Companies

(3) Does the company announce and file the annual financial report within two months after the end of the fiscal year, and announce and file the first, second, and third quarter financial reports and the operating conditions of each month before the prescribed deadline?	√	In accordance with relevant regulations, the company announces and submits the annual financial report within two months after the end of the fiscal year, and announces and submits the first, second and third quarter financial reports and the operating conditions of each month before the prescribed deadline.	Timely announcement and reporting in accordance with legal regulations.
8. Does the company have other important information that is conducive to understanding the operation of corporate governance (including but not limited to employee rights, employee care, investor relations, supplier relations, rights of stakeholders, training of directors and supervisors, implementation of risk management policies and risk measurement standards, implementation of customer policies, and the company's purchase of liability insurance for directors and supervisors, etc.)?	√	<p>1. Important information on the company's corporate governance operations, including: Corporate governance regulations, investor relations related information, stakeholder priority issues and communication status, ESG sustainable development promotion policy and implementation status, etc., have been disclosed on the company's website, and investors can go to the company's website for inquiries.</p> <p>2. The company's website/stakeholders provide employees, suppliers, customers, investors, suppliers, government and competent authorities, media, business ethics contact window information and response mechanisms.</p> <p>3. The company has always attached great importance to the rights and interests of employees and employee care, regularly holds occupational welfare meetings and labor-management meetings every quarter, and provides regular health examinations for employees.</p> <p>4. The company provides a number of channels to enable investors, interested parties and customers to know the company's operating conditions and financial status in real time, and maintain smooth communication channels, which are in good operation.</p> <p>5. The company adheres to the business philosophy of eternal integrity, and establishes long-term cooperative relationships with suppliers. Since 2021, it has required suppliers to sign a letter of commitment to honest operation, and by 2022, 461 copies had been signed .</p> <p>6. The company's major proposals related to major operational policies, investment, bank financing, endorsement guarantees, capital loans and other major proposals shall be evaluated and analyzed by the competent units in accordance with the relevant regulations of the company, and submitted to the board of directors and the audit committee for resolution, and the supervision and risk control mechanisms shall be implemented.</p> <p>7. The Company arranges directors to participate in relevant professional knowledge training from time to time and obtain proof of the number of training hours.</p> <p>8. The company passed the "Risk Management Code of Practice" at the 12th meeting of the seventh session of the board of directors on December 23, 2022. The content 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>	Comply with the provisions of the Code of Practice on the Governance of Listed OTC Companies

		<p>9. Circumstances in which the company purchases liability insurance for directors and supervisors: On May 13, 2022, the eighth meeting of the seventh session of the board of directors reported the 2022-year directors' and supervisors' liability insurance coverage. The insurance period was from May 1, 2022 to April 30, 2023, with a total insured amount of NT\$30 NTDmillion .</p>	
<p>9. Please explain the improvement in the results of the corporate governance evaluation released by the Corporate Governance Center of Taiwan Stock Exchange Corporation Limited in the latest year, and propose priority strengthening matters and measures for those that have not yet improved. (Companies not included in the rating do not need to fill in the list.)</p> <p>The company's 2022 (9th) corporate governance evaluation results are ranked in the upper cabinet companies: 6%~20%, The total score is 68.85. 0.54 points lower than the previous year,the review is as follows:</p> <p><u>Improved situation:</u></p> <ol style="list-style-type: none"> <li>1. 4.6 With reference to international human rights conventions, formulate human rights protection policies and specific management plans, and disclose them on the company's website or annual report.</li> <li>2. 4.11 Disclose the annual greenhouse gas emissions, water consumption and total weight of waste in the past two years.</li> </ol> <p><u>Specific plans have been drawn up:</u></p> <ol style="list-style-type: none"> <li>1. The company has formulated the "Risk Management Code of Practice", and on December 23, 2022, it was resolved by the 12th meeting of the seventh session of the board of directors to replace the functions of the risk management committee with the audit committee, and set up a working group under the audit committee for risk management. Management promotion and execution unit. It will be officially operational from 2023.</li> <li>2. The company will continue to establish a sustainable development committee, prepare a sustainable report and improve information disclosure.</li> </ol>			

Note: Regardless of whether the operation status is checked "Yes" or "No", it should be stated in the summary description column.

3.3.4. If the company has set up a remuneration committee, it should disclose its composition, responsibilities and operation:

3.3.4.1. Information of members of the Salary and Remuneration Committee

April 30, 2023

Separation (Note 1)	Condition	Professional qualifications and experience (Note 2)	Independence is met (Note 3)	The number of members of the Payroll and Remuneratio Committee of other public offering companies
	Name			
Independent Director (convener)	Shu-Hsing Li	<p>1. Term of office:2021/7/30-2024/7/29.</p> <p>2. Present post: Full-time Professor, School of Management, National Taiwan University.</p> <p>3. Major: Doctor of Accounting from New York University; Lecturer in public and private colleges and universities with relevant departments required by the company's business: professional experience in business, finance, accounting and the company's business.</p> <p>4. Experience: Vice President of Finance/Dean of School of Management/Dean of Department of Accounting, National Taiwan University,Acting Dean of School of Management/Chair Professor of Accounting,Tunghai University, Chairman of the Chinese Society for Accounting Education.</p> <p>5. Independent Director Li possesses expertise in accounting and has years of experience as an independent director in various industries. Their ability to offer insights from diverse business sectors, as well as expertise in industry integration analysis and risk management, enables them to provide valuable managerial decision-making advice. Therefore, their competence can be leveraged to enhance the</p>	<p>1. The Company has obtained the declaration of appointment of Shu-Hsing Li as an Independent director and has complied with the provisions of the Securities and Exchange Act.</p> <p>2. Meet the following Independence qualifications:</p> <p>2.1.The person and his/her spouse's second-degree relatives are not directors, supervisors or employees of the Company or related enterprises.</p> <p>2.2.I and my spouse do not hold the number of shares in the company within the second degree of the spouse.</p> <p>2.3.In the event that there are no listed stocks or traded at the business premises of a securities dealer, as stipulated in Article 6,Paragraph 1,Paragraphs 5-8 of the Ordinance on the Establishment and Exercise of Rights of the Payroll and Remuneration Committee of a Company.</p> <p>2.4Absence of any of the items in Article 30 of the Companies Act.</p> <p>3. They have not received any compensation for services rendered in business, legal, financial, accounting, or other related capacities within the Company or affiliated enterprises.</p>	3

		quality of the Compensation Committee's operations when carrying out their duties as an independent director.		
Independent Director	Ken-Tsai Wu	<ol style="list-style-type: none"> <li>1. Term of office: 2021/7/30-2024/7/29.</li> <li>2. Present position: Director of Zhanyu United Accounting Firm.</li> <li>3. Major: National Taiwan Department of Accounting (passed the 80-year Advanced Accountant Examination); Have working experience in accounting, finance and the Company's business.</li> <li>4. Experience: Auditor/Audit Team Leader of Qinye Zhongxin United Accounting Firm, Chief Financial Officer of Manufacturing Industry, Director of Management Department, Partnership Accountant of Chengxin United Accounting Firm, Special Lecturer of Small and Medium-sized Enterprise Division of the Ministry of Economic Affairs, Enterprise Management Consulting Company.</li> <li>5. Independent Director Wu possesses extensive practical experience in accounting. Their expertise in various aspects of data analysis enables them to provide insightful guidance and offer appropriate advisory directions. Consequently, in the execution of their duties as an independent director, they enhance the quality of operations within the Compensation Committee.</li> </ol>	<ol style="list-style-type: none"> <li>1. The Company has obtained Wu Gen's declaration of appointment as an INED and has complied with the provisions of the Securities and Exchange Act.</li> <li>2. Meet the following independence qualifications: <ol style="list-style-type: none"> <li>2.1 The person and his/her spouse's second-degree relatives are not directors, supervisors or employees of the Company or affiliated companies.</li> <li>2.2 Myself and my spouse do not hold the number of shares in the company within the second degree of the spouse.</li> <li>2.3 In the event that there are no listed stocks or traded at the business premises of a securities dealer, as stipulated in Article 6, Paragraph 1, Paragraphs 5-8 of the Ordinance on the Establishment and Exercise of Rights of the Payroll and Remuneration Committee of a Company.</li> <li>2.4 Absence of any of the items in Article 30 of the Companies Act.</li> </ol> </li> <li>3. They have not received any compensation for services rendered in business, legal, financial, accounting, or other related capacities within the Company or affiliated enterprises..</li> </ol>	0
Independent Director	Hou-Ming Chen	<ol style="list-style-type: none"> <li>1. Term of office: 2021/7/30-2024/7/29.</li> <li>2. Present post: Professor, Department of International Business and Research Institute, National Taiwan University.</li> <li>3. Major: Doctor of Philosophy, Marketing Group, Institute of Business, National Taiwan University; Lecturers from</li> </ol>	<ol style="list-style-type: none"> <li>1. The Company has obtained the declaration of appointment of Chen, Hou-Ming independent director and has complied with the provisions of the Securities and Exchange Act.</li> <li>2. Meet the following independence qualifications: <ol style="list-style-type: none"> <li>2.1 The person and his/her spouse's second-degree relatives are not directors,</li> </ol> </li> </ol>	2

		<p>public and private tertiary institutions with relevant disciplines required for the Company's business; Have the professional experience required for business and the company's business.</p> <p>4. Experience: Dean of the Institute of Business Development, Dean of the School of Social Sciences and Management, National Chung Hsing University.</p> <p>5. Independent Director Chen possesses expertise in management and has additional experience as an independent director in various industries. Their ability to offer diverse recommendations for business and management, along with clear guidance in practical operations, enhances the quality of operations within the Compensation Committee when executing their duties as an independent director.</p>	<p>supervisors or employees of the Company or related enterprises.</p> <p>2.2 Myself and my spouse do not hold the number of shares in the company within the second degree of the spouse.</p> <p>2.3 In the event that there are no shares, no shares listed, or the company is traded at the business premises of a securities dealer, and the Salary and Remuneration Committee of the Company shall establish and exercise its power, Paragraph 1, paragraphs 5-8.</p> <p>2.4 There is no case in any of the items of Article 30 of the Company Law.</p> <p>3. They have not received any compensation for services rendered in business, legal, financial, accounting, or other related capacities within the Company or affiliated enterprises..</p>	
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Note 1: Please specify the relevant working experience, professional qualifications and experience and independence of each member of the Remuneration Committee in the form, and if you are an independent director, please refer to the information of directors and supervisors in Appendix 1 on page OO ther Please list as an independent director or other (convenor, please add a note.)

Note 2: Professional qualifications and experience: describe the professional qualifications and experience of individual remuneration committee members.

Note 3: Independence status: Describe the independence of the members of the remuneration committee, including but not limited to whether he/her, spouse, second parent, etc. are directors, supervisors or employees of the Company or its affiliates; The number and proportion of shares held by the company, such as the person, spouse, second parent, etc. (or in the name of others) whether he is a director, supervisor or employee of a company with a specific relationship with the Company (referred to Article 6, Paragraph 1, Paragraphs 5-8 of the Regulations on the Establishment and Exercise of Rights of the Remuneration Committee of a Company Listed on Shares or Traded at a Securities Dealer's Business Premises); The amount of remuneration obtained for providing commercial, legal, financial, accounting and other services of the Company or its affiliates in the past two years.

Note 4: For disclosure methods, please refer to the Best Practice Reference Examples on the website of the Corporate Governance.

3.3.4.2. The Compensation Committee of the Company diligently carries out the following duties with due care and attention to sound management principles. They faithfully fulfill these responsibilities and present their recommendations to the Board of Directors for deliberation:

3.3.4.2.1. The Compensation Committee establishes and periodically reviews the Company's methods for evaluating the performance of directors and executives, as well as the policies, systems, standards, and structure of compensation.

3.3.4.2.2. Regularly assess and establish the compensation for directors and executives.

3.3.4.3. Information on the operation of the Remuneration Committee

3.3.4.3.1. There are three members of the Company's remuneration committee.

3.3.4.3.2. Term of office of the fifth committee member: July 30, 2021 to July 29, 2024

3.3.4.3.3. The total number of meetings held up to the most recent fiscal year was 3 times, within the date range from March 25, 2022, to March 24, 2023. The attendance records are as follows:

Job title	Name	Actual attendance (B)	Delegated attendance frequency	Actual attendance(%) (B/A) (Note)	Remark
Chairman	Shu-Hsing Li	3	0	100%	
commissioner	Hou-Ming Chen	3	0	100%	
commissioner	Ken-Tsai Wu	3	0	100%	

Other matters that should be recorded:

1. The Remuneration Committee operates as follows:

Date of the meeting	Farewell	Content of the motion	Resolution results	The Board of Directors deals with the opinions of the Pay Committee
2022.03.25	fifth session the second time	1. Annual review report of the company Manager compensation.	There was no disagreement among the members present on the review of the manager current salary.	Upon consultation by the Chairman, the resolution of the directors present shall be passed as required.
		2. 2021 Directors and supervisors remuneration and employees Remuneration is listed as a percentage payment Forehead, submitted for discussion.	upon consultation with the chairman The committee members present passed the proposal, and the discussion proposal was submitted to the board of directors for discussion.	
2022.12.23	fifth session	1. The company's year end bonus is paid	upon consultation with the chairman	After consultation by the Chairman, the resolution of all

		the third time	Planning, submitted for discussion.	The committee members present passed the proposal, and the discussion proposal was submitted to the board of directors for discussion.	directors present was passed as required.
			2. The company's manager year-end bonus the principle of the payment of funds, submitted Discuss.	upon consultation with the chairman The committee members present passed the proposal, and the discussion proposal was submitted to the board of directors for discussion.	The relevant managers all recused themselves from participating in the discussion and voting, and the resolutions of the remaining directors attending the meeting were passed by Shu-Hsing Li independent director acting chairman.
	2023.03.24	fifth session the fourth time	1. 2022 Directors and supervisors remuneration and employees remuneration is listed as a percentage payment forehead, submitted for discussion.	The committee members present passed the proposal without objection and submitted it to the board of directors for discussion.	After the chairman consulted all the directors present, the resolution was passed as proposed.
			2. Review the remuneration policies, systems, standards and structures of the Company's directors and managers and submit them for discussion.	1. It is suggested to revise the salary range of the CEO to meet the current situation and the salary level of the industry. 2. It is suggested that the position bonus and leadership bonus of the manager's salary structure be merged. 3. Except for the	In this case, Chairman Hung-Jen Yang, Director Ching-Wen Liu, and the company's managers should refrain from participating in discussions and voting in accordance with the board of directors' agenda. Sheng-Xin Xu, acting as the chairman, consulted the remaining directors present, and the resolution



				above two suggestions, the chairman consulted with the attending committee members and passed it as a case, and submitted it to the board of directors for discussion.	was passed as proposed.
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2. If the Board of Directors does not adopt or amend the recommendations of the Remuneration Committee, it shall state the date, period, content of the proposal, the result of the resolution of the Board of Directors and the Company's handling of the Remuneration Committee (if the remuneration approved by the Board of Directors is better than the recommendation of the Remuneration Committee, the discrepancy and the reasons shall be stated: None.

3. If a member has an objection or reservation to the decision of the Remuneration Committee, and there is a record or written notice, the date, period, content of the proposal, all members' opinions and the handling of members' opinions of the Remuneration Committee shall be stated: None.

Note 1: If a member of the remuneration committee resigns before the end of the year, the resignation date should be indicated in the remarks column, and the actual attendance rate (%) is expressed in Calculate the number of meetings held by the Remuneration Committee and the number of actual attendances during the period of employment.

Note 2: Before the end of the year, if there is re-election of the salary and compensation committee, both the new and the old salary and compensation committee members should be listed, and Indicate in the remarks column whether the member is former, new or re-elected and the date of re-election. The actual attendance rate (%) is reported by the salary during the working period The number of meetings of the Remuneration Committee and the number of actual attendances are calculated.

3.3.5. The implementation of promoting sustainable development and the differences between it and the practical code for sustainable development of listed OTC companies and the reasons:

Promote the project	Enforcement (Note 1)			Sustainable development with listed OTC companies Differences in Codes of Practice and Reasons
	Yes	No	Summary description	
1. Has the company established a governance structure to promote sustainable development, has set up a full-time (part-time) unit to promote sustainable development, and has the board of directors authorize the senior management to handle it, and the situation of the board of directors' supervision?	✓		<p>1. In order to practice corporate social responsibility and promote the progress of economy, society and environment to achieve the goal of sustainable development, the company revises the company's sustainable development practices with reference to the "Code of Practice for Sustainable Development of Listed OTC Companies" The code was amended by the sixth meeting of the seventh board of directors on March 25, 2022.</p> <p>2. The company's board of directors fulfills the duty of care of a good manager, urges the company to practice sustainable development and does not regularly review the progress of the strategy. When necessary, it actively urges the management team to review and adjust to help ensure that the sustainable development policy can be implemented. in the daily operation of the company.</p> <p>3. In 2019, the chairman assigned the "Information Planning Office" as the responsible unit for the company's sustainable development to assist in the integration and implementation of various internal functional organizations, and also regularly report the implementation status to the board of directors.</p> <p>4. The company's sustainable development implementation results in 2022 and the promotion plan for 2023 have been reported at the eleventh meeting of the seventh session of the board of directors on November 11, 2022; the board of directors will not</p>	Comply with the Code of Practice for Sustainable Development of Listed OTC Companies

Promote the project	Enforcement (Note 1)			Sustainable development with listed OTC companies Differences in Codes of Practice and Reasons
	Yes	No	Summary description	
			<p>only review the relevant implementation results of the year In addition to guiding the promotion plan and direction for 2023, it also reminds you to refer to the Financial Supervisory Commission for the definition and scope of the three major dimensions of ESG. The content of relevant reports has been disclosed in the company's website\ESG Sustainable Development\Goals and Performance.</p> <p>5. 5. The company's "Code of Practice for Sustainable Development" is disclosed in the company's annual report, website and public information observation station. Investors can download it from the company's website\corporate governance\corporate governance regulations.</p>	
2. Does the company conduct risk assessments on environmental, social and corporate governance issues related to the company's operations in accordance with the materiality principle, and formulate relevant risk management policies or strategies? (Note 2)	✓		<p>1. The company's business characteristics are pharmaceutical logistics related services, although it does not involve manufacturing and production, the company still pays attention to global risk trends to reduce operational impacts, reviews and integrates horizontal resource value, actively integrates with international standards, and takes into account multiple channels of quality and quantity, so as to enhance the management efficiency of corporate social responsibility and meet the expectations of stakeholders for corporate governance, environmental protection and social care.</p> <p>2. In order to establish a sound risk management system and move towards the goal of sustainable business development, the company has formulated the company's risk management</p>	Comply with the provisions of the Code of Practice for the Sustainable Development of Listed OTC Companies

Promote the project	Enforcement (Note 1)			Sustainable development with listed OTC companies Differences in Codes of Practice and Reasons
	Yes	No	Summary description	
			<p>code of practice with reference to the "Risk Management Code of Practice for Listed OTC Companies" formulated by the competent authority to strengthen risk management. Management System. On December 23, 2022, the twelfth board of directors of the seventh session passed the formulation of the "Risk Management Practice Code", and resolved that the audit committee should replace the functions of the risk management committee, and report the company's risk management policies, procedures and scope (the above complete The content has been disclosed in the company's website\corporate governance\functional committee).</p> <p>3. The Board of Directors of the Company is the highest management unit of risk management, and it is also considered that supervising audit operations is one of the duties of the Audit Committee, and auditors have identified various possible risks when performing audit operations, and recorded risk analysis, assessment and response to suggestions in audit reports, and regularly report the audit implementation to the Audit Committee members. The Audit Committee replaces the functions of the Risk Management Committee, and a working group under the Audit Committee is set up as the risk management promotion and implementation unit.</p> <p>4. 4. At the same time, the company also conducts risk assessments related to important issues on the materiality of sustainable development, and formulates relevant risk management policies based on the assessed risks; the full</p>	

Promote the project	Enforcement (Note 1)			Sustainable development with listed OTC companies Differences in Codes of Practice and Reasons
	Yes	No	Summary description	
			content has been disclosed on the company's website\ESG sustainable development\policy promotion\ Sustainable Development Policy.	
3. Environmental issues 3.1.Has the company established an appropriate environmental management system according to its industrial characteristics?	✓		The company's main business is pharmaceutical supply services, specialized service business (mainly medical equipment leasing) and health management services, etc., there is no manufacturing plant, and the waste generated by the business is general garbage, and there is no air pollution Wastewater or waste requiring special treatment. The Company has dedicated cleaning staff responsible for maintaining the office environment and reporting the environmental maintenance situation to the Company's General Affairs Office.	Comply with the provisions of the Code of Practice for the Sustainable Development of Listed OTC Companies
3.2.Is the company committed to improving energy efficiency and using recycled materials with low impact on the environment?	✓		In order to realize the environmental awareness of the green earth, the Company hopes to adopt appropriate IT Planning, creating a paperless office, committed to assisting customers or suppliers in an electronic way to save time and manpower in checking orders, shipping orders, etc., and saving a large number of printing documents, physical invoices demand, and requiring 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 no-wash tableware, and actively implement garbage classification and reduction, hoping to fulfill the responsibility of a part of the earth and care for the earth's resources.	Comply with the provisions of the Code of Practice for the Sustainable Development of Listed OTC Companies

Promote the project	Enforcement (Note 1)			Sustainable development with listed OTC companies Differences in Codes of Practice and Reasons
	Yes	No	Summary description	
3.3.Does the company assess the potential risks and opportunities of climate change to the enterprise now and in the future, and take relevant countermeasures?	✓		<p>1. The company is a biotechnology-related industry. In order to respond to the impact of climate change on business operations and disclose information about climate change, it not only regularly reports to the board of directors and the risk management committee, but also allows the board of directors and senior management to understand the impact of climate change on the company. In addition to the impact of climate change, 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 caused by extreme weather, transformation impacts due to regulations, technology or market demand, and other human 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 established as the core of actions to address climate change, based on which management costs and financial impacts are estimated. Through the data collected above, we can strengthen the company's climate change governance, and systematically evaluate the financial relationship to reduce risks and grasp business opportunities.</p> <p>2. In terms of climate change impact assessment, because the company is not a manufacturing industry, the impact of climate change is relatively low risk, but as a member of the global living circle, there are still relevant practical actions and measures to respond to and respond to climate change:</p>	Comply with the Code of Practice for Sustainable Development of Listed OTC Companies

Promote the project	Enforcement (Note 1)			Sustainable development with listed OTC companies Differences in Codes of Practice and Reasons									
	Yes	No	Summary description										
			<p>The buildings and structures invested and constructed conform to the standards of the green building label.</p> <p>3. Cooperate with the government subsidy policy and apply for relevant energy-saving subsidies when the company's possible business development energy source policy rewards replacement equipment.</p> <p>4. When renovating the office area, the decoration should comply with the green building code, and the office equipment that meets the energy-saving label should be purchased.</p>										
3.4.Has the company counted the greenhouse gas emissions, water consumption and total waste weight in the past two years, and formulated policies for greenhouse gas reduction, water use reduction or other waste management?	✓		<p>1. At present, the company's business is mainly in pharmaceutical supply services, specialized service (mainly medical equipment leasing) and health management services, etc., and its operation is little affected by climate change and greenhouse effect. In addition to actively implementing relevant energy conservation and carbon reduction measures, the energy conservation and carbon reduction plan, climate change assessment and related response measures, etc., we are also actively committed to the reduction of greenhouse gas emissions, water consumption and waste, etc., and the specific implementation results in the past two years are as follows:</p> <table> <tr> <td>CO2 emissions (metric tons)</td> <td>104.1</td> <td>105.6</td> </tr> <tr> <td>Water consumption (metric tons)</td> <td>551</td> <td>627</td> </tr> <tr> <td>Total weight of</td> <td>1,620</td> <td>1,971</td> </tr> </table>	CO2 emissions (metric tons)	104.1	105.6	Water consumption (metric tons)	551	627	Total weight of	1,620	1,971	In line with the sustainable development of listed OTC companies The Code of Practice provides:
CO2 emissions (metric tons)	104.1	105.6											
Water consumption (metric tons)	551	627											
Total weight of	1,620	1,971											

Promote the project	Enforcement (Note 1)			Sustainable development with listed OTC companies Differences in Codes of Practice and Reasons			
	Yes	No	Summary description				
			<table><tr><td>waste (kg)</td><td></td><td></td></tr></table> <div>Remarks: 1. The company's CO2 emissions are mainly from Scope 2 categories. 2. The waste output is all general industrial waste, no hazardous industrial waste.</div> <p>The above relevant information is also disclosed on the company's website, hoping to fulfill its corporate social responsibility in the goal of mitigating global warming.</p> <p>However, the data in 2022 increased compared with 2021, mainly because the impact of the new crown pneumonia (COVID-19) epidemic in 2022 continued to expand, and the company asked colleagues to strengthen their own protection, and asked colleagues to reduce eating out. Wear masks and other personal protective equipment at all times, strengthen personal hygiene, wash hands and disinfect frequently. As a result, the company's household waste and water consumption have increased.</p> <p>In addition, due to the increase in the number of office leases used by the company in 2022, the relative increase in greenhouse gas emissions allocation is the main reason for the increase in CO2. Although the epidemic has caused changes in the working habits of the company and colleagues, after the epidemic gradually eased; In the future, the company will continue to work on energy-saving</p>	waste (kg)			
waste (kg)							



Promote the project	Enforcement (Note 1)			Sustainable development with listed OTC companies Differences in Codes of Practice and Reasons
	Yes	No	Summary description	
			<p>measures to reduce carbon dioxide emissions, water consumption and total waste weight.</p> <p>2. Various reduction policies and specific practices are as follows:</p> <p>2.1 Energy saving and carbon reduction</p> <ul style="list-style-type: none"> <li>· Continue to seek and replace more energy-efficient office facilities (preparation).</li> <li>· Implement power-saving plans from the three major aspects of air-conditioning systems, electric lighting and other power consumption, and regularly inspect energy-consuming equipment and replace them if necessary.</li> <li>· Organize energy conservation and carbon reduction education and training courses and publicity.</li> <li>· Go to the unit from time to time to inspect the individual actions of energy saving and carbon reduction.</li> </ul> <p>2.2. Water management</p> <ul style="list-style-type: none"> <li>· Require the company to implement water conservation programs internally.</li> <li>· Regularly check the normal operation of the water supply system to avoid excessive water consumption beyond normal use.</li> <li>· Organize water management education and training courses and publicity.</li> </ul>	

Promote the project	Enforcement (Note 1)			Sustainable development with listed OTC companies Differences in Codes of Practice and Reasons
	Yes	No	Summary description	
			<p>2.3.Waste reduction</p> <ul style="list-style-type: none"> <li>· Carry out stricter recycling and classification of waste resources.</li> <li>· Acceleration of fully paperless processes.</li> <li>· Organize waste reduction education and training courses and publicity.</li> <li>· Go to each unit to audit the implementation status of waste classification (including food waste) from time to time, and submit the unit's implementation status to the company meeting report.</li> </ul> <p>3. According to the "Sustainable Development Roadmap for Listed and Over-the-Counter Companies" issued by the Financial Supervisory Commission in March 2022, our company falls under the category of companies with a paid-in capital of less than 5 billion NTD. As an individual company (i.e., the parent company), we are required to undergo greenhouse gas inventory in the third phase (completion in 2026) and verification (completion in 2028). We are also required to disclose only Scope 1 and Scope 2 greenhouse gas emissions as specified. For the fiscal year 2022, our company's greenhouse gas emissions, water usage, and waste weight were not verified by a third party. Moving forward, we will continue to monitor the completion status of the greenhouse gas inventory and verification disclosure timeline</p>	

Promote the project	Enforcement (Note 1)			Sustainable development with listed OTC companies Differences in Codes of Practice and Reasons												
	Yes	No	Summary description													
			based on the guidelines and regulations issued by the regulatory authorities.													
4. Social issues  4.1.Has the company formulated relevant management policies and procedures in accordance with relevant laws and regulations and international human rights conventions?	✓		<div>1. The company supports and abides by internationally recognized human rights norms and principles. Including the United Nations Declaration of Human Rights, International Labor Conventions, and the Taiwan Labor Standards Act to formulate human rights policies; and strive to promote diversity and equality in the workplace. For example, the company adheres to the principle of gender equality in terms of salary payment and selection of various positions, and pays salary according to profession, expertise, experience and responsible job scope. Job transfers are based on the principle of fairness, and there is no gender discrimination.</div> <div>1.1. Ratio of female employees:<table><tr><td>Number of Female Employees Index</td><td>Percentage(%)</td></tr><tr><td>Women accounted for total employees (%)</td><td>73.8%</td></tr><tr><td>Female supervisors as a percentage of all supervisors (%)</td><td>55.6%</td></tr><tr><td>Female managers as a percentage of all managers (%)</td><td>50.0%</td></tr></table></div> <div>1.2. Salary ratio of female employees to male employees:<table><tr><td>Salary Indicators</td><td>Ratio of Male Salary</td></tr><tr><td>The average salary of female employees</td><td>84.7%</td></tr></table></div>	Number of Female Employees Index	Percentage(%)	Women accounted for total employees (%)	73.8%	Female supervisors as a percentage of all supervisors (%)	55.6%	Female managers as a percentage of all managers (%)	50.0%	Salary Indicators	Ratio of Male Salary	The average salary of female employees	84.7%	Comply with the provisions of the Code of Practice for the Sustainable Development of Listed OTC Companies
Number of Female Employees Index	Percentage(%)															
Women accounted for total employees (%)	73.8%															
Female supervisors as a percentage of all supervisors (%)	55.6%															
Female managers as a percentage of all managers (%)	50.0%															
Salary Indicators	Ratio of Male Salary															
The average salary of female employees	84.7%															

Promote the project	Enforcement (Note 1)						Sustainable development with listed OTC companies Differences in Codes of Practice and Reasons																																									
	Yes	No	Summary description																																													
			<table><tr><td colspan="4">Median salary of female employees</td><td colspan="2">91.0%</td></tr><tr><td colspan="4">The average variable salary of female employees</td><td colspan="2">78.6%</td></tr><tr><td colspan="4">The median variable salary of female employees</td><td colspan="2">79.7%</td></tr></table>					Median salary of female employees				91.0%		The average variable salary of female employees				78.6%		The median variable salary of female employees				79.7%																								
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The average variable salary of female employees				78.6%																																												
The median variable salary of female employees				79.7%																																												
			<p>1.3. Statistical table of gender and age structure by position:</p> <table><tr><td>Position</td><td colspan="2">Manager</td><td colspan="2">Supervisor</td><td colspan="2">Non-supervisor position</td><td>Total</td></tr><tr><td>Gender</td><td>male</td><td>female</td><td>male</td><td>female</td><td>male</td><td>female</td><td></td></tr><tr><td>Less than 30 years old</td><td>0</td><td>0</td><td>0</td><td>0</td><td>0</td><td>13.1%</td><td>13.1%</td></tr><tr><td>30-50years</td><td>0</td><td>1.4%</td><td>7.6%</td><td>13.1%</td><td>6.2%</td><td>31.0%</td><td>59.3%</td></tr><tr><td>Over 50 years old</td><td>3.4%</td><td>2.1%</td><td>8.3%</td><td>7.6%</td><td>0.7%</td><td>5.5%</td><td>27.6%</td></tr></table> <p>Source: 2022/December employee statistics</p>					Position	Manager		Supervisor		Non-supervisor position		Total	Gender	male	female	male	female	male	female		Less than 30 years old	0	0	0	0	0	13.1%	13.1%	30-50years	0	1.4%	7.6%	13.1%	6.2%	31.0%	59.3%	Over 50 years old	3.4%	2.1%	8.3%	7.6%	0.7%	5.5%	27.6%	
Position	Manager		Supervisor		Non-supervisor position		Total																																									
Gender	male	female	male	female	male	female																																										
Less than 30 years old	0	0	0	0	0	13.1%	13.1%																																									
30-50years	0	1.4%	7.6%	13.1%	6.2%	31.0%	59.3%																																									
Over 50 years old	3.4%	2.1%	8.3%	7.6%	0.7%	5.5%	27.6%																																									
			<p>2. In terms of policies, the Company has established internal norms in the areas of "Work Rules", "Prevention of Sexual Harassment", "Recruitment and Appointment Management", etc., to eliminate discrimination based on gender; Conditions such as age of employment, working hours, and leave of absence clearly regulate employees' rights, ensure that colleagues are properly taken care of, and evaluate and set up</p>																																													

Promote the project	Enforcement (Note 1)			Sustainable development with listed OTC companies Differences in Codes of Practice and Reasons						
	Yes	No	Summary description							
			<div> <div> positive practices through human rights concerns to protect employees' rights and interests. </div> <div> 3. Implementation Policy: <div> <div>3.1. Create a safe and healthy working environment</div> <div>3.2. Maintain the balance between work and health of employees</div> <div>3.3. Eliminate unlawful discrimination</div> <div>3.4. Comply with labor laws and regulations</div> </div> </div> <div> 4. Specific measures and results checks are as follows: <table> <tr> <td>Implementation Policy</td> <td>Specific implementation measures</td> </tr> <tr> <td>Create a safe and healthy working environment</td> <td>Office drinking water testing Disinfection of working environment Workplace operating environment monitoring (e.g. CO2, lighting) Fire Awareness Course Provide peer masks for use during COVID-19</td> </tr> <tr> <td>Maintain the balance between work and health of employees</td> <td> <div> Better than the law, all employees, regardless of age, undergo routine medical examinations Used with on-site nursing planning and timely adjustment of physical examination items Increase self-paid medical examination items and strive for preferential prices </div> <div>Remind the supervisor of the unit of the special leave arrangement for employees</div> </td> </tr> </table> </div> </div>	Implementation Policy	Specific implementation measures	Create a safe and healthy working environment	Office drinking water testing Disinfection of working environment Workplace operating environment monitoring (e.g. CO2, lighting) Fire Awareness Course Provide peer masks for use during COVID-19	Maintain the balance between work and health of employees	<div> Better than the law, all employees, regardless of age, undergo routine medical examinations Used with on-site nursing planning and timely adjustment of physical examination items Increase self-paid medical examination items and strive for preferential prices </div> <div>Remind the supervisor of the unit of the special leave arrangement for employees</div>	
Implementation Policy	Specific implementation measures									
Create a safe and healthy working environment	Office drinking water testing Disinfection of working environment Workplace operating environment monitoring (e.g. CO2, lighting) Fire Awareness Course Provide peer masks for use during COVID-19									
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Promote the project	Enforcement (Note 1)			Sustainable development with listed OTC companies Differences in Codes of Practice and Reasons
	Yes	No	Summary description	
			Eliminate illegal discrimination	Formulate sexual harassment prevention norms and count the number of appeal cases Conduct human rights education and training to promote human rights awareness.
			Abide by labor laws	Prohibition of employing children under the age of 16
				Formulate a compliant annual calendar and send it to the labor-management meeting for review
				It is the principle of implementation that overtime shall be applied by employees on their own initiative
				Elect labor and capital committee members according to law and execute the meeting.
				Cooperate with the law and the needs of employees, and assist in the handling of babysitter stays.
			Please refer to the company's official website for the execution results	
4.2 Does the company formulate and implement reasonable employee welfare measures (including salary, vacation and other benefits, etc.), and	✓		1. Rules and Regulations: The company has working rules and related personnel management regulations, which cover the basic wages, working hours, vacations, pension payments, labor and health insurance payments, occupational accident compensation, etc. of the	
			Comply with the provisions of the Code of Practice for the Sustainable Development of	

Promote the project	Enforcement (Note 1)			Sustainable development with listed OTC companies Differences in Codes of Practice and Reasons
	Yes	No	Summary description	
appropriately reflect business performance or results in employee compensation?			<p>employees employed by the company, all of which comply with the relevant provisions of the Labor Standards Law.</p> <p>2. Staff Salary: Salary: The company has an employee salary assessment method. The assessment principle is based on the employee's job category and manager level, and considers the market job salary level, including monthly salary and business performance bonus. Bonus: There are employee assessment methods, and performance assessment is conducted twice a year. Managers also apply this performance assessment system. The assessment elements include the unique value of individual overall performance to the organization, the ability to cooperate with others and team spirit, the risk of harming customers or the team, Whether there is a job potential for promotion, and reflect employee remuneration based on performance results, such as year-end bonuses.</p> <p>3. Welfare measures: Set up an employee welfare committee to operate through the welfare committee elected by employees; the company allocates 0.08% of the income as employee welfare funds every month to handle various welfare matters, including but not limited to wedding and funeral allowances, birthday gifts, scholarships, and travel allowances Etc.; provide employees with health checkups every year, and provide employees with flu vaccinations every year.</p> <p>4. Reflection of business performance:</p>	Listed OTC Companies

Promote the project	Enforcement (Note 1)			Sustainable development with listed OTC companies Differences in Codes of Practice and Reasons
	Yes	No	Summary description	
			<p>Performance bonus: The department conducts annual budget review and performance goal setting, and issues performance bonus according to the achievement of performance goals.</p> <p>Employee remuneration: In addition, the amount of remuneration issued due to the company's profits is submitted to the remuneration committee for review and submitted to the board of directors for approval, depending on employee performance and job contribution; the company is committed to providing employees with a salary and level above the average level of the industry.</p> <p>Employee salary increase: Under the condition of profit, the company plans to increase the salary of all employees with a fixed amount of RMB 1,200 per person starting from 2022 in order to show compassion to employees and respond to the government's salary adjustment policy. The personal salary adjustment range is 0.3%-4.7%.</p>	
4.3. Does the company provide a safe and healthy working environment for employees, and regularly implement safety and health education for employees?	✓		<p>1. The company complies with the relevant norms of the Occupational Safety and Health Law, stipulates that the office space is completely smoke-free, and requires that the safety inspection of office equipment and facilities be carried out every year in accordance with the relevant regulations of government fire safety, and comprehensive operation environment monitoring has been carried out since 108 to provide employees with a safe and secure working environment. The projects implemented in 2022 are: 2 times of operation environment monitoring, 4 times of</p>	Comply with the provisions of the Code of Practice for the Sustainable Development of Listed OTC Companies



Promote the project	Enforcement (Note 1)			Sustainable development with listed OTC companies Differences in Codes of Practice and Reasons
	Yes	No	Summary description	
			<p>drinking water equipment related testing, and 4 times of workplace environmental disinfection.</p> <p>2. The company will cooperate with the requirements of the office management unit and regularly participate in the actual drills of fire escape and fire extinguishing equipment.</p> <p>3. The company conducts regular employee health checkups every year, implements safety and health education for employees, and provides on-the-spot labor health services (the implementation in 2022: nurses 2 times/year, doctors 2times/year), etc.</p> <p>4. Implement measures on the Company's website and annual report page 178~179.</p> <p>5. In 2022, there will be a total of 1 employee occupational accident (accident on the way to and from get off work), involving 1 person (accounting for 0.6% of the total number of employees at the end of 2022).</p>	
4.4.Does the company establish an effective career development training program for employees?	✓		<p>1. In order to implement lifelong learning and improve work skills and quality, the company has formulated the "Employee Continuing Education and Training Measures" to provide training subsidies and encourage employees to continue their on-the-job training. There is also a scholarship to give substantial rewards to employees with excellent learning effects and their children.</p> <p>2. The company reviews and evaluates the skills and management ability of employees through the supervisors of each unit, and</p>	Comply with the provisions of the Code of Practice for the Sustainable Development of Listed OTC Companies

Promote the project	Enforcement (Note 1)			Sustainable development with listed OTC companies Differences in Codes of Practice and Reasons
	Yes	No	Summary description	
			gives priority to promoting employees with excellent performance when there is a vacancy in the senior supervisor; There is also a job transfer mechanism to give excellent employees the opportunity to develop their second expertise.	
4.5.For 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 consumer or customer rights protection policies and complaint procedures?	✓		<ol style="list-style-type: none"> <li>1. The main business activities of the company are the sales of medicines and medical consumables, the leasing of medical equipment, and the provision of hospital health examination and laboratory management services. Among them, medicines, 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 give higher standards than ordinary products. Verification standards; the company also complies with the domestic Good Western Drug Distribution Practice (GDP) in the sales of medicines.</li> <li>2. When the company selects and provides products for business purposes, it follows the regulations of international and domestic laws and regulations. The company has good communication channels and dedicated personnel who are responsible for listening to the needs of various stakeholders, and explaining, replying and tracking processing of the feedback information collected through different communication channels according to the status of the issues; for detailed communication channels, please refer to this Company official website.</li> </ol>	Comply with the provisions of the Code of Practice for the Sustainable Development of Listed OTC Companies

Promote the project	Enforcement (Note 1)			Sustainable development with listed OTC companies Differences in Codes of Practice and Reasons
	Yes	No	Summary description	
			3. The laboratory operated and managed by the company has been approved for ISO 9001 2015 revision verification, and the scope of accreditation obtained includes: clinical testing services, teaching training and academic research.	
4.6.Has the company formulated supplier management policies, requiring suppliers to follow relevant norms on issues such as environmental protection, occupational safety and health, or labor rights, and their implementation?	✓		<p>1. In order to implement the company's commitment to fairness, honesty, trustworthiness, and transparency in business activities, in accordance with the company's integrity management operating procedures and behavior guidelines, the "Supplier Management Policy" is formulated, requiring cooperation with suppliers, in terms of quality, environmental protection Issues such as safety and sanitation follow the relevant norms, and work together to enhance and perfect the relevant norms for the sustainable development of enterprises; and completed the content enhancement in July 2019.</p> <p>2. The company will also formulate a new "Supplier Letter of Integrity Management Commitment" in November 2021. At the same time, new suppliers (not limited to organizations or individuals) will be evaluated, and all suppliers will be required to sign the aforementioned Letter of Integrity Management Commitment in stages, with the commitment to operate in good faith and morality, fulfill corporate social responsibilities, promote sustainable environmental development, and safeguard basic human rights.</p> <p>3. Before dealing with suppliers and customers, the company operates in accordance with the "Supplier Management and</p>	Comply with the provisions of the Code of Practice for the Sustainable Development of Listed OTC Companies

Promote the project	Enforcement (Note 1)			Sustainable development with listed OTC companies Differences in Codes of Practice and Reasons
	Yes	No	Summary description	
			<p>Inquiry and Negotiation Operation Measures" and "Credit Granting Management Measures" to investigate and confirm the integrity of suppliers and customers. : Whether to obtain a drug or medical equipment 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 certification, and the company's operation conforms to honest management before trading.</p> <p>4. In the contract signed by the company and the supplier, it is stipulated that "both parties shall abide by ○○ industry-related laws and regulations and ethics, and act in accordance with the principle of good faith", or "if the contracted party has any dishonest behavior or its products are harmful to the environment and society. When there is a significant impact, resulting in 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 company's rights and interests.</p>	
5. Does the company refer to internationally accepted standards or guidelines for preparing reports, and prepare reports such as sustainability reports that disclose non-financial information of the company?		✓	The company has not yet prepared a sustainability report	In the future, plans will be made according to the company's industrial characteristics and operating scale, etc., depending on the needs.

Promote the project	Enforcement (Note 1)			Sustainable development with listed OTC companies Differences in Codes of Practice and Reasons
	Yes	No	Summary description	
Has the previous disclosure report obtained the confirmation or guarantee opinion of a third-party verification unit?				
<p>6 If the company has its own sustainable development code in accordance with the "Code of Practice for Sustainable Development of Listed OTC Companies", please describe the differences between its operation and the established code: The company has formulated the company's code of practice for sustainable development with reference to the "Code of Practice for Sustainable Development of Listed OTC Companies", and is actively moving towards the direction stipulated in the code, and there is no difference in the implementation content.</p>				
<p>7 Other important information that helps to understand the implementation of sustainable development: The company firmly believes in the influence of enterprises on the country's social responsibility. In addition to working hard to manage the industry, provide employees with a stable and high-quality employment environment, and seek the greatest benefits for the company's shareholders and related stakeholders, it is also actively committed to practicing corporate governance while engaging in business operations.sustainable development in order to conform to the international trend of balancing the development of environment, society and corporate governance.</p>				

Note 1: If you ticked "Yes" for the implementation status, please specify the important policies, strategies, measures and implementation status adopted; if you ticked "No" for the implementation status, please specify

The "differences and reasons for development of code of practice" column explains the differences and reasons, and explains the plan to adopt relevant policies, strategies and measures in the future. However, regarding promotion projects 1 and 2, listed OTC companies should describe the governance and supervision structure of sustainable development, including but not limited to management guidelines, strategy and goal formulation, review measures, etc. It also describes the company's risk management policies or strategies for environmental, social and corporate governance issues related to operations, and its assessment status.

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

Note 3: For the method of disclosure, please refer to the best practice reference examples on the website of the Corporate Governance Center of the Taiwan Stock Exchange.

.3.6. The circumstances and reasons for the performance of creditworthiness operations and differences from the creditworthiness management codes of listed and OTC companies

Evaluate the project	Enforcement (Note 1).			Discrepancies and reasons for differences from the integrity management code of listed OTC companies
	Yes	No	Summary description (Note 2).	
<p>1. Formulate policies and plans for honest management</p> <p>1.1.Has the company formulated an integrity management policy adopted by the board of directors, and clearly stated the policies and practices of honest management in the rules and external documents, as well as the commitment of the board of directors and senior management to actively implement the business policy?</p>	✓		<p>1. 1." Integrity " is the primary core value of the company. In order to enable all members of the company and its subsidiaries to implement the commitment to honest management in their work, the company's " integrity Management Operation Procedures and Behavior Guidelines" is formulated with reference to the "Code of Integrity Management for Listed OTC Companies" ", passed by the resolution of the nineteenth meeting of the fourth session of the board of directors on March 18, 2015; and amended by the twelfth meeting of the sixth session of the board of directors on March 20, 2020.</p> <p>2. The company's " integrity Operating Procedures and Behavior Guidelines " is disclosed in the company' annual report,website and public information observatory, and investors can download it from the company's website\corporate governance\corporate governance\ regulations.</p> <p>3. The Company has established a Code of Ethical Conduct that governs the directors, supervisors and managers of the Company to guard against conflicts of interest and opportunities for personal gain when</p>	Comply with the provisions of the Code of Integrity Management for Listed OTC Companies

Evaluate the project	Enforcement (Note 1).			Discrepancies and reasons for differences from the integrity management code of listed OTC companies
	Yes	No	Summary description (Note 2).	
			<p>engaging in business activities for the Company based on their authority We will lead by example and shape the company's corporate culture of honest management by leading by example, ethical behaviors such as confidentiality, fair trade, protection and appropriate use of company assets, and compliance with laws and regulations.</p> <p>4. 4. The company has formulated "employee work rules" to regulate the service rules of all staff at work, including: shall not take advantage of their position to engage in fraud, accept gifts, benefit others or themselves, handle official duties should abide by the principle of good faith, and shall not have breach of trust, fraud and damage to the company's rights and interests, etc., and implement the policy of integrity management in work.</p>	
1.2 Has the company established an assessment mechanism for the risk of dishonest conduct, regularly analyzed and assessed business activities with a high risk of dishonest conduct within its business scope, and formulated a plan to prevent dishonest conduct accordingly, and at least covered the preventive	✓		The " integrity Operating Procedures and Behavior Guidelines " formulated by the Company have detailed regulations prohibiting the directors, managers and all employees of the Company from engaging in any business activities with a high risk of dishonest conduct in Paragraph 2 of Article 7 of the Code of Integrity Management for Listed and OTC Companies or other business scopes.	Comply with the provisions of the Code of Integrity Management for Listed OTC Companies

Evaluate the project	Enforcement (Note 1).			Discrepancies and reasons for differences from the integrity management code of listed OTC companies
	Yes	No	Summary description (Note 2).	
measures for the acts in Paragraph 2 of Article 7 of the Code of Integrity Management for Listed OTC Companies?				
1.3.Has the company specified operating procedures, conduct guidelines, punishment and appeal systems for violations in the plan to prevent dishonest behavior, implemented them, and regularly reviewed the revised plan?	✓		<p>1. The company has formulated operating procedures and behavior guidelines for honest management, regulating specific integrity management practices and prevention plans for dishonest behavior, including operating procedures, behavior guidelines and the establishment of publicity, punishment, appeal systems and disciplinary sanctions, etc., regulating the matters that personnel should pay attention to when performing business, prohibiting the provision or receiving of improper benefits, so as to implement the prevention of dishonest behavior, and the company will continue to review and amend them.</p> <p>2. The company has also formulated the "Measures for Reporting Cases of Illegal, Immoral or Dishonest Conduct", and established internal and external reporting channels and handling systems of the company to implement the "Code of Ethical Conduct" and "Integrity Management Operating Procedures and Behavior Guidelines" formulated by the company to</p>	Comply with the provisions of the Code of Integrity Management for Listed OTC Companies



Evaluate the project	Enforcement (Note 1).			Discrepancies and reasons for differences from the integrity management code of listed OTC companies
	Yes	No	Summary description (Note 2).	
			ensure the sustainable development of the company's foundation, and to ensure the legitimate rights and interests of whistleblowers and related persons, and to encourage the reporting of any illegal, immoral, Dishonest behavior, and set disciplinary standards in the employee work rules and employee reward and punishment measures.	
<p>2. Implement honest management</p> <p>2.1. Does the company assess the creditworthiness record of its correspondents and specify the terms of good faith conduct in the contracts it signs with its counterparties?</p>	✓		<p>1. Before dealing with suppliers and customers, the company conducts investigations and confirmations on the integrity of suppliers and customers in accordance with the "Supplier Management and Inquiry and Negotiation Operation Measures" and "Credit Management Measures", such as: whether to obtain a drug or medical device license, whether to obtain a pharmaceutical license license, whether there is a tax arrears, etc., and must confirm that its products have obtained national standard certification The company's operation is in line with the integrity of the business before the transaction.</p> <p>2. The contract signed between the company and the supplier stipulates that "both parties shall abide by ○○ the relevant laws and ethics of the industry, and act in good faith", or "if the contracted partner commits any dishonest behavior or its products have a significant</p>	Comply with the provisions of the Code of Integrity Management for Listed OTC Companies

Evaluate the project	Enforcement (Note 1).			Discrepancies and reasons for differences from the integrity management code of listed OTC companies
	Yes	No	Summary description (Note 2).	
			<p>impact on the environment and society, resulting in breach of contract or damage, we may terminate the contract at any time and claim compensation according to the contract or damages" to ensure the rights and interests of the company.</p> <p>3. The company's procurement related measures stipulate that suppliers who comply with environmental safety and health regulations are preferred, which means that suppliers who have concerns about environmental protection, safety or health will not be cooperated, so as to encourage suppliers to follow relevant regulations and jointly strive to enhance corporate social responsibility.</p> <p>4. In cooperation with the implementation of the company's supplier management policy, the revision of the public contract (contract) and the relevant measures and forms of various departments will be completed in 2021, and the new supplier will sign the integrity management commitment letter in accordance with the requirements of the company's specifications.</p>	

Evaluate the project	Enforcement (Note 1).			Discrepancies and reasons for differences from the integrity management code of listed OTC companies
	Yes	No	Summary description (Note 2).	
2.2. Does the company set up a special unit under the board of directors to promote corporate integrity management, and regularly (at least once a year) report to the board of directors its integrity management policy and plan to prevent dishonest behavior and supervise the implementation?	✓		<p>1. Regarding the promotion of the company's Integrity management, in addition to the independent internal audit unit to audit and internalize the relevant systems and rules for advocacy, the company's integrity management operating procedures and behavior guidelines designate the chairman office as the special unit responsible for promoting integrity management, and handle the revision, implementation and interpretation of the operating procedures and behavior guidelines , consulting services and notification content registration and filing and other related operations and supervision implementation.</p> <p>2. 2019 Assigned by the chairman of the board of directors, the Information Planning Office assists in the integration of internal functional organizations and the implementation of relevant policies, and regularly reports to the board of directors; On November 11, 2022, the seventh and eleventh board of directors reported the implementation of the year, and there were no major violations of honest management in 2022.</p> <p>3. The company implements the integrity management policy, and the relevant implementation situation in 2022 years is: (1)</p>	Comply with the provisions of the Code of Integrity Management for Listed OTC Companies

Evaluate the project	Enforcement (Note 1).			Discrepancies and reasons for differences from the integrity management code of listed OTC companies
	Yes	No	Summary description (Note 2).	
			The company has established internal and external reporting channels and handling systems, and has a special unit and contact channel information to report;2022 No whistleblowing was received.(2) "Supplier Integrity Management Commitment": Since November 2021, the company has required all suppliers to sign the supplier integrity management commitment letter in stages to promise to operate in good faith and ethics. Fulfill corporate social responsibility, promote environmental sustainability and safeguard basic human rights;2022 of implementation: 461.	
2.3. Has the company formulated a conflict of interest prevention policy, provided appropriate channels for representation, and implemented it?	✓		<p>1. The company's "Integrity Management Operation Procedures and Behavior Guidelines" has clear instructions on the prohibition of providing or accepting improper benefits, prohibition of facilitation payments, avoidance of benefits, policies, handling procedures, and handling of reporting cases, and requires all personnel to implement implement.</p> <p>2. The company regularly confirms the competition situation of directors and managers for use in the business operation review, so as to grasp the possible conflict of interest risks.</p>	Comply with the provisions of the Code of Integrity Management for Listed OTC Companies

Evaluate the project	Enforcement (Note 1).			Discrepancies and reasons for differences from the integrity management code of listed OTC companies
	Yes	No	Summary description (Note 2).	
			3. If the board of directors of the company encounters a case of avoidance of interests, it shall strictly follow the provisions of Article 15 of the company's "Board of Directors' Rules of Procedure". The director shall explain to the board of directors that he has an interest in the matters of the meeting with himself or the legal person he represents. If the important content of their interests is harmful to the interests of the company, they shall not be included in the discussion and voting, and shall be avoided during the discussion and voting, and shall not exercise their voting rights on behalf of other directors; and shall be recorded in detail in the meeting minutes.	
2.4.Has the company established an effective accounting system and internal control system for the implementation of honest management, and the internal audit unit has formulated relevant audit plans based on the assessment results of the risk of dishonest behavior, and checked the compliance with the plan to prevent dishonest behavior, or entrusted an accountant to perform the audit?	✓		<p>1. The company's accounting system and internal control system are designed under the framework for the purpose of implementing honest management. The internal audit unit conducts regular inspections, and reports the inspection results and implementation status to the board of directors on a quarterly basis.</p> <p>2. The Company appoints an accountant to confirm the implementation of internal control at the time of annual visa review, so as to reasonably ensure the effective operation of the Company's accounting system and internal control system.</p>	Comply with the provisions of the Code of Integrity Management for Listed OTC Companies

Evaluate the project	Enforcement (Note 1).			Discrepancies and reasons for differences from the integrity management code of listed OTC companies
	Yes	No	Summary description (Note 2).	
2.5.Does the company regularly hold 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 publicizes relevant measures such as "Integrity Management Operation Procedures and Behavior Guidelines" and "Ethical Code of Conduct" in internal meetings to let employees understand their importance.</p> <p>2. The company regularly organizes (once a year) education and publicity on integrity management and related laws and regulations. The topics of the courses include: guidelines for integrity management behavior, prevention of insider trading, etc., to prevent dishonesty. The implementation of the 2022 internal education and publicity course is as follows: a) 12/19~12/23 will be held in the form of online participation by employees. All employees are required to complete two course videos ("Integrity Management" and "Preventing Insider Trading" within the time limit) ), a total of 77 people participated in the viewing and quiz, and all of them passed the after-school quiz; b) The external education and training of the remaining employees in 2022 is disclosed on page 175~176 of the annual report</p> <p>3. The Company also provides information on directors' responsibilities, integrity</p>	Comply with the provisions of the Code of Integrity Management for Listed OTC Companies

Evaluate the project	Enforcement (Note 1).			Discrepancies and reasons for differences from the integrity management code of listed OTC companies
	Yes	No	Summary description (Note 2).	
			management, new knowledge of laws and regulations and other courses for directors' reference from time to time. The training of directors and INEDs in 2022 is disclosed in the annual report page 58~60.	
<p>3. The operation of the company's whistleblowing system</p> <p>3.1. Has the company formulated a specific whistleblowing and reward system, established convenient whistleblowing channels, and assigned appropriate personnel responsible for the acceptance of the reported target?</p>	✓		<p>1. The company has established the "Regulations for Reporting Illegal, Immoral or Dishonest Behavior Cases", assigning appropriate specialists to the reported object, and specifying the reporting channel, reporting item category, reporting operation procedure, protection policy, Incentives and Obligations of Whistleblowers.</p> <p>2. Specific reporting and reward systems, including: establishing confidential and direct reporting channels, designating special personnel to handle reports, standard operating procedures for investigation of reported matters and related confidentiality mechanisms, and measures to protect whistleblowers from improper handling due to whistleblowing, measures to reward and report dishonest conduct, etc.</p>	Comply with the provisions of the Code of Integrity Management for Listed OTC Companies
3.2. Has the company established standard operating procedures for the investigation of the reported matter, follow-up measures to be taken after the	✓		The company's "Measures for Handling Cases of Reporting Illegal, Immoral or Dishonest Conduct" specifies the whistleblowing operating procedures, including the matters to be recorded in the content of the report, the handling	Comply with the provisions of the Code of Integrity Management for Listed OTC Companies

Evaluate the project	Enforcement (Note 1).			Discrepancies and reasons for differences from the integrity management code of listed OTC companies
	Yes	No	Summary description (Note 2).	
completion of the investigation and relevant confidentiality mechanisms?			procedures for the whistleblowing case, and improvement measures.	
3.3.Has the company taken measures to protect whistleblowers from being improperly disposed of as a result of whistleblowing?	✓		The company's "Measures for Handling Cases of Reporting Illegal, Immoral or Dishonest Conduct" specifies a protection policy: the identity and 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 the investigation from unfair treatment or retaliation. To enable whistleblowers to feel at ease and maintain a positive and good corporate culture and atmosphere.	Comply with the provisions of the Code of Integrity Management for Listed OTC Companies
4.Strengthen information disclosure Does the company disclose the content of its Code of Integrity and the effectiveness of its promotion on its website and public information observatory?	✓		<p>1. The Company's "Integrity Management Operating Procedures and Conduct Guidelines" have been disclosed in the Company's annual report, website and public information observatory, and investors can check the Company's website\Corporate Governance\Corporate Governance\Regulations.</p> <p>2. The company in the \ website \ corporate governance \ integrity management special area, disclose the company's integrity management policy, activities and implementation status.</p>	Comply with the provisions of the Code of Integrity Management for Listed OTC Companies



Evaluate the project	Enforcement (Note 1).			Discrepancies and reasons for differences from the integrity management code of listed OTC companies
	Yes	No	Summary description (Note 2).	
<p>5. If the company has its own integrity management code in accordance with the "Code of Integrity Management for Listed OTC Companies", please describe the difference between its operation and the code:  The Company has formulated the "Integrity Management Operating Procedures and Conduct Guidelines" in accordance with the Code of Integrity for Listed OTC Companies, and there is no material difference between the relevant operation and the Code at present, and the implementation is normal.</p>				
<p>6. Other important information that helps to understand the company's integrity operation situation: (such as the company's review and amendment of its integrity management code, etc.)  If the Company amends the "Integrity Management Operating Procedures and Conduct Guidelines", it will first submit the proposal to the board of directors for approval, and send it to the independent directors and submit a report to the shareholders' meeting, and then announce the publicity for implementation.</p>				

Note: The operation situation regardless of whether "Yes" or "No" is checked, it should be stated in the Summary Description field.

3.3.7.If a company has formulated a corporate governance code and relevant rules, it should disclose its inquiry methods:

3.3.7.1.The Company has formulated the following relevant regulations and measures in accordance with the Code of Practice on the Governance of Listed OTC Companies:

- (1) Articles of Association
- (2) Rules of conduct for Board of Directors' meetings
- (3) Rules of Procedure of the Shareholders' Meeting
- (4) Measures for the management of preventing insider trading
- (5) Code of Ethical Conduct
- (6) Organizational Rules of the Remuneration Committee
- (7) Election of directors
- (8) Procedures for the acquisition or disposal of assets
- (9) Endorsement of Assurance Operating Procedures
- (10) Procedures for lending funds to others
- (11) Corporate Governance Code
- (12) Code of Practice for Sustainable Development
- (13) Integrity Management Operating Procedures and Conduct Guidelines
- (14) Performance evaluation methods of the Board of Directors and Functional Committees
- (15) Measures for the management of enterprise environment and energy conservation and carbon reduction
- (16) Application for suspension and resumption of trading procedures
- (17) Handling of cases of unlawful, immoral or dishonest conduct
- (18) Organizational Rules of the Special Committee on Mergers and Acquisitions
- (19) Organizational Rules of the Audit Committee

3.3.7.2. Query method:

- (1) Rules and regulations related to the corporate governance of the Public Information Observatory: [https://mops.twse.com.tw/mops/web/t100sb04\\_1](https://mops.twse.com.tw/mops/web/t100sb04_1) (Company code: 8403).
- (2) The company's website/investor area/corporate governance/corporate governance regulations: <https://www.sharehope.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>

3.3.8. Other important information sufficient to enhance the understanding of the operation of corporate governance shall be disclosed together: Note

3.3.8.1 In order to strengthen the prevention of insider trading, establish a mechanism for processing and disclosure of major information within the company, avoid improper leakage of information, ensure the security of the company's material information and the consistency and correctness of external information, the company has formulated the "Management Measures for the Prevention of Insider Trading" to facilitate insiders to follow.

3.3.8.2. Public Information Observatory: <https://mops.twse.com.tw/mops/web/index> (NO : 8403)

3.3.9.The status of implementation of the internal control system shall disclose the following matters:

### 3.3.9.1. Internal Control Statement:

## SHAREHOPE MEDICINE CO., LTD

### Statement of internal control system

Date: March 24, 2023

Based on the results of self-assessment, the internal control system of the company in 2022 is hereby declared as follows:

1. The company knows that it is the responsibility of the board of directors and managers of the company to establish, implement and maintain an internal control system, and the company has already established such a system. Its purpose is to achieve the goals of operational effectiveness and efficiency (including profit, performance, and asset security, etc.), report reliability, timeliness, transparency, and compliance with relevant norms and compliance with relevant laws and regulations, and provide reasonable ensure.
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 objectives; moreover, due to changes in the environment and circumstances, the effectiveness of the internal control system Subject to change. However, the company's internal control system has a self-monitoring mechanism. Once a defect is identified, the company will take corrective action.
3. The company judges 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 "Guidelines for the Establishment of Internal Control Systems by Publicly Issued Companies" (hereinafter referred to as "the Guidelines"). The internal control system judgment items adopted in the "Processing Criteria" are based on the process of management control, 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 constituent element in turn includes several items. For the aforementioned items, please refer to the provisions of the "Handling Guidelines".
4. The company has adopted the above-mentioned internal control system to judge projects and 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) on December 31, 2022, including the understanding of the effectiveness of operations and the degree of achievement of efficiency goals, and the reporting system Reliable, timely, transparent and in compliance with relevant norms and relevant laws and regulations, the design and implementation of relevant internal control systems are effective, which 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 there are falsehoods, concealment, or other illegal matters in the above-mentioned disclosed content, it will involve legal liabilities under Articles 20, 32, 171, and 174 of the Securities and Exchange Law.
7. This statement was approved by the company's board of directors on March 24, 2023. Among the 9 directors present, 0 objected, and the rest agreed with the content of this statement, and hereby declare it.

Share Hope Medicine Co., Ltd.

Chairman:

Hung-Jen Yang

Signature

General Manager :

Ching-Wen Liu

Signature

3.3.9.2. If the accountant project is entrusted to review the internal control system, the accountant's review report shall be disclosed: not applicable.

3.3.10. In the most recent year and as of the date of publication of the annual report, if the company and its internal personnel are punished according to law, or the company punishes its internal personnel for violating the provisions of the internal control system, and the result of the punishment may have a significant impact on the shareholders' equity or the price of securities, the content of the punishment, the main deficiencies and the improvement circumstances shall be listed :Not.

3.3.11. Important resolutions of the shareholders' meeting and the board of directors for the most recent year and as of the date of publication of the annual report.

#### 3.3.11.1. Board of Directors

Date of the meeting	Major resolution matters
2022.01.21 The Fifth Meeting of the Seventh Board of Directors	<b>Reporting matters:</b> 1. Resolutions of the last meeting and their implementation. <b>Discussion Items:</b> 1. The purchase case of Taoyuan Hanpin Hotel Building is submitted for discussion. 2. Bank short-term credit borrowing line extension case, submitted for discussion.
2022.03.25 The sixth meeting of the seventh board of directors	<b>Reporting matters:</b> 1. Resolutions of the last meeting and their implementation. 2. Business Reporting. 3. Audit business reports. 4. The company prepares its own financial reporting capability improvement plan progress report. 5. Report on the results of the performance evaluation of the board of directors and functional committees in 2021. <b>Discussion Items:</b> 1. 2021 business report and financial statements for discussion. 2. 2021 cases of directors' and supervisors' remuneration and employee remuneration ratio and amount are submitted for discussion. 3. 2022 Certified Public Accountant Independence and Suitability Assessment and Appointment Proposal for Discussion. 4. The appointment of the company's audit supervisor is submitted for discussion. 5. The internal control system statement is deliberated and submitted for discussion. 6. Revise the internal control system "Transaction Management Operations of Related Enterprises" for discussion. 7. Amendments to the Code of Practice on Sustainable (formerly known as the Code of Corporate Social Responsibility) for discussion. 8. Amendments to the Company's Corporate Governance Code for discussion. 9. Amend the Company's Administrative Measures for the Prevention of Insider Trading and submit it for discussion.

Date of the meeting	Major resolution matters
	10. Amend the rules of procedure of the shareholders' meeting of the Company and submit it for discussion. 11. Amend the Company's "Guidelines for the Acquisition or Disposition of Assets" for discussion. 12. The 2022 Shareholders' Meeting was convened for discussion. 13. The bank short-term credit line extension case is submitted for discussion.
2022.04.13 The 7th interim board meeting of the 7th session	Reporting matters: 1. Resolutions of the last meeting and their implementation. Discussion Items: 1. Shanghai Commercial Bank and Wang Dao Commercial Bank sponsored the joint credit granting case and submitted it for discussion. 2. The transitional financing credit case of O-Bank Commercial Bank shall be submitted for discussion.
2022.05.13 The 8th meeting of the seventh board of directors	<b>Reporting matters:</b> 1. Resolutions of the last meeting and their implementation. 2. Business Reporting. 3. Audit business reports. 4. Plans to invest NT\$2,000,000 to participate in the fundraising and establishment of "Yichuang II Venture Capital Co., Ltd." 5. Greenhouse gas inventory and verification timeline. 6. Insurance application report of directors, supervisors and important employees. <b>Discussion Items:</b> 1. Consolidated financial statements for the first quarter of 2022, submitted for discussion. 2. 2021 Annual Surplus Allocation Proposal, submitted for discussion. 3. The case of converting surplus into capital increase and issuing new shares shall be submitted for discussion. 4. Revise the Company's "Code of Practice for Transaction Management of Related Enterprises" and submit it for discussion. 5. Amend the Company's "Articles of Association" for discussion. 6. Amend the resolution of the 2022 annual standing meeting of shareholders of the Company and submit it for discussion. 7. Bank short-term credit borrowing line extension case, submitted for discussion.
2022.08.12 The 9th session of the seventh session Board of Directors	<b>Reporting matters:</b> 1. Resolutions of the last meeting and their implementation. 2. Business Reporting. 3. Audit business reports. 4. Corporate Governance Evaluation Report. 5. The company prepares its own financial reporting capability improvement plan progress report. 6. Greenhouse gas inventory and verification of implementation tracking. 7. Disposition of the equity of Medical Power Digital Transformation Co., Ltd. <b>Discussion Items:</b> 1. Consolidated financial statements for the second quarter of 2022, submitted for discussion.

Date of the meeting	Major resolution matters
	2. Propose and discuss matters related to the basis date for determining the ex-dividend distribution of the Company's 2021 surplus. 3. The resignation of the CEO of Mei-Tzu Chen of the pharmaceutical business group was submitted for discussion. 4. Bank short-term credit borrowing line extension case, submitted for discussion.
2022.10.21 The 10th meeting of the seventh interim board of directors	<b>Reporting matters:</b> 1. Resolutions of the last meeting and their implementation. 2. Disposition of part of the equity report of Mingda Medical Technology Co., Ltd. <b>Discussion Items:</b> 1. The case of disposing of the equity of Mingda Medical Technology Co., Ltd. is submitted for discussion.
2022.11.11 The 11th session of the seventh session Board of Directors	<b>Reporting matters:</b> 1. Resolutions of the last meeting and their implementation. 2. Business Reporting. 3. Audit business reports. 4. The company prepares its own financial reporting capability improvement plan progress report. 5. Greenhouse gas inventory and verification implementation tracking. 6. Information Security Execution Report. 7. 2022 of corporate sustainability implementation report. 8. 2022 of enterprise integrity management implementation report. <b>Discussion Items:</b> 1. Consolidated financial statements for the third quarter of 2022, submitted for discussion. 2. The building improvement project of Smart Medical City is submitted for discussion. 3. It is proposed to amend the "Code of Conduct of Board Meetings" of the Company for discussion. 4. It is proposed to formulate the "Internal Major Information Processing Operating Procedures of SHAREHOPE MEDICINE CO., LTD. for discussion.
2022.12.23 The 12th session of the seventh session Board of Directors	<b>Reporting matters:</b> 1. Resolutions of the last meeting and their implementation. 2. Business Reporting. <b>Discussion Items:</b> 1. The proposed donation of NT\$1 million to the United Medical Foundation is submitted for discussion. 2. 2023 Budget and Business Plan, submitted for discussion. 3. Draw up the 2023 audit plan and submit it for discussion. 4. Smart Medical City clinic medical equipment procurement leasing case, submitted for discussion. 5. It is proposed to formulate the general principles of the company's pre-approved non-confident service policy and submit it to discussion. (Resolution: According to the recommendation of the 10th audit committee of the second session, withdraw the case) 6. Propose to formulate a new "Code of Practice for Risk Management" of the Company for discussion 7. Year-end bonus distribution plan, submit it for discussion.

Date of the meeting	Major resolution matters
	8. The principle of year-end bonus payment of the company's managers is submitted for discussion. 9. Bank short-term credit borrowing line extension case, submitted for discussion.
2023.03.24 The 13th session of the seventh session Board of Directors	<b>Reporting matters:</b> 1. Discussion and Implementation Status of Previous Meeting Resolutions. Report. 2. Audit Business Report. 3. Progress Report on the Company's Self-Improvement Plan for Financial Reporting Capabilities. 4. Report on the Actual Amount of Annual Bonuses and Annual Salary Review of the Company's Managers for the Year 111. 5. Tracking of Greenhouse Gas Inventory and Verification Execution. 6. Report on the Performance Evaluation of the Board of Directors and Functional Committees for the Year 111. <b>Discussion Items:</b> 1. Proposal for the 111 Annual Business Report and Financial Statements, for discussion. 2. Proposal for the Proportions and Amounts of Director and Supervisor Remuneration and Employee Compensation for the Year 111, for discussion. 3. Review of the Company's Director and Manager Remuneration Policy, System, Standards, and Structure, for discussion. 4. Proposal for the Evaluation of Independence and Competence of the External Auditor for the Year 112, for discussion. 5. Proposal for the Appointment of External Auditor for the Year 112, for discussion. 6. Proposal for the Replacement and Leasing Procurement of CT Scan Equipment at Minsheng General Hospital, for discussion. 7. Proposal for the Information System and Examination Room Equipment Procurement at Zhiyi Clinic, for discussion. 8. Proposal for the General Principles for Pre-approval of Non-assurance Services in the Company, for discussion. 9. Proposal for the Review of the Statement on Internal Control System, for discussion. 10. Proposal for the Amendment of the "Corporate Governance Guidelines" of the Company, for discussion. 11. Proposal for the Convening of the 112 Annual Shareholders' Meeting, for discussion. 12. Proposal for the Extension of the Short-term Credit Borrowing Limit from Banks, for discussion.

### 3.3.11.2. Regular meeting of shareholders

Meeting date	Major resolutions	Item Implementation
2022.6.29 General meeting of shareholders	1. 2021 Annual Business Report, Financial Statements and Consolidated Financial Statements Approval	Execution is complete.
	2. 2021 Profit Distribution Proposal	On May 13, 2022, the 8th meeting of the seventh session of the board of directors was approved and the

		chairman's decision on April 25, 2022 was adopted to set September 5, 2022 as the distribution base date, which will be on August 30, 2022 and 2022 respectively. October 29 is the distribution date (cash dividend of NTD0.5 and stock dividend of NTD0.49999996 per share).
	3. Issuance of new shares by converting surplus into capital	1. Number of issued shares: 5,716,293 shares. 2. Paid-in capital after capital increase: NT\$1,200,421,610. 3. Use of capital increase funds: to strengthen the financial structure.
	4. Amendment of the company's "articles of association"	On July 19, 2022, it was approved for registration by the Ministry of Economic Affairs Jingshang Zi No. 11101128230 and announced on the company's website.
	5. Proposal to amend 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.
	6. Revise the company's "Procedures for Acquisition or Disposal of Assets".	It has been processed in accordance with the revised procedures and announced on the company's website.

3.3.11. 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: None.

3.3.12. Summary of the resignation and dismissal of relevant persons in the company  
April 30, 2023

JOB TITLE	NAME	DATE OF ARRIVAL	DATE OF TERMINATION	REASONS FOR RESIGNATION OR DISMISSAL
Audit Office Manager	Shu-Chuan Liu	2021/4/1	2022/2/8	Resign

Note: The relevant persons of the company refer to the chairman of the board, general manager, accounting supervisor, financial director, internal audit supervisor and R&D supervisor.



### 3.4. Public expense information of accountants

#### 3.4.1. Information on public expenses of visa accountants:

Information on the public fee of the certified public accountant

Unit: NT\$ thousand

Name of CPA firm	CPA Name	Duration of Audit	Audit fees	Non-audit fees	Total	Remark
KPMG	Hui-Chih Kou	2022/01/01~2022/12/31	2,930	450	3,380	Non-audit service content at public expense: Tax visa public fee NTD188,000, transfer pricing report NTD 180,000, business registration NTD 70,000, other NTD 12,000.
	Shu-Chuan Liu					

3.4.2. If the accounting firm is replaced and the audit fee paid in the replacement year is less than the audit fee in the previous year, the amount of audit fees before and after the replacement and the reasons shall be disclosed: Not applicable.

3.4.3. If the audit public fee has decreased by more than 10% compared with the previous year, the amount, proportion and reason of the audit public fee reduction shall be disclosed: Not applicable.

### 3.5. Change of accountant information:

#### 3.5.1. About former accountants

Date of change	Adopted by the Board of Directors on 2021.07.09		
Reason for reappointmen	Internal rotation within KPMG		
Service no longer accepted (continued) by	Service no longer accepted (continued) by	CPA	Client
	Service no longer accepted (continued) by	NA	✓
	Service no longer accepted (continued) by	NA	
Reasons for issuing opinions other than unqualified opinions in the last 2 years	None		
Any disagreement with the issuer	Yes		Accounting Principles or Practices
			Disclosure of financial reports
			Check scope or steps
			Other
	No	✓	
	Description		
Other disclosures (Those that should be disclosed from Item 4 to Item 7 of Paragraph 6 of Article 10 of this Code)	NA		

#### 3.5.2. Information relating to the succeeding auditor:

Name of CPA firm	KPMG
Name of CPA	Hui-Chih Kou, Shu-Chuan Liu Accountant
Date of appointment	Adopted by the Board of Directors on 2021.07.09
The inquiry regarding the accounting process or principles for specific transactions and the possible opinions to be expressed on the financial statements before commissioning the CPAs, and the results	NA
The written opinion of the successor accountant on matters of dissenting opinion of the previous accountant	NA

3.5.3. Reply letter from the former accountant to item 1 and item 3 of item 6 of Article 10 of this standard: Not applicable.

**3.6. The chairman of the board of directors, general manager, manager in charge of financial or accounting affairs of the company, who has worked in the firm of the certified accountant or its affiliated enterprises within the last year: None.**

**3.7. Changes in equity transfers and equity pledges of directors, supervisors, managers, and shareholders holding more than 10% of the shares in the most recent year and as of the date of publication of the annual report:**

3.7.1.Changes in equity of directors, supervisors, managers and major shareholders

Unit: share

Title (Note 1).	Name	2022		Until May 1, 2023	
		Number of shares held Increase (decrease) number	Number of shares pledged Increase (decrease) number	Number of shares held Increase (decrease) number	Number of shares pledged Increase (decrease) number
Corporate Director (Major Shareholders)	Minsheng Medical Control (shares) company	1,658,228	0	0	(1,200,000)
Chairman	Minsheng Medical Control (shares) company Representative: Hung-Jen Yang	72,330	0	0	0
Vice Chairman	Minsheng Medical Control (shares) company Representative: Sheng-Xin Xu	0	0	0	0
Director and managing director	Minsheng Medical Control (Shares) Company Representative: Ching-Wen Liu	2,625	0	0	0
Director	Minsheng Medical Control (shares) company representative: Zhi-Li Sun	0	0	0	0
Corporate Director	Rongyang Management Consultants LLC	6,073	0	0	0
Director	Rongyang Management Consultants LLC Representative: Chang-Rong Zhang	0	0	0	0
Director	Cai-Bi YangChen	64,252	0	0	0
Independent Director	Ken-Tsai Wu	0	0	0	0
Independent Director	Shu-Hsing Li	0	0	0	0

Title (Note 1).	Name	2022		Until May 1, 2023	
		Number of shares held Increase (decrease) number	Number of shares pledged Increase (decrease) number	Number of shares held Increase (decrease) number	Number of shares pledged Increase (decrease) number
Independent Director	Hou-Ming Chen	0	0	0	0
Deputy General Manager	Peng-Hsuan Chen	1,503	0	0	0
Deputy General Manager	Ming-Hsun Wu	11,549	0	0	0
Deputy General Manager	Lan-Ying Fu	1,368	0	0	0
Deputy General Manager	Hung-Yi Li	0	0	0	0
Deputy General Manager	Yu-Fang Tsai	0	0	0	0
Deputy General Manager	Wei-Kuang Ho	0	0	0	0
Deputy General Manager	Mei-Tzu Chen	0	0	0	0
Accounting Manager	Ya-Mei Huang	(8,911)	0	0	0

3.7.2. In the most recent year and as of the date of publication of the annual report, directors, supervisors, managers, and relatives of shareholders whose shareholding ratio exceeds 10% are related parties: note.

3.7.3. In the most recent year and as of the date of publication of the annual report, directors, supervisors, managers, and relatives whose shares are pledged by shareholders with a shareholding ratio exceeding 10% are related parties: None.

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

May 1, 2022 / unit: share; %

NAME (NOTE 1).	Shares held by the shareholder		Current Shares Held by Spouse and Children of Minor Age		Total shareholding Under the Name of A Third Party		Relationship characterized as spouse or relative of second degree or closer among the top-10 shareholders. (Note 3)		REMARK
	Shares	Shareholding percentage (%)	Number of shares	Shareholding percentage (%)	Number of shares	Shareholding percentage (%)	name (or name)	relationship	
Minsheng Medical Control Co., Ltd Representative: Hung-Jen Yang	34,822,800	29.01	0	0	0	0	-	-	-
	873,907	0.73	0	0	0	0	Tsai-Pi Chen Yang	Mother	-
Ching-Jung Su	1,558,000	1.30	0	0	0	0	Not	-	-
Cai-Bi YangChen	1,349,306	1.12	1,156	0.00	0	0	Hung-Jen Yang	Mother	-
HSBC (Taiwan) Commercial Bank Co., Ltd. is entrusted to keep the investment account of Morgan Stanley International Co., Ltd.	1,348,417	1.12	0	0	0	0	-	-	-
Hung-Lin Wu	1,227,000	1.02	0	0	0	0	-	-	-
Hung-Jen Yang	873,907	0.73	0	0	0	0	Cai-Bi Yang Chen	Mother	-
Huang,Lien-Hsin	802,000	0.67	0	0	0	0	-	-	-
En-Hu Hunag	800,000	0.67	0	0	0	0	-	-	-
Lung-Jung Wu	787,000	0.66	0	0	0	0	-	-	-
Chung-Yen Li	746,000	0.62	0	0	0	0	-	-	-

Note 1: All the top ten shareholders should be listed, and the names of legal person shareholders and representatives should be listed separately for those who are legal person shareholders.

Note 2: The calculation of the shareholding ratio refers to the calculation of the shareholding ratio in the name of oneself, spouse, minor children or in the name of others.

Note 3: The shareholders listed above 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 undertakings directly or indirectly controlled by the company in the same reinvestment undertaking, and the comprehensive shareholding ratio shall be calculated together**

31/03/2023; Unit: Shares; %

Invested business (Note).	The Company's investment		Invested by directors, supervisors, managers, and entities controlled by the Company directly or indirectly		Combined investment	
	Shares	Shareholding ratio	Shares	Shareholding ratio	Shares	Shareholding ratio
Mytrex Health Technologies, Inc. (shares) company	22,454	61.46%	0	0	22,454	61.46%
Share Hope Medicine Co., Ltd. (Hong Kong) Limited	1,500	100%	0	0	1,500	100%
Zhongyuan Medical Management (Shares) Company	1,000	100%	0	0	1,000	100%
Hematech BiotherapeuticsI, Inc. (shares) company	2,211	25%	0	0	2,211	25%
Medzoneasia Co., Ltd. (shares) company	15,654	62.12%	0	0	15,654	62.12%
Precision Health Inc. (shares) company	10,500	38.90%	0	0	10,500	38.90%
Shengshi Technology (shares) company (Formerly known as Hongxin Management Consulting (Shares) Company)	100	100%	0	0	100	100%
Minsheng (Tianjin) Investment Management Company	0	100%	0	0	0	100%
Minsheng Asia Pacific (Beijing) Enterprise Management Co., Ltd	0	100%	0	0	0	100%
Mytrex Industries, Inc. (shares) company	0	0	12,000	100%	12,000	100%
Air Long-Term Care	0	0	867	29.08%	867	29.08%
Mytrex USA Co.	0	0	800	88.89%	800	88.89%
Sheng Yo Rehabilitative Technologies, Inc.	0	0	2,000	90.91%	2,000	90.91%
Fangding Information (shares) company	0	0	1	51%	1	51%
Global Biotechnology Investment (shares)	0	0	500	23.98%	500	23.98%

company						
Macro Global Corporation (shares) company (Formerly known as Marcolon (shares) company)	0	0	6,450	100%	6,450	100%
YES Health Co., Ltd. (shares) company (Formerly known as Minsheng Pharmaceutical (shares) company)	0	0	6,035	100%	6,035	100%
Digimed Co., Ltd.	0	0	800	80%	800	80%
Hung-Han Medical Health CO., LTD. (shares) company	0	0	7,000	100%	7,000	100%
Employee settlement (share) company	0	0	170	48.57%	170	48.57%
Fuyi Health Management Consulting (Shares) Company	0	0	19,500	100%	19,500	100%
Anzhun Technology Co., Ltd.	0	0	2,000	40%	2,000	40%
Handing Digital Technology (shares) company	0	0	2,000	100%	2,000	100%
Chinachem Biomedical Co., Ltd.	0	0	1,000	100%	1,000	100%
Shangjia Health Co., Ltd.	0	0	3,390	33.90%	3,390	33.90%

## IV. Funding Status

### 4.1. Capital and Outstanding Shares

#### 4.1.1. Source of capital

Unit: Shares;

Date	Issuance Price	Authorized capital stock		Paid-up share capital		Remark		
		Shares	Amount	Shares	Amount	Source of Capital Stock	Cash is used to offset the share amount	Other
2003.10	10	1,000	10,000	1,000	10,000	Set up capital	-	Note 1
2007.11	10	21,000	210,000	21,000	210,000	Cash replenishment	-	Note 2
2008.05	15	50,000	500,000	23,100	231,000	Cash replenishment	-	Note 3
2008.08	10	50,000	500,000	25,000	250,000	Surplus to capital increase	-	Note 4
2008.09	10	50,000	500,000	27,000	270,000	Surplus to capital increase	-	Note 5
	13.25			27,150	271,500	Employee dividends are converted into capital increases		
2009.10	27	50,000	500,000	30,150	301,500	Cash replenishment	-	Note 6
2010.02	31	50,000	500,000	35,148	351,480	Cash replenishment	-	Note 7
2010.07	10	50,000	500,000	37,960	379,598	Surplus to capital increase	-	Note 8
	15.16			38,110	381,098	Employee dividends are converted into capital increases		
2011.03	36	50,000	500,000	42,192	421,918	Cash replenishment	-	Note 9
2011.09	10	50,000	500,000	43,458	434,576	Surplus to capital increase	-	Note 10
2012.10	18.8	100,000	1,000,000	43,708	437,076	Employee stock subscriptions	-	Note 11
	10			45,881	458,805	Surplus to capital increase		
	22.98			51,297	512,971	Convertible bonds into common shares		
2013.03	22.98	100,000	1,000,000	51,850	518,497	Convertible bonds into common shares	-	Note 12
2013.05	18	100,000	1,000,000	51,854	518,537	Employee stock subscriptions	-	Note 13
	22.98			52,398	523,977	Convertible bonds into common shares		
2013.10	18	100,000	1,000,000	52,467	524,672	Employee stock subscriptions	-	Note 14
	10			55,087	550,870	Surplus to capital increase		
	22.98			55,152	551,523	Convertible bonds into common shares		
2013.12	17.1	100,000	1,000,000	55,428	554,283	Employee stock subscriptions	-	Note 15
	18							
2014.04	17.1	100,000	1,000,000	55,452	554,523	Employee stock subscriptions	-	Note 16
	21.89			55,589	555,894	Convertible bonds into common shares		
2014.06	17.1	100,000	1,000,000	55,600	556,003	Employee stock subscriptions	-	Note 17
2014.10	17.1	100,000	1,000,000	55,630	556,303	Employee stock	-	Note 18



						subscriptions		
	10			58,410	584,104	Surplus to capital increase		
	21.89			58,734	587,347	Convertible bonds into common shares		
2015.01	16.3	100,000	1,000,000	58,745	587,457	Employee stock subscriptions	-	Note 19
	21.89			58,823	588,234	Convertible bonds into common shares		
2015.06	16.3	100,000	1,000,000	59,021	590,214	Employee stock subscriptions	-	Note 20
	20.86			59,093	590,933	Convertible bonds into common shares		
	37.85			59,318	593,179	Convertible bonds into common shares		
2015.10	37.85	100,000	1,000,000	59,492	594,923	Convertible bonds into common shares	-	Note 21
	10			62,372	623,722	Surplus to capital increase		
2015.12	37.85	100,000	1,000,000	63,548	635,479	Convertible bonds into common shares	-	Note 22
	36.09			64,684	646,839	Convertible bonds into common shares		
2016.04	36.09	100,000	1,000,000	74,287	742,874	Convertible bonds into common shares	-	Note 23
2016.06	36.09	100,000	1,000,000	74,971	749,718	Convertible bonds into common shares	-	Note 24
2016.10	36.09	100,000	1,000,000	75,584	755,842	Convertible bonds into common shares	-	Note 25
2017.09	10	100,000	1,000,000	79,288	792,888	Surplus to capital increase	-	Note 26
2018.02	10	100,000	1,000,000	77,797	777,978	Write-off of the Treasury Unit	-	Note 27
2018.04	30	100,000	1,000,000	92,797	927,978	Cash replenishment	-	Note 28
2018.10	10	100,000	1,000,000	97,437	974,378	Surplus to capital increase	-	Note 29
2019.10	10	100,000	1,500,000	102,309	1,023,096	Surplus to capital increase	-	Note 30
2019.10	34.6	100,000	1,500,000	103,425	1,034,252	Convertible bonds into common shares	-	Note 31
2020.10	10			108,541	1,085,407	Surplus to capital increase	-	
2021.01	33	100,000	1,500,000	108,697	1,086,969	Convertible bonds into common shares	-	Note 32
2021.04	33	100,000	1,500,000	108,882	1,088,818	Convertible bonds into common shares	-	Note 33
2021.10	10	100,000	1,500,000	114,326	1,143,259	Surplus to capital increase	-	Note 34
2022.09	10	100,000	1,500,000	120,042	1,200,422	Surplus to capital increase	-	Note 35

Note 1: Authorization Central Administration No. 09232793980 on October 13, 2003

Note 2: Authorization Central Administration No. 09633073780 on November 20, 2007

Note 3: Authorization Central Administration No. 09732260910 dated May 19, 2008

Note 4: Authorization Central Administration No. 09732765220 on August 4, 2008

Note 5: Financial Management Certificate Post No. 0980034558 on July 14, 2009 and Authorization Central Administration No. 09833057760 on September 15, 2009

Note 6: Financial Management Certificate Post No. 0980037987 on July 29, 2009 and Authorization Central Administration No. 09833206110 on October 8, 2009

Note 7: Financial Management Certificate Post No. 0980066075 on December 11, 2009 and Authorization Central Administration No. 09931671870 on February 10, 2010

Note 8: Financial Management Certificate Post No. 0990039571 on July 28, 2010 and Authorization Central

Administration No. 09932762350 on November 1, 2010

Note 9: Financial Management Certificate Post No. 0990073963 on January 17, 2011 and Authorization Central Administration No. 10031753080 on March 14, 2011

Note 10: Financial Management Certificate Post No. 1000031409 on July 7, 2011 and Authorization Central Administration No. 10032489230 on September 14, 2021

Note 11: Financial Management Certificate Post No. 1010035228 on August 10, 2012 and Authorization Moeaca No. 10101224560 on October 30, 2012

Note 12: Authorization Moeaca Zi No. 10201044170 issued on March 12, 2013

Note 13: Authorization Moeaca No. 10201091590 issued on May 17, 2013

Note 14: Financial Management Certificate Post No. 1020030545 on August 6, 2013 and Authorization Moeaca No. 10201202410 on October 1, 2013

Note 15: Authorization Moeaca No. 10201256970 on December 20, 2013

Note 16: Authorization Moeaca Zi No. 10301070200 on April 22, 2014

Note 17: Authorization Moeaca No. 10301114790 on June 17, 2014

Note 18: Authorization Moeaca Zi No. 10301204740 on October 3, 2014

Note 19: Authorization Moeaca No. 10301262300 on January 13, 2015

Note 20: Authorization Moeaca No. 10401117580 dated June 17, 2015

Note 21: Authorization Moeaca No. 10401201570 dated October 5, 2015

Note 22: Authorization Moeaca No. 10401268730 on December 15, 2015

Note 23: Authorization Moeaca Zi No. 10501077020 on April 20, 2016

Note 24: Authorization Moeaca Zi No. 10501130760 on June 28, 2016

Note 25: Authorization Moeaca Zi No. 10501236380 on October 3, 2016

Note 26: Authorization Moeaca Zi No. 10601134570 on September 27, 2017

Note 27: Authorization Moeaca No. 10701017630 dated February 14, 2018

Note 28: Authorization Moeaca No. 10701037200 on April 11, 2018

Note 29: Authorization Moeaca No. 10701128970 on October 9, 2018

Note 30: Authorization Moeaca No. 10801134510 dated October 4, 2019

Note 31: Authorization Moeaca No. 10901186610 dated October 13, 2020

Note 32: Authorization Moeaca No. 11001007520 dated January 19, 2021

Note 33: Authorization Moeaca No. 11001063430 dated April 20, 2021

Note 34: Authorization Moeaca No. 11001184020 on October 18, 2021

Note 35: Authorization Moeaca No. 11101178780 dated September 28, 2022

Share categories				1 May 2023/ Unit: Shares
Share Class	Authorized capital stock			Remark
	Outstanding shares (Note)	Unissued Shares	Total	
Common share	120,042,161shares	29,957,839shares	150,000,000 shares	-

Note: 1. The issued shares belong to OTC stocks.

Note: 2. Information about the comprehensive reporting system: None.

#### 4.1.2. Shareholder structure

May1,2023

Shareholder structure Quantiy	Government Apparatus	Financial Organization	Other Juristic Persons	Foreign institutions and foreigners	Individuals	Total
Number of person	0	1	47	56	24,512	24,616
Shares held	0	0	38,644,253	4,131,051	77,186,857	120,042,161
Shareholding Percentage (%)	0	0.07%	32.19%	3.44%	64.30%	100.00%

#### 4.1.3. Diversity of Ownership

May 1, 2023; unit: share

Range of Shares	Number of shareholders	Shares held	Shareholding ratio(%)
1~999	15,029	1,608,555	1.34%
1,000 ~ 5,000	6,996	14,147,399	11.79%
5,001~10,000	1,197	8,580,399	7.15%
10,001~15,000	495	6,073,715	5.06%
15,001~20,000	233	4,125,888	3.44%
20,001~ 30,000	262	6,427,589	5.35%
30,001~40,000	115	4,045,823	3.37%
40,001~ 50,000	71	3,226,166	2.69%
50,001~100,000	126	8,577,990	7.15%
100,001~200,000	49	6,582,208	5.48%
200,001~400,000	21	5,315,058	4.43%
400,001~ 600,000	5	2,410,053	2.01%
600,001~ 800,000	10	6,939,888	5.78%
800,001~1,000,000	2	1,675,907	1.39%
<1,000,001	5	40,305,523	33.57%
Total	24,616	120,042,161	100.00%

4.1.4. List of major shareholders: the names of shareholders with a shareholding ratio of more than 5% or the top 10 shareholders with equity ratios, the amount and proportion of shares

May 1, 2023; Unit: Share

Name of major shareholder	Shares	Number of shares held	Shareholding ratio(%)
Minsheng Medical Control Co., Ltd		34,822,800	29.01
Ching-Jung Su		1,558,000	1.30
Cai-Bi YangChen		1,349,306	1.12
HSBC (Taiwan) Commercial Bank Co., Ltd. is entrusted to keep the investment account of Morgan Stanley International Co., Ltd.		1,348,417	1.12
Hung-Lin Wu		1,227,000	1.02
Hung-Jen Yang		873,907	0.73
Huang, Lien-Hsin		802,000	0.67
En-Hu Hunag		800,000	0.67
Lung-Jung Wu		787,000	0.66
Chung-Yen Li		746,000	0.62

4.1.5. Information relating to market price, net worth, earnings, and dividends per share in the most recent two years.

Unit: NTD / share

Year			2021	2022	May 1, 2023 (Note 5).
Market Price per market	Highest		35.20	40.40	35.95
	The Lowest		25.40	26.50	32.05
	Average		31.27	33.34	33.94
Net value per share	Before distribution		27.54	28.48	29.02
	After distribution		27.04	(Note 1)	-
EPS	Weighted average number of shares (100 shares)		114,325	120,042	120,042
	Earnings per share	before dividends	2.04	2.45	0.31
		After dividends	1.94	(Note 1)	-
Dividend per share	Cash dividends		0.50	0.5 (Note 1)	-
	Stock dividends	From earnings	0.50	0.5 (Note 1)	-
		From capital reserves	0	0	-
	Accumulate unpaid dividends		0	0	-
Return on investment analysis	P/E ratio (Note 2)		15.33	13.61	-
	Price to dividend ratio (Note 3)		62.54	66.68 (Note 1)	-
	Cash dividend yield (Note 4)		1.60%	1.50% (Note 1)	-

Note 1: The company's 2022 profit distribution plan has not yet been approved by the resolution of the shareholders' meeting.

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

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

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

Note 5: The net value per share and earnings per share are filled with the information reviewed by accountants in the most recent quarter up to the date of publication of the annual report; the remaining columns are filled with the

data of the current year up to the date of publication of the annual report. of publication of the annual report; the remaining columns are the information of the year as of the date of publication of the annual report.

#### 4.1.6.The company's dividend policy and implementation status

##### 4.1.6.1.Dividend policy stipulated in the articles of association of the company

If the company has a surplus in its annual final accounts, it shall pay taxes in accordance with the law, and after making up for the accumulated losses, an additional 10% shall be raised as the statutory surplus reserve. ;The rest will be listed or reversed to the special surplus reserve in accordance with the laws and regulations; if there is any remaining balance and the accumulated undistributed surplus, the board of directors will prepare a surplus distribution proposal and submit it to the shareholders' meeting for a resolution on the distribution of shareholder dividends.

The company's shareholder dividend policy is based on consideration of the company's current and future investment environment, capital needs, profitability, capital structure and future operating needs, taking into account shareholders' interests, balanced dividends and the company's long-term financial planning, etc., in the form of cash or stock Distribution: Among the shareholder dividends distributed in the current year, the proportion of cash dividends shall not be less than 20% of the total dividends for the year in principle, and the rest shall be distributed in the form of stock dividends. However, the actual distribution ratio may be adjusted depending on the actual profit and operating conditions of the year.

##### 4.1.6.2.The proposed (already) proposed dividend distribution for the year:

Dividend distribution proposed by the company's 2022 shareholders' regular meeting  
(approved by the board of directors on May 12, 2023)

Types of dividends	Allotment per share (RMB)	Source
Cash dividends	0.50000000	Undistributed surplus
Stock dividends	0.50000007	Undistributed surplus

##### 4.1.7.The impact of the proposed free allotment of shares on the company's business performance and earnings per share: In the fiscal year 2022, distributable surplus amounted to NT\$731,007,370. The proposed free stock distribution for this round is NT\$0.50000007 per share. This distribution is not expected to have a significant impact on the company's business performance or earnings per share.

##### 4.1.8.1. The ratio or scope of employee dividends and remuneration for directors and supervisors as stated in the company's articles of association:

If the company makes profits in the year, it should allocate 6% to 10% as employee remuneration, which shall be distributed in the form of stocks or cash by the resolution of the board of directors. The distribution targets include employees of subordinate companies who meet certain conditions;

According to the resolution of the board of directors, no more than 3% of the profit will be appropriated as remuneration for directors and supervisors. Proposals on employee remuneration and distribution of remuneration to directors and supervisors shall be reported to the shareholders' meeting. However, if the company still has accumulated losses, it shall reserve the compensation amount in advance, and then appropriate employee remuneration and director and supervisor remuneration in accordance with the proportion in the preceding paragraph.

4.1.8.2.The basis for the estimation of the amount of remuneration for employees, directors and supervisors in the current period, the basis for calculating the number of shares of employee remuneration based on stock distribution, and the accounting treatment when the actual distribution amount is different from the estimated amount:

The company's estimated remuneration for employees, directors and supervisors in the current period is calculated and estimated based on the company's internal estimated annual operating results and the appropriation ratio stipulated in the company's articles of association. If there is a discrepancy between the distribution amount and the estimated amount in the follow-up resolution of the board of directors, it will be regarded as a change in the accounting estimate, and the increase or decrease in the distribution of annual profit and loss will be adjusted.

4.1.8.3. The distribution of remuneration approved by the board of directors:

4.1.8.3.1.The amount of employee remuneration distributed in cash or stock and the remuneration of directors and supervisors. If there is a discrepancy from the estimated amount of the recognized expense in the year, the discrepancy, reason and treatment shall be disclosed:

unit: NTD

Assign items	The Board's proposed allocation amount (A).	Recognize the annual estimated amount of costs (B).	Variance amount (A-B)	Reasons for discrepancies and handling circumstances
Employee remuneration	24,494,396	24,494,396	0	No difference
Remuneration of directors and supervisors	4,082,399	4,082,399	0	

4.1.8.3.2.The amount of employee remuneration distributed by stock and its proportion to the total after-tax net profit and total employee remuneration in the individual or individual financial report of the current period:Not applicable.

4.1.8.4. The actual distribution of the remuneration of employees, directors and supervisors in the previous year (including the number of shares distributed, the amount and the stock price), and the difference between them and the remuneration of recognized employees, directors and supervisors, and the number, reason and handling of the difference:

Unit: NTD

Assign items	The Board's proposed allocation amount (A).	Physical allotment amount (B).	Variance amount (A-B)	Reasons for discrepancies and handling circumstances
Employee remuneration	19,466,022	0	19,466,022	The main difference in our company's employee compensation is that it is distributed in multiple installments. Due to the accumulation of unpaid amounts from previous years, as of now, the employee compensation from the previous year has not been fully disbursed.
Remuneration of directors and supervisors	3,244,337	3,244,337	0	

4.1.9. The situation of the company's repurchase of the company's shares: None

## 4.2. Handling of corporate bonds:

### Handling of corporate bonds

Types of corporate debt (Note 2)		The third unsecured conversion of corporate bonds in China (Note 5)
Date of issuance (processing).		2018/2/9
Denomination		NT\$100,000
Place of issuance and trading (Note 3)		Not applicable to non-foreign corporate bonds.
Issue price		NTDOne hundred whole
Total		NT\$150,000,000
Profit rate		0%
Term Limit		Three-year maturity date: 2021/2/9
Assurance Mechanism		Not applicable
Trustees		Shanghai Commercial Savings Bank Co., Ltd
Underwriting Institutions		JHSUN Securities Co., Ltd
Licensed lawyer		Hanchen Law Firm CHIU, YA-WEN Lawyer
Visa Accountant		Accountants LIU, YUNG-FU and HSIEH, CHIEN-HSINof Qinye Zhongxin Accounting Firm
Method of reimbursement		Except for the conversion of the holders of this converted debenture into ordinary shares of the Company or exercising the right to sell, and the Company recovers it early, or the Company buys back and cancels it by the securities dealer premises, the denomination of the bonds will be repaid in cash at maturity.
Outstanding principal		NT\$150,000,000 (1,500 tickets).
Redemption or withdrawal Terms of Liquidation		Please refer to Issuance and Conversion Regulations
Limitation Terms		-
The name of the credit rating agency, the date of the rating, the results of the company's bond rating, etc		-
Other rights attached	The amount of ordinary shares, overseas depositary receipts or other marketable securities converted (exchanged or subscribed) as at the date of publication of the Annual Report	A total of 501 applications were made for conversion of 1,456,648 common shares
	Issuance and Conversion (Exchange or Subscription) Method	
Issuance and conversion, exchange or subscription methods, issuance conditions may dilute the shares, and circumstances Impact on existing shareholders' equity		-
The delegate of the exchange target the name of the custodian		Not applicable

Note 1: The status of corporate bonds includes both ongoing public issuance and private placement of corporate bonds. Ongoing public issuance refers to those that have already taken effect (approved) by the authority, and ongoing private placement refers to those that



have been approved by the Board of Directors.

Note 2: The number of columns should be adjusted based on the actual number of issuances.

Note 3: To be filled for overseas corporate bonds.

Note 4: If subject to restrictions such as limited cash dividends, external investments, or maintaining a certain asset ratio, please indicate.

Note 5: For private placement, it should be prominently marked.

Note 6: For convertible bonds, exchangeable bonds, consolidated filing for issuance of corporate bonds, or bonds with attached stock warrants, please provide additional disclosure in the table format according to the nature, including details for convertible bonds, exchangeable bonds, consolidated filing for issuance of corporate bonds, and bonds with attached stock warrants.

## **Convert corporate bond information**

Unit: NTD

Types of corporate debt (Note 1)		The third unsecured conversion of corporate bonds in China	
Item		2020	As of May 25, 112 (current year-end)
Debt transfer Change markets Public price manage	Highest	NTD 153	NTD 153
	Lowest	NTD 100.05	NTD 100.05
	Even	NTD 120.2	NTD 120.2
Conversion price		Adjusted 9/12/2020 NTD 33	Adjusted 9/12/2020 NTD 33
The date of issuance( (processing) and the conversion price at the time of issuance		Released 2/9/2018 NTD 40	Released 2/9/2018 NTD 40
How to fulfill the conversionobligation		Issuance of new shares	Issuance of new shares

Note 1: The number of columns is adjusted based on the actual number of transactions.

Note 2: For overseas corporate bonds traded in multiple locations, list them separately by trading location.

Note 3: Issuance of already issued shares or new shares.

Note 4: The data should be provided for the current year up to the date of printing of the annual report.

### **4.3. Handling status of special shares: None.**

### **4.4. Handling of Overseas Depositary Receipts: None.**

### **4.5. Handling of employee stock option certificates**

#### **4.5.1. Handling of employee stock option certificates:**

May 25,2023

Types of employee stock option certificates (Note 2)	First (period) employee stock option certificate
The effective date of the declaration	The resolution of the shareholders' meeting was passed on January 8,2010
Date of issuance (processing).(Note 4)	May 8,2010

Number of Units Issued	1,000 units per unit can subscribe for 1,000 shares of common stock.
Remaining units available for issuance	(Note 1)
Number of subscribable shares in the issuance as a percentage of the issued share	1.33%
The duration of the subscription	After two years have been granted the employee stock option certificate, the stock option holder may exercise the stock option according to the time schedule and proportion of the stock option. The term of existence of the stock option certificate is five years and may not be transferred, pledged, gifted to another person or otherwise disposed of, except for the successor.
Mode of Performance (Note 3)	Issuance of new shares
Limit subscription period and ratio (%).	Percentage of shares: After 2 years, 50% (cumulative) can be exercised After 3 years, 100% (cumulative) can be exercised
The number of shares acquired	873,500 shares
Amount of executed stock subscriptions	\$15,513,500
Number of unexecuted warrants	126,500 shares
The subscription price per share of an unexecuted subscriber	\$16.3
The ratio of the number of unexecuted subscriptions to the total number of shares issued (%).	0.22%
Impact on shareholders' equity	The number of unexecuted warrants represents 0.22% of the 58,823 thousand issued shares of the Company and should have no material impact on shareholders' equity.

Note 1: The first (period) of employee stock option certificates expired on May 8, 2015.

Note 2: The handling status of employee stock option certificates includes both those in progress for public offering and private offering. "In progress for public offering" refers to those that have become effective according to this Commission; "in progress for private offering" refers to those that have been approved by the shareholders' meeting.

Note 3: The number of fields may be adjusted according to the actual handling frequency.

Note 4: Should indicate whether issued shares were delivered or new shares were issued.

Note 5: Different issuance (handling) dates should be separately filled.

Note 6: For private offerings, it should be marked prominently.

#### 4.5.2.Handling of new shares with restricted employee rights: None

4.5.3.Names of the manager who obtained the employee stock option certificate and the top ten employees who obtained the stock option certificate and the number of shares that can be subscribed, and the status of acquisition and subscription:

May 25, 2023

	Job title	Name	The number of shares to be purchased	The ratio of the number of subscriptions obtained to the total number of shares outstanding (Note 4)	Executed (Note 2)				Not executed (Note 2)			
					Number of subscriptions	Subscription price (Note 5)	Subscription amount	The ratio of the number of subscriptions to the total number of shares issued (Note 4)	Number of subscriptions	Subscription price (Note 5)	Subscription amount	The ratio of the number of subscriptions to the total number of shares issued (Note 4)
Managers	Ceo	Hung-Jen Yang	327,000	0.56%	277,000	18.80 18.00 17.10 16.3	4,860,500	0.47%	50,000	16.30	815,000	0.09%
	Managing director	Ching-Wen Liu										
	Deputy general manager	Yang-Jen Lai (Note 7)										
	Deputy general manager	Ming-Hsun Wu										
	Chief financial officer	Tzu-Wen Wei (Note 7)										
Top 10 employees (Note 3)	Employee	Shu-Chuan Hung	401,000	0.68%	388,500	18.80 18.00 17.10 16.30	6,980,700	0.66%	12,500	16.30	203,750	0.02%
	Employee	Hsin-Yu Hung										
	Employee	Wei-Liang Liao (Note 7).										
	Employee	Chia-Fei Li (Note 7).										
	Employee	Yen-Jen Wang (Note 7).										
	Employee	Ya-Ku Tseng (Note 7).										
	Employee	Sheng-Ming Wu (Note 7).										
	Employee	Hsiao-Feng Chen										
	Employee	Hui-Chun Huang (Note 7).										
	Employee	Fang-Yu Lin (Note 7).										

Note 1: Including both executives and employees (for those who have left or deceased, it should be specified), individual names and titles should be disclosed, but a summary may be used to disclose their acquisition and subscription status.

Note 2: The number of fields may be adjusted based on the actual number of issuances.

Note 3: The top ten employees eligible to exercise the right to subscribe are referring to employees other than executives.

Note 4: The total number of issued shares refers to the number of shares listed in the Ministry of Economic Affairs' amended registration data.

Note 5: The exercise price of executed employee stock options should be disclosed at the time of exercise.4.5.4.Handling of private equity employee stock option certificates in the last three years and as of the date of publication of the annual report: None.

Note 6: The exercise price of unexercised employee stock options should disclose the price adjusted according to the issuance method.

Note 7: On June 30, 101 (2012), Wu Sheng-Ming left the company; on January 1, 102 (2013), Wei Zi-Wen transferred to the Chairman's office; on February 4, 104 (2015), Wei Zi-Wen left; on February 22, 102 (2013), Lai Yang-Ren left; on May 30, 103 (2014), Li Jia-Fei left; on July 31, 104 (2015), Huang Hui-Jun left; on October 1, 105 (2016), Wang Yan-Ren transferred to Intelligent Medical Technology Co., Ltd.; on March 31, 107 (2018), Lin Fang-Yu left; on September 30, 107 (2018), Tseng Ya-Gu left; on February 28, 108 (2019), Wang Yan-Ren left; and on February 28, 110 (2021), Liao Wei-Liang left.

Note 8: The first tranche of employee stock options certificates expired on May 8, 104 (2015).

4.5.4. In the past three years and up to the date of the annual report's printing, there has been no issuance of private placement employee stock option certificates.

#### 4.6. Handling of mergers and acquisitions or transfer of shares from other companies to issue new shares: None

#### 4.7. Fund utilization plan and implementation:

The company issued new shares in cash in 2018 years and issued the third unsecured conversion of corporate bonds in China

##### 4.7.1. Plan content

4.7.1.1. Date of approval and document number: Financial Management Certificate No. 1060051454 and Financial Management Certificate Post No. 10600514541 dated January 17, 2018.

4.7.1.2. Total amount of funds required for the project: NT\$600,000,000.

4.7.1.3. Source of funds: Cash capital increase, issuance of 15,000 thousand new shares, priced at NT\$30 per share, and issuance of 1,500 domestic unsecured conversion corporate bonds, each with a denomination of NT\$10,000.

##### 4.7.2. Implementation of planned projects and funds

The content of the plan is to raise 15,000 thousand shares with an issue price of NTD30 per share, raising a total of 450,000 NTDthousand, and the third domestic unsecured conversion of corporate bonds to raise 150,000 NTDthousand. A total of \$600,000, the convertible bond portion was paid at full on 07 February 2018 at the full price of \$150,000 The cash capital increase part was fully charged at the full price of \$450,000 on March 30, 2018, and the estimated progress of the use of funds is as follows:

Expected progress in the use of funds

Unit: NTD

Plan the project	Expected To be Completed date	Funds Required Total	Scheduled progress of funds						
			2017		2018				2019
			Season3	Season4	Season1	Season2	Season3	Season4	Season1
purchase of fixed assets	Season 3 of 2018	200,000	21,492	66,388	45,858	41,358	24,904		
buy equity	Season 1 of 2019	200,000			140,000				60,000
Sufficient working capital	Season 1 of 2018	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, according to the progress of capital utilization, Share Hope Company used 200,000 NTDthousand to enrich its working capital, purchase 200,000 NTDthousand of fixed assets, and purchase 140,000 NTDthousand of equity. Actually, as of December 31, 2018, the part of the working capital was enriched. The funds were recorded on February 7, 2018 and March 30, 2018 respectively, and the amount of 200,000 NTDthousand has been implemented. As for the purchase of fixed assets, the purchase of fixed assets was carried out in accordance with the actual purchase amount and progress of 129,454 NTDthousand and the execution was completed. The purchase of equity was signed with Zuellig

Pharmaceutical Group on 5/18, and the actual execution amount was NTD\$170,000,000. In addition, it was implemented before the time when the funds were in place, so the bank loan was first used to pay for the part, and the bank loan has been fully repaid. See the table below for details.

Unit: NTD

Name	Nature of borrowing	Collateral	Date of movement	Borrowing rate	Amount borrowed	Repayment date	Repayment amount
Citi Bank	Short-term	credit	2017/8/8	1.45%	40,000	2018/3/29	40,000
Far Eastern Bank	Short-term	credit	2017/9/9	1.42%	30,000	2018/3/29	30,000
Mega Bank	Short-term	credit	2017/12/18	1.45%	20,000	2018/2/9	20,000
Total					90,000		90,000

## **V, operation overview**

### **5.1. Business content**

#### 5.1.1. Business scope

##### 5.1.1.1. The main contents and product items of the company's business:

Share Hope Medicine Co., Ltd. is a professional health management and pharmaceutical business institution. The main business areas include drug and hygiene material supply, medical equipment leasing, health management, medical manpower dispatch, medical management consulting and entrusted operation services, telemedicine care, hospital management, etc.

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

- 01.F108021 Western medicine wholesale industry.
- 02.F108011 Wholesale of traditional Chinese medicine.
- 03.F208050 Retail sale of Class B finished drugs.
- 04.F108031 Medical equipment wholesale industry.
- 05.F108040 Cosmetics wholesale industry.
- 06.F208040 Cosmetics retail trade.
- 07.F118010 Information software wholesale industry.
- 08.F401010 International Trade Industry.
- 09.I 103060 Management consultants.
- 10.I 301010 Information software service industry.
- 11.I C01010 Drug inspection industry.
- 12.I Z12010 Manpower dispatch industry.
- 13.JE01010 Leasing industry.
- 14.JZ99050 Intermediary service industry.
- 15.ZZ99999 In addition to licensed business, it may operate business that is not prohibited or restricted by law.
- 16.F102170 Wholesale of food goods
- 17.F203010 Retail of food and beverages
18. F108051 Medical Equipment Retailing.

#### 5.1.1.2. Proportion of business

Unit: NT\$ thousand

Business category \ Year	2022	
	Business revenue	Proportion of turnover
Supply of medicines, medical materials and technical materials	3,032,468	73.30
Health and medical management	980,974	23.71
Equipment rental services	123,690	2.99
Total	4,137,132	100.00

#### 5.1.1.3. The company's current commodity (service) items

##### 5.1.1.3.1 Pharmaceutical distribution department

- A. Joint procurement platform for medicines: including medicines, health materials, home care supplies, etc.
- B. Warehousing and logistics management of medicines and health materials
- C. Professional information consultation and services for medicines and health materials
- D. Distribution and agency of medicines, health food and cosmeceuticals

##### 5.1.1.3.2 Health Management Department

- A. Medical 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 service
- E. Clinic planning and setting
- F. Workplace health management consulting services

##### 5.1.1.3.3. Specialist Service Department

- A. Medical equipment leasing: including the sale and leasing of medical equipment, engineering, surgical equipment, information software and hardware, and other specific equipment:
  - a. Instrument category: including imaging medical equipment, ultrasound, exercise electrocardiogram, hearing examination equipment, respirator, bedside physiological monitor, cardiac shock device, electric burner, surgical air drill, electric drill, anesthesia machine, Ye Kemo, Aortic balloon pumps, operating tables, microcomputer autoclaves, electronic gastroenteroscopes, etc., as well as other instruments and auxiliary equipment required for treatment or prolonging the lives of patients.
  - b. Instruments: Surgical instruments, soft and hard endoscopes, etc.



- c. Information: information software and hardware for medical operations.
- B. Subsequent services for leased medical equipment: including maintenance (original or sub-factory), repair and related maintenance consultation, and assistance in handling second-hand equipment.
- C. Project leasing: tailor-made according to customer needs, modularize goods and services, and provide customers with complete and appropriate leasing projects.
- D. Professional consultation: provide medical equipment construction, procurement and update related evaluation, medical institution construction related software and hardware consultation, large-scale medical equipment construction and cooperation consultation; plane planning, engineering design and cooperation for medical specialties consult.
- E. Specialty operation: Cooperate with medical institutions of medical institutions to provide high-end medical equipment for specialized operation, and combine medical profession and equipment supply chain to provide more advanced and professional medical services for the medical public.

#### 5.1.1.3.4Dialysis Division

- A. General dialysis: hemodialysis, peritoneal dialysis, maintaining high-quality dialysis medical services.
- B. Special dialysis: severe dialysis, ascites dialysis, special blood purification -support for intensive care, blood purification DFPP - Double plasma filtration.
- C. Chronic kidney disease case management, nutrition counseling, and kidney disease nursing guidance.

#### 5.1.1.4.New products (services) planned to be developed

##### 5.1.1.4.1.Agency and development of domestic and foreign medicines and health materials.

##### 5.1.1.4.2.Joint retail channel to expand clinic and pharmacy business.

##### 5.1.1.4.3.Using manpower dispatch and professional manpower training to provide customers with complete leasing services, which have been expanded to long-term care and hemodialysis.

##### 5.1.1.4.Agency and distribution of medical instruments and equipment and distribution of special hygiene materials.

##### 5.1.1.5.Establish a cooperative business for the operation of medical equipment specialists.

##### 5.1.1.6.Provide better long-term chronic medical services through the expansion of high-quality hemodialysis centers.

## 5.1.2.Industry overview

### 5.1.2.1.Drug market

#### A. Global pharmaceutical market

Since the outbreak of COVID-19 at the end of 2019, it has not stopped yet. However, governments of various countries have invested funds in research and development, and several vaccines and therapeutic drugs have been successfully developed. Through vaccination, countries have also been able to lower their alert levels and allow economic activities to return to normal. In the face of major global infectious disease issues, the biotechnology industry has also led manufacturers from various countries to invest in the development of related drugs. The impact of the epidemic on the review of new drug launches has also slowed down. In addition, factors such as the continuous increase in patients with various diseases around the world have driven the growth of the global drug market. growing up. According to the statistics of IQVIA, 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, Britain, Italy, Spain), Japan, Canada, Australia and other advanced countries. In China, the pharmaceutical market in 2021 will be approximately US\$1.05 trillion, accounting for 73.79% of the global pharmaceutical market; the emerging pharmaceutical markets dominated by China, Brazil, India and Russia will have a pharmaceutical market of US\$354.2 billion in 2021, accounting for approximately 24.88% of the global pharmaceutical market. In 2021, the global pharmaceutical market will be approximately US\$1.42 trillion, an increase of approximately 12.51% compared with US\$1.27 trillion in 2020, of which more than US\$100 billion will be added due to the market size of COVID-19-related therapeutic drugs alone, which is The main reason for the substantial growth of the global pharmaceutical market in 2021.

## Regional distribution of global drug sales in 2021

Unit: USD 100 million, %

Regional distinction	2021 Sales	2017~2021 CAGR	2017~2021 CAGR
Advanced countries	10,504	4.9	2.5~5.5
-United States of America	5,804	4.9	2.5~5.5
-five European countries	2,097	4.8	3~6
-Japan	854	-0.5	(-2)~1
Emerging medicine country	3,542	7.8	5~8
low income country	190	0.1	2.5~5.5
Total	14,235	5.1	3~6

According to the analysis and survey of IQVIA, it is estimated that cancer drugs, hypoglycemic drugs and immunosuppressants will be the top three therapeutic drugs by 2026. 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 therapies. development, which is estimated to reach US\$306 billion in 2026. In addition, immunosuppressants have been approved for marketing by related biosimilar drugs, which also slows down the growth of the market size. It is estimated that the compound growth rate will increase at a compound growth rate of 6-9% in the next five years, and the market size will reach 178 billion US dollars in 2026.

## Top 10 Therapeutic Drug Classification Fields in the World in 2026

Unit: One hundred million U.S.

Pharmaceutical field	2026 Forecast Sales	2022~2026 CAGR
Oncologics	3,060	9~12
Immunosuppressants	1,780	6~9
Anti-diabetics	1,730	6~9
Neurology	1,510	3~6
Anticoagulants	870	8~11
Cardiovascular	870	4~7
Respiratory	710	5~8
Pain	700	6~9
HIV antivirals	450	3~6
Antibacterials	410	2~5

Source: The Global Medicine Spending and Usage Trends, Outlook to 2026, IQVIA, December 2021.

In the global pharmaceutical market, as the influence of overdue brand drug patents decreases and the number of new drugs approved for marketing continues to increase, For example, Merck&Co's drug Keytruda for the treatment of advanced melanoma with the highest sales and Eliquis, an anticoagulant jointly developed by Bristol-Myers Squibb and Pfizer, which ranks second in sales, are estimated to be 2028. Reached 31.836 billion US dollars and 16.5 billion US dollars, and sales continued to grow. In addition, Skyrizi, a new drug developed by AbbVie for the treatment of psoriasis, is the product with the highest predicted sales growth rate among the top ten drugs in 2028. Lost sales, which in turn led to a substantial growth in the size of the pharmaceutical market.

## B. Domestic Pharmaceutical Market

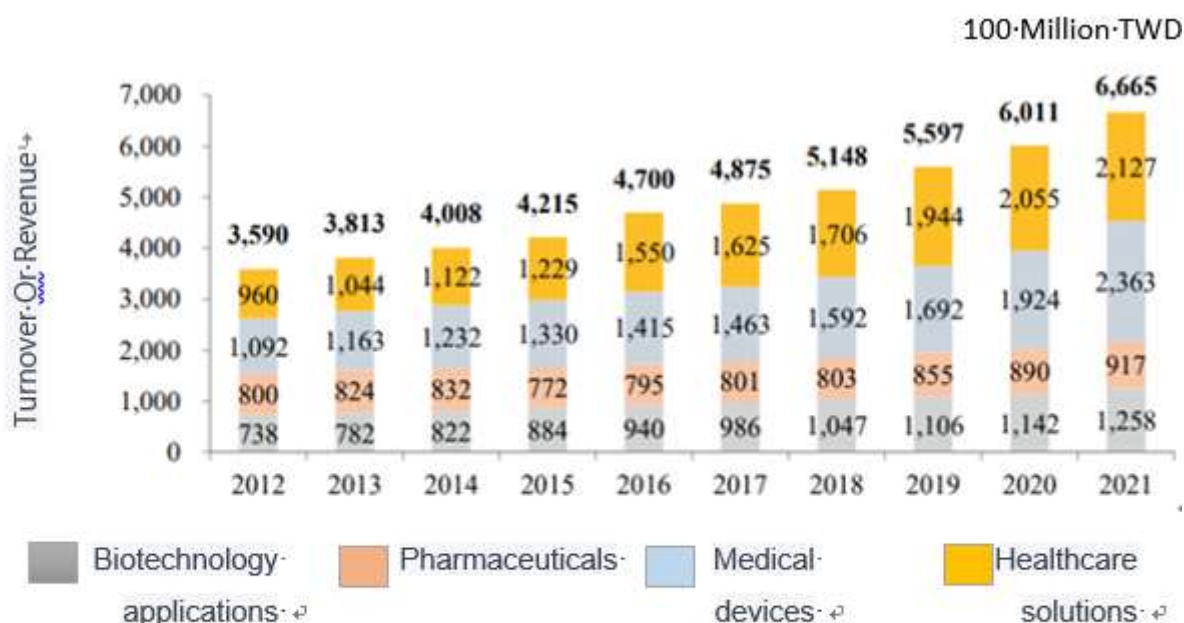
In 2021, the turnover of China's biotechnology industry (applied biotechnology, pharmaceuticals, and medical equipment industries) will be NT\$453.8 billion, an increase of 14.71% compared to 395.6 NTDbillion in 2020, of which the turnover of the pharmaceutical market will be 917 100 NTDbillion, an increase of 3.03% compared with 2020, accounting for 20.21% of the turnover of the biotechnology industry. The turnover of the pharmaceutical industry increased from 79.5 NTDbillion in 2016 to 91.7 NTDbillion in 2021. As China encourages manufacturers to invest in new drugs Development, the new drugs developed by the manufacturer are not only listed on the Chinese market, but also approved to be marketed by the strict review standards of the US FDA and the European Union EMA. 4 NTDbillion will gradually push China's new drugs to the international stage.

2016~2021 General Situation of my country's Pharmaceutical Industry

100 Million TWD

	2016	2017	2018	2019	2020	2021
Sum of Business(100 Million)	795	801	803	855	890	917
Number of Companies	320	357	358	360	375	378
Practitioners	18,500	19,000	19,055	19,100	19,500	19,800
Export Value(100 Million)	314	292	301	310	322	333
Import Value(100 Million)	1,267	1,422	1,510	1,680	1,681	1,818
Domestic Sales : Export Sales (%)	61:39	64:36	63:37	63:37	62:38	64:36
Domestic Market Demand(100 Million)	1,748	1,931	2,012	2,224	2,249	2,402

Source : Medical and Pharmaceutical Industry Technology and Development Center,2022.



Source: Biomedical Industry Development Promotion Taskforce, Ministry of Economic Affairs; Industrial Technology Research Institute, Pharmaceutical Industry Technology Development Center; Industrial Technology Research Institute, Industry and Technology International Strategy Development Institute, 2022.

From the analysis of the business structure of my country's pharmaceutical industry, the turnover of generic drug preparations and raw materials 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 care drug market. Due to the financial considerations of health insurance and the impact of total benefits, it is difficult to increase the proportion of generic drug preparations in the health care drug market. For this reason, the manufacturer actively expands the export market, expects to reduce the dependence on the health care drug market, and cooperates with the Food and Drug Administration (TFDA) of the Ministry of Health and Welfare to become one of the member countries of the International Pharmaceutical Inspection Agreement, and fully implements the PIC/S quality drug manufacturing Standards (GMP), the quality of drugs has reached international standards, and its standards have also been recognized by some countries, which is conducive to the expansion of export markets. In addition, the number of my country's new drugs on the international market is also gradually increasing, and the product sales and licensing income it brings will create a substantial contribution to the turnover of my country's pharmaceutical industry. In 2021, the turnover of my country's pharmaceutical industry will grow significantly.

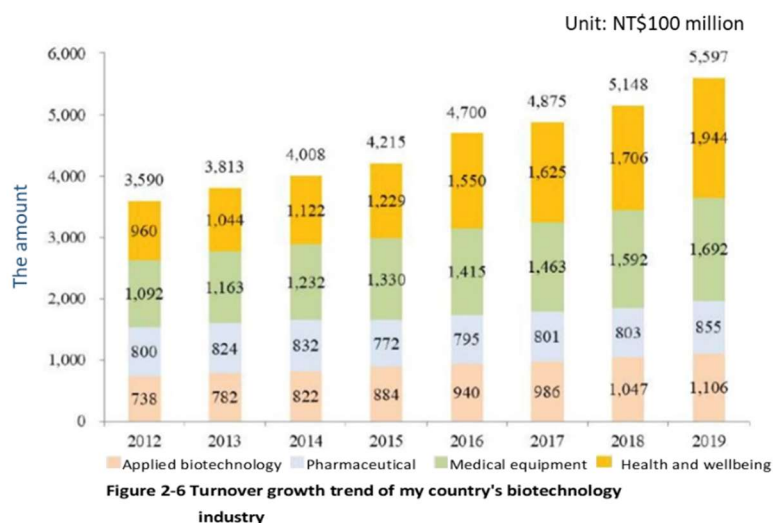
### 5.1.2.2.Smart healthcare

Healthcare in the future 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, at the moment when various technologies are evolving, the medical care industry is about to face drastic changes. According to OECD statistics, the average life expectancy of the world will increase by 5.5 years to 80.5 years old, in response to this development trend, the potential market for population health management will continue to grow:

It is estimated that the population health management market will reach USD 50.35 billion in 2025, and the proportion of telehealth use applications will continue to increase. As of 2018, 65% of telehealth use behaviors

In order to be able to operate through mobile devices, up to 80% of doctors have provided medical services through smartphones and medical applications, and the market sales related to medical technology are expected to grow by 5.1%, reaching 52.98 billion US dollars in 2022, Therefore, we expect that medical care in the future will not only focus on disease treatment, but with the assistance of technology and data, more resources can be invested in maintaining health and preventing diseases.

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



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.

can optimize the allocation of medical resources and help achieve hierarchical diagnosis and treatment.

Data mining using technologies such as gene sequencing and image recognition can shorten the clinical verification cycle and improve the efficiency of new drug development. Data is generating more and more application value in the medical field. At the technical level: through data analysis and Mining and a large number 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 for doctors, and provide statistics for patient behavior analysis for drug development. With the development of medical data and the continuous innovation of analysis methods and AI, more and more scenarios can accurately use medical data for analysis and prediction. Significant changes have taken place in the way people seek health care, bringing new opportunities for growth in the medical field.

With the help of data, medical behavior will also tend to be more personalized, gradually changing from the previous mode of "seeing a doctor" to "being watched by a doctor". Wearable device assistance can help us collect and review our own conditions 24 hours a day , such a data collection mode has the characteristics of low cost, high efficiency, and available to almost everyone. Many high-tech products based on data applications and disease prevention have also begun to appear in the field of medical entrepreneurship around the world. For example, Anmol Madan and his team founded a company that focuses on research and prediction of mobile phone-based diseases through data analysis of mobile phones. After collecting and analyzing more than 320,000 hours of data on the mobile phones of the experimental participants, they can model the data of using mobile phones to predict colds, mental illnesses, and more. For example, when people are depressed, they can usually see the changes in communication with others, and these changes can be captured through daily mobile phone usage behaviors. The test results indicate that it can correctly judge 60% to 90% of people's daily physiological symptoms and breathing conditions, and at the same time notify the owner of these changes, and send them to friends or family members in the future.

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



Source: Deloitte research, 2017

#### 5.1.2.3. Medical examination

With the rapid development of biotechnology, medical inspection technology has evolved from the early manual inspection method to today's automated analysis technology, and the role of medical inspection has gradually become prominent in the medical team and has become an important basis for disease diagnosis and treatment. Since 1967, the number of medical examiners in China has been increasing day by day. The Department of Health of the Executive has stipulated that all those engaged in medical examination business should form an association. Not allowed to practice, the Ministry of the Interior officially issued the "Certificate of Medical Examiner", and the Legislative also passed the "Medical Examiner Law" for the third time, so that medical examination can be promoted to a professional technology recognized by the state. The development direction of the medical testing industry in 2004, due to the implementation of the revision of the test payment points and the second stage of adult preventive health care, an important watershed occurred. At present, there are more than 450 clinical test items that meet the payment standards of health insurance medical expenses. With the continuous improvement of medical technology, many new test items are constantly being researched and developed. In addition, in response to the continuous emergence of emerging infectious diseases in recent years, the development of precision medicine, the continuous improvement of molecular testing technology, and the promotion of the government's latest "Specific Medical Technology Inspection and Inspection of Medical Device Implementation or Use Management Measures", will change the health authorities. And Chinese people's requirements and levels of medical care services have been upgraded from traditional disease treatment to care for sub-healthy groups



and preventive health care for healthy groups, and disease treatment has also been upgraded from symptomatic treatment to personalized medicine, all of which depend on cross-industry Industrial cooperation to jointly develop genetic testing and precision medical services.

#### 5.1.2.4. Leasing of medical instruments and equipment

According to the latest statistics from the Statistics Office of the Ministry of Economic Affairs, the total turnover of the leasing industry in 2022 will be 164.38 NTDbillion, an increase of 19.12 NTDbillion from 110 years (145.26 NTDbillion), with an annual growth rate of 13.2%. Among them, the rental of transportation tools and equipment increased significantly by 11.76%, mainly due to the diversification of car rental companies (such as mobile leasing, etc.), and 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 goods rental industry grew rapidly by 11.90%, which was also due to the decline in the rental of outdoor sports, on-site audio guide equipment, and entertainment activities (such as banquets, dinner parties, etc.) due to the impact of the epidemic. Machinery and equipment leasing industry is a substantial increase of 17.05%. Regarding the explanation for the fourth quarter, the turnover of the leasing industry in the fourth quarter of 2022 was 44.7 NTDbillion, a record high in a single quarter over the years, with an annual increase of 12.1%. and office machinery and equipment leasing demand is hot; the transportation vehicle leasing industry is 30.2 NTDbillion, an annual increase of 12.7%, mainly due to the car and motorcycle leasing companies launching preferential projects to attract customers, and the diversification of the car leasing industry. Continue to invest in performance growth ; The personal and household goods leasing industry was 2.2 NTDbillion, an annual decrease of 3.0%, ending four consecutive seasons of positive growth, mainly due to the decline in the rental performance of bicycles, dresses, sports equipment and other supplies. Most of the leasing industry adopts financing leases. After the leasing company purchases the equipment required by the lessee enterprise, it is then leased to the lessee, and the purchase funds and interest are collected by installment payment. When the lease expires, the lessee is given priority to purchase selection of the asset. In terms of the company's leasing revenue, the annual leasing revenue in 2018 increased by 12.77% compared with 2017. The annual rental revenue in 2019 increased by 1.49% compared with 2018, and the annual rental revenue in 2020 decreased by 9.7% compared with 2019 due to the impact of the epidemic and increased equipment maintenance. In addition to the department's other specialty operations (ophthalmology and weight loss), although the ophthalmology department will increase by 74.4% in 2020 compared to 20119, the weight loss business will be affected by the shortage of original consumables and production suspension due to the epidemic. An annual decrease of 11.71%. In 2011, the

department's total revenue decreased by 2.55% compared with 2020, mainly due to the 2-month suspension of the ophthalmology service business affected by the epidemic and the transfer of weight loss consumables to the management of the pharmaceutical circulation department. In 2022, the department's total revenue will decrease by 26.09% compared with 2021, mainly due to the fact that the leased assets of the Tzu Chi system inspection equipment leasing case are leased and sold. Excluding the impact of the epidemic, the above explanations show that the leasing business is playing an increasingly important role in economic development. Although affected by the new crown epidemic, it also shows the flexibility and flexibility of the leasing business model in business operations. On the contrary, the leasing of transportation tools and equipment has grown against the trend, showing that The accelerated development trend of the stay-at-home economy. Due to the progress of the times, new and more advanced medical instruments and equipment are continuously introduced, and the medical instruments currently used in various medical institutions continue to enter the phase-out period, coupled with the rising factors of various personnel costs and prices, the hospital In contrast, working capital must be used effectively. Therefore, with the flexible mode of medical equipment leasing, it is hoped that small and medium-sized medical institutions can reduce one-time capital expenditures, maintain good operations and improve medical quality, sustainable operation, and create medical treatment. , medical institutions and rental service industry win-win situation.

#### 5.1.2.5.Dialysis business

Population aging has become an irreversible global trend. As the proportion of the elderly population increases, the corresponding demand for medical care will become increasingly important. According to statistics, the current incidence of chronic kidney disease in Taiwan is 11.9%, and only 3.5% of them know that they have the disease. In addition, affected by changes in eating habits and drug abuse among Chinese people, the number of kidney dialysis populations in Taiwan has exceeded 90,000, ranking second only to Japan in Asia, with a rapid growth rate of 6% every year island".

Hemodialysis is a long-term and long-term life-sustaining treatment. During the process, patients suffer a lot of inconvenience. Therefore, there is a regional trend that kidney friends are highly inclined to seek treatment at the nearest location, and clinic-type dialysis institutions are also increasing day by day.

The dialysis business case of the department's service base depends on the incidence of end-stage renal disease (new cases), mortality rate (case completion of treatment), the prevalence of the above two combined, and the distribution of medical institutions in the area. For these kidney friends who have entered the service base, the dialysis business department

has rich professional experience and quality management capabilities, and the intervention of CKD individual managers provides dialysis quality and services from the prevention and treatment of early kidney disease to post-dialysis patients.

In terms of future development, with the development of information technology, it will move towards the concept of AI artificial intelligence and move toward intelligence. Our company, instrument manufacturers and system integrators are working hard to develop this part. In the future, with the development of artificial intelligence, we can accurately predict the risk of hypotension that may occur in dialysis patients during the dialysis process, and even after returning home, and then use the The risk prediction system intervenes in the patient's dialysis parameter adjustment early, so that the patient can better control blood pressure throughout the dialysis process, reduce the use of high blood pressure drugs, improve the safety and comfort of the patient's dialysis, and improve the efficiency of dialysis.

#### 5.1.2.5.1The relationship between the upper, middle and lower reaches of the industry:

The triangular relationship formed by the company, pharmaceutical factories and logistics providers is the cooperation model between Sharehope and the upstream industry, and it is also the innovation trend of the domestic pharmaceutical industry, which has brought about a huge change in the supply and demand ecology of the pharmaceutical procurement supply chain. Under this new triangular relationship, the target of drug unit price negotiation is still the pharmaceutical factory, but the object of payment has changed to the logistics provider; that is to say, many pharmaceutical factories (especially international pharmaceutical factories) combine inventory pressure with accounts receivable. The risk of payment is passed on to the cooperative logistics provider. Therefore, the role of the logistics provider is no longer just to be entrusted by the pharmaceutical factory to deliver drugs, but to be a distributor who directly deals with the company and enters into a contract. The company and the downstream industry use "innovative medical integration services" as a mutual cooperation model. With high-quality pharmaceutical professional capabilities, combined with joint procurement and resource integration, the existing channels are effectively integrated to achieve optimal cost management to meet The client is responsible for the product demand and quality management of drugs and equipment, and provides professional health examination and medical examination management consulting and entrusted operation services.

Upstream	Middle reaches	Downstream
Medical equipment supplier	Medical Management Consulting	Medical institution
Drug supplier	Company	Chain pharmacy
Hygiene material supplier	Medical Technology Services Company	Medical system
Logistics providers	Pharmaceutical Joint Procurement Center	

Source of information: Compiled by the company

#### 5.1.2.5.3. Various development trends of products

##### 5.1.2.5.3.1 Supply of medicinal materials

Today's medical institutions and pharmacy channels, 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 medicines and sanitary materials are even more important for medical institutions. The key to the operation of the pharmacy. Medical institutions and pharmacy channels have begun to face up to the needs of logistics management, that is, they have begun to adopt system tools such as joint procurement and medical logistics to effectively reduce procurement costs and take into account the quality of supply. In order to achieve the goal, the following development conditions and key points must be met:

- A. Joint procurement platform with mass scale
- B. Fast, real-time, professional and safe medical logistics system and supply chain information system
- C. Know-how support from a professional medical team

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

##### 5.1.2.5.3.2. Entrusted operation and health management

###### A. Health check

With the advent of the era of global aging, both the government and individuals are paying more and more attention to health checkups, and the requirements for health checkups have also increased significantly. Health checkups have gradually transformed from simple medical checkups and inspections to so-called "Health Management" service. According to the estimates of the Bureau of Industry, Taiwan's health care industry has invested 350 NTDbillion in seven years since 2005. Taiwan's health care has been listed by the Executive as one of the four emerging industries in the 2015 economic development vision, and its

annual growth rate is estimated to reach 17%. The services of the health management center are no longer limited to health checkups, but also include post-checkup medical treatment and care, follow-up tracking, health care consultation, and disease risk assessment services. In addition, for the sub-health group, it also plays the role of assisting and teaching, gradually improving and preventing the occurrence of diseases from life, and also promotes preventive medicine with the core concept of "disease prevention". The purpose of the health examination is to obtain the health information of the subject, to detect latent or progressive diseases early, to correct and treat them in time, and to successfully achieve the effect of "early detection and early treatment". Today's health management market in Taiwan is very competitive. Various demands, such as combining physical and mental therapy, healthy food, sightseeing and leisure, and other diversified operating methods make medical care no longer just medical treatment, but also invest in many life-oriented factors, hoping to strive for more emphasis on health. ethnic group.

In order to make the health service more complete, genetic testing should be included in the whole person's health. Therefore, the company is the first stop for the medical industry and health protection. Its main services are "genetic testing" and preventive health food sales. On the premise that prevention is more important than treatment, it provides people with a variety of new health choices.

In January 2015, U.S. President Barack Obama declared that year to be the first year of "precision medicine," and the trend of genetic testing began to increase. The United States plans to collect the genetic data of one million people, and the United Kingdom has also announced an investment of 500 million U.S. dollars, hoping to Seventeen years ago, 100,000 people could complete the whole gene sequence (gene decoding). Illumina, the world's largest gene sequencing instrument manufacturer, estimated that the genetic testing market would reach US\$20 billion (approximately NT\$650 billion) as early as 2014.

What is genetic testing? In simple terms, it is a health check of human genes to see if the gene is mutated, whether the unborn baby has a genetic gene for a major rare disease, or whether the patient has a specific gene before cancer treatment, so as to determine the treatment plan.

In addition, countries in the United Kingdom and the United States are actively investing in gene sequencing, driven by national policies. By collecting personal samples and building human biological databases, they hope to find out the relationship between specific genes and diseases, making gene sequencing a stable and Huge market.

With the advancement of gene sequencing technology, in 2009, the cost of gene

sequencing was 100,000 US dollars, which dropped to 1,000 US dollars in 2014. The sharp reduction in input costs has made it possible to sequence a large number of genes. At present, the latest gene sequencing technology is called next-generation sequencing (NGS). According to the report of Grand View Research (Trend Research), an American business consulting company specializing in market research, the next-generation sequencing market has considerable development potential. 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 largest global genetic testing market is currently cancer testing, accounting for 50%, followed by scientific research services accounting for 25%, prenatal testing accounting for about 10% to 15%, and infectious diseases accounting for 5% to 1%.

Integrating the policies and development of the precision medicine industry in major countries, besides the patient gene database established with the support of the government, through cooperation with private companies, different databases are connected and the application of data is strengthened to accelerate industrial development. In the direction of industrial application, countries also conduct in-depth research and development for specific diseases or ethnic groups, concentrating resources on key development directions of the country. Although my country has established databases, it lacks practical industrial applications. In the future, databases should be operated from the perspective of industrial utilization to enhance the value of databases and accelerate the development of industries. In terms of industrial application, we can focus on Asian patients and launch new relevant medical guidelines in order to achieve a leading position in global precision medicine. Treatment or the development of detection equipment combined with Taiwan's optoelectronic strength can become a unique field of precision medical industry development in my country, and it can also bring new opportunities and development possibilities.

## B. Medical examination

Whether it is to obtain ISO quality certification or to formulate inspection management methods, the management of medical inspection centers has become the focus of the inspection industry in recent years. The main goal is to make medical inspection centers achieve standardized, standardized, and international quality management. In addition, the establishment of a complete LIS and HIS system is an important link to give full play to the advantages of inspection equipment automation. An optimized information management system can ensure the correctness of inspection information, avoid artificial data processing errors, and quickly return inspection results. For the selection and maintenance of testing

instruments and reagents, it is even more necessary to establish a set of strict specifications to ensure the accuracy of testing data. In the management of the inspection process, not only the medical inspectors have to work hard, but also the clinical medical staff and instrument manufacturers need to cooperate and support, so that all links can go smoothly. In recent years, in the face of health insurance difficulties, hospital operators have turned to single-supplier services for medical testing laboratories. In this way, hospitals can not only quickly acquire professional skills and resources, continuously improve quality, and enhance customer satisfaction, but also reduce operating costs. win-win. In addition, under the total payment, based on cost-effectiveness, and under the premise of not involving the law, if the medical business of a certain department of the hospital is entrusted to a professional organization to manage and manage, the partners shall be responsible for their own profits and losses, so as to ensure the best profit of the hospital and not be subject to business For hospital operators, it can greatly reduce the operating pressure. Therefore, at present, domestic medical examination business entrusts a single supplier to provide services. For example, the Taoyuan Hospital of the Ministry of Health and Welfare, the Affiliated Hospital of Fu Jen Catholic University, the five hospitals of the Central District Alliance headed by the Ministry of Taichung Hospital, and the seven hospitals of Tzu Chi Hospital in the whole province, are all successful cases.

#### 5.1.2.5.3.3.Equipment rental

With the increasing acceptance of asset leasing by domestic medical institutions, the operating scale of the leasing industry has also expanded, and the services provided have become more diversified. The demand for medical instruments and equipment in medical institutions is increasing year by year, and the medical leasing items provided by the leasing industry are becoming more and more extensive, and the related services are more comprehensive and perfect. In order to continuously improve the market competitiveness of medical equipment leasing and effectively meet customer needs, it has started and is committed to continuing to develop towards several key goals:

- A. Expand the scale of operation and expand new leasing areas, such as assisting grassroots clinics in equipment leasing and leasing business consulting, and providing equipment leasing and other professional service providers for medical equipment to provide more diversified and comprehensive leasing services, including project planning Painting service, professional operation, dispatch of professional technical personnel and assistance in management.
- B. The establishment of professional training venues will increase the quality of various

professional manpower, strengthen industry cooperation, and be able to 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 majors, and be able to implement project planning. Form an alliance with the professional technicians of the original factory or the industry to jointly develop the maintenance market.
- D. Cooperate with medical institutions and medical institutions to provide high-end and high unit price equipment to cooperate with specialized management. For example, since September 2015, we have cooperated with the Ophthalmology Department of Minsheng General Hospital to provide the latest generation of femtosecond cataract and laser correction series equipment, so that people in need can obtain faster, safer and more sophisticated medical equipment to treat eye diseases. Improve service standards and patient satisfaction. According to statistics, the total number of cataract surgeries from 2015 to 2022 reached 5,226, of which 829 were femtosecond laser cataract surgeries, accounting for 15.86% of the total number of surgeries, benefiting many folks seeking medical treatment.
- E. At present, the medical industry in mainland China has continued to develop rapidly since the 12th Five-Year Plan to expand the development of the medical industry and the promulgation of the new medical reform policy in 2010. The demand for medical systems, medical management personnel, and medical equipment continues to increase, and the required quality and scale are also increasing. Continuous improvement is a good time to promote medical leasing services. Especially after the outbreak of the new crown epidemic, the medical industry in mainland China is facing a new wave of adjustments. Those who are willing to participate in medical care in mainland China must make good use of their existing advantages and expertise to wait for opportunities to expand the mainland market. internationality. In 2021, we will successfully contact Southeast Asian countries to negotiate overall hospital equipment procurement services, and complete relevant quotations, and follow up after the epidemic.

#### 5.1.2.5.3.4. Dialysis business

- A. Due to the new effective drugs, sodium-glucose co-transporter-2 inhibitor (SGLT2 inhibition) and finerenone, etc., coupled with health education promotion and diabetes co-care system, the time for chronic kidney disease to enter dialysis has been delayed, and may even make dependent The dialysis growth trend predicted by the demographic map is more moderate.
- B. In addition, the government is promoting palliative care (without dialysis) for multiple



comorbidities such as dementia and extremely old age (>80 years old). It is not popular at present, and only sporadic family members choose this option, but there is a gradual increasing trend, and it is possible to reduce the number of dialysis patients.

- C. Application of new equipment and new management technology: In response to the rapid development of dialysis technology, in addition to general dialysis treatment, severe dialysis patients are provided with continuous dialysis, plasma exchange, artificial liver support therapy and other medical services, so that endangered patients can get the best renal support therapy available. It is also planned to use big data prediction and AI technology to allow medical staff in the service base to identify high-risk patients and risk factors through monitoring screens, and to promote dialysis treatment in the direction of "precision medicine", so as to provide more accurate and effective treatment for kidney friends. efficient treatment modality.
- D. In the part of teaching quality improvement, the 5G transmission system is used to provide remote teaching guidance with the VR system, VR virtual simulates the treatment of hemodialysis problems of patients, teaches dialysis-related skills and emergencies, and synchronizes teaching connections with other hospitals. The era can effectively break through the barriers of space and epidemics.

#### 5.1.2.5.4. Product competition situation

##### 5.1.2.5.4.1 Supply of medicinal materials

#### A. Competitors in the same industry

At present, there are not many peers in the market that conduct joint procurement of medicines. The main reason is that there are not enough medical institution customers as the basis for the scale of joint procurement.

#### B. Potential Entrants

Although large-scale medical institutions such as medical centers are large in scale, it is 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. The buyer

Especially for the procurement needs of small and medium-sized medical institutions and

pharmacies, hoping to reduce costs through a joint Procurement platform.

#### E. Substitute Goods

Generally, the distribution items provided by large-scale distribution logistics companies are limited, which cannot fully meet the needs of medical institutions and pharmacies.

#### 5.1.2.5.4.2. Entrusted operation and health management

##### A. Health check

##### a. Competitors in the industry

Although hospitals that operate their own health checkups have established their own health checkup 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 service. As for other hospitals that entrust the medical examination business to the medical examination contractor, most of them adopt the outsourcing cooperation model. The hospital itself only collects royalties, and does not control the content and quality of the medical examination. Therefore, we have developed bad habits such as price-cutting competition, cutting corners, and wandering around the edge of the law in outsourced medical examination teams. And when the hospital is disqualified from the medical examination, these medical examination contractors only need to start anew without any responsibility, which has a great impact on the low-price market.

##### b. Potential entrants

Small hospitals or clinics are limited by equipment, insufficient resources, laws and regulations, and qualification restrictions. They can provide fewer service items, and the competition threat to the company is quite low. As for large hospitals such as medical centers, etc., they are currently actively developing health checkup services, and with the brand advantage of medical centers, they can gain more recognition from the public.

##### c. Supplier

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

##### d. Buyer

The purchasers of the company's health examination services are divided into groups and individuals. The group part includes foreign workers and domestic workers. The foreign

labor agency is the channel for foreign workers, while the company provides two services for domestic workers, hospital visits and itinerant medical examinations. As for the part of individual buyers, the company provides customized health check-up services in response to customer needs.

e. Substitute Goods

The health examination service process provided by the company has a relatively low chance of being replaced by other products, but the inspection items may be replaced. For example, some high-level imaging examinations (MRI, 64-slice CT, PET-CT, etc.) may exclude general examinations. funding. However, the input cost of advanced imaging examination is relatively high, coupled with the restrictions of the introduction conditions, so that it cannot replace the current health examination service.

B. Medical examination

a. Competitors in the same industry

Mainly with third-party laboratories as competitors, each has unique expertise and develops independently. At present, some suppliers take advantage of their product agency resources and government-business relationship to quickly gain market share. This is a force that cannot be ignored.

b. Potential entrants

At present, 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

At present, there are many brands of test reagents available in the market, but there are still some differences in quality, service and price. The company has a number of supervisors with professional and operational management experience who can assist customers and suppliers to communicate and choose the best combination Instrument reagent matching.

d. Buyer

The direct buyers of clinical tests include physicians and subjects, and the indirect buyers include subjects through health check services. Therefore, it is necessary to continuously provide newly developed and effective test items and services to satisfy all buyers at different levels. demand.

#### e. Substitute Goods

At present, medical testing is developing toward two polarizations, which are small-scale and rapid point-of-care testing (POCT) services, and low-cost mass batch operations. The chances of testing services being replaced by other alternative products are low, but we must hurry up. The opportunity for change, in addition to simultaneously mastering (POCT) services and inspection batch operations, is to develop towards special, high-level inspection technologies (such as trace element detection technology, molecular inspection technology).

#### 5.1.2.5.4.3. Equipment rental

Large-scale leasing companies mostly develop with financial holding companies as the background, use capital lending as their operating method, and lease items such as factory equipment, aviation equipment, and general automobiles. However, there are not many professional operators whose main leasing items are medical instruments and equipment. Although Orix, Chailease Dihe, and Taiwan Life Insurance are relatively large in the market, the leasing items of these three operators are complex. It is not specialized in medical equipment leasing, and lacks professional medical equipment integration services. The specialized service department of the company integrates various medical equipment manufacturers and connects various medical institutions to form a procurement economic scale model and create bargaining advantages. And the company's financial operation is sound, and the relationship with the bank is good enough to provide various types or types of leases. 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 leased by customers can be used accurately and normally. In addition, the company can also provide special planning for medical needs of medical institutions, and has a professional service team from site design to operational practice to management advice.

#### 5.1.2.5.4.4. Dialysis business

- A. Potential competitors: At present, there are 23 dialysis medical institutions in Taoyuan City, and there are about 30 clinics. New dialysis centers are still being established, and the operation of liquid dialysis centers has a trend of chaining and communityization.
- B. Existing competitors in the industry: Competitors operating in the corporate mode, such as An Hsin, Excelsior Medical, Caixin, Mingqi and Xingchang, etc., and many

chain systems operated by doctors themselves, with highly similar operating and service models. Equipment or product providers will have greater advantages in cost control.

- C. Upstream: centralized procurement or upstream and downstream integration of the industrial chain is expected to reduce costs.
- D. Downstream: Kidney dialysis is necessary to maintain life. Patients are highly attached to the dialysis center and have emotional dependence, so it is not easy to replace; and services with added value are conducive to absorbing patient treatment.
- E. Alternative services: providing peritoneal dialysis services or kidney transplantation is another option for qualified kidney friends.

#### 5.1.3.Overview of Technology and R&D

The company belongs to the medical logistics service industry, and its main focus is on the expansion of business and channels. It is not a research and development plan-oriented company, so there is no future research and development plan.

#### 5.1.4.Long-term and short-term business development plans

##### 5.1.4.1Short-term plan:

5.1.4.1.1Strategic alliances with medical institutions with large-scale procurement have promoted the pharmaceutical joint procurement structure to a larger scale, and also expanded the scope of pharmaceutical supply services to supply customers with more item needs.

5.1.4.1.2.Cooperate with clinic pharmacies and medical information providers to build a pharmaceutical procurement e-commerce platform, and further obtain procurement authorization based on the platform's pharmaceutical supply.

5.1.4.1.3.Actively develop the health clinic market in the greater Taipei area.

5.1.4.1.4.Combined with external resources, establish a physical examination base in the Hsinchu area.

5.1.4.1.5Actively strive for the outsourcing business of the Central Hospital's health examination, and expand the scope of Share hope health management services to the greater Taichung market.

5.1.4.1.6.Actively develop the medical manpower dispatch market in northern Taiwan, and

develop diversified health promotion activities.

5.1.4.1.7.Planning and building a space for physical examination at the hospital to serve corporate employees who need medical examination services at the hospital.

5.1.4.1.8.Development of management consulting and single-supplier services for medical laboratories.

5.1.4.1.9.Integrate original factories of inspection instruments, reagents, and consumables to supply customers with competitive high-quality inspection products.

5.1.4.1.10Integrate community medical resources and expand the medical equipment rental service areas in Tao, Zhu and Miao areas.

5.1.4.1.11Education and training project labor entrustment service business and other support services.

5.1.4.1.12.Deepen the intensity of hospital management and suggest key directions for operation.

5.1.4.1.13.Assist in the development of the system's hemodialysis and peritoneal dialysis businesses.

5.1.4.2.Long-term plan:

5.1.4.2.1Develop clinical trials in the field of biotechnology.

5.1.4.2.2Actively develop southern Taiwan health examination and inspection management consulting and entrusted operation services.

5.1.4.2.3.Develop precise medical genetic testing and provide customers with personalized and precise health examination services.

5.1.4.2.4.Widely recruit pharmaceutical joint procurement customers to create a stronger joint procurement platform and provide customers with new value in pharmaceutical supply.

5.1.4.2.5.Operate self-owned brand medicines, health materials, health care products, and cosmeceuticals to develop market niches.

5.1.4.2.6.Expand equipment leasing and joint procurement items, build an information-based second-hand instrument platform, and develop specialized business operations.

5.1.4.2.7.Go west to the mainland and introduce Taiwan's medical management practice experience into the mainland market.

5.1.4.2.8.Improve the image of the system's health undertakings.

5.1.4.2.9.Each service base should have a centralized procurement or upstream and downstream integration mechanism of the industrial chain to reduce costs. Electronic dialysis records Hemodialysis risk assessment and warning, application of big data of dialysis information.

## 5.2. Market and Production and Sales Overview

### 5.2.1.Market Analysis

#### 5.2.1.1.Sales (supply) regions of the company's main products (services)

Unit: NT\$ thousand

Project \ Year	2021		2022	
	Amount	%	Amount	%
Domestic sales	3,775,814	98.07	4,087,743	98.81
Export	74,231	1.93	49,389	1.19
Total	3,850,027	100.00	4,137,132	100.00

#### 5.2.1.2Market share

5.2.1.2.1The current main service areas of the Pharmaceutical Distribution Department are the Greater Taoyuan area, Zhu, Miao, and Greater Taipei areas. The customer groups are mainly regional hospitals, regional hospitals, primary medical clinics, and pharmacies. The total annual turnover is about NT\$1.46 billion. According to the statistics of my country's biotechnology industry operating status table, the total amount of drugs and medical materials in 2021 will be NT\$328 billion, accounting for 0.45% of the total Taiwan market.

5.2.1.2.2.The total turnover of Taiwan's health checkup market is estimated to be NT\$4.6 billion, and the total turnover of medical health checkup management or entrusted operation services provided by the company is about NT\$620 million, accounting for about NT\$620 million in the entire Taiwan health checkup market. 13.5%.

5.2.1.2.3.Although Taiwan's medical institutions are gradually changing to leasing for the preparation of medical equipment, there are still not a few medical institutions that purchase directly or obtain financing from banks. At present, the medical equipment leasing market is concentrated in the four major leasing companies: ORIX, Chailease Dihe, Chengye and Taiwan Life Insurance. In 2014, the company has successfully expanded the dialysis equipment project leasing cooperation model. In 2015, the number of expanded beds reached 17% of the original

scale. In 2017, the number of expanded beds reached 25% of the original scale. In 2019, it is expected to expand by 24% on the original basis, Continue to increase the supply of equipment and sanitary consumables. In March 2021, we will expand the bed by 3% to provide more equipment rental and support management services.

5.2.1.2.4. According to the 2016 statistics from the Statistics Office of the Ministry of Health and Welfare in various counties and cities due to nephritis, nephropathy syndrome, nephropathy, and the number of people living in emergency departments, Taoyuan City, the number of people living in emergency departments was 50,459, the mid-year population was 2,124,339, and the average visiting rate was 23.75 (1,000 percent) ranks 14th among counties and cities in Taiwan, and the medical expenses for renal failure in health insurance rank first among all diseases every year, and the growth trend of the number of patients and medical expenses has not changed over the years, and according to According to the 2017 Renal Disease Annual Report, the current prevalence rate of end-stage renal disease in Taiwan is 3317 per million population, and the incidence rate is 311.

#### 5.2.1.3. The future supply and demand situation and growth of the market

##### 5.2.1.3.1 Supply of medicinal materials

The main source of customers for the joint procurement service of medicines are small and medium-sized medical institutions and pharmacies. Under the current health care environment, the entire pharmaceutical supply industry must undergo structural changes. Through the framework of joint procurement, not only can the quality of supply be ensured stably, enabling 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 a complete supply of items and satisfy warehouse management services like our company. At present, there are very few pharmaceutical companies in the market that can satisfy medical institutions with single-point purchases of full-item supplies. With the advantages of joint procurement, the company is actively rushing to attack with medical expertise, procurement advantages and diversified new services. Market share enables customers to establish loyalty and dependence on the products and services provided by the company early. Even if more competitors enter the market in the future, it will be difficult to cut into this complete service network. The value of the medical joint procurement service lies in the establishment of product and service channels, which will help the company to develop new products and various services in the future.



#### 5.2.1.3.2.Health management

With the improvement of knowledge level and the development of medical information, "health management" has become the mainstream. The number of Chinese people who pay attention to health checkups is increasing rapidly. Taiwan's health checkup market continues to grow every year. At present, there are about 20 billion huge business opportunities a year. Various types of medical institutions and health checkup centers have also spotted this market and began to launch various products. health screening services. Recently, a chain of health examination centers has expanded its business to the mainland, which not only drives the attention of the other side to health management, but also successfully grabs the market and creates good results. But on the whole, in the future, more huge business opportunities for health checkups will definitely emerge one after another. This phenomenon has also attracted the attention of many technology industries or consortiums, who have reinvested in the health examination business, showing their strong ambitions to attack the health management and care market.

#### 5.2.1.3.3.Equipment rental

With the aging of the population, human beings are more dependent on medical needs, and medical institutions will continue to increase their demand for equipment, especially the development of AI artificial intelligence, which will increase the interaction and dependence of doctors and patients on medical equipment, and equipment rental Whether it is tax management, financial planning or avoiding obsolescence of equipment, accelerating the replacement of equipment and maintaining professional advantages are all expected benefits. In recent years, more and more hospitals and even clinics or home care institutions have chosen to cooperate with medical equipment leasing companies to replace direct procurement or bank financing, increasing the utilization rate and circulation rate of medical equipment, and making the medical equipment leasing market have great potential for development. With the expansion of the company's logistics channels, more leasing opportunities can also be created. In mainland China, from the 12th Five-Year Plan to the 14th Five-Year Plan period, the health care industry has changed from centering on disease treatment to people's health. It is also focusing on a new round of technological change and cross-border integration. Big data and artificial intelligence are deeply integrated into all aspects of the development of the pharmaceutical industry. These are all development priorities that need to be continuously observed. The company has also invested in two hospitals in mainland China, BenQ Medical Center. The current revenue of the two hospitals has shown stable growth, and continues to create more cooperation benefits. The hospital equipment procurement cooperation in

Southeast Asian countries also began to contact quotations in 2021. Although the two parties have yet to confirm due to the epidemic, they have successfully stepped out and are worth looking forward to.

#### 5.2.1.3.4.Dialysis industry

- According to Taiwan Kidney Disease Annual Report, the "age-standardized" incidence rate has remained stable since 2011 (307-318/million population). 331/million population, 523/million population in 2018; estimated based on the prevalence rate per million population, there is still room for growth.
- The Ministry of the Interior released the latest population statistics. For the first time in the six capitals, Taipei City, New Taipei City, and Taichung City, the number of births was less than the number of deaths. Only Taoyuan City maintained a positive population growth. Since Taoyuan City was upgraded, the number of net population immigration has been the highest in the six cities for six consecutive years, and it is the municipality with the strongest population attraction; it will take several years to absorb the effect of new clinics, and there will be another wave of challenges.
- Dialysis of information big data requires the use of various technologies and tools, such as data mining, machine learning, artificial intelligence, natural language processing, database technology, etc., to transform massive amounts of information into meaningful knowledge and value.

#### 5.2.1.4.Competitive Niche

"Providing innovative medical integration services" is the operation model of Share hope. It is the first medical logistics service integration platform. With rich medical experience and medical professional ability, it introduces flexible enterprise management, effectively integrates existing channels, and actively develops potential markets. , in order to create the best profit 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 to provide optimal cost management to meet clients' needs for medicines, hygiene materials, and equipment. Item demand and quality management are expected to take the lead in becoming the leading brand in the national pharmaceutical service channel.

In terms of the supply of medicinal materials, based on the existing medical institutions and chain pharmacies and other customers as the basis for joint procurement, expand pharmaceutical chain channels outward, with excellent supply chain management,

procurement cost advantages, and appropriate market integration Mechanism, forming sufficient conditions for the integration of joint mining, creating a new model of profit sharing, and establishing its own brand products to further increase the company's profits. In addition, due to the first-mover advantage of the joint procurement platform, once the joint procurement cooperation model with customers is first established, customers must bear considerable switching costs in the future when they switch to other competitors. Therefore, a sound joint procurement platform also has the advantages of strengthening customer loyalty and dependence.

In terms of health examination and medical examination management consulting and single-supplier services, with rich experience, developed mature medical examination technology and professional management methods, successfully counseled the executive units of medical institutions, expanded business and improved service quality , In addition to winning a number of quality certifications, it has also won the recognition and trust of customers. In terms of medical and nursing manpower support, the medical and nursing manpower of the medical system is used as a strong backup, with equal emphasis on quality. Not only does it have a rich and complete talent pool, but it also continuously improves the quality of talents through professional training, providing clients with the best quality medical professional dispatch cum management services.

In terms of equipment leasing, professional medical management, medical equipment background and medical engineering expertise are the best resources and advantages for purchasing medical equipment. In addition, it integrates instruments and equipment to achieve the best utilization rate, avoids waste of medical equipment procurement, and can provide added value for follow-up maintenance services, which has become a favorable condition for expanding joint procurement channels. Then use professional services to integrate medical equipment leasing and professional manpower dispatch, and then carry out specialized management; not only manage the logistics services of medical institutions well, but also participate in assisting the operation of medical institutions and increase the company's revenue.

In terms of hospital management, the medical management, medical, and nursing manpower of the medical system are used as a strong backing, with equal emphasis on quality. Not only does it have a rich and complete talent pool, but it also continuously improves the quality of talents through professional training, providing clients with the best quality Medical professional dispatch and management services.

In terms of dialysis business, combining the strong advantages of the system in

pharmaceutical distribution, equipment leasing, information technology and hospital access, the business of the three dialysis centers of Jingguo, Sanmin and Dayuan is integrated on the hospital side with a specialist management model, and combined with excellent nephrology specialists Physicians and senior dialysis nurses provide local medical services for Taoyuan residents.

#### 5.2.1.5.Favorable and unfavorable factors and countermeasures for development prospects

##### 5.2.1.5.1.Favorable factors for development prospects:

A. The current health insurance policy makes medical institutions face the pressure of total health insurance payment and downward adjustment of drug prices, and cost control has become the top priority. The establishment of an integrated joint procurement mechanism can effectively reduce the procurement costs of medical drugs, consumables and equipment, which is in line with market demand. In addition, the single-point purchase business philosophy provides fast and convenient medical integration services for medical institutions, which will bring more stable and huge business income to the company.

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

C. Located in the center of northern Taiwan, the headquarters of the top 100 enterprises gather in the north, Taipei City, and the Hsinchu Science Park, the hinterland of OTC-listed technology factories in the south, is ideal for the development of domestic health examination, inspection and medical manpower dispatch business. geographic location. Internationally, our company is located at the gate of the country and is close to Taoyuan International Airport. In the future, regardless of the three links between the two sides of the Taiwan Strait or the international route, it will have a very advantageous geographical advantage.

##### D. Core favorable factors of dialysis business:

a. The government actively supports the medical industry: Kidney dialysis patients are continuously subsidized by the national health insurance. As long as the dialysis medical industry can continue to provide treatment and care for kidney dialysis patients, they can guarantee a stable operating income.

b. Steady growth in national healthcare spending.

c. Medical needs driven by the coming of the aging era. Population aging and market competition factors (such as physician density, number of dialysis beds) have significantly increased Taiwan's dialysis medical costs and frequency.

d. The population with a high incidence of end-stage renal disease will reach its peak within five to six years, and the average survival rate is about seven years. The peak of the dialysis population is predicted to be 12 to 13 years later, and then maintain a stable number for about 15 years and then decline.

#### 5.2.1.5.2. 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, and the original contract customers will also ask the company to adjust the price after the price adjustment of health insurance drugs to reduce the loss of the hospital, which will affect the company's profit.

##### Countermeasures:

When the price of health care medicine is adjusted, we will immediately re-negotiate the supply price with the supplier for the items subject to the price adjustment, so as to reduce the impact of the price adjustment. In addition, the impact of the adjustment of health insurance drug prices is shared by the hospital and the supplier, and because the bargaining power of the hospital is usually weaker than the company, especially the small and medium-sized hospitals with a small market size, the hospital lacks effective bargaining power and will seek joint procurement from the outside world. Therefore, when the price of health insurance drugs is adjusted, the company will propose the custody service of the pharmacy department of the medical institution to expand the bidding power.

B. There are many brands of agents and dealers, and the price reduction competition is fierce

Taiwan's biotechnology industry is developed, and there are many foreign agents and distributors, and the pharmaceutical market is mature, leading to a vicious circle 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 prices. Through upward integration to obtain sufficient supply of goods at reasonable prices. Provide customers with good inventory and warehouse management and

zero inventory as the goal, assist customers to minimize the inventory of medicines and sanitary materials, and enhance competitiveness.

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

In terms of medicine, on the demand side, in addition to the pressure of falling client prices, the input of potential competitors 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. With the development of the company's joint procurement platform, manufacturers may have lower profits, so some manufacturers cannot agree to the company's bargaining conditions.

In terms of medical examination, due to the factor of the total amount of health insurance control, hospitals of all sizes participate in the competition of self-funded medical examination, and the competitive business environment is more severe. In addition, the revision of laws and regulations on medical examinations for enterprises leaving and foreign workers in Taiwan has slowed down the growth rate of medical examinations for enterprises and foreign workers.

In terms of medical equipment leasing, we are faced with the pressure from customers to lower the lease interest requirements, or the leased equipment expires, or the equipment that does not renew the lease is hoarded, resulting in an increase in costs.

Countermeasures:

In terms of medicine, a regional integration mechanism has been established to achieve the economic scale of joint procurement, so that the company can maintain a favorable negotiation position both on the supply side and the demand side, so as to strive for higher profits.

In terms of health checkups, join forces, strategic alliances, or externally strive to merge health checkup teams (companies) to expand customer sources and expand market share, adopt volume-based pricing methods, respond to changes in government health checkup regulations, and at the same time assist large companies to cooperate Set up a medical office, recruit sufficient professional nursing manpower, establish an employee share subscription and training system, and establish a health check management talent pool to further consolidate the territory of the company's health check.

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

customer operating costs, but also provides professional evaluation. And continue to plan and construct medical equipment e-commerce platform evaluation, lease and sell second-hand equipment, improve circulation rate, and reduce inventory backlog. In addition, through mergers and acquisitions of dealers or agents, exclusive rights and technologies such as original equipment sales and maintenance have been obtained to expand market share.

#### D. Potential competitors enter the market

After listing, the company's business model tends to be transparent, which is likely to 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 the first mover, strengthen the connection and service with the client, and become an important partner of the hospital, so as to form entry barriers for competitors, increase entry barriers for competitors and customer switching costs.

#### E. Unfavorable factors and countermeasures for dialysis business

a. High degree of dependence on suppliers: Entering into different medical fields, integrating from midstream to upstream and downstream, in order to accelerate the transformation into a diversified operation scale.

b. The original manufacturer intervenes in dialysis medical services: expand new product lines and new markets.

c. The growth of national health insurance certificates for major injury and illness is slowing down. According to the data, the number will be 89,588 in 2021 and 89,565 in 2022, with a growth rate of 0.08% slowing down. In addition, the population of Taoyuan City has increased by more than 116,000 in the past five years, with a growth rate of 5.4%, ranking first among the four most experienced cities. The increase in new patients has slowed down. Only by reducing the loss of routine patients and reducing the increase in Dropout Rate can we maintain stable growth trend.

d. Nursing manpower shortage: It can be solved by increasing the salaries of medical personnel, assisting in obtaining hemodialysis training qualifications, strengthening clinical training, and providing a good working environment.

e. Fierce competition in surrounding clinics: It can improve the experience of dialysis patients (software and hardware construction), new dialysis models and services, and enhance market

competitiveness. In terms of operation and management, reduce costs, strengthen risk management, etc., improve operational efficiency, and provide patients with better medical services.

#### 5.2.2.Important uses and production processes of main products

Main products	Important uses
Medicinal supplies supply	Joint procurement of pharmaceutical products, warehousing and logistics management, professional consulting services, agency and distribution of health products
Consignment of health management	Management consulting and commissioned operation of medical laboratory and medical health examination, workplace health management and planning.
Equipment leasing	Medical equipment leasing, joint procurement of medical equipment and equipment, medical professional services, specialty business cooperation services
Dialysis business	Routine dialysis, peritoneal dialysis, HDF Severe dialysis CRRT (Continuous Renal Function Replacement Therapy) ECMO + CVVH (extra-corporeal membrane oxygenation + continuous blood purification therapy) Artificial liver (ALSS) therapy Sepsis treatment Lipid filtration (double filtration - DFPP) Plasma adsorption filtration (CPFA)

\*The company is not a manufacturing company, so there are no production-related issues.

#### 5.2.3.The supply status of major raw materials

Main raw materials	Major Suppliers	Availability
Medicine	Zuellig Pharma Inc., DKSH Taiwan Ltd., Arich Enterprise Co.,Ltd., Yungshina Pharem Ind.Co.,Ltd, Bestchin Healthtaiwan Co., Ltd., Foresight Vision Technology Inc., Taiwan Biotech Co.,Ltd., TTY Biopharm Co., Ltd., Orient Europharma Co.,Ltd., Jordan Biothch Co., Ltd.	good



5.2.4. An explanation of the major changes in the gross profit margin of major products or departments in the past two years

Unit: %

Year	2021 Gross margin	2022 Gross margin	Increase or decrease changes
Main products			
Supply of medicines, medical materials and technical materials	14.85	14.02	-5.59%
Health and medical management	48.33	53.13	9.93%
Equipment rental services	31.34	34.23	9.22%
Description of significant changes	Health and medical management: mainly due to the impact of the Covid19 epidemic, the test PCR business has increased significantly, and the gross profit margin has increased.		

5.2.5. List of major purchase and sale customers

5.2.5.1. The name of the supplier, purchase amount, ratio and reason for the change that accounted for more than 10% of the total purchase amount in any of the last two years:

Unit: NT\$ thousand

	2021				2022				2023 Fiscal ended the previous quarter			
Project	Name	Amount	Ratio to net purchase for the whole year [%].	Relationship with the Issuer	Name	Amount	Ratio to net purchase for the whole year [%].	Relationship with the Issuer	Name	Amount	Ratio of net purchases for the year ending the previous quarter [%]	Relationship with the Issuer
1	Zuellig	664,328	27.39	-	Zuellig	637,961	25.96	NA	Zuellig	158,013	25.77	-
2	Other	1,760,903	72.61		Other	1,819,986	74.04		Other	455,161	74.23	
	Net purchases	2,425,231	100.00		Net purchases	2,457,947	100.00		Net purchases	613,174	100.00	

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

5.2.5.2. Names, sales amounts, ratios and reasons for changes of customers who accounted for more than 10% of total sales in any of the most recent two years:

Unit: NT\$ thousand

	2021				2022				2023 Fiscal Year ended the previous quarter			
Project	Name	Amount	Ratio to net sales for the whole year [%].	Relationship with the Issuer	Name	Amount	Ratio to net sales for the whole year [%].	Relationship with the Issuer	Name	Amount	Ratio of net sales to the previous quarter of the current year	Relationship with the Issuer

1	Minsheng General Hospital	1,518,422	39.44	It is headed by the same person as the chairman of the parent company	Minsheng General Hospital	1,832,209	44.29	It is headed by the same person as the chairman of the parent company	Minsheng General Hospital	374,502	41.79	It is responsible for the Chairman of the Board of Directors
2	Other	2,331,605	60.56		Other	2,304,923	55.71		Other	521,756	58.21	
	Net sales	3,850,027	100.00		Net sales	4,137,132	100.00		Net sales	896,258	100.00	

Reasons for increase or decrease: In 2022, mainly due to the impact of the Covid19 epidemic, the testing PCR business will increase significantly.

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

5.2.7. Sales volume table and analysis of its changes in the last two years

Production capacity unit: unit Output value unit: NT\$ thousand

Main Commodities (or Sectors)	Year		2021				2022			
	sales value		Domestic sales		Export sales		Domestic sales		Export sales	
	measure	value	measure	value	measure	value	measure	value	measure	value
Supply of medicines, medical materials and technical materials	0	2,918,484	0	72,685	0	2,985,140	0	47,328		
Health and medical management	0	708,076	0	1,528	0	978,913	0	2,061		
Equipment rental services	0	149,254	0	0	0	123,690	0	0		
Total	0	3,775,814	0	74,213	0	4,087,743	0	49,389		

Change analysis: The main business of the company and its subsidiaries is the supply of medicines and medical materials for various medical institutions, health management services, medical equipment leasing, and filter material non-woven fabrics, etc. Except for the production and manufacture of filter material non-woven fabrics, the rest of the business is consistent with the general manufacturing industry. The business of mass production of similar and homogeneous products is completely different, and the quantity and items are too numerous to be measured, so the analysis of sales volume value is not applicable. In 2022, health and medical management services will be mainly affected by the epidemic, and the test PCR business will grow significantly.

## 5.3. Employee Information

5.3.1. Information on employees employed in the past two years and up to the publication date of the annual report

Year		2021	2022	As of the current year 3/31/2023
Employee Number	Number of employees at the beginning of the period	134	142	145

	Number of separations in the current period	30	28	8
	Number of new entrants	38	31	10
	Total	142	145	147
Average age		41.92	42.63	42.79
Average length of service		4.88	5.45	5.56
Learn calendar divide cloth compare rate	Doctoral degree	3	3	3
	Masters	20	22	22
	Junior college	111	112	114
	High School	6	6	6
	High school onwards	2	2	2

### 5.3.2.Employee obtaining license materials

Job title	Employee code	The name of the license	Licensing authority	Date of acquisition
Deputy General Manager	A002408	1. Trust business personnel 2. Securities dealer business personnel 3. Futures dealer salesman 4. Property insurance clerk 5. Financial planners 6. Bank internal controls 7. Life insurance salesman 8. Ticket Clerk 9. Financial knowledge and ethics	1. ROC Trust Business Association 2. Securities and Futures Commission 3. Securities and Futures Commission 4. Property Insurance Business Association 5. Institute of Financial Studies 6. Institute of Financial Studies 7. Republic of China Life Insurance Business Association 8. Brokerage Association 9. Securities and Futures Market Development Foundation	1.2001/12/24 2.1997/12/20 3.1997/10 4.2002/08 5.2002/12/16 6.2002/04/01 7.2001/07 8.2002/12/26 9.2010/03/19
Vice president manger	A000764	1. International Internal Auditor 2. International internal control self-assessor 3. Senior medical manager 4. Business evaluator	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	1.2006/11 2.2006/11 3.2006/05 4.2013/06
Associate Manager	A003976	1. CIA International Auditor License 2. Internal Auditor Certificate	1. IIA American Institute of Auditors 2. Internal Audit Association of the Republic of China	1.2006/05 2.2007/05/22

Manger	A000362	1. Grade A Labor Safety Technician Certificate 2. Class B safety and health technician license	1. Labor Committee of the Executive 2. The Labor Committee of the Executive	1. 2004/07/18 2. 1997/12/21
Manger	A000851	1. Class B waste disposal technician 2. High-pressure gas specific equipment operators 3. The first type of pressure vessel operator 4. Hypoxia operation supervisor. 5. Fire manager	1. Environmental Protection Staff Training Centre for EPD 2. Taiwan Association of Industry and Commerce Safety and Health 3. Taiwan Industrial and Mining Safety and Health Technicians Association 4. Taiwan Association of Industry and Commerce, Safety and Health 5. Fire Education Academic Research Foundation	1. 2003/03/11 2. 2001/06/15 3. 2001/01/18 4. 2002/03/29 5. 2009/07/09
Manger	P000018	1. ISO 15189 Medical Laboratory Review Certificate of qualification for staff training	1. National Certification Foundation	1. 2011/06/15
Leader	P000249	1. ISO 15189 Medical Laboratory Supervisor Training training certificate	1. National Certification Foundation	1. 2012/03/23
Leader	P001452	1. ISO 15189 Medical Laboratory Supervisor Training training certificate	1. National Certification Foundation	1. 2016/12/18
Leader	P001678	1. ISO 15189 Medical Laboratory Supervisor Certificate of qualification for staff training	1. National Certification Foundation	1. 2016/12/18
Commissioner	P000763	1. ISO 15189 Medical Laboratory Supervisor Certificate of qualification for staff training	1. National Certification Foundation	1. 2010/07/19
Commissioner	P001405	1. ISO 15189 Medical Laboratory Supervisor Certificate of qualification for staff training	1. National Certification Foundation	1. 2016/12/18

### 5.3.3. Staff rules and rewards and punishments

#### 5.3.3.1. Staff service rules

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

government regulations.

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

5.3.3.1.1. Employees should abide by government laws and regulations of the company, obey the reasonable supervision of the supervisor, pay attention to work safety, cherish the honor of the company, exert team spirit, and strive to perform tasks.

5.3.3.1.2. Employees should speak and act appropriately, be loyal and responsible, and conduct themselves with integrity. It is not allowed to take advantage of one's position to engage in malpractice for personal gain, accept gifts, or benefit others or oneself. The principle of good faith should be strictly followed in handling official affairs, and no behavior that damages the company's rights and interests is allowed.

5.3.3.1.3. Employees are not allowed to disclose information about the company's business, technology, salary and customer information, and are not allowed to use the name of the company to engage in any external affairs without approval.

5.3.3.1.4. The money, assets, documents, etc. of the management company or affiliated enterprises handled by employees should be clearly registered and the procedures are complete. If there is any loss, the company may claim compensation according to law.

#### 5.3.3.2. Employee rewards and punishments

In order to standardize employee rewards and punishments, establish fair and reasonable rewards and punishment standards to motivate employees, and strengthen group discipline, the company has formulated the "Employee Rewards and Punishments Measures." For example, the proposal, review, verification and related operations of reward and punishment cases are included. Reward and punishment cases are submitted step by step by the supervisor to the general manager for approval, and then transferred to the personnel unit for follow-up operations.

##### 5.3.3.2.1. The company rewards are divided into three levels:

Commendation: A bonus of NTD 500 will be issued, and a reward and punishment order will be issued.

Small Gong: A bonus of NTD 1,500 will be awarded, and a reward and punishment order will be issued.

Great Contribution: A bonus of NTD 3,000 will be issued, and a reward and punishment order will be issued.

##### 5.3.3.2.2. The company's punishment is divided into four levels:

Remonstrance: A fine of NTD 500 and a reward and punishment order will be issued. Minor

demerits: a fine of NTD 1,500 and a reward and punishment order will be issued.

Major demerits: a fine of NTD 3,000 and a reward and punishment order will be issued.

Dismissal: Dismiss the employee's job and remove him from his position.

## **5.4. Environmental protection expenditure information**

5.4.1. In the most recent year and up to the date of publication of the annual report, the total amount of losses (including compensation) and disposals suffered by the company due to environmental pollution, and disclosure of its future countermeasures and possible expenditures: None.

5.4.2. Future countermeasures and possible expenditures: This situation has not yet occurred.

5.4.3. Protection measures for the working environment and personal safety of employees:

In order to improve the health quality of employees and maintain work safety, the company follows the relevant provisions of the "Occupational Safety and Health Law" and "Labor Health Protection Rules", which is superior to regulations and conducts regular employee physical examinations every year. In addition, in order to maintain the workplace safety of employees, prevent and control sexual harassment in the workplace, and maintain gender equality in work and personal dignity, the company formulates sexual harassment prevention and control measures, complaints and disciplinary measures in accordance with gender equality in work regulations. In addition to the above, the company purchases labor health insurance and handles group insurance for employees in accordance with labor-related laws and regulations to ensure the safety of colleagues in the workplace and protect the rights and interests of employees.

5.4.3.1. Workplace safety:

5.4.3.1.1. Execution of sexual harassment prevention and control: the company has an appeal committee and relevant measures to investigate and punish.

5.4.3.1.2. Provide necessary health and first aid facilities, and strive to reduce hazards to employee safety and health, and prevent occupational accidents.

5.4.3.1.3. Drinking water equipment that meets drinking water standards is installed in the workplace, and testing, cleaning and maintenance are carried out quarterly.

5.4.3.1.4. The Environmental Sanitation and Cleanliness Management Committee of the workplace has a professional cleaning company that cleans and disinfects at least quarterly to truly maintain the hygienic quality of the working environment.

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

5.4.3.1.6.Implement a comprehensive smoking ban in accordance with the provisions of the Tobacco Hazard Control Law.

5.4.3.1.7.The Workplace Safety Committee has a professional security company conduct daily fixed-point patrols and install cameras to ensure the Personal safety of employees.

5.4.3.1.8.In order to ensure the safety of employees, in addition to legally insured labor and health insurance, insurance items such as business trip safety insurance are also provided.

5.4.3.1.9.According to the "Labor Health Protection Rules", special medical personnel are assigned to handle labor health protection matters such as labor health management, occupational disease prevention and health promotion, and occupational safety nurses are arranged to provide on-site services twice a month.

5.4.3.2.Fire safety:

5.4.3.2.1.Set up a complete fire protection system in accordance with laws and regulations, including alarm system, fire protection system, escape system, etc.

5.4.3.2.2.The fire-fighting equipment of the building where the company is located entrusts a qualified professional testing consultant company to conduct monthly system unit function testing.

5.4.3.2.3.At least once a year publicity activities and professional courses, so that colleagues can understand escape routes and skilled use of facilities, etc.

5.4.3.3.Health management:

5.4.3.3.1 Employee health checks are arranged every year to ensure that employees are in good health.

5.4.3.3.2.The company prepares medical first aid kits and medicines.

5.4.3.3.3.The company cooperates with the hospital every year to provide employees with flu vaccines.

5.4.3.3.4.Cooperate with hospitals to encourage employees to participate in health lectures and first-aid training held by hospitals, and establish the concept of health preservation from weekdays to prevent problems before they happen.

## **5.5. Labor relations**

5.5.1.The company's various employee welfare measures, advanced training, retirement

system and implementation status, as well as labor agreement and employee rights protection measures.

#### 5.5.1.1.Employee welfare measures:

5.5.1.1.1.In accordance with the Labor Insurance Act and the National Health Insurance Act, apply for labor and health insurance for colleagues, and allocate labor pensions according to law.

5.5.1.1.2.Establish an employee welfare committee to provide subsidies including marriage, childbirth, funeral subsidies, scholarships, hospitalization condolences, birthday gifts, employee travel, year-end prosperous annual meetings, celebrations, three festival gifts, clubs, books, newspapers and magazines, etc.

5.5.1.1.3.After the employee salary is calculated by the personnel unit and signed by the responsible supervisor, it will be transferred to the employee's account on the monthly payday via bank transfer.

5.5.1.1.4.Performance bonus: The calculation method of performance bonus shall be reported by the business unit and implemented after approval.

5.5.1.1.5.Year-end bonus: The year-end bonus is allocated according to the company's annual operating conditions.

#### 5.5.1.2.Further study and training measures:

##### 5.5.1.2.1.Education and training for new recruits:

On the day of new employee registration, the personnel department is responsible for explaining the personnel regulations and company profile, and each department is responsible for introducing the supervisor and colleagues, working environment, work process, and job description.

##### 5.5.1.2.2.On-the-job employee education and training:

In order to implement lifelong learning, promote the growth of colleagues' professional knowledge, skills and humanistic qualities, improve service quality and performance, and drive the overall development of the company, the "Employee Continuing Education and Training Measures" are formulated. Continuing education and training are divided into "on-the-job education" and "continuing education". "On-the-job education" includes on-the-job training within the company, professional courses, special lectures, etc. Continuing education" includes individual training or participation in external seminars, societies, annual meetings, courses, etc.



### 2022 Employee Education And Training Statistics

Department	Job Title	Name	Class Date	Hours	Course Title	Course Sponsor
HR room	High Commissioner	Hsiao-Ping Li	2022 0321	3	2022 Labor Insurance and Labor Occupational Accident Insurance Related Regulations Briefing Meeting	Labor Bureau of Taoyuan Municipal Government
General Manager's Office	Deputy General Manager	Lan-Ying Fu	2022 0519	6	From the case to the new positioning of internal audit: the intersection of ethics and law	Internal Audit Association of the Republic of China
General Manager's Office	Deputy General Manager	Lan-Ying Fu	2022 0602	6	The competent authority requires the establishment of "statutory supervisors and personnel" for compliance audits	Republic of China Securities and Futures Market Development Foundation
General Manager's Office	Deputy General Manager	Lan-Ying Fu	2022 0609	6	In the face of climate change and sustainable development, the impact on corporate internal control and countermeasures are explored from the perspective of ESG risks	Internal Audit Association of the Republic of China
Audit room	Assistant Manager	Pei-Yu Yeh	2022 0913	6	Policy analysis and key discussion on internal audit and internal control practice for enterprises to enhance their ability to prepare financial reports on their own	Republic of China Securities and Futures Market Development Foundation
Accounting Office	Senior Manager	Ya-Mei Huang	2022 0915 ~ 2022 0916	12	Republic of China Securities and Futures Market Development Foundation	Foundation for the Development of Accounting Research
General Manager's Office	Deputy General Manager	Lan-Ying Fu	2022 0923	6	How to adjust the internal control system to meet the new ESG norms	Internal Audit Association of the Republic of China
Accounting Office	Assistant Manager	Yu-Jung Teng	2022 0922 ~ 2022 0923	12	Continuing refresher course for accounting executives of issuers' securities exchanges	Foundation for the Development of Accounting Research
Accounting Office	Commissioner	Pei-Ling Hsiao	2022 1026	6	Common deficiencies in "financial report review" and practical analysis of important internal control regulations	Foundation for the Development of Accounting Research
Audit Room	Assistant Manager	Pei-Yu Yeh	2022 1206	6	Latest "Amendments to Internal Control Handling Standards" and "Information Security" Law Compliance Practices	Foundation for the Development of Accounting Research

5.5.1.3. The company's retirement, pension, severance and resignation system:

#### 5.5.1.3.1.Retirement, severance, occupational accident subsidies, pensions:

In order to standardize related matters such as employee retirement, severance, occupational accident subsidies, and pensions, the company has formulated the "Employee Retirement Salary Dismissal Work Accident Compensation Measures" specification. For example, all relevant matters such as employee retirement, severance, occupational accident subsidies, and pension recognition, application, and payment of expenses are specified in the regulations. The summary is as follows:

##### A. To retire:

Employees of the company who meet one of the following conditions may apply for retirement.

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

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

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

The company has a Labor Retirement Reserve Fund Supervision Committee, and formulates the organizational charter of the Labor Retirement Reserve Fund Supervision Committee, which elects representatives from the old-system employees to serve as committee members to manage the old-system pension, and in accordance with the provisions of Article 56 of the Labor Standards Act, allocate the old-system employees 2%-15% of the total monthly salary is the retirement reserve. Pension payment shall be paid under the special retirement reserve account allocated by the company, and the shortfall shall be made up by the company.

The Labor Retirement Reserve Supervision Committee convenes quarterly meetings to review the withdrawal and balance of retirement reserves, review applications for pensions of employees under the old system, and obtain information on employees who choose the old retirement system. In addition, for new employees, in accordance with the Labor Pension Regulations, 6% of the labor retirement level is allocated to the individual pension account of the Employees Labor Insurance Bureau every month; Withhold on behalf of the individual pension account of the Labor Insurance Bureau.

##### B. Repatriation:

If the company has any of the circumstances stipulated in Article 11 of the Labor Standards Act, it may notify the employees to terminate the labor contract and pay severance pay

according to law. For those who are dismissed, notice shall be made in accordance with Article 16 of the Labor Standards Act. When a company dismisses an employee, it shall list in detail the name, gender, age, address, telephone number, job held, reason for dismissal, and whether employment counseling is required for the dismissed employee 10 days before the employee leaves, and report to the competent authority and Notified by public employment services.

#### C. Occupational Accident Subsidy:

When employees become disabled, injured, sick or die due to occupational accidents, the company shall compensate them in accordance with the provisions of the Labor Standards Act. However, if the same accident has been paid by the company in accordance with the Labor Insurance Act and other laws and regulations, the compensation fee may be offset. When an employee is injured or suffers from an occupational disease, the company will compensate the necessary medical expenses. The types of occupational diseases and their scope of treatment shall be in accordance with the relevant provisions of the Labor Insurance Act.

#### D. pension:

If an employee of the company dies due to illness, accidental death, or death due to danger or illness during the performance of duties, the company will issue a pension.

##### (2) Resignation system:

In order to enable employees to resign under reasonable and legal circumstances, and to make the business handover smooth, the "Employee Resignation Management Measures" standard is formulated. Any resignation of full-time and part-time employees belonging to the company shall be managed in accordance with these regulations. Employees should submit resignation applications in accordance with regulations and complete resignation procedures.

#### 5.5.1.4. Labor agreement:

In order to coordinate labor-management relations, promote labor-management cooperation, improve work efficiency, and prevent various labor problems, according to the Ministry of Labor's "Labor-Management Conference Implementation Measures" and Article 83 of the Labor Standards Law, relevant measures are formulated and labor-management meetings are held regularly to coordinate labor-management meetings. relationship, promote labor-management cooperation, and plan labor welfare. The company properly handles the resolutions of the meeting, and tracks the progress and results at the next labor-management meeting. In addition, the company cooperates with the spirit of the revision of the

government's labor laws, implements the spirit of various labor leave management, and emphasizes and reminds employees of the importance of balance between work and vacation.

#### 5.5.1.5. Measures to protect employees' rights and interests:

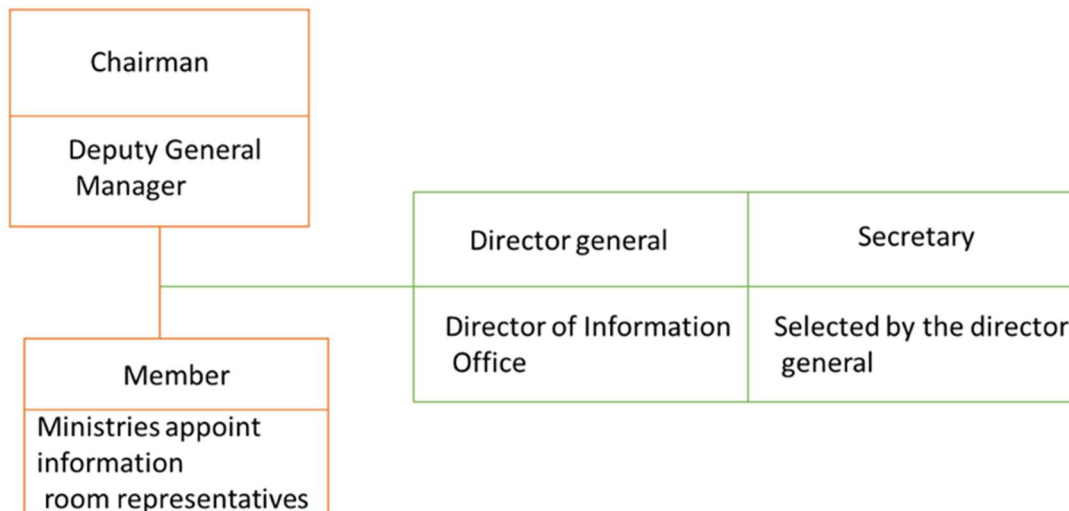
In order to protect the rights and interests of employees, the company has clearly stipulated relevant measures for employee benefits in accordance with the law, including various subsidy measures, three-session bonus distribution mechanism, etc. Set up a Labor Retirement Reserve Fund Supervision Committee, which is responsible for the preparation, appropriation, storage, use and related laws and regulations of pension funds. In order to deal with sexual harassment that may occur among employees and maintain gender equality in work and personal dignity, the "Sexual Harassment Prevention Measures, Complaints and Disciplinary Measures" are formulated in accordance with the Law on Gender Equality in Work.

5.5.2. Explain the losses suffered by the company due to labor disputes in the last two years and as of the publication date of the prospectus, and disclose the estimated amount and countermeasures that may occur at present and in the future. If there is no reasonable estimate, it shall explain the unreasonable estimate Fact: The company has established a sound communication channel and is committed to creating a good and harmonious labor-management relationship. So far, it has not suffered any major losses due to labor-management disputes. In the future, we will continue to do a good job in communication and coordination between labor and management, so that employees can grow in a safe and pleasant working environment.

## **5.6. Information security management**

### 5.6.1. Information Security Risk Management Framework

In order to strengthen the security and management of information operations, the company has set up an inter-departmental information security committee to formulate information security management policies, promote "information operation methods", coordinate cross-departmental information processing procedures, and review the company's information security policies and implementation results, and regularly report to the board of directors the general situation of the company's information security governance. The organizational structure of the Information Security Committee is as follows



### 5.6.2.Information Communication 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 processing data. Information demand management, system development and program modification, preparation of system documents, programs and data Access, data input and output, data processing, computer files and equipment security management, hardware and system software purchase, use and maintenance, system restoration plan formulation and testing procedures, information communication security management, system or mail account password application etc. are within the scope of information security management.

If an information security incident occurs, it shall be handled in accordance with the "Measures for Handling Emergency Reporting of Information and Communication Security Incidents".

### 5.6.3Specific management plan and resources invested in information security management

Information security management measures implemented by the company

Type	Illustrate	Related jobs
Rights management	Management of each system account and authority	Information Request Sheet
Access management	Access internal and external data, mail delivery, filtering control	Internal/external access controls Control of data leakage channels Operation behavior trajectory record
External defense	Cybersecurity, anti-virus, outsourced and third-party	Network security maintenance, network point installation Legal copyright, anti-virus software installation Sign a confidentiality agreement

System repair	System usage status, disconnection measures	Maintenance notification system
Database management	Database backups	Back up your data regularly Offsite backup

5.6.4. The implementation situation of 2022 is explained as

Follows Since the establishment of the "Information Security Committee" in September 2019, the Company has held regular information security committee meetings every quarter, and has held four meetings in 2022 (3/10, 6/16, 9/8, 12/8).

The implementation of important information security issues and events in 2022 is as follows:

### **Restore walkthrough**

Archive, database, and system recovery walkthrough

### **Social engineering walkthroughs**

Enhance employees' vigilance against email social engineering attacks, and conduct online education training for a total of 3 hours before and after social engineering to deepen their impression; The social project was carried out in the first half of the year, with a click-through rate of 24% in the first half of the year, a click-through rate of 7.5% in the second half of the year, and a decrease of 69% in the click-through rate, which confirmed that the internal information security awareness had been improved.

### **Illegal software check**

Regularly check whether illegal software checks and anti-virus software are operating normally, and report the improvement content and disposal methods to the Information Security Committee.

### **Information security risk assessment**

2022 continued the risk assessment operation of previous years, no high-risk projects were found, and medium and low-risk projects were continuously tracked.

### **Join the Joint Defense Organization**

He joined the Taiwan CERT/CSIRT alliance in August 2022

The implementation of information security was reported at the 11th meeting of the seventh session of the Board of Directors on November 11, 2022.

As of the date of publication of the annual report, the Company has not had a significant impact on information security. The lack of information security incident caused the company's financial business.

## 5.7. Important contracts

Contractual nature	Party	The date of commencement and end of the contract		Main content	Restrictive Terms
		rise	till		
Contract for outsourced services	Taiwan Integrated Circuit Manufacturing Shares Ltd	2018/01/01	2022/12/31	Health center business services	-
Medical service contract	Minsheng General Hospital	2022/01/01	2031/12/31	Medical examination business services	-
Medical service contract	Minsheng General Hospital	2022/01/01	2031/12/31	Inspection business services	-
Medical service contract	Longtan Minsheng Hospital	2022/01/01	2031/12/31	Inspection business services	-
Medical service contract	Longtan Minsheng Hospital	2022/01/01	2031/12/31	Medical examination business services	-
Medical service contract	Da-Yuam Minsheng Hospital	2022/01/01	2031/12/31	Inspection business services	-
Medical service contract	Wei gong memorial hospital	2022/01/01	2023/12/31	Medical examination business services	-
Yonggeng Health Check Support Cooperation Agreement	Yonghe Gengxin Hospital, a medical foundation corporation of the Catholic Gengxin Medical Foundation	2019/01/01	2023/06/15	Medical examination business services	-
Yonggeng High Procuratorate Center cooperative operation case	Yonghe Gengxin Hospital, a medical foundation corporation of the Catholic Gengxin Medical Foundation	2018/06/15	2023/06/14	Medical examination business services	-
National Taiwan University School of Medicine attached to the hospital property purchase contract documents and contracts	National Taiwan University School of Medicine is a hospital	2018/01/11	2023/06/30	Purchase case number: UD05E10A UD05E10A-1 、 UD110870 、 HD070060 、 HD08E02A 、 GD11310A Summary of the name and quantity of the bidding bid: a batch of biochemical immunoassay reagents (with instruments)	-
Equipment purchase contracts	Taiwan Health Fujifilm Medical Equipment Co., Ltd	2022/01/06		Color ultrasound scanner	-
Equipment purchase contracts	GE Asia Medical Devices Co., Ltd	2022/01/27		Magnetic resonance imaging scanner	-

Equipment purchase contracts	Maya Information Inc	2022/03/02		Dialysis VIP connection device	-
Equipment purchase contracts	Taishowa Instrument (share) company	2022/03/15		Double door microcomputer autoclave	-
Equipment purchase contracts	Rotary Trading Co., Ltd. (shares) company company	2022/05/23		Digital X-ray machine	-
Equipment purchase contracts	Chung Teng Medical Instrument Co.,Ltd	2022/05/25		Computer automatic cleaning and disinfection drying machine	-
Equipment purchase contracts	Yuanyu Group Co., Ltd.	2022/06/02		Electronic endoscope host system	-
Equipment purchase contracts	Biomega Instrument Co., Ltd.	2022/08/10		retinal tomography (including angiography)	-
Equipment purchase contracts	Dinbon Enterprise Ltd.	2022/11/09		C-arm X-ray machine	-
Equipment purchase contracts	Rotary Trading Co., Ltd. (shares) company	2022/11/30		Patio X-ray machine	-
Medical instrument lease contract	Minsheng General Hospital	2022/01/01	2024/12/31	Laser-assisted incubation imaging system	-
Medical instrument lease contract	Da-Yuam Minsheng Hospital	2022/03/01	2025/02/28	There are 2 items such as color ultrasound scanners	-
Medical instrument lease contract	Minsheng General Hospital	2022/04/01	2025/03/31	Automated CPR machine	-
Medical instrument lease contract	Minsheng General Hospital	2022/06/01	2025/05/31	C-arm X-ray machine	-
Medical instrument lease contract	Precision Health Inc	2022/06/01	2025/05/31	There are 7 genotype identification systems	-
Medical instrument lease contract	Minsheng General Hospital	2022/08/01	2025/07/31	Color ultrasound scanner	-
Medical instrument lease contract	Longtan Minsheng Hospital	2022/08/01	2025/07/31	Physiological monitors and AED shockers	-
Medical instrument lease contract	Longtan Minsheng Hospital	2022/09/01	2025/08/31	Electronic endoscope host system	-
Medical instrument lease contract	Precision Health Inc	2022/09/01	2024/08/31	B2 laboratory renovation works	-
Medical instrument lease contract	Minsheng General Hospital	2022/10/01	2025/09/30	Double door microcomputer autoclave	-
Medical instrument lease contract	Minsheng General Hospital	2022/11/01	2025/10/31	Retinal tomography (including angiography).	-



## VI. Financial Overview

### 6.1.Information on Condensed Balance Sheet and Comprehensive Profit and Loss Statement

#### 6.1.2. Consolidated Condensed Balance Sheet - Using IFRS

Unit: NT\$ thousand

Year Item		Financial information for the most recent year (Note 1)					Financial data for the ended 31 March 2023 (Note 2)
		2018	2019	2020	2021	2022	
Liquid asset		2,161,643	2,239,348	3,205,016	3,155,251	3,192,478	3,131,324
Real estate, plant and equipment		431,421	402,031	706,979	562,605	1,694,731	1,705,279
Intangible asset		203,189	277,009	343,746	337,741	342,674	353,767
Other assets		1,053,070	1,298,261	1,429,853	2,057,211	2,147,873	2,083,357
Total assets		3,849,323	4,216,649	5,685,594	6,112,808	7,377,756	7,273,727
Current liabilities	Before allocation	988,340	1,261,050	1,677,859	1,471,828	1,729,560	1,662,247
	After allocation	1,037,059	1,312,205	1,732,300	1,528,991	(Note 3)	(Note 3)
Non-current liabilities		299,119	254,986	428,725	757,686	1,549,201	1,492,702
Total liabilities	Before allocation	1,287,459	1,516,036	2,106,584	2,229,514	3,278,761	3,154,949
	After allocation	1,336,178	1,567,191	2,161,025	2,286,677	(Note 3)	(Note 3)
Equity vested in the owners of the parent company		2,359,559	2,509,715	2,918,231	3,148,802	3,419,259	3,475,001
Equity capital		974,378	1,023,097	1,088,636	1,143,259	1,200,422	1,200,422
Capital reserve		1,077,006	1,077,006	1,224,665	1,267,418	1,264,508	1,258,773
Retain surplus	Before allocation	350,404	448,477	638,399	764,260	947,903	983,186
	After allocation	252,966	397,322	529,517	649,934	(Note 3)	(Note 3)
Other Benefits		(42,229)	(38,865)	(33,469)	(26,469)	(6,426)	32,620
Treasury stocks		-	-	-	-	-	-
Non-controlling interests		202,305	190,898	660,779	734,492	679,736	643,777
Rights Total	Before allocation	2,561,864	2,700,613	3,579,010	3,883,294	4,098,995	4,118,778
	After allocation	2,513,145	2,649,458	3,524,569	3,826,131	(Note 3)	(Note 3)

Note 1: The company's materials from 2018 to 2022 have been checked and certified by accountants.

Note 2: The financial report for the first quarter of 2023 was reviewed by accountants.

Note 3: As of the publication date of the annual report, the profit distribution plan for 2022 has not yet been submitted to the shareholders' meeting for resolution, so the post-distribution amount is not listed.

## 6.1.2. Consolidated Condensed Consolidated Income Statement - Using IFRS

Unit: NT\$ thousand

Year Item	Financial information for the most recent year (Note 1)					Financial data for the annual ended March 31, 2023(Note 2)
	2018	2019	2020	2021	2022	
Operating income	3,057,324	3,123,887	4,098,876	3,850,027	4,137,132	896,258
Operating margin	510,471	652,904	1,179,920	833,956	983,911	167,054
Operating profit and loss	66,016	143,546	512,209	258,451	339,116	21,015
Non-operating income and expenses	99,234	60,707	(33,110)	9,178	822	6,068
Net profit before tax	165,250	204,253	479,099	267,629	339,938	27,083
Continue the business unit Net profit for the period	133,573	179,162	361,081	193,428	244,110	15,038
Loss of closed units	0	0	0	0	0	0
Net income (loss) for the period	133,573	179,162	361,081	193,428	244,110	15,038
Other consolidated gains and losses for the period (net after tax)	(57,485)	8,594	1,102	9,241	21,009	29,762
Total consolidated profit and loss for the period	76,088	187,756	362,183	202,669	265,119	44,800
Net profit attributable to Parent company owners	145,852	195,052	247,712	232,663	293,946	37,404
Net profit attributable to Non-controlling interests	(12,279)	(15,890)	113,369	(39,235)	(49,836)	(22,366)
The total comprehensive profit and loss is attributable to the owners of the parent company	96,557	198,875	246,288	242,077	331,172	63,598
Total consolidated profit and loss is attributable to noncontrolling interests	(20,469)	(11,119)	115,895	(39,408)	(66,053)	(18,798)
Earnings per share	1.28	1.65	2.08	1.94	2.45	0.31

Note 1: The company's materials from 2018 to 2022 have been checked and certified by accountants.

Note 2: The financial report for the first quarter of 2023 was reviewed by accountants.

Note 3: When calculating earnings per share, the impact of gratis allotment as of the publication date of the annual report has been included in the retrospective adjustment.

### 6.1.3. Individual Condensed Balance Sheet - Using International Financial Reporting Standards

Unit: NT\$ thousand

Year Item		Financial information for the last 5 years (Note 1)				
		2018	2019	2020	2021	2022
Liquid asset		1,369,929	1,456,552	1,544,303	1,707,575	1,887,488
Real estate, plant and equipment		308,123	285,521	328,245	203,190	1,379,529
Intangible asset		33,696	29,076	20,028	13,918	8,438
Other assets		1,567,741	1,689,802	2,040,284	2,427,576	2,381,779
Total assets		3,279,489	3,460,951	3,932,860	4,352,259	5,657,234
Current liabilities	Before allocation	645,535	785,754	870,632	729,848	923,963
	After allocation	694,254	836,909	925,073	787,011	(Note2)
Non-current liabilities		274,395	165,482	143,997	473,609	1,314,012
Total liabilities	Before allocation	919,930	951,236	1,014,629	1,203,457	2,237,975
	After allocation	968,649	1,002,391	1,069,070	1,260,620	(Note2)
Equity vested in the owners of the parent company		2,359,559	2,509,715	2,918,231	3,148,802	3,419,259
Equity		974,378	1,023,097	1,088,636	1,143,259	1,200,422
Capital reserve		1,077,006	1,077,006	1,224,930	1,267,418	1,264,508
Retain surplus	Before allocation	350,404	448,477	638,399	764,260	947,903
	After allocation	252,966	397,322	529,517	649,934	(Note2)
Other Benefits		(42,229)	(38,865)	(33,469)	(26,135)	6,426
Treasury stocks		-	-	-	-	-
Non-controlling interests		0	0	0	0	0
Total equity	Before allocation	2,359,559	2,509,715	2,918,231	3,148,802	3,419,259
	After allocation	2,310,840	2,458,560	2,863,790	3,091,639	(Note2)

Note 1: The company's materials from 2018 to 2022 have been checked and certified by accountants.

Note 2: As of the publication date of the annual report, the profit distribution plan for 2022 has not yet been submitted to the shareholders' meeting for resolution, so the post-distribution amount is not listed.

#### 6.1.4. Individual Condensed Consolidated Income Statement - International Financial Reporting Standards

Unit: NT\$ thousand

Item \ Year	Financial information for the most recent year (Note 1)				
	2018	2019	2020	2021	2022
Operating income	1,884,031	1,831,632	1,987,354	2,239,602	2,498,480
Operating margin	258,245	294,972	255,980	473,228	624,177
Operating profit and loss	132,157	170,254	127,575	352,352	446,903
Non-operating income and expenses	40,962	51,108	149,100	(50,628)	(67,239)
Net profit before tax	173,119	221,362	276,675	301,724	379,664
Continue the business unit Net profit for the period	145,852	195,052	247,712	232,663	293,946
Loss of closed units	0	0	0	0	0
Net income (loss) for the period	145,852	195,052	247,712	232,663	293,946
Other consolidated gains and losses for the period(net after tax)	(49,295)	3,823	(1,694)	9,824	36,142
Total consolidated profit and loss for the period	96,557	198,875	246,288	242,077	331,172
Net profit attributable to Parent company owners	145,852	195,052	247,712	232,663	293,946
Net profit is attributable to non-controlling interests	0	0	0	0	0
The total comprehensive profit and loss is attributable to the owners of the parent company	96,557	198,875	246,288	242,077	331,172
Total consolidated profit and loss is attributable to noncontrolling interests	0	0	0	0	0
Earnings per share (Note 2)	1.28	1.65	2.08	1.94	2.45

Note 1: The company's materials from 2018 to 2022 have been checked and certified by accountants.

Note 2: When calculating the earnings per share, the number affected by the gratis allotment as of the publication date of the annual report has been included in the retrospective adjustment.

6.1.2. Important events affecting the consistency comparison of the above-mentioned financial statements, such as accounting changes, company mergers or business department shutdowns, etc., and their impact on the financial statements of the current year: None

### 6.1.3 Recently Five-year visa accountant's name and audit opinion

Yearl	Name of the firm	Name of auditors	Audit Opinion
2018	Deloitte Taiwan United Accounting Firm	Yung-Fu Liu, Chien-Hsin Hsieh	Unqualified opinion
2019	Deloitte Taiwan United Accounting Firm	Yung-Fu Liu, Chien-Hsin Hsieh	Unqualified opinion
2020	Deloitte Taiwan United Accounting Firm	Yung-Fu Liu, Chien-Hsin Hsieh	Unqualified opinion
2021	KPMG International	Hui-Chih Kou, Hsin-Yi Kuo	Unqualified opinion
2022	KPMG International	Hui-Chih Kou, Hsin-Yi Kuo	Unqualified opinion

## 6.2. Financial analysis for the last five years

### 6.2.1. Financial Analysis - International Financial Accounting Standards (Consolidated)

<div> <div>Year</div> <div>Financial information for the most recent year (Note 1)</div> </div> <div>Financial data for the annual ended March 31, 2023(Note 2)</div>							
		2018	2019	2020	2021	2022	
Analysis items (Note 2)							
finance structure	Liabilities to assets ratio	33.45	35.92	37.05	36.47	44.44	43.37
	The ratio of long-term funds to <u>real estate, plant and equipment</u>	663.15	734.58	566.88	824.91	333.28	329.07
Debt servicing ability	Liquidity ratio	218.71	177.58	191.02	214.38	184.58	188.38
	Quick ratio	187.75	155.31	168.82	191.65	166.02	166.83
	Interest protection multiple	13.06	14.12	33.99	14.29	9.91	3.14
Operate ability	Receivables turnover rate (frequency)	3.24	3.35	4.26	3.58	3.55	3.02
	Average number of cash days	112.65	108.96	85.68	101.95	102.81	120.86
	Inventory turnover rate (frequency)	9.00	7.73	8.79	8.18	9.28	8.70
	Payables turnover rate (frequency)	4.71	4.10	4.38	4.38	4.34	4.05
	Average number of days sold	40.56	47.22	41.52	44.62	39.33	41.95
	<u>Real estate, plant and equipment</u> turnover rate (frequency)	7.39	7.50	7.39	6.07	3.67	2.11
	Total Asset Turnover (frequency)	0.85	0.77	0.83	0.65	0.61	0.12
Profit	Return on Assets (%)	4.01	4.78	7.51	3.53	4.03	0.30

ability	Return on equity (%)		5.80	6.81	11.50	5.18	6.12	0.37
	Accounting for actual receipts Capital Ratio (%)	Business Interests	6.78	14.03	47.05	22.61	28.25	1.75
		Net benefit before tax	16.96	19.96	44.01	23.41	28.32	2.26
	Net Benefit Rate(%)		4.37	5.74	8.81	5.02	5.90	1.68
	Earnings per share (RMB)		1.28	1.65	2.08	1.94	2.45	0.31
Cash flow rate	Cash flow ratio (%)		3.43	39.86	42.78	24.47	37.15	-4.42
	Cash flow allowable ratio (%)		25.43	48.95	71.34	91.20	71.91	73.91
	Cash Reinvestment Ratio (%)		-0.42	15.65	18.81	6.25	11.02	-1.38
Leverage	Operating leverage		14.62	6.49	2.92	4.56	3.82	10.80
	Financial leverage		1.26	1.12	1.03	1.08	1.13	2.52

Recent reasons for changes in various financial ratios in the second year (increases or decreases of more than 20%)

(1) Liabilities-to-assets ratio: The purchase of real estate in 2022 will increase long-term loans by RMB 880 million, resulting in an increase in the debt ratio.

(2) The ratio of long-term funds to real estate, plant and equipment: 1.16 billion real estate will be purchased in 2022, while long-term loans will be increased by 880 million, resulting in a decrease in the ratio.

(3) Interest coverage ratio: In 2022, the net profit before tax and interest will increase compared with the same period, but the increase in long-term loan interest due to the purchase of real estate will cause the interest coverage ratio to decrease.

(4) Turnover rate of real estate, plant and equipment: In 2022, operating income will increase by 7% compared with the same period of the same period. However, due to the purchase of real estate of 1.16 billion, the average fixed assets will increase by 77%, and the turnover rate will decrease.

(5) Operating profit ratio, pre-tax net profit ratio, and earnings per share: In 2022, due to the impact of the epidemic, the PCR business will grow significantly, resulting in an increase in various profitability compared with the same period.

(6) Cash flow ratio and cash reinvestment ratio: In 2022, the inspection business will grow significantly and profits will increase, resulting in an increase in cash inflow from operating activities compared with the same period, and an increase in cash flow ratio and cash reinvestment ratio.

(7) Cash flow adequacy ratio: In 2022, the inspection business will grow significantly and profits will increase, resulting in an increase in cash inflow from operating activities compared with the same period. However, due to the increase in capital expenditures due to the purchase of real estate, the cash flow adequacy ratio will decrease.

Note 1: The financial reports for the above years have been audited or reviewed by accountants.

Note 2: When calculating earnings per share, the impact of gratis allotment of shares as of the publication date of the prospectus has been included in retrospective adjustments.

#### 6.2.2. Financial Analysis - International Financial Accounting Standards (Individual)

Analysis items (Note 2)		Recent Annual Financial Analysis (Note 1)				
		2018	2019	2020	2021	2022
Finance structure	Liabilities to assets ratio	28.05	27.48	25.80	27.65	39.56
	The ratio of long-term funds to <u>real estate, plant and equipment</u>	854.84	936.95	932.91	1,782.77	343.11
Debt servicing ability	Liquidity ratio	212.22	185.37	177.38	233.96	204.28
	Quick ratio	197.12	179.97	170.21	227.12	198.91
	Interest protection multiple	24.09	24.41	42.42	36.05	16.26

Business ability	Receivables turnover rate (frequency)	2.38	2.30	2.53	2.59	2.55
	Average number of cash days	153.36	158.70	144.27	140.93	143.14
	Inventory turnover rate (frequency)	18.25	17.82	27.40	25.63	32.26
	Payables turnover rate (frequency)	3.86	3.54	3.53	3.50	3.46
	Average number of days sold	20.00	20.48	13.32	14.24	11.31
	Real estate, plant and equipment turnover rate (frequency)	6.51	6.17	6.48	8.43	3.16
	Total Asset Turnover (frequency)	0.62	0.54	0.54	0.54	0.50
Profit ability	Return on Assets (%)	5.01	6.03	6.86	5.78	6.26
	Return on equity (%)	6.91	8.01	9.13	7.67	8.95
	Accounting for actual receipts	Business Interests Net benefit before tax	13.56	16.64	11.72	30.82
	Capital Ratio (%)		17.77	21.64	25.41	26.39
	Net Benefit Rate(%)		7.74	10.65	12.46	10.39
	Earnings per share (RMB)		1.28	1.65	2.08	1.94
Cash flow rate	Cash flow ratio (%)	7.77	53.83	27.32	46.06	55.97
	Cash flow allowable ratio (%)	24.50	51.72	60.93	108.15	73.21
	Cash Reinvestment Ratio (%)	0.15	13.68	7.41	8.22	10.03
Leverage	Operating leverage	4.02	3.30	4.38	2.33	2.30
	Financial leverage	1.06	1.06	1.06	1.03	1.06

Recent reasons for changes in various financial ratios in the second year (increases or decreases of more than 20%)

- (1) Liabilities-to-assets ratio: The purchase of real estate in 2022 will increase long-term loans by RMB 880 million, resulting in an increase in the debt ratio.
- (2) The ratio of long-term funds to real estate, plant and equipment: 1.16 billion real estate will be purchased in 2022, while long-term loans will be increased by 880 million, resulting in a decrease in the ratio.
- (3) Interest coverage ratio: In 2022, the net profit before tax and interest will increase compared with the same period, but the increase in long-term loan interest due to the purchase of real estate will cause the interest coverage ratio to decrease.
- (4) Inventory turnover rate and average sales days: In 2022, due to the increase in demand for hospitals and pharmacy channels, sales revenue and costs of pharmaceuticals and health materials will increase compared with the same period, and the average inventory in 2022 will decrease compared with 2021, resulting in inventory turnover rate increased and the average days sold decreased.
- (5) Turnover rate of real estate, plant and equipment: In 2022, the operating income will grow compared with the same period, but the average fixed assets will increase and the turnover rate will decrease due to the purchase of real estate of 1.16 billion.
- (6) Operating profit ratio and earnings per share: Due to the impact of the epidemic in 2022, the PCR business will grow significantly, resulting in an increase in various profitability compared with the same period.
- (7) Cash flow ratio: In 2022, the inspection business will grow significantly and profits will increase, resulting in an increase in cash inflow from operating activities compared with the same period, and an increase in cash flow ratio.
- (8) Cash flow adequacy ratio: In 2022, the inspection business will grow significantly and profits will increase, resulting in an increase in cash inflow from operating activities compared with the same period. However, due to the increase in capital expenditures due to the purchase of real estate, the cash flow adequacy ratio

will decrease.

Note 1: The financial reports for the above years have been audited or reviewed by accountants.

Note 2: When calculating earnings per share, the impact of gratis allotment of shares as of the publication date of the prospectus has been included in retrospective adjustments.

Note 3: Calculation formula for financial analysis:

1. Financial structure

(1) Ratio of liabilities to assets = total liabilities / total assets.

(2) The ratio of long-term funds to real estate, plant and equipment = (total equity + non-current liabilities) / net real estate, plant and equipment.

2. Solvency

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

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

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

3. Operating ability

(1) Turnover rate of accounts receivable (including accounts receivable and notes receivable arising from business operations) = net sales/average accounts receivable of each period (including accounts receivable and notes receivable arising from operations) Notes receivable) balance.

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

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

(4) Turnover rate of accounts payable (including accounts payable and notes payable arising from business operations) = cost of goods sold/balance of average payables (including accounts payable and notes payable arising from operations) in each period.

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

(6) Turnover rate of real estate, plant and equipment = net sales/average net real estate, plant and equipment.

(7) Total asset turnover = net sales/average total assets.

4. Profitability

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

(2) Return on equity = after-tax profit/loss/average total equity.

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

(4) Earnings per share = (Profit or loss attributable to owners of the parent company - special stock dividends) / weighted average number of issued shares. (Note 4)

5. Cash flow

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

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

(3) Cash reinvestment ratio = (net cash flow from operating activities – cash dividends) / (gross real estate, plant and equipment + long-term investment + other non-current assets + working capital). (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: For the formula for calculating earnings per share above, special attention should be paid to the following items when measuring:

1. Based on the weighted average number of common shares, not the number of shares outstanding at the end of the year.

2. Anyone who has cash capital increase or treasury stock trading should consider its circulation period and calculate the weighted average number of shares.

3. For those who convert surplus into capital increase or capital reserve into capital increase, when calculating earnings per share for previous years and semi-annual years, retrospective adjustments should be made according to the capital increase ratio, regardless of the issuance period of the capital increase.

4. If the preference shares are non-convertible accumulated preference shares, the dividends for the current year (whether paid or not) shall be deducted from the after-tax net profit, or the after-tax net loss shall be added. If the special stock is non-cumulative, if 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 required.

Note 5: Cash flow analysis should pay special attention to the following items 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 of capital investment.

3. The increase in inventory will only be included when the balance at the end of the period is greater than the



balance at the beginning of the period. If the inventory decreases at the end of the year, it will be calculated as zero.

4. Cash dividends include cash dividends of ordinary shares and preferred shares.

5. Gross property, plant and equipment refers to the total amount of real property, plant and equipment before deduction of accumulated depreciation.

Note 6: The issuer should classify various operating costs and operating expenses into fixed and variable according to their nature. If estimates or subjective judgments are involved, they should pay attention to their rationality and maintain consistency.

Note 7: For foreign companies, the previously opened ratio of paid-in capital shall be calculated based on the ratio of net worth.

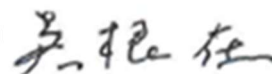
### 6.3. Review report of the audit committee for the most recent annual financial report

#### Audit Committee Review Report

The company's 2022 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 29 of the Company Law. Please review the report.

Sincerely,  
Share Hope Medicine Co., Ltd.  
2023 Annual General Meeting of Shareholders

Share Hope Medicine Co., Ltd.  
The Audit Committee  
Convener : Ken-Tsai Wu



May 12, 2023 of the Republic of China

**6.4. Financial statements for the most recent year**

See pages 200 to 284.

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

See pages 285 to 362.

**6.6. In the most recent year and up to the date of publication of the annual report, if the company and its affiliated companies had financial turnover difficulties, their impact on the company's financial status: None**

ShareHope Medicine Co., Ltd. and its  
subsidiaries  
**Consolidated Financial Statements  
and Independent Auditors' Report**  
2022 and 2021

For the convenience of readers and for information purpose only, the auditors' report and the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. In the event of any discrepancy between the English version and the original Chinese version or any differences in the interpretation of the two versions, the Chinese-language auditors' report and financial statements shall prevail.

**Address: 19th Floor, No. 168 Jingguo 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 2022 (from January 1, 2022 to December 31, 2022) 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 24, 2023

## **Independent Auditors' Report**

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

### **Audit opinions**

The Consolidated Balance Sheet of ShareHope Medicine Co., Ltd. and its subsidiaries (ShareHope Group) as of December 31, 2022 and 2021, 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, 2022 and 2021, 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, 2022 and 2021 as well as its consolidated financial performance and consolidated cash flows for the years ended December 31, 2022 and 2021.

### **Foundation for audit opinions**

The independent auditor performed the audit in compliance with the rules governing the certification of financial statements by 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 2022, 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 (29), 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 and 2021 accounted for 6.01% and 6.34% of the total consolidated assets respectively, and the net operating revenue for the years ended December 31, 2022 and 2021 accounted for 1.50% and 1.59% 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 2022 and 2021, 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 2022, 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:

Number of documents : Tai-Tsai-Zheng-(6)-Zi-0930106739  
approved and certified by Jin-Kuan-Zheng-Shen-Zi-1040003949  
the securities regulatory  
March 24, 2023

## December 31, 2022 and 2021

Unit: NT\$ thousand

		2022.12.31		2021.12.31				2022.12.31		2021.12.31	
Assets		Amount	%	Amount	%	Liabilities and equity		Amount	%	Amount	%
Current assets:						Current liabilities:					
1100	Cash and cash equivalents (Note 6 (1))	\$ 1,535,182	21	1,557,173	25	2100	Short-term loans (Note 6 (17) and Note 8)	\$ 306,254	4	276,100	5
1110	Financial assets at fair value through profit or loss - current (Note 6 (2))	10,341	-	10,279	-	2110	Short-term bills payable (Note 6 (18))	54,892	1	54,979	1
1136	Financial assets at amortized cost - current (Note 9)	5,001	-	5,220	-	2130	Contract liabilities - current (Note 6 (29))	5,525	-	7,280	-
1150	Notes receivable (Note 6 (4) and (29))	13,123	-	16,012	-	2150	Notes payable	100,470	1	99,302	2
1170	Net accounts receivable (Note 6 (4) and (29))	179,973	2	219,975	4	2170	Accounts payable	698,764	9	548,662	9
1180	Net accounts receivable - related parties (Note 6 (4), (6) and (29), and Note 7)	1,042,711	14	856,366	14	2181	Accounts payable - related parties (Note 7)	3,556	-	2,811	-
1200	Other net accounts receivable (Note 6 (5))	55,603	1	128,671	2	2200	Other payables (Note 6(23))	335,785	5	242,860	4
1210	Other accounts receivable - related parties (Note 6 (5) and Note 7)	26,445	-	20,073	-	2220	Other accounts payable - related parties (Note 7)	1,293	-	635	-
1220	Income tax assets for the period	50	-	532	-	2230	Income tax liabilities for the period	58,143	1	68,656	1
130X	Inventories (Note 6 (7))	272,537	4	290,640	5	2280	Lease liabilities - current (Note 6 (21))	118,503	2	119,204	2
1410	Prepayments (Note 7)	48,512	1	43,889	1	2322	Long-term loans due in one year (Note 6 (19) and Note 8)	31,753	-	33,065	-
1470	Other current assets	3,000	-	6,421	-	2323	Long-term accounts payable due in one year	2,658	-	-	-
Total current assets		3,192,478	43	3,155,251	51	2399	Other current liabilities	11,964	-	18,274	-
						Total current liabilities					
						Non-current liabilities:					
1510	Financial assets at fair value through profit or loss - non-current (Note 6 (2))	82,086	1	82,799	1	2540	Long-term loans (Note 6 (19) and Note 8)	967,623	14	124,462	2
1517	Financial assets at fair value through other comprehensive income - non-current (Note 6 (3))	680,880	9	545,424	10	2570	Deferred income tax liabilities (Note 6 (25))	17,821	-	14,186	-
1536	Financial assets at amortized cost - non-current (Note 8)	40,590	1	41,126	1	2580	Lease liabilities - non-current (Note 6 (21))	526,576	7	600,975	10
1550	Equity method investments (Note 6 (10))	69,965	1	26,445	-	2612	Long-term payables	11,187	-	-	-
1600	Property, plant and equipment (Note 6 (12) and Note 8)	1,694,731	23	562,605	9	2640	Net defined benefit liabilities - non-current	7,972	-	9,137	-
1755	Right-of-use assets (Note 6 (13))	461,074	6	523,749	9	2645	Deposits received (Note 7)	18,022	-	8,926	-
1760	Investment properties (Note 6 (14) and Note 8)	346,792	5	365,858	6	Total non-current liabilities					
1780	Intangible assets (Note 6 (15))	342,674	5	337,741	6	Total liabilities					
1840	Deferred income tax assets (Note 6 (25))	10,975	-	14,001	-	Equity (Note 6 (9), (11), (15) and (26)):					
194D	Net long-term finance lease receivables (Note 6 (6) and (29), and Note 7)	11,879	-	19,643	-	3110	Ordinary share capital	1,200,422	16	1,143,259	19
1990	Other non-current assets (Note 6 (16) and Note 7)	443,632	6	438,166	7	3200	Additional paid-in capital	1,264,508	17	1,267,418	21
Total non-current assets		4,185,278	57	2,957,557	49	3310	Legal reserves	187,098	3	163,624	3
						3320	Special reserves	26,136	-	33,469	1
						3350	Undistributed earnings	734,669	11	567,167	9
						3410	Exchange difference from translation of the financial statements of foreign operations	(2,089)	-	(3,173)	-
						3420	Unrealized gains or losses on financial assets at fair value through other comprehensive income	8,515	-	(22,962)	(1)
						Total equity attributable to owners of the parent company					
						36xx	Non-controlling interests	3,419,259	47	3,148,802	52
						Total equity					
						Total liabilities and equity					
Total assets		\$ 7,377,756	100	6,112,808	100			4,098,995	56	3,883,294	64
								\$ 7,377,756	100	6,112,808	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, 2022 and 2021

**Unit: NT\$ thousand**

		<b>2022</b>		<b>2021</b>	
		<b>Amount</b>	<b>%</b>	<b>Amount</b>	<b>%</b>
4000	<b>Operating revenue (Note 6 (29) and Note 7)</b>	\$ 4,137,132	100	3,850,027	100
5000	<b>Operating costs (Note 6 (7), (12), (13) and (24), and Note 7)</b>	(3,153,221)	(76)	(3,016,071)	(78)
	<b>Gross profits</b>	983,911	24	833,956	22
	<b>Operating expenses (Note 6 (4), (12), (13), (15), (21) and (24), and Note 7):</b>				
6100	Marketing expenses	(229,331)	(6)	(123,920)	(3)
6200	Administrative expenses	(488,669)	(12)	(540,493)	(14)
6300	R&D expenses	(16,395)	-	-	-
6235	Gains on reversal of expected credit impairment	2,025	-	15,517	-
	Total operating expenses	(732,370)	(18)	(648,896)	(17)
6500	Other net income and expenses (Note 6 (31))	87,575	2	73,391	2
	<b>Net operating income</b>	339,116	8	258,451	7
	<b>Non-operating income and expenses (Note 6 (10), (21) and (32), and Note 7):</b>				
7100	Interest income	3,134	-	1,273	-
7010	Other income	76,072	2	21,760	1
7020	Other gains and losses	(39,826)	(1)	6,501	-
7050	Finance costs	(38,158)	(1)	(20,134)	(1)
7770	Share of losses of affiliates recognized by the equity method	(400)	-	(222)	-
	<b>Total non-operating income and expenses</b>	822	-	9,178	-
7900	<b>Net income before tax</b>	339,938	8	267,629	7
7950	<b>Income tax expenses (Note 6 (25))</b>	(95,828)	(2)	(74,201)	(2)
	<b>Net income for the period</b>	244,110	6	193,428	5
8300	<b>Other comprehensive income (Note 6 (25) and (26)):</b>				
8310	<b>Items not reclassified to profit or loss</b>				
8311	Remeasurement amount of defined benefit plans	2,830	-	2,754	-
8316	Unrealized valuation profits and losses on equity instrument investments at fair value through other comprehensive income	22,604	-	7,577	-
8320	Share of other comprehensive income of affiliates recognized by the equity method	(6)	-	(30)	-
8349	Less: income taxes related to non-reclassified items	6,153	-	462	-
	<b>Total items not reclassified to profit or loss</b>	19,275	-	9,839	-
8360	<b>Items that may be reclassified to profit or loss subsequently</b>				
8361	Exchange difference from translation of the financial statements of foreign operations	2,121	-	(734)	-
8399	Less: income taxes related to items that may be reclassified	387	-	(136)	-
	<b>Total items that may be reclassified to profit or loss subsequently</b>	1,734	-	(598)	-
8300	<b>Other comprehensive income for the period</b>	21,009	-	9,241	-
8500	<b>Total comprehensive income for the period</b>	<b>\$ 265,119</b>	<b>6</b>	<b>202,669</b>	<b>5</b>
	<b>Net profit for the period attributable to (Note 6 (11) and (15)):</b>				
8610	Owners of the parent company	\$ 293,946	7	232,663	6
8620	Non-controlling interests	(49,836)	(1)	(39,235)	(1)
	<b>Total comprehensive income attributable to (Note 6 (11) and (15)):</b>	<b>\$ 244,110</b>	<b>6</b>	<b>193,428</b>	<b>5</b>
8710	Owners of the parent company	\$ 331,172	8	242,077	6
8720	Non-controlling interests	(66,053)	(2)	(39,408)	(1)
	<b>Earnings per share (NT\$) (Note 6 (28))</b>				
9750	<b>Basic earnings per share</b>	<b>\$ 2.45</b>		<b>1.94</b>	
9850	<b>Diluted earnings per share</b>	<b>\$ 2.43</b>		<b>1.92</b>	

(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, 2022 and 2021

**Unit: NT\$ thousand**

	Ordinary share capital	Capital collected in advance	Additional paid-in capital	Legal 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
<b>Balance on January 1, 2021 (after retrospective adjustment)</b>	\$ 1,086,969	1,667	1,224,665	139,516	38,865	460,018	(2,763)	(30,706)	2,918,231	660,779	3,579,010
Net income for the period	-	-	-	-	-	232,663	-	-	232,663	(39,235)	193,428
Other comprehensive income for the period	-	-	-	-	-	2,133	(410)	7,691	9,414	(173)	9,241
Total comprehensive income for the period	-	-	-	-	-	234,796	(410)	7,691	242,077	(39,408)	202,669
Allocation and distribution of earnings:											
Appropriation of legal reserve	-	-	-	24,108	-	(24,108)	-	-	-	-	-
Ordinary share cash dividend	-	-	-	-	-	(54,441)	-	-	(54,441)	-	(54,441)
Ordinary share stock dividend	54,441	-	-	-	-	(54,441)	-	-	-	-	-
Reversal of special reserves	-	-	-	-	(5,396)	5,396	-	-	-	-	-
Conversion of convertible corporate bonds	1,849	(1,667)	417	-	-	-	-	-	599	-	599
The difference between the price and book value of subsidiaries' equity actually acquired and disposed of	-	-	(11,851)	-	-	-	-	-	(11,851)	11,401	(450)
Changes in ownership interests in subsidiaries	-	-	54,187	-	-	(53)	-	53	54,187	-	54,187
Share-based payment transaction	-	-	-	-	-	-	-	-	-	3,268	3,268
Increase or decrease of non-controlling interests	-	-	-	-	-	-	-	-	-	98,452	98,452
<b>Balance on December 31, 2021</b>	<b>1,143,259</b>	<b>-</b>	<b>1,267,418</b>	<b>163,624</b>	<b>33,469</b>	<b>567,167</b>	<b>(3,173)</b>	<b>(22,962)</b>	<b>3,148,802</b>	<b>734,492</b>	<b>3,883,294</b>
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 the 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)	-	-	-	-	-
Ordinary 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)
Share-based payment transaction	-	-	-	-	-	-	-	-	-	6,950	6,950
Increase or decrease of non-controlling interests	-	-	-	-	-	-	-	-	-	2,000	2,000
Others	-	-	-	-	-	(3)	-	-	(3)	-	(3)
<b>Balance on December 31, 2022</b>	<b>\$ 1,200,422</b>	<b>-</b>	<b>1,264,508</b>	<b>187,098</b>	<b>26,136</b>	<b>734,669</b>	<b>(2,089)</b>	<b>8,515</b>	<b>3,419,259</b>	<b>679,736</b>	<b>4,098,995</b>

(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, 2022 and 2021

**Unit: NT\$**

	<u>2022</u>	<u>2021</u>
<b>Cash flows from operating activities:</b>		
Net income before tax for the period	\$ 339,938	267,629
<b>Items adjusted:</b>		
Income and expense items		
Depreciation expenses	282,501	283,355
Amortization expenses	24,648	21,170
Gains on reversal of expected credit impairment	(2,025)	(15,517)
Net gains on financial assets at fair value through profit or loss	(2,897)	(38,590)
Interest expenses	38,158	20,134
Interest income	(3,134)	(1,273)
Dividend income	(2,922)	(3,823)
Share-based payment remuneration cost	-	3,268
Share of losses of affiliates recognized by the equity method	400	222
Gains on disposal and retirement of properties, plants and equipment	(9,134)	(3,516)
Amount of property, plant and equipment recognized in expenses	-	3
Gains on disposal of intangible assets	-	(190)
Gains on disposal of subsidiaries' investments	(66)	-
Impairment losses on non-financial assets	51,466	25,650
Unrealized foreign exchange (gains) losses	(1,032)	4,658
Lease modification gains	603	(484)
Total income and expense items	376,566	295,067
<b>Changes in assets/liabilities related to operating activities:</b>		
Notes receivable (including related parties)	2,889	22,833
Accounts receivable (including related parties)	(144,986)	19,553
Lease payments receivable (including related parties)	8,402	(66,134)
Other receivables (including related parties)	3,380	(2,601)
Inventories	18,842	40,620
Prepayments	(4,623)	(3,524)
Other current assets	3,422	(6,235)
Notes payable (including related parties)	1,168	12,012
Accounts payable (including related parties)	150,847	(88,818)
Other payables (including related parties)	32,861	(2,480)
contract liability	(1,755)	(4,300)
Other current liabilities	(6,310)	5,805
Net defined benefit liabilities	(147)	53
Total net changes in assets and liabilities related to operating activities	63,990	(73,216)

(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-meí Huang**

**ShareHope Medicine Co., Ltd. and its subsidiaries**

**Consolidated Cash Flow Statement (Continued)**

January 1 to December 31, 2022 and 2021

**Unit: NT\$**

	<b>2022</b>	<b>2021</b>
Cash inflow from operation	\$ 780,494	489,480
Interests received	3,134	1,273
Interests paid	(36,848)	(19,730)
Income taxes paid	(104,312)	(110,921)
<b>Cash inflow from operation</b>	<b>642,468</b>	<b>360,102</b>
<b>Cash flows from investing activities:</b>		
Acquisition of financial assets at fair value through other comprehensive income	(140,707)	(99,806)
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	16,250	15,000
Disposal of financial assets at fair value through profit or loss	3,548	70,057
Acquisition of long-term equity method investments	(73,900)	(10,000)
Acquisition of financial assets at amortized cost	755	(37,842)
Capital returned due to capital reduction of investees applying the equity method	-	17,500
Acquisition of property, plant and equipment	(1,265,977)	(137,514)
Disposal of property, plant and equipment	110,565	3,570
Increase in refundable deposits	(2,429)	(115,845)
Increase (decrease) in other receivables-related parties	(8,834)	7,835
Acquisition of intangible assets	(18,071)	(14,746)
Disposal of intangible assets	-	190
Increase in other non-current assets	(10,259)	(22,928)
Dividends received	2,922	3,823
<b>Cash outflow from investing activities:</b>	<b>(1,373,575)</b>	<b>(320,706)</b>
<b>Cash flows from financing activities:</b>		
Increase (decrease) in short-term loans	30,520	(67,634)
Increase in short-term bills payable	-	19,988
Redemption of corporate bonds	-	(99,990)
Borrowing of long-term loans	1,194,000	15,844
Repayment of long-term loans	(352,151)	(19,599)
Increase in deposits received	9,096	1,536
Lease principal payment	(124,809)	(111,299)
Distribution of cash dividends	(59,324)	(102,801)
Changes in non-controlling interests	8,950	200,549
<b>Cash inflow (outflow) from financing activities</b>	<b>706,282</b>	<b>(163,406)</b>
Impact of exchange rate changes on cash and cash equivalents	2,834	(5,369)
Decrease in cash and cash equivalents for the period	(21,991)	(129,379)
Balance of cash and cash equivalents at the beginning of the period	1,557,173	1,686,552
<b>Balance of cash and cash equivalents at the end of the period</b>	<b>\$ 1,535,182</b>	<b>1,557,173</b>

(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**

**2022 and 2021**

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

### **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 Combined 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 24, 2023.

### **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 Combined Company adopted the following newly amended terms of the IFRSs on January 1, 2022, which made no significant impact on the Consolidated Financial Statements.

- Amendment to “Real Estate, Plant and Equipment - Price before Intended Use” under IAS 16
- Amendment to “Onerous Contract - Cost of Performance” under IAS 37
- Annual Improvements to IFRSs  
2018–2020 Cycle
- Amendment to “References to Conceptual Framework” under IFRSs 3

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

The Combined Company adopted the following newly amended terms of the IFRSs effective from January 1, 2023, based on evaluation, which will not have a 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



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

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

The standards and interpretations that have been issued and amended by the International Accounting Standards Board but have not yet been approved by the Financial Supervisory Commission and may be relevant to the Combined Company are as follows:

Newly issued or amended standards	Major amendments	Effective date of standards issued by the Board
Amendment to “Classification of Liabilities as Current or Non-current” under IAS 1	According to the current IAS 1, liabilities for which the enterprise does not have the right to unconditionally defer settlement for at least 12 months after the reporting period shall be classified as current. The statement “unconditionally” is removed from the amendment which instead stipulates that the right must exist and be substantive at the end of the reporting period. It is clarified in the amendment that how enterprises should classify liabilities that are settled by issuing equity instruments of such liabilities (e.g., convertible corporate bonds).	January 1, 2024
Amendment to “Non-current Contractual Liabilities” under IAS 1	After reconsidering certain aspects of the amendment to IAS 1 in 2020, it is clarified in the new amendment that only contractual terms to which an enterprise shall be subject on or before the reporting date will affect the classification of liabilities as current or non-current. The contractual terms (i.e. future terms) to which an enterprise shall be subject after the reporting date will not affect the classification of liabilities at that date. However, as for non-current liabilities subject to future contractual terms, enterprises shall disclose information to notify users of financial statements of the risk that such liabilities may be repaid within 12 months after the reporting date.	January 1, 2024

The Combined Company is continuously evaluating the impact of above-mentioned standards and interpretations on its financial position and operating results, and the relevant impact will be disclosed when the evaluation is completed.

The Combined 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
- Amendment to "Provisions on Sale and Leaseback Transactions” under IFRSs 16

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

### 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 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 investee	Name of subsidiary	Nature of business	Percentage of equity held		Explanation
			2022.12.31	2021.12.31	
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%	39.93%	Note 1
The Company	Medzoneasia Co., Ltd. (hereinafter referred to as Medzoneasia)	Wholesale and trading of medicines and provision of medical information software services	60.21%	60.21%	
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	Digimed Co., Ltd. (hereinafter referred to as Digimed)	Information software services	-	20.00%	Note 2
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	Digimed	Information software services	-	20.00%	Note 2
Mytrex Health Company	Sheng Yo Rehabilitative Technologies, Inc. (hereinafter referred to as Sheng Yo Company)	Health management services	90.91%	-	Note 3
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%	100.00%	
Medzoneasia	YES Health Co., Ltd. (hereinafter referred to as YES Health Company)	Wholesale and trading of medicines and management consulting for pharmacies	100.00%	100.00%	
Medzoneasia	Digimed	Information software services	60.00%	-	Note 2
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	Digimed	Information software services	-	20.00%	Note 2
Hung-Han Company	Hanting Digital Technology Co., Ltd. (hereinafter referred to as Hanting Company)	Information software services	100.00%	100.00%	
Hung-Han Company	Chinachem Biomedical Co., Ltd. (hereinafter referred to as Chinachem)	Healthcare services	100.00%	-	Note 4

Note 1: Pregetic Health Company executed exercising of employee stock options and cash capital increase in June 2022 and December 2021 respectively. The Company did not increase its subscribed capital according to its shareholding ratio, resulting in a decrease in its shareholding ratio.

Note 2: In April 2022, the Company, Mytrex Health Company and Pregetic Health Company respectively transferred all the equity they held in Digimed to Medzoneasia, resulting in a change in the shareholding ratio.

Note 3: Mytrex Health Company and other investors jointly invest to found Sheng Yo Rehabilitative Company on February 14, 2022. The company has completed the statutory change registration procedures, so the Combined Company has acquired control over it and thus incorporated it into the Consolidated Financial Statements.

Note 4: Hung-Han Company invest to found Chinachem on September 29, 2022. The company has completed the statutory change registration procedures, so the Combined Company has acquired control over it and thus incorporated it into the Consolidated Financial Statements.

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

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;
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.

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

### **(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**

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.

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

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 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 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.

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

### **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 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.

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

### (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.

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.

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

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 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.

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

### 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
(5) Franchise	10 years
(6) Technology authorization	5 years
(7) Specialized technology	10 years
(8) Lease contract	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.

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

### **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 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, and the ongoing franchise fee based on sales revenue is recognized when the franchisee stores make actual sales.

## **(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.

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

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 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

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

### **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.

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.

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

### **(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, 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.

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

### (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 (33) 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

	<u>2022.12.31</u>	<u>2021.12.31</u>
Cash on hand and working capital	\$ 5,051	4,645
Cheques, demand deposits and foreign currency deposits	1,479,706	1,502,251
Cash equivalents - repurchase bonds	50,425	50,277
	<u><u>\$ 1,535,182</u></u>	<u><u>1,557,173</u></u>

Please refer to Note 6 (33) for disclosure of interest rate risk and sensitivity analysis of the financial assets and liabilities of the Combined Company.



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

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

	<u>2022.12.31</u>	<u>2021.12.31</u>
Financial assets mandatorily measured at fair value through profit or loss:		
Non-derivative financial assets		
Fund beneficiary certificates	\$ 10,341	10,279
TPEX listed stocks	61,912	59,871
Non-TWSE/TPEX listed stocks	20,174	22,928
	<u><b>\$ 92,427</b></u>	<u><b>93,078</b></u>
Current	\$ 10,341	10,279
Non-current	82,086	82,799
	<u><b>\$ 92,427</b></u>	<u><b>93,078</b></u>

In 2022 and 2021, the Combined Company recognized dividend income of NT\$2,922 thousand and NT\$2,248 thousand respectively, for the investment in equity instruments mandatorily measured at fair value through profit or loss.

Please refer to Note 6 (32) 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:

	<u>2022.12.31</u>	<u>2021.12.31</u>
Stocks issued by non-TWSE/TPEX listed companies	\$ 306,190	229,474
Stocks issued by non-overseas listed companies	273,661	257,888
Limited partnership interests	101,029	58,062
	<u><b>\$ 680,880</b></u>	<u><b>545,424</b></u>

The investments in equity instruments are held by the Combined 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.

In 2022 and 2021, the Combined Company recognized dividend income of NT\$0 thousand and NT\$1,575 thousand respectively, for the investment in equity instruments measured at fair value through other comprehensive income.

On February 14, 2022, the Board of Directors meeting of Chungyuan Medical Management Company, one subsidiary of the Combined Company, approved through a resolution to sell all of its shares in Horei Co., Ltd., which was designated to be measured at fair value through other comprehensive income. The fair value at the time of disposal was NT\$12,562 thousand, with a accumulated disposal profit of NT\$3,852 thousand, and NT\$2,894 thousand of accumulated other equity - unrealized valuation gains on financial assets at fair value through other comprehensive income in the statement has been transferred from other equity to undistributed earnings.

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

On February 14, 2022, the extraordinary shareholders' meeting of Mytrex Health Company, one subsidiary of the Combined Company, approved the proposal of capital reduction for making up losses through a resolution, regarding the equity instrument it holds in - ConcePLT Medical Co., LTD. (formerly known as Power Membrane Co., Ltd., hereinafter referred to as ConcePLT Company). The Combined Company originally held 7,500 shares of ConcePLT Company, of which 7,485 shares were fully reduced to make up for losses, and held 15 shares thereafter. It signed a free share transfer agreement with other shareholders on the same day, resulting in an accumulated disposal loss of NT\$75 thousand. Additionally, it transferred the accumulated disposal loss from other equity - unrealized valuation losses on financial assets at fair value through other comprehensive income to undistributed earnings.

In September 2021, Mytrex Health Company, one subsidiary of the Combined Company, participated in the cash capital increase through stocks issued by one of the aforementioned non-TWSE/TPEX listed companies, Air Long-Term Care Co., Ltd., resulting in an increase in the percentage of equity held by the Combined Company in the investee from 11.76 % to 32.50%, which is the evidence to determine that the Combined Company has significant influence over the investee. The fair value of the investee based on fair value measurement is NT\$1,947 thousand, and NT\$53 thousand of other equity - unrealized valuation loss on financial assets at fair value through other comprehensive income was transferred to retained earnings, and the shares the Company originally held in the investee were reclassified to the item of equity method investments by fair value on the same day.

Please refer to Note 6 (33) for credit risk and market risk information.

### (IV) Notes and accounts receivable and finance lease receivables - current

	<b>2022.12.31</b>	<b>2021.12.31</b>
Notes receivable	\$ 13,123	16,012
Accounts receivable - measured at amortized cost	183,826	225,310
Accounts receivable-related parties - measured at amortized cost	1,038,039	849,133
Accounts receivable-finance lease payments - measured at amortized cost	388	-
Accounts receivable-related parties - finance lease payments - measured at amortized cost	6,026	10,132
Less: loss allowances	(4,608)	(6,624)
Unrealized interest income	(987)	(1,610)
	<b><u>\$ 1,235,807</u></b>	<b><u>1,092,353</u></b>

The Combined 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.

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

The expected credit losses on notes and accounts receivable and finance lease receivables (including related parties) of the Combined Company are analyzed as follows:

	<b>2022.12.31</b>		
	<b>The carrying amount of notes and accounts receivable and finance lease receivables (including related parties)</b>	<b>Weighted average expected credit loss rate</b>	<b>Loss allowances for lifetime expected credit losses</b>
Not overdue	\$ 1,223,714	0.00%~0.34%	223
Less than 60 days overdue	9,327	0.00%~10.00%	5
61~90 days overdue	109	0.00%~100%	-
91-120 days overdue	641	0.00%~40.00%	-
More than 121 days overdue	6,624	0.00%~100%	4,380
	<b>\$ 1,240,415</b>		<b>4,608</b>

	<b>2021.12.31</b>		
	<b>The carrying amount of notes and accounts receivable and finance lease receivables (including related parties)</b>	<b>Weighted average expected credit loss rate</b>	<b>Loss allowances for lifetime expected credit losses</b>
Not overdue	\$ 1,070,798	0.00%~0.03%	222
Less than 60 days overdue	8,177	0.00%~1.41%	144
61~90 days overdue	10,582	0.00%~32.59%	2,452
91-120 days overdue	78	0.00%~0.04%	-
More than 121 days overdue	9,342	0.00%~100%	3,806
	<b>\$ 1,098,977</b>		<b>6,624</b>

The changes in the loss allowances for notes and accounts receivable and finance lease receivables (including related parties) of the Combined Company are analyzed in the table below:

	<b>2022</b>	<b>2021</b>
Beginning balance	\$ 6,624	16,983
Reversal gains on impairment losses	(2,037)	(10,347)
Foreign currency translation gains and losses	21	(12)
Ending balance	<b>\$ 4,608</b>	<b>6,624</b>

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

(V) Other receivables

	<b>2022.12.31</b>	<b>2021.12.31</b>
Equipment receivables	\$ -	102,137
Receivables from chain pharmacies	23,760	21,983
Other receivables-related parties	26,445	20,073
Others	32,725	5,419
Less: loss allowances	(882)	(868)
	<b><u>\$ 82,048</u></b>	<b><u>148,744</u></b>

The table of changes in loss allowances for other receivables of the Combined Company is as follows:

	<b>2022</b>	<b>2021</b>
Beginning balance	\$ 868	6,045
Reversal of impairment losses	-	(5,170)
Foreign currency translation gains and losses	14	(7)
Ending balance	<b><u>\$ 882</u></b>	<b><u>868</u></b>

Please refer to Note 6 (33) for other credit risk information.

(VI) Finance lease receivables

The Combined Company subleases machinery and equipment for a period of two to five years, with an implied interest rate of 5% 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:

	<b>2022.12.31</b>	<b>2021.12.31</b>
Less than one year	\$ 6,415	10,131
1~2 years	3,732	8,741
2~3 years	3,154	3,796
3~4 years	3,154	3,154
4~5 years	1,985	3,154
More than 5 years	1,598	3,584
Gross investment in the lease	20,038	32,560
Unearned finance income	(2,732)	(4,395)
Present value of lease payments receivable	<b><u>\$ 17,306</u></b>	<b><u>28,165</u></b>
Current	\$ 5,427	8,522
Non-current	11,879	19,643
	<b><u>\$ 17,306</u></b>	<b><u>28,165</u></b>

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

The Combined 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 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, 2022 and 2021.

### (VII) Inventories

	<u>2022.12.31</u>	<u>2021.12.31</u>
Medicines and medical materials	\$ 36,852	48,947
Raw materials	30,274	36,450
Work in progress	2,210	2,508
Finished good	29,147	33,557
Commodity	174,054	169,178
	<u><b>\$ 272,537</b></u>	<u><b>290,640</b></u>

Particulars of cost of sales are as follows:

	<u>2022</u>	<u>2021</u>
Cost of inventories sold	\$ 2,592,350	2,533,712
Inventory falling price loss (recovery benefit)	(2,761)	6,729
Obsolete inventories	1,468	1,657
Scrap income	(1,451)	(1,413)
Inventory surplus	(1,082)	(31)
Others	18,642	12,161
	<u><b>\$ 2,607,166</b></u>	<u><b>2,552,815</b></u>

### (VIII) Business combination

On December 31, 2020, the Combined Company obtained control over Fuyi Company after acquiring 100% of the shares of it by issuing new shares. By acquiring control of Fuyi Company, which engages in provision of medical clinic management consulting, medical consumables trading and medical equipment leasing, the Combined Company is able to expand the channels for examination and diagnosis business.

The original accounting treatment for the acquisition of equity in Fuyi Company by the Combined Company in December 2020 was provisional at the reporting date. In the fourth quarter of 2021, the Combined Company made retrospective adjustments during the measurement period based on the equity price allocation report issued by an appraiser.

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

The main categories of consideration transferred, the assets acquired and liabilities assumed at the date of acquisition and the amount of goodwill recognized are as follows:

1. The fair value of the main categories of consideration transferred at the acquisition date is as follows:

Equity instrument (7,797 thousand ordinary shares)	\$ <u><b>124,289</b></u>
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- (2) Issuance of equity instruments

The fair value of the ordinary shares issued as the consideration paid for the acquisition of Fuyi Company was NT\$124,289 thousand, and was determined based on the enterprise value of the Company's ordinary shares (\$15.94 per share) on December 31, 2021.

2. Identifiable assets acquired and liabilities assumed

The fair values of the identifiable assets acquired and liabilities assumed at the date of acquisition are as follows:

Cash and bank deposits	\$ 8,999
Net accounts receivable and other net receivables	40,078
Prepayments	8,908
Other current and non-current assets	4,373
Property, plant and equipment	83,497
Right-of-use asset	2,444
Investment properties	93,296
Intangible assets	9,975
Short-term loans	(50,000)
Accounts payable and other payables	(2,844)
Other current liabilities	(1,570)
Long-term loans (including those due within one year)	(50,000)
Current and non-current lease liabilities	(96,341)
Deferred income tax liabilities	<u>(1,342)</u>
Fair values of net identifiable assets	<u><b>\$ 49,473</b></u>

3. Goodwill

The goodwill recognized due to acquisition is as follows:

Consideration transferred	\$ 124,289
Less: fair values of net identifiable assets	<u>49,473</u>
Goodwill	<u><b>\$ 74,816</b></u>

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

(IX) Changes in ownership interests in subsidiaries

1. Acquisition of additional equity in subsidiaries

On March 5, 2021, the Combined Company acquired 45% of the equity of the subsidiary, Shengshih Technology Co., Ltd., through a resolution of the Board of Directors, leading to an increase of its equity from 55% to 100%.

	<u>2021</u>
Carrying amount of non-controlling interests acquired	\$ 443
Consideration paid to non-controlling interests	<u>(450)</u>
Additional paid-in capital - the difference between the price and book value of equity actually acquired and disposed of	<u><u>\$ (7)</u></u>

2. Disposal of some equity in subsidiaries without loss of control

The Company, Pregetic Health Company, and Mytrex Health Company each transferred 20% 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:

	<u>2022</u>
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><u>\$ (4,992)</u></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><u>\$ (4,992)</u></u>

	<u>2021</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	<u>(1,409)</u>
Undistributed earnings	<u>(1,597)</u>
	<u><u>\$ (1,342)</u></u>

YES Health Company merged with YAOX on December 16, 2020 through a resolution of the Board of Directors, as an action to promote rational operation, integrate resources, and reduce operating costs, and the absorption merger was conducted by exchanging 602.892208 ordinary shares of YES Health Company for 1 share of YAOX, making YES Health Company the surviving company and YAOX the extinguished company, with the base date for the merger being July 1, 2021. As an original shareholder of YAOX, Medzoneasia holds 100% of the equity of YES Health Company. The statutory change registration procedures for the absorption merger have been completed on August 30, 2021. The transaction is an adjustment of the Group's organizational structure and thus shall be accounted for as an equity transaction.

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

The impact of the above transaction on the Combined Company is as follows:

	<b>2021</b>
Carrying amount of equity of the extinguished company	\$ 152,866
Shares of the surviving company cancelled in the merger	13,770
New shares of the surviving company issued in the merger	<u>(60,350)</u>
Additional paid-in capital - merger premium	<b><u>\$ 106,286</u></b>

The Company transferred 100% of the equity of its subsidiary -Macro Global Co., Ltd. to its subsidiary -Medzoneasia to improve operational performance, through a resolution of the Board of Directors on March 5, 2021. 6,450 thousand ordinary shares of Macro Global Co., Ltd. was exchanged for 3,000 thousand ordinary shares of Medzoneasia, with the share exchange ratio being 2.15:1 and the base date for share exchange being April 23, 2021. Upon the completion of share exchange, the paid-in capital of Medzoneasia was NT\$260,000 thousand, and Macro Global Co., Ltd. became a subsidiary of Medzoneasia which held 100% of its shares. The statutory change registration procedures for the share exchange have been completed on June 25, 2021. The transaction is an adjustment of the Group's organizational structure and thus shall be accounted for as an equity transaction. NT\$11,844 thousand of difference from the equity transaction is recognized as additional paid-in capital - the difference between the price and book value of subsidiaries' equity actually acquired and disposed of.

3. 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:

	<b>2022</b>
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	<b><u>\$ (3,166)</u></b>

The Combined Company did not subscribe for shares in the cash capital increase by -Pregetic Health Company based on its shareholding ratio in December, 2021, resulting in a decrease in its shareholding ratio from 57.69% to 39.93%.

	<b>2021</b>
	<b>Pregetic Health Company</b>
Decrease in equity attributable to subsidiaries after issuance of new shares	\$ (25,809)
Equity attributable to subsidiaries recognized in the newly issued shares based on their equity ratio after issuance of new shares	79,860
Adjustments to other equity items attributable to owners of the Company	<u>136</u>
Additional paid-in capital - recognized changes in ownership interests in subsidiaries	<b><u>\$ 54,187</u></b>



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

4. Disposal of equity instruments at fair value through other comprehensive income and changes of affiliates recognized by the equity method.

	<b>2022</b>	
	<b>Mytrex Health Company</b>	<b>Chungyuan Medical Management Company</b>
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 impact of changes in the Combined Company's ownership interests in the above-mentioned subsidiaries on the owners' equity attributable to the parent company 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>

	<b>2021</b>	
		<b>Chungyuan Medical Management Company</b>
Equity instruments at fair value through other comprehensive income disposed of that are recognized in undistributed earnings		<u>\$ (53)</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>\$ 53</u>
The Company's impact on the above transactions is as follows:		
Unrealized gains or losses on financial assets at fair value through other comprehensive income		<u>\$ 53</u>
Undistributed earnings		<u>\$ (53)</u>

**(X) Loss of control over subsidiaries**

The Combined Company invested NT\$50,000 thousand in April 2022 to establish Anchun Company and gained control over it. On September 23, 2022, the Combined 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 remaining 40% of the equity owned by the Combined Company in Anchun Company measured at a fair value of NT\$20,025 thousand on September 23, 2022.

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

The Combined Company still holds 40% of the shares of Anchun Company after the above transaction, so it is determined that the Combined 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>\$ 49,959</u>

### (XI) Subsidiaries with material non-controlling interests

Non-controlling interests in subsidiaries that are material to the Combined Company are as follows:

Name of subsidiary	Principal business premises/ Country of company registration	Proportion of ownership interest and voting rights of non- controlling interests	
		2022.12.31	2021.12.31
Mytrex Health Company	Taiwan	38.54%	38.54%
TECHGROUP Integrate Design Co., Ltd.	Taiwan	49.00%	49.00%
Medzoneasia	Taiwan	39.79%	39.79%
Pregetic Health Company	Taiwan	61.10%	60.07%

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 combined companies are written off, is as follows:

The consolidated financial information of Mytrex Health Company:

	2022.12.31	2021.12.31
Current asset	\$ 227,662	312,082
non-current assets	527,435	566,577
Current liabilities	(25,160)	(44,950)
non-current liabilities	(143)	-
Net assets	<u>\$ 729,794</u>	<u>833,709</u>
Carrying amount of non-controlling interests at the end of the period	<u>\$ 303,582</u>	<u>342,654</u>

	2022	2021
Operating revenue	\$ -	253,510
Net loss for the period	\$ (91,901)	(14,011)
Other comprehensive income	(12,015)	(76)
Total comprehensive income	<u>\$ (103,916)</u>	<u>(14,087)</u>
Net (loss) income for the period attributable to non- controlling interests	<u>\$ (36,060)</u>	<u>(5,437)</u>
Total comprehensive income attributable to non-controlling interests	<u>\$ (40,736)</u>	<u>(5,520)</u>

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

	<b>2022</b>	<b>2021</b>
Cash flows from operating activities	\$ (15,109)	(5,238)
Cash flows from investing activities	(62,410)	(165,660)
Cash flows from financing activities	-	(239,535)
Effects of exchange rate	118	(4,502)
Decrease in cash and cash equivalents	<b>\$ (77,401)</b>	<b>(414,935)</b>
Dividends paid to non-controlling interests	<b>\$ -</b>	<b>46,939</b>

The consolidated financial information of TECHGROUP Integrate Design Co., Ltd.:

	<b>2022.12.31</b>	<b>2021.12.31</b>
Current asset	\$ 37,550	30,272
non-current assets	2,360	2,818
Current liabilities	(21,236)	(16,849)
non-current liabilities	-	(876)
Net assets	<b>\$ 18,674</b>	<b>15,365</b>
Carrying amount of non-controlling interests at the end of the period	<b>\$ 19,745</b>	<b>20,949</b>

	<b>2022</b>	<b>2021</b>
Operating revenue	<b>\$ 55,336</b>	<b>43,916</b>
Net income for the period	\$ 7,719	4,903
Other comprehensive income	-	-
Total comprehensive income	<b>\$ 7,719</b>	<b>4,903</b>
Net loss for the period attributable to non-controlling interests	<b>\$ 957</b>	<b>(423)</b>
Total comprehensive income attributable to non-controlling interests	<b>\$ 957</b>	<b>(423)</b>

	<b>2022</b>	<b>2021</b>
Cash flows from operating activities	\$ 8,446	6,617
Cash flows from investing activities	(720)	(356)
Cash flows from financing activities	(5,286)	(3,780)
Increase (decrease) in cash and cash equivalents	<b>\$ 2,440</b>	<b>2,481</b>
Dividends paid to non-controlling interests	<b>\$ 2,161</b>	<b>1,421</b>

The consolidated financial information of Medzoneasia:

	<b>2022.12.31</b>	<b>2021.12.31</b>
Current asset	\$ 22,712	37,494
Non-current assets	461,311	398,573
Current liabilities	(52,336)	(58,895)
Non-current liabilities	(36,354)	(1,431)
Net assets	<b>\$ 395,333</b>	<b>375,741</b>
Carrying amount of non-controlling interests at the end of the period	<b>\$ 157,303</b>	<b>149,508</b>

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

	<b>2022</b>	<b>2021</b>
Operating income	<b>\$ 8,729</b>	<b>65,555</b>
Net (loss) income for the period	16,105	(20,043)
Other comprehensive income	8,479	(10,129)
Total comprehensive income	<b>\$ 24,584</b>	<b>(30,172)</b>
Net (loss) income for the period attributable to non-controlling interests	<b>\$ 6,408</b>	<b>(8,132)</b>
Total comprehensive income attributable to non-controlling interests	<b>\$ 9,782</b>	<b>(12,461)</b>
	<b>2022</b>	<b>2021</b>
Cash flows from operating activities	\$ 2,970	(15,901)
Cash flows from investing activities	(14,583)	(698)
Cash flows from financing activities	(1,786)	(1,546)
Decrease in cash and cash equivalents	<b>\$ (13,399)</b>	<b>(18,145)</b>

The consolidated financial information of Pregetic Health Company:

	<b>2022.12.31</b>	<b>2021.12.31</b>
Current assets	\$ 106,527	213,637
Non-current assets	368,970	302,040
Current liabilities	(161,498)	(151,607)
Non-current liabilities	(3,920)	(3,795)
Net assets	<b>\$ 310,079</b>	<b>360,275</b>
Carrying amount of non-controlling interests at the end of the period	<b>\$ 195,208</b>	<b>218,880</b>
	<b>2022</b>	<b>2021</b>
Operating income	<b>\$ 51,978</b>	<b>7,464</b>
Net loss for the period	\$ (32,347)	(56,745)
Other comprehensive income	(24,799)	6,831
Total comprehensive income	<b>\$ (57,146)</b>	<b>(49,914)</b>
Net loss for the period attributable to non-controlling interests	<b>\$ (20,349)</b>	<b>(24,274)</b>
Total comprehensive income attributable to non-controlling interests	<b>\$ (35,451)</b>	<b>(20,031)</b>
	<b>2022</b>	<b>2021</b>
Cash flows from operating activities	\$ 31,924	(33,920)
Cash flows from investing activities	(136,763)	(60,410)
Cash flows from financing activities	(879)	223,681
Decrease in cash and cash equivalents	<b>\$ (105,718)</b>	<b>129,351</b>

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

## (XII) Property, plant and equipment

	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, 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>
Balance on January 1, 2021	\$ 17,229	36,779	489,494	1,613	67,261	194,638	52,589	508,261	16,682	1,384,546
Increase	-	-	32,411	-	20,604	22,474	3,813	51,341	(320)	130,323
Disposal	-	-	(3,740)	(830)	(3,125)	(5,629)	(73)	(171,270)	-	(184,667)
Reclassification	-	-	9,791	-	10,282	2,955	1,545	4,429	(16,362)	12,640
Balance on December 31, 2021	<u>\$ 17,229</u>	<u>36,779</u>	<u>527,956</u>	<u>783</u>	<u>95,022</u>	<u>214,438</u>	<u>57,874</u>	<u>392,761</u>	<u>-</u>	<u>1,342,842</u>
Accumulated depreciation and impairment:										
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>
Balance on January 1, 2021	\$ -	19,699	199,525	844	31,199	78,646	39,944	307,710	-	677,567
Depreciation for the year	-	1,292	60,666	78	13,158	26,667	5,129	57,370	-	164,360
Disposal	-	-	(1,178)	(242)	(2,991)	(2,748)	(39)	(80,142)	-	(87,340)
Impairment loss	-	-	25,650	-	-	-	-	-	-	25,650
Reclassification	-	-	(629)	-	515	-	-	114	-	-
Balance on December 31, 2021	<u>\$ -</u>	<u>20,991</u>	<u>284,034</u>	<u>680</u>	<u>41,881</u>	<u>102,565</u>	<u>45,034</u>	<u>285,052</u>	<u>-</u>	<u>780,237</u>
Book value:										
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>
December 31, 2021	<u>\$ 17,229</u>	<u>15,788</u>	<u>243,922</u>	<u>103</u>	<u>53,141</u>	<u>111,873</u>	<u>12,840</u>	<u>107,709</u>	<u>-</u>	<u>562,605</u>

### 1. Impairment loss

In 2022 and 2021, the Combined Company conducted impairment assessments on the property, plant and equipment with signs of impairment. Since the book value of the property, plant and equipment was higher than their recoverable amount in 2021, NT\$51,466 thousand and NT\$25,650 thousand were appropriated as impairment losses respectively, which were recognized as non-operating income and expenses in the Consolidated Statement of Comprehensive Income.

### 2. Warranty

Please refer to Note 8 for details of long-term loan guarantees that have been provided as of December 31, 2022 and 2021.

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

(XIII) Right-of-use assets

	<b>Houses and buildings</b>	<b>Transportation equipment</b>	<b>Office equipment</b>	<b>Total</b>
Cost:				
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	<b>\$ 582,172</b>	<b>21,023</b>	<b>-</b>	<b>603,195</b>
Balance on January 1, 2021	\$ 129,513	30,341	-	159,854
Increase	480,612	9,910	1,088	491,610
Decrease	(26,314)	(14,756)	-	(41,070)
Balance on December 31, 2021	<b>\$ 583,811</b>	<b>25,495</b>	<b>1,088</b>	<b>610,394</b>
Accumulated depreciation:				
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	<b>\$ 129,461</b>	<b>12,660</b>	<b>-</b>	<b>142,121</b>
Balance on January 1, 2021	\$ 30,792	11,906	-	42,698
Increase	54,179	7,745	396	62,320
Disposal	(10,520)	(7,853)	-	(18,373)
Balance on December 31, 2021	<b>\$ 74,451</b>	<b>11,798</b>	<b>396</b>	<b>86,645</b>
Book value:				
December 31, 2022	<b>\$ 452,711</b>	<b>8,363</b>	<b>-</b>	<b>461,074</b>
December 31, 2021	<b>\$ 509,360</b>	<b>13,697</b>	<b>692</b>	<b>523,749</b>

(XIV) Investment properties

Investment properties comprise self-owned assets held by the Combined 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.

	<b>Land and land improvements</b>	<b>Houses and buildings</b>	<b>Right-of-use assets</b>	<b>Total</b>
Cost:				
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	<b>\$ 152,641</b>	<b>36,669</b>	<b>290,749</b>	<b>480,059</b>
Balance on January 1, 2021	\$ 152,641	36,669	264,626	453,936
(after retrospective adjustment)				
Increase	-	-	39,869	39,869
Disposal	-	-	(23,962)	(23,962)
Balance on December 31, 2021	<b>\$ 152,641</b>	<b>36,669</b>	<b>280,533</b>	<b>469,843</b>

# Notes to the Consolidated Financial Statements of ShareHope Medicine Co., Ltd. and its

## subsidiaries (Continued)

	Land and land improvements	Houses and buildings	Right-of-use assets	Total
Accumulated depreciation:				
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>
Balance on January 1, 2021 \$	-	8,223	58,716	66,939
(after retrospective adjustment)				
Depreciation for the year	-	1,333	55,342	56,675
Disposal for the period	-	-	(19,629)	(19,629)
Balance on December 31, 2021	<u>\$ -</u>	<u>9,556</u>	<u>94,429</u>	<u>103,985</u>
Carrying amount:				
December 31, 2022	<u>\$ 152,641</u>	<u>25,780</u>	<u>168,371</u>	<u>346,792</u>
December 31, 2021 (after retrospective adjustment)	<u>\$ 152,641</u>	<u>27,113</u>	<u>186,104</u>	<u>365,858</u>
Fair value:				
December 31, 2022			<u>\$ 407,476</u>	
December 31, 2021			<u>\$ 406,995</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:

Location	2022	2021
Tayuan District, Taoyuan City	1.92%	1.38%
Xitun District, Taichung City	0.01%	0.34%
Da'an District, Taipei City	0.98%	0.72%

Please refer to Note 6 (22) for the Combined Company's renting of investment properties under operating leases.

Please refer to Note 8 for the amount of the Combined Company's investment properties with collateral as loan guarantee.

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

(XV) Intangible assets

	Management rights	Trademark rights	Customer relation	Lease contract	Membership list	Goodwill	Computer software	Franchise	Technology authorization	Others	Total
<b>Cost:</b>											
Balance on January 1, 2022	\$ 68,572	93,145	126,596	6,709	3,058	165,517	64,043	5,544	1,500	-	534,684
Acquired separately	-	-	-	-	-	-	16,722	-	3,790	-	20,512
Reclassification	-	-	-	-	-	-	8,870	-	-	267	9,137
Balance on December 31, 2022	<u>\$ 68,572</u>	<u>93,145</u>	<u>126,596</u>	<u>6,709</u>	<u>3,058</u>	<u>165,517</u>	<u>89,635</u>	<u>5,544</u>	<u>5,290</u>	<u>267</u>	<u>564,333</u>
Balance on January 1, 2021(after retrospective adjustment)	\$ 68,572	93,145	126,596	6,709	3,058	165,517	48,878	6,091	5,500	-	524,066
Acquired separately	-	-	-	-	-	-	14,746	-	-	-	14,746
Reclassification	-	-	-	-	-	-	419	-	-	-	419
Disposal	-	-	-	-	-	-	-	(547)	(4,000)	-	(4,547)
Balance on December 31, 2021	<u>\$ 68,572</u>	<u>93,145</u>	<u>126,596</u>	<u>6,709</u>	<u>3,058</u>	<u>165,517</u>	<u>64,043</u>	<u>5,544</u>	<u>1,500</u>	<u>-</u>	<u>534,684</u>
<b>Accumulated amortization:</b>											
Balance on January 1, 2022	\$ 57,141	-	85,654	671	3,058	-	44,005	4,988	1,426	-	196,943
Amortization for the period	5,715	-	8,070	671	-	-	7,502	341	2,349	-	24,648
Reclassification	-	-	-	-	-	-	15	-	-	54	69
Balance on December 31, 2022	<u>\$ 62,856</u>	<u>-</u>	<u>93,724</u>	<u>1,342</u>	<u>3,058</u>	<u>-</u>	<u>51,522</u>	<u>5,329</u>	<u>3,775</u>	<u>54</u>	<u>221,660</u>
Balance on January 1, 2021	\$ 51,427	-	77,584	-	3,058	-	37,931	5,194	5,126	-	180,320
Amortization for the period	5,714	-	8,070	671	-	-	6,074	341	300	-	21,170
Disposal	-	-	-	-	-	-	-	(547)	(4,000)	-	(4,547)
Balance on December 31, 2021	<u>\$ 57,141</u>	<u>-</u>	<u>85,654</u>	<u>671</u>	<u>3,058</u>	<u>-</u>	<u>44,005</u>	<u>4,988</u>	<u>1,426</u>	<u>-</u>	<u>196,943</u>
<b>Book value:</b>											
Balance on December 31, 2022	<u>\$ 5,716</u>	<u>93,145</u>	<u>32,872</u>	<u>5,367</u>	<u>-</u>	<u>165,517</u>	<u>38,113</u>	<u>215</u>	<u>1,515</u>	<u>213</u>	<u>342,673</u>
Balance on December 31, 2021	<u>\$ 11,431</u>	<u>93,145</u>	<u>40,942</u>	<u>6,038</u>	<u>-</u>	<u>165,517</u>	<u>20,038</u>	<u>556</u>	<u>74</u>	<u>-</u>	<u>337,741</u>

The Combined Company acquired trademark rights due to the business combination in 2019, and is able to apply for an extension of the legal useful lives at a minimal cost upon expiration. Based on the assessment of the management of the Combined Company, the Combined Company is intended and able to continue to extend the useful lives of the trademark rights which are expected to generate net cash inflows on an ongoing basis, and thus are regarded as intangible assets with indefinite useful lives.



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

The Combined Company acquired Fuyi Company on December 31, 2020, generating the goodwill of NT\$74,816 thousand with the amount of the consideration transferred and the non-controlling interests higher than the net amount of the identifiable assets acquired and liabilities assumed at the acquisition date. Given that the original accounting treatment for the acquisition of Fuyi Company was provisional on the balance sheet date, the Combined Company made the following retrospective adjustments during the measurement period based on the equity price allocation report issued by an appraiser in the fourth quarter of 2021:

Consolidated Balance Sheet as of December 31, 2020

	<b>Reported amount before retrospective adjustment</b>	<b>Effects of retrospective adjustment</b>	<b>Reported amount after retrospective adjustment</b>
Right-of-use assets	\$ 114,712	2,444	117,156
Investment properties	293,701	93,296	386,997
Intangible assets	348,662	(4,916)	343,746
Other payables	249,805	(1,788)	248,017
Lease liabilities - current	66,082	16,689	82,771
Lease liabilities - non-current	165,105	79,652	244,757
Deferred income tax liabilities	13,497	1,342	14,839
Additional paid-in capital	1,224,930	(265)	1,224,665
Non-controlling interests	660,975	(196)	660,779

(XVI) Other non-current assets

	<b>2022.12.31</b>	<b>2021.12.31</b>
Refundable deposits	\$ 412,516	410,087
Prepayments for equipment and engineering	13,070	19,490
Net defined benefit assets - non-current	4,595	2,787
Long-term prepayments	10,344	5,370
Others	3,107	432
	<b>\$ 443,632</b>	<b>438,166</b>

Refundable deposits are operational deposits paid by the Combined Company to ensure the performance of obligations of providing medical system institutions with operations management services.

(XVII) Short-term loans

	<b>2022.12.31</b>	<b>2021.12.31</b>
Unsecured bank loans	\$ 261,254	270,000
Secured bank loans	45,000	6,100
	<b>\$ 306,254</b>	<b>276,100</b>
Interest rate range	<b>1.35%~6.19%</b>	<b>1.11~2.49%</b>
Unused quota	<b>\$ 964,084</b>	<b>1,023,260</b>

Please refer to Note 8 for guaranty provided by the Combined Company for bank loans with assets as collateral.

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

(XVIII) Short-term bills payable

	<b>2022.12.31</b>		<b>2021.12.31</b>	
	<b>Interest rate</b>	<b>amount</b>	<b>Interest rate</b>	<b>amount</b>
Commercial paper payable	1.31%~1.60%	55,000	1.22%~1.30%	55,000
Less: discount on short-term bills payable		<u>(108)</u>		<u>(21)</u>
		<b><u>\$ 54,892</u></b>		<b><u>54,979</u></b>
Unused quota		<b><u>\$ 60,000</u></b>		<b><u>-</u></b>

(XIX) Long-term loans

	<b>2022.12.31</b>			
	<b>Currency</b>	<b>Interest rate range</b>	<b>Expiration month</b>	<b>Amount</b>
Secured bank loans	NT\$	1.93%~2.83%	113.11~120.3	\$ 999,376
Less: amount due within one year				<u>(31,753)</u>
Total				<b><u>\$ 967,623</u></b>
Unused quota				<b><u>\$ 620,000</u></b>

	<b>2021.12.31</b>			
	<b>Currency</b>	<b>Interest rate range</b>	<b>Expiration month</b>	<b>Amount</b>
Secured bank loans	NT\$	1.40%~2.20%	112.11~120.3	\$ 157,527
Less: amount due within one year				<u>(33,065)</u>
Total				<b><u>\$ 124,462</u></b>
Unused quota				<b><u>\$ 39,430</u></b>

Please refer to Note 8 for guaranty provided by the Combined Company for bank loans with assets as collateral.

(XX) Corporate bonds payable

Information on the issuance of corporate bonds payable by the Combined Company is as follows:

	<b>2021</b>
Interest expenses	<b><u>\$ 379</u></b>

The book value of the corporate bonds of the Combined Company that bondholders had exercised the conversion right in 2022 was NT\$599 thousand, with a total of 18 thousand shares converted, which increased ordinary share capital by NT\$182 thousand and additional paid-in capital - issuance premiums by NT\$440 thousand, and reduced the additional paid-in capital - share options by NT\$23 thousand.

The third domestic unsecured convertible corporate bonds issued by the Company matured on February 9, 2021, and the unconverted corporate bonds of NT\$99,900 thousand were repaid in cash in one lump sum at the face value.

(XXI) Lease liabilities

	<b>2022.12.31</b>	<b>2021.12.31</b>
Current	<b><u>\$ 118,503</u></b>	<b><u>119,204</u></b>
Non-current	<b><u>\$ 526,576</u></b>	<b><u>600,975</u></b>

Please refer to Note 6 (33) Financial Instruments for maturity analysis.

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

The following amounts are recognized in profit or loss:

	<b>2022</b>	<b>2021</b>
Interest expenses on lease liabilities	<u>\$ 12,984</u>	<u>11,797</u>
Variable lease payments not included in the measurement of the lease liabilities	<u>\$ 23,805</u>	<u>20,091</u>
Income from sublease of right-of-use assets	<u>\$ 34,800</u>	<u>22,625</u>
Expenses on short-term leases and low-value leases	<u>\$ 10,681</u>	<u>8,428</u>
COVID-19-related rent concessions	<u>\$ 1,384</u>	<u>887</u>

The following amounts are recognized in the cash flow statement:

	<b>2022</b>	<b>2021</b>
Total cash outflows for leases	<u>\$ 170,895</u>	<u>150,728</u>

**1. Houses and buildings**

The Combined Company leases houses, buildings, and transportation equipment for plants, operation, and sublease, typically for a lease term of 2~11 years. It is agreed that the Combined 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 (22) for the Combined Company's subleasing of part of the right-of-use assets with the consent of the lessor under operating leases.

**2. Other leases**

The Combined 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.

**(XXII) Operating leases**

The Combined 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 (12) Property, Plant and Equipment, Note 13 Right-of-use Assets and Note 14 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:

	<b>2022.12.31</b>	<b>2021.12.31</b>
1st year	\$ 143,318	178,385
2nd year	40,525	62,364
3rd year	20,455	5,002
4th year	3,125	761
5th year	2,642	761
More than 5 years	13,749	317
Total undiscounted lease payments	<u>\$ 223,814</u>	<u>247,590</u>

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

The rental income from investment properties in 2022 and 2021 was NT\$97,013 and NT\$101,816 thousand, respectively.

(XXIII) Other payables

	<u>2022.12.31</u>	<u>2021.12.31</u>
Employee remuneration payable	\$ 94,442	83,127
Salaries and bonuses payable	75,877	65,087
Equipment payables	83,186	21,028
Directors' and supervisors' remuneration payable	5,350	4,103
Business tax payable	2,591	14,489
Others	74,339	55,026
	<u><u>\$ 335,785</u></u>	<u><u>242,860</u></u>

(XXIV) 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:

	<u>2022.12.31</u>	<u>2021.12.31</u>
Present value of defined benefit obligations	\$ 12,267	13,917
Fair value of plan assets	<u>(8,890)</u>	<u>(7,567)</u>
Net defined benefit liabilities	<u><u>\$ 3,377</u></u>	<u><u>6,350</u></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\$7,566 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.

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

(2) Changes in the present value of defined benefit obligations

	<b>2022</b>	<b>2021</b>
Defined benefit obligation as of January 1	\$ 13,917	19,481
Servicing costs and interests for the period	463	702
Remeasurement amount of net defined benefit liabilities		
- Actuarial losses adjusted based on experience	(182)	(233)
- Actuarial gains and losses arising from changes in demographic assumptions	(592)	112
- Actuarial gains and losses arising from changes in financial assumptions	(1,339)	(2,509)
Benefits paid by the plan	-	(3,636)
Defined benefit obligation as of December 31	<b>\$ 12,267</b>	<b>13,917</b>

(3) Changes in fair value of plan assets

	<b>2022</b>	<b>2021</b>
Fair value of plan assets as of January 1	\$ (7,567)	(10,430)
Interest (income) expenses	(40)	(54)
Remeasurement amount of net defined benefit liabilities		
- Return on plan assets (excluding current interest)	(717)	(124)
- Adjustment to return on plan assets at the beginning of the period	4	-
Amount allocated to the plan	(570)	(594)
Benefits paid by the plan	-	3,635
Fair value of plan assets on December 31	<b>\$ (8,890)</b>	<b>(7,567)</b>

(4) Expenses recognized as profit or loss

	<b>2022</b>	<b>2021</b>
Servicing costs for the period	\$ 393	605
Net interest on net defined benefit liabilities	45	55
	<b>\$ 438</b>	<b>660</b>
Operating costs	\$ 186	255
Operating expenses	252	405
	<b>\$ 438</b>	<b>660</b>

(5) Remeasurement amount of net defined benefit liabilities recognized as other comprehensive income

	<b>2022</b>	<b>2021</b>
Accumulated balance as of January 1	\$ 2,267	(487)
Amount recognized in the period	2,830	2,754
Accumulated balance as of December 31	<b>\$ 5,097</b>	<b>2,267</b>

(6) Actuarial assumptions

	<b>2022.12.31</b>	<b>2021.12.31</b>
Discount rate	1.50%	0.50%
Future salary increase	2.00%~3.00%	2.00%~3.00%

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

The Company is excepted to allocate NT\$619 thousand to the defined benefit plans within one year after the reporting date in 2022.

The weighted average duration of defined benefit plans ranges from 12.2 to 14.1 years.

### (7) Sensitivity analysis

	Impact on defined benefit obligations	
	<u>Increase ratio</u>	<u>Decrease ratio</u>
December 31, 2022		
Discount rate (0.25% change)	\$ (381)	397
Future salary increase (0.25% change)	386	(373)
December 31, 2021		
Discount rate (0.25% change)	(477)	500
Future salary increase (0.25% change)	481	(464)

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 2022 and 2021 under the defined contribution pension plans were NT\$19,564 thousand and NT\$20,257 thousand.

### (XXV) Income taxes

#### 1. The income tax expenses of the Combined Company are as follows:

	<u>2022</u>	<u>2021</u>
Income tax expenses for the period		
Income tax expenses generated in the period	\$ 96,662	79,807
Income tax expenses for the period before adjustment	(956)	(7,305)
Tax on undistributed earnings	-	3,965
Deferred income tax expenses (income)	122	(2,266)
income tax expense	<u>\$ 95,828</u>	<u>74,201</u>

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

2. The details of the income tax (expenses) benefits recognized by the Combined Company under other comprehensive income are as follows:

	<u>2022</u>	<u>2021</u>
Items not reclassified to profit or loss:		
Remeasurement amount of defined benefit plans	\$ 566	551
Equity instruments at fair value through other comprehensive income	5,587	(89)
	<u>\$ 6,153</u>	<u>462</u>
	<u>2022</u>	<u>2021</u>
Items that may be reclassified to profit or loss subsequently		
Exchange difference from translation of the financial statements of foreign operations	<u>\$ 387</u>	<u>(136)</u>

The income tax expenses of the Combined Company directly recognized in equity are as follows:

	<u>2022</u>	<u>2021</u>
Others	<u>\$ 1</u>	<u>-</u>

The relationship between income tax expenses and pre-tax net profit of the Combined Company is adjusted as follows:

	<u>2022</u>	<u>2021</u>
	<u>\$ 339,938</u>	<u>267,629</u>
Income taxes calculated by net profit before tax	\$ 67,988	53,526
Effects of tax rate differences in foreign jurisdictions	91	86
Underestimation of the previous period	(956)	(7,305)
Permanent difference	(6,798)	(663)
Unrecognized changes in temporary differences	(1,249)	(1,932)
Tax on undistributed earnings	-	3,965
Tax-free income	(738)	(875)
Unrecognized changes in tax losses on deferred income tax assets	38,364	27,399
Tax incentives	(1,000)	-
Basic tax payable difference	126	-
	<u>\$ 95,828</u>	<u>74,201</u>

3. Deferred income tax assets and liabilities

(1) Unrecognized deferred income tax assets

	<u>2022.12.31</u>	<u>2021.12.31</u>
Deductible temporary difference	\$ -	214
Tax losses	100,220	82,042
	<u>\$ 100,220</u>	<u>82,256</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.

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

The deduction period for tax losses that have not been recognized as deferred income tax assets by the Combined Company as of December 31, 2022 is as follows:

<b>Year of loss</b>	<b>Undeducted losses</b>	<b>Last year of deduction</b>
2016 (approved amount)	\$ 50	2026
2017 (approved amount)	16,098	2027
2018 (approved amount)	54,395	2028
2019 (approved amount)	68,036	2029
2020 (approved amount)	76,254	2030
2021 (reported amount)	110,300	2031
2022 (estimated amount)	175,965	2032
	<b><u>\$ 501,098</u></b>	

(2) Recognized deferred income tax assets and liabilities

Deferred income tax assets:

	<b>Defined benefit retirement plan</b>	<b>Investment gains or losses recognized by the equity method</b>	<b>Financial assets at fair value through other comprehensive income</b>	<b>Others</b>	<b>Total</b>
<b>January 1, 2022</b>	\$ 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
<b>December 31, 2022</b>	<b><u>\$ 1,766</u></b>	<b><u>6,518</u></b>	<b><u>-</u></b>	<b><u>2,691</u></b>	<b><u>10,975</u></b>
<b>January 1, 2021</b>	\$ 2,751	4,994	1,536	3,433	12,714
(Debited) Credited to the income statement	89	646	-	878	1,613
(Debited) Credited to other comprehensive income	(551)	-	89	136	(326)
<b>December 31, 2021</b>	<b><u>\$ 2,289</u></b>	<b><u>5,640</u></b>	<b><u>1,625</u></b>	<b><u>4,447</u></b>	<b><u>14,001</u></b>

Deferred tax liabilities:

	<b>Intangible assets</b>	<b>Financial assets at fair value through other comprehensive income</b>	<b>Others</b>	<b>Total</b>
<b>January 1, 2022</b>	\$ 13,811	-	375	14,186
Credited (Debited) to income statement	(653)	-	206	(447)
Debited to other comprehensive income	-	3,962	120	4,082
<b>December 31, 2022</b>	<b><u>\$ 13,158</u></b>	<b><u>3,962</u></b>	<b><u>701</u></b>	<b><u>17,821</u></b>
<b>January 1, 2021 (after retrospective adjustment)</b>	\$ 14,120	-	719	14,839
Credited to the income statement	(309)	-	(344)	(653)
<b>December 31, 2021</b>	<b><u>\$ 13,811</u></b>	<b><u>-</u></b>	<b><u>375</u></b>	<b><u>14,186</u></b>



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

4. Declaration and approval of the Combined Company's income tax settlement for profit-making business are as follows:

Name of company	Year of approval
The Company	2020
Chungyuan Medical Management Company	2020
TECHGROUP Integrate Design Co., Ltd.	2020
Mytrex Health Company	2020
Macro Global Corporation	2020
YES Health Company	2020
Medzoneasia	2020
Pregetic Health Company	2020
Shengshih Technology Co., Ltd.	2019
Hung-Han Company	2020
Fuyi Company	2020

(XXVI) Capital and other equity

1. Issuance of ordinary shares

As of December 31, 2022 and 2021, 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\$1,200,422 thousand and NT\$1,143,259 thousand, respectively. All issued shares have been paid.

The adjustment of the number of outstanding shares of the Company in 2022 and 2021 is shown in the table below:

	(in thousand shares)	
	<b>Ordinary shares</b>	
	<b>2022</b>	<b>2021</b>
Beginning retained earnings on January 1	114,326	108,697
Conversion of convertible corporate bonds	-	185
Capitalization of earnings to increase the capital by	5,716	5,444
Ending retained earnings on December 31	<b>120,042</b>	<b>114,326</b>

On June 29, 2022 and July 30, 2021, the shareholders' meeting of the Company approved through a resolution to issue 5,716 thousand and 5,444 thousand new shares with NT\$57,163 thousand and NT\$54,441 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 5, 2022 and September 26, 2021 as the base date of capital increase respectively. All relevant statutory procedures have been completed.

In 2021, the Company issued 18 thousand convertible bonds at face value due to the exercise of conversion rights by holders of convertible corporate bonds, with the amount totaling NT\$182 thousand. The relevant legal registration procedure has been completed.

In the fourth quarter of 2020, the Company issued 167 thousand new shares at face value due to the exercise of conversion rights by holders of convertible corporate bonds, with the amount totaling NT\$1,667 thousand. All shares had been recognized under share capital collected in advance as of December 31, 2021, and had been transferred to ordinary share capital in the first quarter of 2021. The relevant legal registration procedures have been completed.

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

### 2. Additional paid-in capital

	<u>2022.12.31</u>	<u>2021.12.31</u>
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	46,149	44,485
Recognized changes in ownership interests in subsidiaries	116,367	120,941
Lapsed share option	2,896	2,896
Share option for convertible corporate bonds	3,900	3,900
	<u><b>\$ 1,264,508</b></u>	<u><b>1,267,418</b></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.

### 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.

#### (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.

#### (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.

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

(3) Distribution of earnings

The resolutions on the distribution of earnings for 2021 and 2020 was approve by the shareholders' meetings of the Company on June 29, 2022 and July 30, 2021, respectively, and the amounts of dividends distributed to owners are as follows:

<b>2021</b>		
	<b>Allotment rate (NT\$)</b>	<b>Amount</b>
Dividends distributed to ordinary shareholders:		
Cash	\$ 0.50	57,163
Stock	0.50	57,163
		<b><u>\$ 114,326</u></b>

<b>2020</b>		
	<b>Allotment rate (NT\$)</b>	<b>Amount</b>
Dividends distributed to ordinary shareholders:		
Cash	\$ 0.50	54,441
Stock	0.50	54,441
		<b><u>\$ 108,882</u></b>

4. Other equity (net income after taxes)

	<b>Exchange difference from translation of the financial statements of foreign operations</b>	<b>Unrealized gains or losses on financial assets at fair value through other comprehensive income</b>	<b>Non-controlling interests</b>	<b>Total</b>
Balance on January 1, 2022	\$ (3,173)	(22,962)	459	(25,676)
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	<b><u>\$ (2,089)</u></b>	<b><u>8,515</u></b>	<b><u>(16,206)</u></b>	<b><u>(9,780)</u></b>

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

	<b>Exchange difference from translation of the financial statements of foreign operations</b>	<b>Unrealized gains or losses on financial assets at fair value through other comprehensive income</b>	<b>Non-controlling interests</b>	<b>Total</b>
Balance on January 1, 2021	\$ (2,763)	(30,706)	702	(32,767)
Exchange difference from translation of the net assets of foreign operations	(410)	-	(188)	(598)
Unrealized gains (losses) on financial assets at fair value through other comprehensive income	-	7,721	(55)	7,666
Share of unrealized gains or losses of affiliates applying the equity method on financial assets at fair value through other comprehensive income	-	(30)	-	(30)
Disposal of equity instruments at fair value through other comprehensive income	-	53	-	53
Balance on December 31, 2021	<u>\$ (3,173)</u>	<u>(22,962)</u>	<u>459</u>	<u>(25,676)</u>

5. Non-controlling interests

	<b>Non-controlling interests</b>
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	1,342
Ending balance on December 31, 2022	<u>\$ 679,736</u>
Beginning balance on January 1, 2021 (after retrospective adjustment)	\$ 660,779
Net income for the period attributable to non-controlling interests	(39,235)
Other comprehensive income for the period attributable to non-controlling interests	(173)
Failure to subscribe in the capital increase scheme of subsidiaries in proportion to shareholding ratio	(54,188)
The difference between the price and book value of subsidiaries' equity actually acquired	11,401
Distribution of ordinary share cash and stock dividends	(48,360)
Recognized remuneration costs on subsidiaries' employee share options	3,268
Acquisition of subsidiaries	201,000
Ending balance on December 31, 2021	<u>\$ 734,492</u>

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

(XXVII) Share-based payments

1. As of December 31, 2022, the Combined Company had conducted the following two share-based payment transactions:

Pregetic Health Company:

	<b>Equity settlement</b>	
	<b>Employee stock warrants in the amount of</b>	<b>Cash capital increase retained for employee subscription</b>
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

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:

	<b>2021</b>	
	<b>Employee stock warrants</b>	<b>Cash capital increase retained for employee subscription</b>
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.

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

3. Information on employee share option plan

The Combined Company

(thousand)

	<b>2022</b>		<b>2021</b>	
	<b>Weighted average strike price (NT\$)</b>	<b>Quantity</b>	<b>Weighted average strike price (NT\$)</b>	<b>Quantity</b>
Number of outstanding share options as of January 1	\$ 14.56	1,000	-	-
Granted in the period	-	-	10.00	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	-	<u>-</u>	14.56	<u>1,000</u>
Number of exercisable share options as of December 31	-	<u>-</u>	14.56	<u>1,000</u>

Information on outstanding share options is as follows:

	<b>2022.12.31</b>	<b>2021.12.31</b>
Execution price range (NT\$)	-	10.00~14.56
Remaining contract period (years)	-	0.40

4. Employee remuneration expenses

	<b>2022</b>	<b>2021</b>
Expenses arising from employee stock warrants	<u>\$ -</u>	<u>3,268</u>

(XXVIII) Earnings per share

**Basic earnings per share:**

	<b>2022</b>	<b>2021</b>
Net profits attributable to ordinary equity holders of the Company	<u>\$ 293,946</u>	<u>232,663</u>
Weighted average number of outstanding ordinary shares	120,042	120,041
Basic earnings per share (NT\$)	<u>\$ 2.45</u>	<u>1.94</u>

**Diluted earnings per share:**

Net profits attributable to ordinary equity holders of the Company for the period (basic)	<u>\$ 293,946</u>	<u>232,663</u>
Effects of dilutive potential ordinary shares		
Effects of interest expenses and other gains or losses on convertible corporate bonds after tax	-	303
Net profits attributable to ordinary equity holders of the Company (diluted)	<u>\$ 293,946</u>	<u>232,966</u>
Effects of dilutive potential ordinary shares		
Weighted average number of outstanding ordinary shares (basic)	120,042	120,041
Effects of employee remuneration in stock	862	836
Effects of conversion of convertible corporate bonds	-	323
Weighted average number of outstanding ordinary shares (diluted)	120,904	121,200
Diluted earnings per share (NT\$)	<u>\$ 2.43</u>	<u>1.92</u>

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

(XXIX) Revenue from contracts with customers

1. Disaggregation of revenue

<b>2022</b>				
	<b>Sales of goods</b>	<b>Service provision</b>	<b>Leases</b>	<b>Total</b>
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
	<b>\$ 3,032,468</b>	<b>980,974</b>	<b>123,690</b>	<b>4,137,132</b>
Main product/service lines:				
Medicines and medical materials	\$ 2,842,231	-	-	2,842,231
Non-woven filter fabric	190,237	-	-	190,237
Service provision	-	980,974	-	980,974
Equipment leases	-	-	66,545	66,545
Leases of investment properties and real estate properties	-	-	57,145	57,145
	<b>\$ 3,032,468</b>	<b>980,974</b>	<b>123,690</b>	<b>4,137,132</b>
<b>2021</b>				
	<b>Sales of goods</b>	<b>Service provision</b>	<b>Leases</b>	<b>Total</b>
Main regional markets:				
Asia	\$ 2,973,318	709,604	149,254	3,832,176
Europe	12,692	-	-	12,692
America	2,719	-	-	2,719
Other countries	2,440	-	-	2,440
	<b>\$ 2,991,169</b>	<b>709,604</b>	<b>149,254</b>	<b>3,850,027</b>
Main product/service lines:				
Medicines and medical materials	\$ 2,739,924	-	-	2,739,924
Non-woven filter fabric	251,245	-	-	251,245
Service income	-	709,604	-	709,604
Equipment leases	-	-	94,014	94,014
Leases of investment properties	-	-	55,240	55,240
	<b>\$ 2,991,169</b>	<b>709,604</b>	<b>149,254</b>	<b>3,850,027</b>

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

2. Contract balances

	<b>2022.12.31</b>	<b>2021.12.31</b>	<b>2021.1.1</b>
Notes receivable	\$ 13,123	16,012	38,845
Accounts receivable	183,826	225,310	257,142
Accounts receivable - related parties	1,038,039	849,133	771,741
Finance lease receivables	332	-	-
Finance lease receivables - related parties	5,095	8,522	7,199
Long-term finance lease receivables	277	-	-
Long-term finance lease receivables - related parties	11,602	19,643	19,988
Less: Allowance losses	(4,608)	(6,624)	(16,983)
	<b><u>\$ 1,247,686</u></b>	<b><u>1,111,996</u></b>	<b><u>1,077,932</u></b>

	<b>2022.12.31</b>	<b>2021.12.31</b>	<b>2021.1.1</b>
Contract liability-sales of goods	\$ 4,003	5,027	9,774
Contract liability-customer loyalty programmes	1,522	2,253	1,806
	<b><u>\$ 5,525</u></b>	<b><u>7,280</u></b>	<b><u>11,580</u></b>

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, 2022 and 2021 were recognized in 2022 and 2021 as income of NT\$4,640 thousand and NT\$7,706 thousand, respectively.

(XXX) Employees' and directors' remuneration

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 2022 and 2021 were NT\$24,494 thousand and NT\$19,466 thousand, respectively, and the estimated amounts of directors' remuneration were NT\$4,082 thousand and NT\$3,244 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 2021 and 2020, the Company appropriated NT\$19,466 thousand and NT\$17,850 thousand respectively for employees' remuneration, and NT\$3,244 thousand and NT\$2,975 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 2021 and 2020. Relevant information can be found on the MOPS.



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

(XXXI) Other net income and expenses

	<b>2022</b>	<b>2021</b>
Income from sublease of investment properties	\$ 43,038	46,576
Gains on disposal of property, plant and equipment	9,134	3,516
Gains on disposal of intangible assets	-	190
Lease modification gains	603	484
Income from subleases of right-of-use assets	34,800	22,625
	<b><u>\$ 87,575</u></b>	<b><u>73,391</u></b>

(XXXII) Non-operating income and expenses

1. Interest income

	<b>2022</b>	<b>2021</b>
Bank deposit interest	\$ 3,125	1,237
Other interest income	9	36
	<b><u>\$ 3,134</u></b>	<b><u>1,273</u></b>

2. Other income

	<b>2022</b>	<b>2021</b>
Rental income	\$ 86	736
Royalty income	8,103	5,052
Dividend income	2,922	3,823
Government grants	5,329	-
Logistics income	4,948	6,023
Income from sale of telomerase database	44,000	-
Others	10,684	6,126
	<b><u>\$ 76,072</u></b>	<b><u>21,760</u></b>

3. Other gains and losses

	<b>2022</b>	<b>2021</b>
Gains on disposal and retirement of properties, plants and equipment	\$ -	-
Gains on disposal of subsidiaries' investments	66	-
Foreign exchange gains (losses)	10,947	(4,169)
Gains on financial assets at fair value through profit or loss	2,897	38,590
Impairment losses on non-financial assets	(51,466)	(25,650)
Others	(2,270)	(2,270)
	<b><u>\$ (39,826)</u></b>	<b><u>6,501</u></b>

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

4. Finance costs

	<u>2022</u>	<u>2021</u>
Interest on loans from financial institutions	\$ 22,987	7,924
Amortization of syndication fees	2,152	-
Convertible corporate bonds	-	379
Amortization of interest on lease liabilities	12,984	11,797
Others	35	34
	<u><b>\$ 38,158</b></u>	<u><b>20,134</b></u>

(XXXIII) 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, 2022 and 2021, 73.68% and 66.78% 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.

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 Combined 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, 2022 and 2021 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.

	<u>Carrying amount</u>	<u>Contractual cash flows</u>	<u>Paid immediately or within 1 month</u>	<u>Within 6 months</u>	<u>6~12 months</u>	<u>1~3 years</u>	<u>Over 3 years</u>
<b>December 31, 2022</b>							
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	-	-	-	-
	<u><b>\$ 3,159,314</b></u>	<u><b>3,292,595</b></u>	<u><b>742,397</b></u>	<u><b>743,605</b></u>	<u><b>210,127</b></u>	<u><b>573,144</b></u>	<u><b>1,023,322</b></u>

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

	Carrying amount	Contractual cash flows	Paid immediately or within 1 month	Within 6 months	6~12 months	1~3 years	Over 3 years
<b>December 31, 2021</b>							
Non-derivative financial liabilities							
Non-interest bearing liabilities	\$ 894,270	894,270	373,070	515,006	6,194	-	-
Lease liabilities	720,179	778,025	11,441	56,665	65,176	253,387	391,356
Floating rate instruments	433,627	443,010	81,866	162,859	67,351	69,365	61,569
Fixed-rate instruments	54,979	55,000	55,000	-	-	-	-
	<b>\$ 2,103,055</b>	<b>2,170,305</b>	<b>521,377</b>	<b>734,530</b>	<b>138,721</b>	<b>322,752</b>	<b>452,925</b>

The Combined 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 Combined Company exposed to significant foreign currency exchange rate risk are as follows:

	2022.12.31			2021.12.31		
	Foreign currency	Exchange rate (NT\$)	NT\$	Foreign currency	Exchange rate (NT\$)	NT\$
<u>Financial asset</u>						
<u>Monetary items</u>						
USD	\$ 2,466	30.71	75,731	3,379	27.68	93,531
CNY	34	4.408	150	-	-	-
EUR	147	32.72	4,810	870	31.32	27,248
<u>Non-monetary items</u>						
USD	\$ 8,911	30.71	273,661	9,317	27.68	257,895
CNY	6,655	4.408	29,335	6,724	4.344	29,211
<u>Financial liability</u>						
<u>Monetary items</u>						
USD	432	30.71	13,267	-	-	-

**(2) Sensitivity analysis**

The exchange rate risk of the Combined 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, 2022 and 2021, 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 2022 and 2021 would decrease or increase by NT\$3,371 thousand and NT\$6,039 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 (losses) (both realized and unrealized) in 2022 and 2021 amounted to NT\$10,947 thousand and NT\$(4,169) thousand, respectively.

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

## 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 Combined 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 2022 and 2021 will increase or decrease by NT\$2,611 thousand and NT\$867 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:

Price of securities at the reporting date	2022	2021
	Post-tax profit or loss	Post-tax profit or loss
Up 10%	\$ 6,191	5,987
Down 10%	\$ (6,191)	(5,987)

## 5. Information on fair values

### Type and fair value of financial instruments

The Combined 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:

	Carrying amount	2022.12.31			
		Fair value			
		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	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

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

		2022.12.31				
		Carrying amount	Fair value			
			Level 1	Level 2	Level 3	Total
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	-	-	-	-
		2021.12.31				
		Carrying amount	Fair value			
			Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss						
Fund beneficiary certificates	\$	10,279	10,279	-	-	10,279
TPEX listed stocks		59,871	59,871	-	-	59,871
Non-TWSE/TPEX listed stocks		22,928	-	-	22,928	22,928
Subtotal		93,078	70,150	-	22,928	93,078
Financial assets at fair value through other comprehensive income						
Non-TWSE/TPEX listed stocks		229,474	-	-	229,474	229,474
Non-overseas listed stocks		257,888	-	-	257,888	257,888
Limited partnership interests		58,062	-	-	57,868	57,868
Subtotal		545,424	-	-	545,230	545,230
Financial assets at amortized cost						
Cash and cash equivalents		1,557,173	-	-	-	-
Restricted bank deposits		46,346	-	-	-	-
Net notes receivable and accounts receivable (including related parties)		1,083,831	-	-	-	-
Other net receivables (including related parties)		148,744	-	-	-	-
Finance lease receivables (including those due within one year)		28,165	-	-	-	-
Subtotal		2,864,259	-	-	-	-
Total	\$	3,502,761	70,150	-	568,158	638,308

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

		2021.12.31				
		Carrying amount	Fair value			
			Level 1	Level 2	Level 3	Total
Financial liabilities at amortized cost						
Short-term loans	\$	276,100	-	-	-	-
Long-term loans (including those due within one year)		157,527	-	-	-	-
Short-term bills payable		54,979	-	-	-	-
Notes and accounts payable (including related parties)		650,775	-	-	-	-
Other payables (including related parties)		243,495	-	-	-	-
Lease liabilities (including those due within one year)		720,179	-	-	-	-
Total	\$	2,103,055	-	-	-	-

(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 TWSE/TPEX 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 Combined 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 Combined 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 2022 and 2021.

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

(4) Table of Changes in Level 3

	<b>Measured at fair value through profit or loss</b>	<b>Measured at fair value through other comprehensive income</b>
	<b>Non-derivative financial assets mandatorily measured at fair value through profit or loss</b>	<b>Equity instruments without quoted prices</b>
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
Disposal	-	(11,605)
Capital returned due to capital reduction	-	(16,250)
December 31, 2022	<b>\$ 20,174</b>	<b>680,880</b>
January 1, 2021	\$ 35,580	454,988
Total gains or losses		
Recognized in profit or loss	6,860	-
Recognized in other comprehensive income	-	7,577
Reclassification	-	(1,947)
Purchase	-	99,806
Capital returned due to capital reduction	-	(15,000)
Disposal	(19,512)	-
December 31, 2021	<b>\$ 22,928</b>	<b>545,424</b>

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, 2022 and 2021 are as follows:

	<b>2022</b>	<b>2021</b>
Total gains or losses		
Recognized in profit or loss (presented in "other gains and losses")	\$ (2,754)	6,860
Recognized in other comprehensive income (presented in "unrealized valuation gains (losses) on financial assets measured at fair value through other comprehensive income")	21,520	7,977

(5) Quantitative information on significant unobservable inputs (level 3) used for fair value measurement

The fair values of the Combined 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 Combined 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.

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

(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 Combined 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:

		Up or down	Changes in fair value reflected in profit or loss for the period		Changes in fair value reflected in profit or loss for the period	
Inputs	Changes		Favorable changes	Adverse changes	Favorable changes	Adverse changes
<b>December 31, 2022</b>						
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)
<b>December 31, 2021</b>						
Financial assets at fair value through profit or loss	Liquidity discount	5%	1,433	(1,433)	-	-
Financial assets at fair value through other comprehensive income	Liquidity discount	5%	-	-	30,056	(31,533)

Favorable and adverse changes for the Combined 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.

### (XXXIV) 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.



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

### (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, 2022 and 2021, the unused credit lines of the Combined Company were NT\$1,644,084 thousand and NT\$1,062,690 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.

### (XXXV) 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.

### (XXXVI) Investing and financing activities in non-cash transactions

The non-cash investing and financing activities of the Combined Company in 2022 and 2021 are as follows:

1. Please refer to Note 6 (13) and (14) for obtaining right-of-use assets and investment properties through leasing.
2. Please refer to Note 6 (20) for conversion of convertible corporate bonds into ordinary shares.
3. Cash paid for purchase of property, plant and equipment is as follows:

	<b>2022</b>	<b>2021</b>
Acquisition of property, plant and equipment	\$ 1,340,144	130,323
Net changes in equipment payables	(74,167)	7,191
Cash paid	<b><u>\$ 1,265,977</u></b>	<b><u>137,514</u></b>

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

4. Cash paid for purchase of intangible assets is as follows:

	<u>2022</u>	<u>2021</u>
Acquisition of intangible assets	\$ 20,512	(14,746)
Net changes in payables on technology patent authorization	(2,441)	-
Cash paid	<u>\$ 18,071</u>	<u>(14,746)</u>

5. Cash received from disposal of property, plant and equipment is as follows:

	<u>2022</u>	<u>2021</u>
Disposal of property, plant and equipment	\$ 13,292	100,843
Net changes in equipment receivables	97,273	(97,273)
Cash received	<u>\$ 110,565</u>	<u>3,570</u>

6. The adjustments to liabilities from financing activities are as follows:

		<u>Changes in non-cash items</u>				
				Effects of changes in foreign exchange rates		
	<u>2022.1.1</u>	<u>Cash flows</u>	<u>Lease changes</u>		<u>Others</u>	<u>2022.12.31</u>
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
	<u>\$ 1,217,711</u>	<u>756,656</u>	<u>49,709</u>	<u>(366)</u>	<u>(87)</u>	<u>2,023,623</u>

		<u>Changes in non-cash items</u>				
				Effects of changes in foreign exchange rates		
	<u>2021.1.1</u>	<u>Cash flows</u>	<u>Lease changes</u>		<u>Others</u>	<u>2021.12.31</u>
Short-term loans	\$ 343,736	(67,634)	-	(2)	-	276,100
Short-term bills payable	34,976	19,988	-	-	15	54,979
Corporate bonds due or subject to repurchase rights within one year	100,120	(99,990)	-	-	(130)	-
Long-term loans (including those due within one year)	161,282	(3,755)	-	-	-	157,527
Lease liabilities (including those due within one year)	327,528	(111,299)	503,950	-	-	720,179
Deposits received	7,390	1,536	-	-	-	8,926
	<u>\$ 975,032</u>	<u>(261,154)</u>	<u>503,950</u>	<u>(2)</u>	<u>(115)</u>	<u>1,217,711</u>

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

## VII. Transactions with Related Parties

### (I) Parent company and ultimate controlling party

MISSIONCARE Co., Ltd., the parent company of the Combined Company, holds 29% 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 Combined Company
MISSIONCARE Co., Ltd.	Parent company
Employee Community Co., Ltd.	Affiliate
Anchun Technology Co., Ltd. (hereinafter referred to as Anchun Company)	Affiliate (Note)
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)
Minsheng Asset Management Co., Ltd.	Substantial related party
Hsinchu Science Park Clinic	Substantial related party
Wonder Grace Management Consulting Co., Ltd	Substantial related party
Victor Management Consultants Co.,Ltd.	Substantial related party
Hanhuan International Investment Co., Ltd.	Substantial related party (has become a non-related party since the first quarter of 2022)
Giant Bonding Scientific Co., Ltd.	Substantial related party (has become a non-related party since the first quarter of 2022)
Pisheng Construction Co., Ltd (hereinafter referred to as Pisheng Construction)	Substantial related party
United Medical Foundation Taiwan	Substantial related party
Harvard Clinic	Substantial related party
Full Health Clinic	Substantial related party
Shengren 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

Note: The company was originally a subsidiary of the Combined Company, and has become an affiliate of the Combined Company after the Combined Company lost control over it on September 23, 2022.

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

(III) Significant transactions with related parties

1. Sales of goods

Category of the related party	Operating income	
	2022	2021
Substantial related party		
Minsheng General Hospital	\$ 959,361	905,361
Others	88,786	91,015
Parent company	3	291
	<b>\$ 1,048,150</b>	<b>996,667</b>

The sales price determined by the Combined 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

Category of the related party	Operating income	
	2022	2021
Substantial related party		
Minsheng General Hospital	\$ 832,285	563,875
Others	33,302	27,195
	<b>\$ 865,587</b>	<b>591,070</b>

The service income of the Combined 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	Operating income	
	2022	2021
Substantial related party		
Minsheng General Hospital	\$ 40,563	49,186
Full Health Clinic	40,083	45,812
Harvard Clinic	14,596	6,948
Others	13,422	12,631
	<b>\$ 108,664</b>	<b>114,577</b>

The rent paid by the Combined 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.

Category of the related party	Operating costs and operating expenses - rent expenses	
	2022	2021
Substantial related party	\$ 1,650	2,142
Parent company	463	2,319
	<b>\$ 2,113</b>	<b>4,461</b>

The Combined Company pays monthly rent to the above-mentioned related party in accordance with the general market conditions.

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

4. Purchase of goods

<b>Category of the related party</b>	<b>Operating costs</b>	
	<b>2022</b>	<b>2021</b>
Substantial related party	<b>\$ 1,898</b>	<b>1,874</b>

The prices and payment terms for goods purchased by the Combined 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. Acceptance of services

<b>Category of the related party</b>	<b>Operating costs and operating expenses</b>	
	<b>2022</b>	<b>2021</b>
Substantial related party	\$ 7,029	1,292
Affiliate	3	969
	<b>\$ 7,032</b>	<b>2,261</b>

For the services provided by the Combined Company to the above-mentioned related party, the two parties has entered into a contact by mutual agreement, with a payment term of about 2 months.

6. Receivables due from related parties

<b>Category of the related party</b>	<b>Account items</b>	<b>2022.12.31</b>	<b>2021.12.31</b>
Substantial related party			
Minsheng General Hospital	Accounts receivable	\$ 910,381	716,716
Full Health Clinic	Accounts receivable	62,976	64,825
Others	Accounts receivable	64,259	66,303
Minsheng General Hospital	Finance lease receivables	1,720	1,987
Lungtan Minsheng Hospital	Finance lease receivables	1,108	1,356
Tayuan Minsheng Hospital	Finance lease receivables	2,267	2,175
Shengren Clinic	Finance lease receivables	-	3,004
Substantial related party			
Minsheng General Hospital	Long-term finance lease receivables	-	1,720
Lungtan Minsheng Hospital	Long-term finance lease receivables	1,905	2,241
Tayuan Minsheng Hospital	Long-term finance lease receivables	9,697	11,964
Shengren Clinic	Long-term finance lease receivables	-	3,718
Substantial related party			
Harvard Clinic	Other receivables	5,955	6,550
Full Health Clinic	Other receivables	20,029	13,461
Others	Other receivables	461	62
		<b>\$ 1,080,758</b>	<b>896,082</b>

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

7. Payables to related parties

<b>Category of the related party</b>	<b>Account items</b>	<b>2022.12.31</b>	<b>2021.12.31</b>
Substantial related party			
Minsheng General Hospital	Accounts payable	\$ 1,850	1,827
Others	Accounts payable	1,645	984
Affiliate	Accounts payable	61	-
Parent company	Other payables	41	-
Substantial related party	Other payables	1,132	440
The management	Other payables	107	189
Affiliate	Other payables	12	6
		<b>\$ 4,848</b>	<b>3,446</b>

8. Disposal of financial assets

<b>Category of the related party</b>	<b>Account items</b>	<b>Number of shares traded (thousand shares)</b>	<b>Object of transaction</b>	<b>2022</b>	
				<b>Disposal proceeds</b>	<b>Profits or losses on disposal</b>
Substantial related party - 00 Wang	Equity method investments	2,250	Ordinary share equity of Anchun Company	\$ 22,500	50
Substantial related party - 00 Na	Equity method investments	750	Ordinary share equity of Anchun Company	7,500	16
				<b>\$ 30,000</b>	<b>66</b>

<b>Category of the related party</b>	<b>Account items</b>	<b>Number of shares traded (thousand shares)</b>	<b>Object of transaction</b>	<b>2021</b>	
				<b>Disposal proceeds</b>	<b>Profits or losses on disposal</b>
Substantial related party - Hanhsuan International Investment Co., Ltd.	Financial assets at fair value through profit or loss - current	1,305	Ordinary share equity of Pujuipo Biotech Co., Ltd.	\$ 52,853	33,341

In September 2022, the Combined Company disposed of the ordinary share equity of Anzhun Company it held at NT\$10 per share with reference to the valuation report issued by an appraiser.

In February 2021, the Combined Company disposed of the ordinary share equity of Pujuipo Biotech Co., Ltd. it held at NT\$40.5 per share with reference to the valuation report issued by an appraiser, and the payment for the shares was received in the same month.

9. Endorsement/Guarantee

(1) Lease contracts

<b>Category of the related party</b>	<b>2022.12.31</b>	<b>2021.12.31</b>
Substantial related party - Minsheng General Hospital	<b>\$ 227,598</b>	<b>226,466</b>

(2) Bank loans:

The Combined 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.

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

10. Others

<b>Category of the related party</b>	<b>Account items</b>	<b>2022</b>	<b>2021</b>
Substantial related party	Operating costs - other expenses	\$ 3,718	3,380
Substantial related party	Operating expenses - donation expenses	-	2,000
Substantial related party	Operating expenses - other expenses	5,921	5,902
Affiliate	Operating expenses - other expenses	840	39
Parent company	Other income and losses - rental income	571	16,362
Substantial related party	Other income and losses - rental income	248	6,314
Substantial related party	Other income - rental income	366	2,221
Substantial related party -Mingta Medical Technology Co., Ltd.	Dividend income	2,122	1,748
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.

<b>Category of the related party</b>	<b>Account items</b>	<b>2022.12.31</b>	<b>2021.12.31</b>
Substantial related party			
Pisheng Construction	Prepayments	\$ 3,739	-
Pisheng Construction	Long-term prepayments	4,673	-
Substantial related party			
Minsheng General Hospital	Refundable deposits	282,340	285,112
Full Health Clinic	Refundable deposits	15,000	42,051
Harvard Clinic	Refundable deposits	18,000	-
Others	Refundable deposits	31,686	36,889
Parent company	Refundable deposits	82	81
Substantial related party			
Minsheng General Hospital	Deposits received	6,991	-
Tayuan Minsheng Hospital	Deposits received	902	1,102
Full Health Clinic	Deposits received	-	1,333
Harvard Clinic	Deposits received	60	5,825
Others	Deposits received	52	7,825
Parent company	Deposits received	100	-

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

(IV) Transactions with key management personnel

Remuneration paid to key management personnel includes:

	<b>2022</b>	<b>2021</b>
Short-term employee benefits	\$ 51,620	56,409
Post-employment benefits	1,117	1,049
Share-based payments	-	2,837
	<b>\$ 52,737</b>	<b>60,295</b>

Please refer to Note 6 (27) for details on share-based payments.

**VIII. Pledged Assets**

The book values of the assets pledged as collateral by the Combined Company are as follows:

<b>Name of the asset</b>	<b>Pledge object</b>	<b>2022.12.31</b>	<b>2021.12.31</b>
Financial assets at amortized cost-current	Guarantee letters for bank loans and leases	\$ 5,001	5,220
Financial assets at amortized cost-non-current	Guarantees for bank loans and commercial papers	40,590	41,126
Investment properties	Bank loans	178,420	179,754
Property, plant and equipment	Bank loans	1,155,534	-
		<b>\$ 1,379,545</b>	<b>226,400</b>

**IX. Material Contingent Liabilities and Unrecognized Contractual Commitments**

(I) Material unrecognized contractual commitments

	<b>2022.12.31</b>	<b>2021.12.31</b>
Purchase of property, plant and equipment	\$ 73,530	27,945
Purchase of intangible assets	546	840
Guaranteed notes issued for bank loan contracts	2,645,000	847,000
Issued and unused letters of credit	-	5,647
	<b>\$ 2,719,076</b>	<b>881,432</b>

(II) Collection and payment of contract prices:

1. The Combined Company has entered into a contract with a biotech company, under which the company shall provide gene identification chips and data analysis services to the Combined Company during the entrustment period specified in the contract. The unrecognized amount is as follows:

	<b>2022.12.31</b>	<b>2021.12.31</b>
Unpaid amount	\$ -	6,812

2. The Combined 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 "Hafu Medical Research" brands during the cooperation period. The unrecognized amount is as follows:

	<b>2022.12.31</b>	<b>2021.12.31</b>
Unpaid amount	\$ 540	540



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

3. The Combined 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 Combined Company. The unrecognized amount is as follows:

	2022.12.31	2021.12.31
Unpaid amount	\$ 11,880	-

**X. Material Losses from Disasters: none.**

**XI. Material Subsequent Events**

- (1) On February 17, the Board of Directors of Pregetic Health Company approved through a resolution to participate in the cash capital increase of Fuyi Company, in order to improve its competitive advantage and diversify its healthcare business, by issuing stocks with a total amount of NT\$15,000 thousand at face value. The relevant legal registration procedures have been completed on March 9, 2023.
- (2) To strengthen strategic cooperation with peers in the industry for its business development, Fuyi Company participated in the cash capital increase of -Shangchia Health Business Co., Ltd., one of its affiliates, with the consent of a single legal person director on February 16, 2023, with a total amount of NT\$10,000 thousand and the shareholding ratio increased from 26.56% to 33.90%.
- (3) On February 8, 2023, Mytrex Health Company decided to purchase 100% of the equity of YES Health Company from Medzoneasia through a resolution of the extraordinary shareholders' meeting on February 8, 2023. The equity delivery is expected to be completed in the first quarter of 2023, with a total contract price of NT\$230,000 thousand.
- (4) In order to expand its health care business, Hung-Han Company purchased from Medzoneasia 100% of the equity in Macro Global Corporation, totaling 6,450 thousand shares, with the consent of a single legal person director on December 16, 2022, with a total investment amount of NT\$74,820 thousand. The equity delivery date was February 15, 2023, and the relevant legal registration procedures have been completed on March 3, 2023.

**XII. Others**

Employee benefits, and depreciation and amortization expenses are summarized by function as follows:

By property	2022			2021		
	Categorized into operating costs	Categorized into operating expenses	Total	Categorized into operating costs	Categorized into operating expenses	Total
Employee benefit expenses						
Remuneration expenses	131,030	307,963	438,993	120,724	301,861	422,585
Labor and health insurance expenses	12,355	28,472	40,827	11,753	28,320	40,073
Pension expenses	6,288	13,714	20,002	5,921	14,996	20,917
Directors' remuneration	-	10,170	10,170	-	8,788	8,788
Other employee benefit expenses	6,313	12,762	19,075	5,891	13,847	19,738
Depreciation expenses	167,053	114,064	281,117	151,058	132,297	283,355
Amortization expenses	6,961	17,687	24,648	6,948	14,222	21,170

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

## 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 2022 is as follows:

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 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 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 the parent company to subsidiaries	Endorsements/guarantees provided by the parent company to subsidiaries	Endorsements/guarantees made for Mainland China
0	ShareHope Medicine Co., Ltd.	Minsheng General Hospital	1	1,768,140	227,598	227,598	227,598	-	6.66%	1,709,630	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):

Unit: NT\$ thousand

Holder of securities	Type and name of securities	Relationship with securities issuer	Accounting items	Contribution amount/number of shares (thousand shares or thousand)	End of the period			Mid-term maximum shareholdings	Remarks
					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	10,341	-	10,341	-	
The Company	Stock Mingta Medical Technology Co., Ltd.	The Company is a legal representative director of the company	Financial assets at fair value through profit or loss - non-current	1,191	61,912	4.90 %	61,912	5.14%	
The Company	Stock New Image Medical Co., Ltd.	None	Financial assets at fair value through profit or loss - non-current	1,000	20,174	3.70 %	20,174	3.70%	
					82,086		82,086		
The Company	Stock Yichuang Second Venture Capital Co., Ltd.	None	Financial assets at fair value through other comprehensive income - non-current	2,000	15,902	0.92 %	15,902	1.00%	
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	3,000	50,026	2.86 %	50,026	2.86%	
The Company	Stock Top Taiwan Xi 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	4,875	53,342	7.50 %	53,342	7.50%	

**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		
The Company	Stock BenQ BM Holding Cayman Corporation	None	Financial assets at fair value through other comprehensive income - non-current	5,258	273,661	2.15 %	273,661	2.15%	
The Company	Limited partnership interests CDIB Capital Healthcare Ventures II Limited Partnership	None	Financial assets at fair value through other comprehensive income - non-current	67,868	87,122	3.22 %	87,122	3.22%	
Mytrex Health Company	Stock -Minsheng Asset Management Co., Ltd.	The chairperson of the Company is a director	Financial assets at fair value through other comprehensive income - non-current	2,120	21,145	3.37 %	21,145	3.37%	
Mytrex Health Company	Stock Sunny Heart Scientific Co., Ltd.	None	Financial assets at fair value through other comprehensive income - non-current	68	1,851	0.81 %	1,851	1.13%	
Mytrex Health Company	Stock Smart Care Technologies Co., Ltd.	None	Financial assets at fair value through other comprehensive income - non-current	1,760	23,790	9.99 %	23,790	9.99%	
Mytrex Health Company	Stock eHo Smart Tech Co., Ltd.	None	Financial assets at fair value through other comprehensive income - non-current	250	4,750	19.53 %	4,750	19.53%	
Mytrex Health Company	Stock Top Taiwan Xiv 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	39,755	2.29 %	39,755	2.29%	
Pregetic Health Company	Stock Yida International Hospital Management & Consultant Co., LTD.	None	Financial assets at fair value through other comprehensive income - non-current	417	4,183	4.20 %	4,183	4.20%	
Pregetic Health Company	Stock Cohesion Information Technology Corp.	None	Financial assets at fair value through other comprehensive income - non-current	1,000	19,371	14.29 %	19,371	14.29%	
Pregetic Health Company	Stock Health GeneTech Corp.	None	Financial assets at fair value through other comprehensive income - non-current	1,304	25,059	14.81 %	25,059	14.81%	
Hung-Han Company	Stock Cohesion Information Technology Corp.	None	Financial assets at fair value through other comprehensive income - non-current	250	4,843	3.57 %	4,843	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	13,000	13,907	1.75 %	13,907	1.75%	
Medzoneasia	Stock Realsun Health Care Information System Co., LTD.	None	Financial assets at fair value through other comprehensive income - non-current	500	42,173	10.00 %	42,173	10.00%	
					680,880		680,880		

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.

5. The amounts of properties acquired that amount to NT\$300 million or account for more than 20% of the paid-in capital:

Unit: NT\$ thousand

Acquirer of the property	Name of the property	Date of occurrence	Transaction amount	Payment for the transaction	Counterparty	Relationship	Previous transfer information about the counterparty who is a related party				Reference basis for price determination	Purpose of acquisition and usage	Other agreements
							Owner	Relationship with the issuer	Date of transfer	Amount			
The Company	Real estate in Taoyuan City	2022.1.21	1,177,717	1,177,717	L'hotel De Chine Corporation	Non-related party	—	—	—	-	Valuation report	For business use	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.

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

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)	(958,262)	(38.35)%	Net 180 days	-		859,427	81.40%	
The Company	Minsheng General Hospital	Substantial related party	Service income	(771,030)	30.86%	Net 30-180 days	-		33,656	3.19%	
									<b>893,083</b>		
The Company	YES Health Company	Subsidiary	(Sell)	(176,023)	(7.05)%	Net 60 days	-		54,674	5.18%	Note
YES Health Company	The Company	Parent company	Purchase	176,023	17.71%	Net 60 days	-		(54,674)	(27.43)%	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		Related party receivables Subsequent amount recovered	Amount provisioned for loss allowances
					Amount	Accounting treatment		
The Company	Minsheng General Hospital	Substantial related party	893,083	2.16	-		312,989	223

9. Engagement in derivatives transactions: none.

10. Business relationship and major transactions between the parent company and the subsidiaries:

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	176,023	Net 60 days	4.25%
0	"	"	1	Accounts receivable - related parties	25,923	"	0.35%
0	"	"	1	Notes receivable - related parties	28,751	"	0.39%
0	"	Pregetic Health Company	1	Lease income	1,453		0.04%
0	"	Medzoneasia	1	Lease income	4,286		0.10%
1	Pregetic Health Company	The Company	2	Right-of-use assets	7,114	-	0.10%
1	"	"	2	Lease liabilities	5,768	-	0.08%
2	Medzoneasia	The Company	2	Right-of-use assets	56,867	-	0.77%
2	"	"	2	Lease liabilities	53,169	-	0.72%

Note 1. The rules for filling in the serial numbers are as follows:

1. 0 represents the parent company.

2. 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:

1. Parent to subsidiary.

2. Subsidiary to parent.

3. 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.

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

## (2) Relevant information on reinvestment business (excluding investees in mainland China):

The information on the reinvestment business of the Combined Company in 2022 is as follows:

Unit: NT\$ thousand/thousand shares

Name of investee	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%	432,827	61.46%	(91,901)	(57,505)	Note 1
The Company	ShareHope Medicine (HongKong) Co., Ltd.	Hong Kong, China	Investment management	44,831	44,831	1,500	100.00%	22,753	100.00%	(2,123)	(2,123)	Note 1
The Company	Chungyuan Medical Management Co., Ltd.	Taoyuan City	Management consulting services	11,389	11,389	1,000	100.00%	14,696	100.00%	(464)	(464)	Note 1
The Company	Hematech Biotherapeutics Inc.	Taipei City	Biotechnology services	22,106	22,106	2,211	25.00%	3,957	25.00%	61	15	Note 2
The Company	Medzoneasia	New Taipei City	Wholesale and trading of medicines and provision of medical information software services	314,169	314,169	15,654	60.21%	243,453	60.21%	16,105	15,120	Note 1
The Company	Pregetic Health Company	Taoyuan City	Health management services	101,000	101,000	10,500	38.90%	114,907	39.93%	(32,347)	(13,623)	Note 1
The Company	Shengshih Technology Co., Ltd.	Taipei City	Management consulting services	1,000	1,000	100	100.00%	845	100.00%	(107)	(107)	Note 1
The Company	Digimed Co., Ltd.	Taipei City	Information software services	-	2,000	-	-	-	20.00%	928	(309)	Note 1
Mytrex Health Company	Digimed Co., Ltd.	Taipei City	Information software services	-	2,000	-	-	-	20.00%	928	(309)	Note 1
Mytrex Health Company	Mytrex USA Co.	California, USA	Health care support services	23,516	23,516	800	88.89%	12,274	88.89%	(4,596)	(4,085)	Note 1
Mytrex Health Company	Air Long-Term Care Co., Ltd.	Taoyuan City	Management consulting services	10,000	10,000	667	22.37%	10,225	25.00%	491	116	Note 2
Mytrex Health Company	Mytrex Industries Inc.	Taoyuan City	Manufacturing and processing of non-woven fabrics and sales of medical and sanitary materials	507,888	507,888	12,000	100.00%	391,313	100.00%	(82,301)	(82,301)	Note 1
Mytrex Health Company	Sheng Yo Company	Tainan City	Health management services	20,000	-	2,000	90.91%	15,326	90.91%	(5,141)	(4,674)	Note 1
Chungyuan Medical Management Company	Air Long-Term Care Co., Ltd.	Taoyuan City	Management consulting services	2,000	2,000	200	6.71%	2,014	7.50%	491	35	Note 2
Medzoneasia	TECHGROUP Integrate Design Co., Ltd.	New Taipei City	Medical information software services	50,759	50,759	1	51.00%	41,874	51.00%	7,719	996	Note 1
Medzoneasia	Global Biotech Multimedia Co., Ltd.	Taipei City	Magazine (periodical) publication	10,000	10,000	500	23.98%	9,286	23.98%	(756)	(300)	Note 2
Medzoneasia	YES Health Company	Taoyuan City	Wholesale and trading of medicines and management consulting for pharmacies	221,180	221,180	6,035	100.00%	234,836	100.00%	24,802	23,919	Note 1
Medzoneasia	Macro Global Corporation	Taichung City	Wholesale and trading of medicines	72,155	72,155	6,450	100.00%	73,100	100.00%	5,494	6,105	Note 1
Medzoneasia	Digimed Co., Ltd.	Taipei City	Information software services	6,000	-	600	60.00%	2,491	60.00%	928	1,483	Note 1
Pregetic Health Company	Hung-Han Company	Taipei City	Health management services	118,880	98,880	7,000	100.00%	84,808	100.00%	(24,132)	(25,323)	Note 1
Pregetic Health Company	Employee Community Co., Ltd.	Taipei City	Advertising	1,700	1,700	170	48.57%	387	48.57%	(899)	(436)	Note 2
Pregetic Health Company	Digimed Co., Ltd.	Taipei City	Information software services	-	2,000	-	-	-	20.00%	928	(309)	Note 1
Pregetic Health Company	Fuyi Company	Taipei City	Health management consulting services	204,288	144,288	18,000	100.00%	178,110	100.00%	(28,112)	(28,648)	Note 1
Pregetic Health Company	Anchun Technology Co., Ltd.	Taipei City	Health management services	20,000	-	2,000	40.00%	19,275	60.00%	(1,916)	(791)	Note 2
Hung-Han Company	Hanting Digital Technology Co., Ltd.	New Taipei City	Information software services	20,000	10,000	2,000	100.00%	9,980	100.00%	(10,020)	(10,020)	Note 1
Hung-Han Company	Chinachem Biomedical Co., Ltd.	Taipei City	Healthcare services	10,000	-	1,000	100.00%	8,495	100.00%	(1,505)	(1,505)	Note 1
Fuyi Company	Shang-Jia Health Enterprise Co. Ltd.	Taipei City	Health management services	23,900	-	2,390	26.56%	24,821	20.00%	335	921	Note 2
YES Health Company	Digimed Co., Ltd.	Taipei City	Information software services	2,000	2,000	200	20.00%	830	20.00%	928	186	Note 1

Note: 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.

Note 3: In April 2022, Pregetic Health Company invested to establish a subsidiary, Anchun Company, in which it held 100% of the equity. In September, 2022, Pregetic Health Company disposed of 60% of the equity and lost control of Anchun Company, which is now one of its affiliates.

Note 4: In response to the restructuring of the Group, the Company, Mincheng Health Company, and Pregetic Health Company transferred their equity in Digimed in full to Medzoneasia - one of the other related parties, in April 2011.

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

## (III) Information on investments in mainland China:

### 1. Information on reinvestments in mainland China:

Unit: NT\$/US\$ thousand

Name of mainland investee	Principal business	Paid-in capital	Investment method (Note 1)	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	Mid-term maximum shareholdings	Investment income and losses recognized for 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							
Minsheng (Tianjin) Investment Management Co., Ltd.	Investment management	11,885	(2)	11,885	-	-	11,885	(1,699)	100.00%	100%	(1,699)	3,406	-
Minsheng Asia-Pacific (Beijing) Enterprise Management Co., Ltd.	Hospital management consulting services	5,124	(1)	5,124	-	-	5,124	1,817	100.00%	100%	1,817	6,582	-

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 (Note)
17,009	17,009	2,051,555

Note: 60% of the net value.

### 3. Information on major transactions: none.

## (IV) Information about the major shareholder

Unit: share

Name of the major shareholder	Share	Number of shares held	Shareholding
MISSIONCARE Co., Ltd.		34,822,800	29.00%

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.

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

## 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 2022 and 2021.

### (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:

	2022						
	Pharmaceutical Distribution Department	Health Management Department	Technologic al 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>

	2021						
	Pharmaceutical Distribution Department	Health Management Department	Technologic al Materials Department	Hospital Department	Other departments	Adjustment and cancellation	Total
Revenue:							
Revenue from external customers	\$ 2,541,403	631,386	250,818	143,873	282,547	-	3,850,027
Interdepartmental revenue	248,829	252	428	-	521	(250,030)	-
Total revenue	<u>\$ 2,790,232</u>	<u>631,638</u>	<u>251,246</u>	<u>143,873</u>	<u>283,068</u>	<u>(250,030)</u>	<u>3,850,027</u>
Profits and losses of reportable departments	<u>\$ 86,539</u>	<u>161,341</u>	<u>13,815</u>	<u>121,729</u>	<u>(133,988)</u>	<u>18,193</u>	<u>267,629</u>

## (III) Product and service information

<b>Name of product or service</b>	<b>2022</b>	<b>2021</b>
Medicines and medical materials	\$ 2,842,231	2,739,924
Non-woven filter fabric	190,237	251,245
Equipment leases	66,545	94,014
Leases of investment properties	57,145	55,240
Medical health care management services	980,974	709,604
	<b>\$ 4,137,132</b>	<b>3,850,027</b>

## (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.

<b>Region</b>	<b>2022</b>	<b>2021</b>
Revenue from external customers:		
Asia	\$ 4,112,999	3,832,176
Europe	5,133	12,692
America	-	2,719
Other countries	19,000	2,440
	<b>\$ 4,137,132</b>	<b>3,850,027</b>

<b>Region</b>	<b>2022.12.31</b>	<b>2021.12.31</b>
Non-current assets:		
Taiwan	<b>\$ 2,845,271</b>	<b>1,789,953</b>

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

	<b>2022</b>	<b>2021</b>
Minsheng General Hospital	<b>\$ 1,832,209</b>	<b>1,435,674</b>



**ShareHope Medicine Co., Ltd.**  
**Parent Company Only Financial**  
**Statements and Independent**  
**Auditors' Report**  
2022 and 2021

For the convenience of readers and for information purpose only, the auditors' report and the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. In the event of any discrepancy between the English version and the original Chinese version or any differences in the interpretation of the two versions, the Chinese-language auditors' report and financial statements shall prevail.

**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, 2022 and 2021, 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, 2022 and 2021, 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, 2022 and 2021 as well as its financial performance and cash flows for the years ended December 31, 2022 and 2021.

### **Foundation for audit opinions**

The independent auditor performed the audit in compliance with the rules governing the certification of financial statements by 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 2022, 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 (25), 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% and 2.91% of total assets respectively as of December 31, 2022 and 2021, and the shares of subsidiaries and affiliates that apply the equity method of accounting to the investees accounted for (14.22)% and (2.79)% of net income before tax respectively for the years ended December 31, 2022 and 2021.

## **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 2022, 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:

Number of documents : Tai-Tsai-Zheng-(6)-Zi-0920000969  
approved and certified by Jin-Kuan-Zheng-Shen-Zi-1040003949  
the securities regulatory  
March 24, 2023

ShareHope Medicine Co., Ltd.

Balance sheet

December 31, 2022 and 2021

Unit: NT\$

		2022.12.31		2021.12.31				2022.12.31		2021.12.31	
Assets		Amount	%	Amount	%			Amount	%	Amount	%
Current assets:											
1100	Cash and cash equivalents (Note 6 (1))	\$ 769,708	14	643,593	15	2100	Short-term loans (Note 6 (15) and Note 8)	\$ -	-	30,000	1
1110	Financial assets at fair value through profit or loss - current (Note 6 (2))	10,341	-	10,279	-	2150	Notes payable	3,400	-	3,502	-
1150	Notes receivable (Note 6 (4) and (25))	884	-	884	-	2170	Accounts payable	613,945	11	456,861	10
1161	Notes receivable (Note 6 (4) and (25) and Note 7)	28,751	1	38,498	1	2180	Accounts payable - related parties (Note 7)	3,862	-	3,141	-
1170	Net accounts receivable (Note 6 (4) and (25))	42,711	1	47,169	1	2200	Other payables (Note 6(20))	185,228	4	119,044	3
1180	Net accounts receivable - related parties (Note 6 (4), (25), and Note 7)	983,425	16	814,862	19	2220	Other accounts payable - related parties (Note 7)	966	-	508	-
1200	Other accounts receivable (Note 6 (5))	-	-	102,137	2	2230	Income tax liabilities for the period	50,838	1	55,772	1
1210	Other accounts receivable - related parties (Note 6 (5) and Note 7)	589	-	240	-	2280	Lease liabilities - current (Note 6 (18))	46,211	1	43,521	1
130X	Inventories (Note 6 (7))	41,321	1	48,947	1	2322	Long-term loans due in one year or one operating cycle (Note 6 (16) and Note 8)	10,769	-	10,769	-
1410	Prepayments (Note 7)	8,270	-	964	-	2399	Other current liabilities (Note 6 (25))	8,744	-	6,730	-
1470	Other current assets	1,488	-	2	-		Total current liabilities	923,963	17	729,848	16
	Total current assets	1,887,488	33	1,707,575	39		Non-current liabilities:				
Non-current assets:											
1510	Financial assets at fair value through profit or loss - non-current (Note 6 (2))	82,086	1	82,799	2	2540	Long-term loans (Note 6 (16) and Note 8)	955,127	17	89,744	2
1517	Financial assets at fair value through other comprehensive income - non-current (Note 6 (3))	480,053	9	399,960	10	2570	Deferred income tax liabilities (Note 6 (22))	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 (18))	334,540	6	371,372	9
1550	Equity method investments (Note 6 (8))	840,020	15	914,332	21	2640	Net defined benefit liabilities - non-current (Note 6 (21))	7,972	-	9,137	-
1600	Property, plant and equipment (Note 6 (10) and Note 8)	1,379,529	24	203,190	5	2645	Deposits received (Note 7)	12,411	-	3,356	-
1755	Right-of-use assets (Note 6 (11))	373,347	7	411,415	9		Total non-current liabilities	1,314,012	23	473,609	11
1760	Net investment properties (Note 6 (12) and Note 8)	199,897	4	202,231	5		Total liabilities	2,237,975	40	1,203,457	27
1780	Intangible assets (Note 6 (13))	8,438	-	13,918	-	3110	Ordinary share capital	1,200,422	21	1,143,259	27
1840	Deferred income tax assets (Note 6 (22))	7,305	-	9,133	-	3200	Additional paid-in capital	1,264,508	22	1,267,418	29
194D	Net long-term finance lease receivables (Note 6 (6) and Note 7)	12,026	-	19,643	-	3310	Statutory reserves	187,098	3	163,624	4
1990	Other non-current assets (Note 6 (14) and Note 7)	357,045	6	358,063	8	3320	Special reserves	26,136	1	33,469	1
	Total non-current assets	3,769,746	67	2,644,684	61	3350	undistributed earnings	734,669	13	567,167	13
						3410	Exchange difference from translation of the financial statements of foreign operations	(2,089)	-	(3,173)	-
						3420	Unrealized gains and losses on financial assets at fair value through other comprehensive income	8,515	-	(22,962)	(1)
							Total equity	3,419,259	60	3,148,802	73
							Total liabilities and equity	\$ 5,657,234	100	4,352,259	100
	Total assets	\$ 5,657,234	100	4,352,259	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, 2022 and 2021

**Unit: NT\$ thousand**

		<b>2022</b>		<b>2021</b>	
		<b>Amount</b>	<b>%</b>	<b>Amount</b>	<b>%</b>
4000	<b>Operating revenue</b> (Note 6 (25) and Note 7)	\$ 2,498,480	100	2,239,602	100
5000	<b>Operating costs</b> (Note 6 (7), (10), (11), (12), (13), (18), (21) and (26), and Note 7)	(1,874,303)	(75)	(1,766,374)	(79)
	<b>Gross profit</b>	624,177	25	473,228	21
	<b>Operating expenses</b> (Note 6 (4), (10), (11), (12), (13), (18), (21) and (27), and Note 7):				
6100	Marketing expenses	(15,844)	-	(17,074)	(1)
6200	Administrative expenses	(199,347)	(8)	(133,448)	(6)
6450	Gains on expected credit impairment	977	-	780	-
	<b>Total operating expenses</b>	(214,214)	(8)	(149,742)	(7)
6500	Other net income and expenses (Note 6 (27) and Note 7)	36,940	1	28,866	1
	<b>Other income and expenses in total</b>	36,940	1	28,866	1
	<b>Net operating income</b>	446,903	18	352,352	15
	<b>Non-operating income and expenses</b> (Note 6 (2), (8), (18) and (28), and Note 7):				
7100	Interest income	1,539	-	395	-
7010	Other income	10,449	-	5,342	-
7020	Other gains and losses	2,826	-	5,247	-
7050	Finance costs	(24,874)	(1)	(8,608)	-
7070	Share of profits and losses of subsidiaries and affiliates recognized by the equity method	(57,179)	(2)	(53,004)	(2)
	<b>Total non-operating income and expenses</b>	(67,239)	(3)	(50,628)	(2)
7900	<b>Net income before tax</b>	379,664	15	301,724	13
7950	<b>Income tax expenses</b> (Note 6 (22))	(85,718)	(3)	(69,061)	(3)
	<b>Net income for the period</b>	293,946	12	232,663	10
8300	<b>Other comprehensive income</b> (Note 6 (21), (22) and (23)):				
8310	<b>Items not reclassified to profit or loss</b>				
8311	Remeasurement amount of defined benefit plans	1,380	-	2,525	-
8316	Unrealized valuation profits and losses on equity instrument investments at fair value through other comprehensive income	52,217	1	12,957	1
8330	Share of other comprehensive income of subsidiaries and affiliates recognized by the equity method	(11,592)	-	(5,242)	-
8349	Less: income taxes related to non-reclassified items	5,863	-	416	-
	<b>Total items not reclassified to profit or loss</b>	36,142	1	9,824	1
8360	<b>Items that may be reclassified to profit or loss subsequently</b>				
8361	Exchange difference from translation of the financial statements of foreign operations	431	-	(246)	-
8380	Share of other comprehensive income of subsidiaries recognized by the equity method	739	-	(213)	-
8399	Less: income taxes related to items that may be reclassified	86	-	(49)	-
	<b>Total items that may be reclassified to profit or loss subsequently</b>	1,084	-	(410)	-
8300	<b>Other comprehensive income for this period (net of tax)</b>	37,226	1	9,414	1
8500	<b>Total comprehensive income for this period</b>	<b>\$ 331,172</b>	<b>13</b>	<b>242,077</b>	<b>11</b>
	<b>Earnings per share (NT\$) (Note 6 (24))</b>				
9750	<b>Basic earnings per share</b>	<b>\$ 2.45</b>		<b>1.94</b>	
9850	<b>Diluted earnings per share</b>	<b>\$ 2.43</b>		<b>1.92</b>	

(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, 2022 and 2021

Unit: NT\$ thousand

	Ordinary share capital	Capital collected in advance	Additional paid-in capital	Legal 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
<b>Balance on of January 1, 2021 (after retrospective adjustment)</b>	\$ 1,086,969	1,667	1,224,665	139,516	38,865	460,018	(2,763)	(30,706)	2,918,231
Net income for the period	-	-	-	-	-	232,663	-	-	232,663
Other comprehensive income for the period	-	-	-	-	-	2,133	(410)	7,691	9,414
Total comprehensive income for this period	-	-	-	-	-	234,796	(410)	7,691	242,077
Allocation and distribution of earnings:									
Appropriation of legal reserve	-	-	-	24,108	-	(24,108)	-	-	-
Common share cash dividend	-	-	-	-	-	(54,441)	-	-	(54,441)
Ordinary share stock dividend	54,441	-	-	-	-	(54,441)	-	-	-
Reversal of special reserves	-	-	-	-	(5,396)	5,396	-	-	-
Conversion of convertible corporate bonds	1,849	(1,667)	417	-	-	-	-	-	599
The difference between the price and book value of subsidiaries' equity actually acquired and disposed of	-	-	(11,851)	-	-	-	-	-	(11,851)
Changes in ownership interests in subsidiaries	-	-	54,187	-	-	(53)	-	53	54,187
<b>Balance on December 31, 2021</b>	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)
<b>Balance on December 31, 2022</b>	\$ 1,200,422	-	1,264,508	187,098	26,136	734,669	(2,089)	8,515	3,419,259

(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, 2022 and 2021

**Unit: NT\$**

	<u>2022</u>	<u>2022</u>
<b>Cash flows from operating activities:</b>		
Net income before tax for the period	\$ 379,664	301,724
<b>Items adjusted:</b>		
Income and expense items		
depreciation expense	137,123	135,826
Amortization expenses	7,484	7,981
Gains on reversal of expected credit impairment	(977)	(780)
Net gains on financial assets and liabilities at fair value through profit or loss	(2,897)	(5,249)
Interest expenses	24,874	8,608
Interest income	(1,539)	(395)
Dividend income	(2,922)	(2,248)
Share of losses of subsidiaries and affiliates recognized by the equity method	57,179	53,004
Gains on disposal and retirement of properties, plants and equipment	(332)	(6,145)
Lease modification gains	-	(96)
Total income and expense items	217,993	190,506
Changes in assets/liabilities related to operating activities:		
Notes receivable (including related parties)	9,747	(662)
Accounts receivable (including related parties)	(166,000)	(68,321)
Lease payments receivable (including related parties)	10,489	(978)
Other receivables (including related parties)	(349)	365
Inventories	8,338	11,595
Prepayments (including related parties)	(7,306)	1,012
Other current assets	(1,486)	24
Notes payable	(102)	(1,768)
Accounts payable (including related parties)	157,805	(80,465)
Other payables (including related parties)	18,974	21,383
Other current liabilities	2,014	496
Net defined benefit liabilities	211	437
Total net changes in assets and liabilities related to operating activities	32,335	(116,882)
Cash inflow from operation	629,992	375,348
Interests received	1,539	395
Interests paid	(23,624)	(8,196)
Income taxes paid	(90,810)	(31,386)
<b>Net cash inflow from operating activities:</b>	517,097	336,161

(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, 2022 and 2021

**Unit: NT\$**

	<b>2022</b>	<b>2021</b>
<b>Cash flows from investing activities:</b>		
Acquisition of financial assets at fair value through other comprehensive income	\$ (44,126)	(27,015)
Capital returned due to capital reduction in financial assets at fair value through other comprehensive income	16,250	15,000
Acquisition of financial assets at amortized cost	-	(30,000)
Disposal of financial assets at fair value through profit or loss	3,548	17,204
Acquisition of equity method investments	-	(1,450)
Disposal of equity method investments	2,000	-
Capital returned due to capital reduction of investees applying the equity method	-	17,500
Acquisition of property, plant and equipment	(1,214,159)	(68,148)
Disposal of property, plant and equipment	100,801	-
Increase in refundable deposits	-	(86,697)
Acquisition of intangible assets	(1,884)	(1,452)
Increase in other non-current assets	(4,674)	(343)
Decrease in refundable deposits	5,571	-
Dividends received	4,085	78,621
<b>Cash outflow from investing activities:</b>	<b>(1,132,588)</b>	<b>(86,780)</b>
<b>Cash flows from financing activities:</b>		
Decrease in short-term loans	(30,000)	(50,000)
Redemption of corporate bonds	-	(99,990)
Borrowing of long-term loans	1,194,000	-
Repayment of long-term loans	(328,617)	(10,769)
Increase in deposits received	9,055	1,635
Lease principal payment	(45,669)	(32,888)
Distribution of cash dividends	(57,163)	(54,441)
<b>Cash inflow (outflow) from financing activities</b>	<b>741,606</b>	<b>(246,453)</b>
Increase in cash and cash equivalents for the period	126,115	2,928
Balance of cash and cash equivalents at the beginning of the period	643,593	640,665
Balance of cash and cash equivalents at the end of the period	<b>\$ 769,708</b>	<b>643,593</b>

(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**  
**2022 and 2021**

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

**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 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.

**II. 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 24, 2023.

**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 Company adopted the following newly amended terms of the IFRSs on January 1, 2022, which made no significant impact on the Parent Company Only Financial Statements.

- Amendment to “Real Estate, Plant and Equipment - Price before Intended Use” under IAS 16
- Amendment to “Onerous Contract - Cost of Performance” under IAS 37
- Annual Improvements to IFRSs  
2018–2020 Cycle
- Amendment to “References to Conceptual Framework” under IFRSs 3

- (II) 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, 2023, based on evaluation, which will not have a 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

**Notes to the Parent Company Only Financial Statements of ShareHope Medicine Co., Ltd.**  
**(Continued)**

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

The standards and interpretations that have been issued and amended by the International Accounting Standards Board but have not yet been approved by the Financial Supervisory Commission and may be relevant to the Company are as follows:

<b>Newly issued or amended standards</b>	<b>Major amendments</b>	<b>Effective date of standards issued by the Board</b>
Amendment to “Classification of Liabilities as Current or Non-current” under IAS 1	According to the current IAS 1, liabilities for which the enterprise does not have the right to unconditionally defer settlement for at least 12 months after the reporting period shall be classified as current. The statement “unconditionally” is removed from the amendment which instead stipulates that the right must exist and be substantive at the end of the reporting period. It is clarified in the amendment that how enterprises should classify liabilities that are settled by issuing equity instruments of such liabilities (e.g., convertible corporate bonds).	January 1, 2024
Amendment to “Non-current Contractual Liabilities” under IAS 1	After reconsidering certain aspects of the amendment to IAS 1 in 2020, it is clarified in the new amendment that only contractual terms to which an enterprise shall be subject on or before the reporting date will affect the classification of liabilities as current or non-current. The contractual terms (i.e. future terms) to which an enterprise shall be subject after the reporting date will not affect the classification of liabilities at that date. However, as for non-current liabilities subject to future contractual terms, enterprises shall disclose information to notify users of financial statements of the risk that such liabilities may be repaid within 12 months after the reporting date.	January 1, 2024

The Company is continuously evaluating the impact of above-mentioned standards and interpretations on its financial position and operating results, and the relevant impact will be disclosed when the evaluation is completed.

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
- Amendment to "Provisions on Sale and Leaseback Transactions" under IFRSs 16

(Continued)

**IV. 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.

## **Notes to the Parent Company Only Financial Statements of ShareHope Medicine Co., Ltd. (Continued)**

### **(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:

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.

## **Notes to the Parent Company Only Financial Statements of ShareHope Medicine Co., Ltd. (Continued)**

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.

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 considers the financial asset to be in default.



## **Notes to the Parent Company Only Financial Statements of ShareHope Medicine Co., Ltd. (Continued)**

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.

## **Notes to the Parent Company Only Financial Statements of ShareHope Medicine Co., Ltd. (Continued)**

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.

### **(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.

## Notes to the Parent Company Only Financial Statements of ShareHope Medicine Co., Ltd. (Continued)

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

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.

## Notes to the Parent Company Only Financial Statements of ShareHope Medicine Co., Ltd. (Continued)

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 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.

## Notes to the Parent Company Only Financial Statements of ShareHope Medicine Co., Ltd. (Continued)

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 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.

## Notes to the Parent Company Only Financial Statements of ShareHope Medicine Co., Ltd. (Continued)

### (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.

#### 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 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.

#### 2. 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.

## Notes to the Parent Company Only Financial Statements of ShareHope Medicine Co., Ltd. (Continued)

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.

### 3. 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.

### (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;
2. 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
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 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.

## **Notes to the Parent Company Only Financial Statements of ShareHope Medicine Co., Ltd. (Continued)**

### **(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 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.



## Notes to the Parent Company Only Financial Statements of ShareHope Medicine Co., Ltd. (Continued)

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 (29) 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

	<u>2022.12.31</u>	<u>2021.12.31</u>
Cash on hand and working capital	\$ 3,175	3,195
Demand deposits	716,108	590,121
Cash equivalents - repurchase bonds	50,425	50,277
	<u><b>\$ 769,708</b></u>	<u><b>643,593</b></u>

Please refer to Note 6 (29) for disclosure of interest rate risk and sensitivity analysis of the financial assets of the Company.

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

	<u>2022.12.31</u>	<u>2021.12.31</u>
Financial assets mandatorily measured at fair value through profit or loss:		
Non-derivative financial assets		
Fund beneficiary certificates	\$ 10,341	10,279
TPEX listed stocks	61,912	59,871
Non-TWSE/TPEX listed stocks	20,174	22,928
	<u><b>\$ 92,427</b></u>	<u><b>93,078</b></u>
Current	\$ 10,341	10,279
Non-current	82,086	82,799
	<u><b>\$ 92,427</b></u>	<u><b>93,078</b></u>

## Notes to the Parent Company Only Financial Statements of ShareHope Medicine Co., Ltd. (Continued)

In 2022 and 2021, the Company recognized dividend income of NT\$2,922 thousand and NT\$2,248 thousand respectively, for the investment in equity instruments mandatorily measured at fair value through profit or loss.

Please refer to Note 6 (28) for the amount recognized in profit or loss based on fair value remeasurement.

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

	<u>2022.12.31</u>	<u>2021.12.31</u>
Stocks issued by non-TWSE/TPEX listed companies	\$ 119,270	91,237
Stocks issued by non-listed foreign companies	273,661	257,888
Limited partnership interests	87,122	50,835
	<u><b>\$ 480,053</b></u>	<u><b>399,960</b></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 2022 and 2021, and the accumulated gains and losses during the two years have not been transferred within equity.

Please refer to Note 6 (29) for credit risk and market risk information.

### (IV) Notes and accounts receivable and finance lease receivables - current

	<u>2022.12.31</u>	<u>2021.12.31</u>
Notes receivable	\$ 884	884
Notes receivable - related parties	28,751	38,498
Accounts receivable - measured at amortized cost	42,379	48,171
Accounts receivable - related parties - measured at amortized cost	978,352	806,560
Accounts receivable - finance lease payments - measured at amortized cost	388	-
Accounts receivable - related parties - finance lease payments - measured at amortized cost	6,267	10,132
Less: loss allowances	(245)	(1,222)
Unrealized interest income	(1,005)	(1,610)
	<u><b>\$ 1,055,771</b></u>	<u><b>901,413</b></u>

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.

**Notes to the Parent Company Only Financial Statements of ShareHope Medicine Co.,  
Ltd. (Continued)**

The expected credit losses on notes and accounts receivable and finance lease receivables (including related parties) of the Company are analyzed as follows:

	<b>2022.12.31</b>		
	<b>The carrying amount of notes and accounts receivable and finance lease receivables (including related parties)</b>	<b>Weighted average expected credit loss rate</b>	<b>Loss allowances for lifetime expected credit losses</b>
Not overdue	\$ 1,055,917	0.00%~0.03%	245
Less than 60 days overdue	99	0.02%~2.53%	-
	<b><u>\$ 1,056,016</u></b>		<b><u>245</u></b>

	<b>2021.12.31</b>		
	<b>The carrying amount of notes and accounts receivable and finance lease receivables (including related parties)</b>	<b>Weighted average expected credit loss rate</b>	<b>Loss allowances for lifetime expected credit losses</b>
Not overdue	\$ 901,401	0.00%~0.03%	219
Less than 60 days overdue	231	0.03%~0.17%	-
More than 121 days overdue	1,003	100%	1,003
	<b><u>\$ 902,635</u></b>		<b><u>1,222</u></b>

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:

	<b>2022</b>	<b>2021</b>
Beginning balance	\$ 1,222	2,002
Reversal of impairment losses	(977)	(780)
Ending balance	<b><u>\$ 245</u></b>	<b><u>1,222</u></b>

(V) Other receivables

	<b>2022.12.31</b>	<b>2021.12.31</b>
Equipment receivables	\$ -	102,137
Other receivables-related parties	589	240
Less: loss allowances	-	-
	<b><u>\$ 589</u></b>	<b><u>102,377</u></b>

Please refer to Note 6 (29) for information on credit risk.

# Notes to the Parent Company Only Financial Statements of ShareHope Medicine Co., Ltd. (Continued)

## (VI) 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.

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:

	<b>2022.12.31</b>	<b>2021.12.31</b>
Less than one year	\$ 6,655	10,131
1~2 years	3,884	8,741
2~3 years	3,154	3,796
3~4 years	3,154	3,154
4~5 years	1,985	3,154
More than 5 years	1,599	3,584
Gross investment in the lease	20,431	32,560
Unearned finance income	(2,755)	(4,395)
Present value of lease payments receivable	<b>\$ 17,676</b>	<b>28,165</b>
Current	\$ 5,650	8,522
Non-current	12,026	19,643
	<b>\$ 17,676</b>	<b>28,165</b>

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, 2022 and 2021.

Please refer to Note 6 (29) for details about credit risk.

## (VII) Inventories

	<b>2022.12.31</b>	<b>2021.12.31</b>
Pharmaceuticals and medical materials	<b>\$ 41,321</b>	<b>48,947</b>

Particulars of sales costs of the Company are as follows:

	<b>2022.12.31</b>	<b>2021.12.31</b>
Cost of inventories sold	<b>\$ 1,456,091</b>	<b>1,401,778</b>

# Notes to the Parent Company Only Financial Statements of ShareHope Medicine Co., Ltd. (Continued)

## (VIII) Disposal of equity method investments

- The equity method investments of the Company at the reporting date are listed as follows:

	2022.12.31	2021.12.31
Subsidiary	\$ 836,063	910,384
Associate	3,957	3,948
	<b>\$ 840,020</b>	<b>914,332</b>

### 2. Subsidiary

Please refer to the Consolidated Financial Statements for 2022.

### 3. 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:

	2022.12.31	2021.12.31
Total carrying amount of equity in individually insignificant affiliates at the end of the period	\$ 3,957	3,948

	2022	2021
Share attributable to the Company		
Net income for the period	\$ 15	447
Other comprehensive income	(7)	(30)
Total comprehensive income	<b>\$ 8</b>	<b>417</b>

Pregetic Medical Health Co., Ltd. (hereinafter referred to as Pregetic Health Company), one of the Company's subsidiaries, acquired Fuyi Health Management Consulting Co., Ltd. (hereinafter referred to as Fuyi Company) on December 31, 2020, generating the goodwill of NT\$74,816 thousand with the amount of the consideration transferred higher than the net amount of the identifiable assets acquired and liabilities assumed at the acquisition date. Given that the original accounting treatment for the acquisition of Fuyi Company was provisional on the balance sheet date, Pregetic Health Company made retrospective adjustments during the measurement period based on the equity price allocation report issued by an appraiser in the fourth quarter of 2021. The retroactive adjustments recognized by the Company based on equity ratio are as follows:

	Reported amount before retrospective adjustment	Effects of retrospective adjustment	Reported amount after retrospective adjustment
Equity method investments	\$ 1,023,389	(265)	1,023,124
Additional paid-in capital	1,224,930	(265)	1,224,665

# Notes to the Parent Company Only Financial Statements of ShareHope Medicine Co., Ltd. (Continued)

## (IX) Changes in ownership interests in subsidiaries

### 1. Acquisition of additional equity in subsidiaries

On March 5, 2021, the Company acquired 45% of the equity of the subsidiary, Shengshih Technology Co., Ltd., through a resolution of the Board of Directors, leading to an increase of its equity from 55% to 100%.

	<b>2021</b>
Carrying amount of non-controlling interests acquired	\$ 443
Consideration paid to non-controlling interests	(450)
Additional paid-in capital - the difference between the price and book value of equity actually acquired and disposed of	<u><u>\$ (7)</u></u>

### 2. 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:

	<b>2022</b>
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><u>\$ (4,992)</u></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><u>\$ (4,992)</u></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><u>\$ (1,342)</u></u>

## Notes to the Parent Company Only Financial Statements of ShareHope Medicine Co., Ltd. (Continued)

The Company transferred 100% of the equity of its subsidiary -Macro Global Co., Ltd. (formerly known as Macro Co., Ltd., hereinafter referred to as Macro Global Corporation) to its subsidiary -Medzoneasia Co., Ltd. (hereinafter referred to as Medzoneasia) to improve operational performance, through a resolution of the Board of Directors on March 5, 2021. 6,450 thousand ordinary shares of Macro Global Co., Ltd. was exchanged for 3,000 thousand ordinary shares of Medzoneasia, with the share exchange ratio being 2.15:1 and the base date for share exchange being April 23, 2021. Upon the completion of the share exchange, the paid-in capital of Medzoneasia was NT\$260,000 thousand, and Macro Global Co., Ltd. became a subsidiary of Medzoneasia, which held 100% of its shares. The statutory change registration procedures for the share exchange have been completed on June 25, 2021. The transaction is an adjustment of the Group's organizational structure and thus shall be accounted for as an equity transaction. NT\$11,844 thousand of difference from the equity transaction is recognized as a decrease in additional paid-in capital - the difference between the price and book value of subsidiaries' equity actually acquired and disposed of.

### 3. 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>

The Company did not subscribe for shares in the cash capital increase by -Pregetic Health Company based on its shareholding ratio in December, 2021, resulting in a decrease in its shareholding ratio from 57.69% to 39.93%.

	<u>2021</u>
	<u>Pregetic Health Company</u>
Decrease in equity attributable to subsidiaries after issuance of new shares	\$ (25,809)
Equity attributable to subsidiaries recognized in the newly issued shares based on their equity ratio after issuance of new shares	79,860
Adjustments to other equity items attributable to owners of the Company	<u>136</u>
Additional paid-in capital - recognized changes in ownership interests in subsidiaries	<u><u>\$ 54,187</u></u>

**Notes to the Parent Company Only Financial Statements of ShareHope Medicine Co., Ltd. (Continued)**

4. Disposal of equity instruments at fair value through other comprehensive income and changes of affiliates recognized by the equity method.

	<b>2022</b>	
	<b>Mytrex Health Company</b>	<b>Chungyuan Medical Management Co., Ltd.</b>
Equity instruments at fair value through other comprehensive income disposed of that are recognized in undistributed earnings	\$ (75)	<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	\$ 75	<u>(2,894)</u>
Changes of affiliates recognized by the equity method	\$ 1	<u>-</u>
The Company's impact on the above transactions is as follows:		
Additional paid-in capital - recognized changes in ownership interests in subsidiaries	\$ 1	<u>-</u>
Unrealized gains or losses on financial assets at fair value through other comprehensive income	\$ 46	<u>(2,894)</u>
Undistributed earnings	\$ (46)	<u>3,852</u>

	<b>2021</b>	
		<b>Chungyuan Medical Management Co., Ltd.</b>
Equity instruments at fair value through other comprehensive income disposed of that are recognized in undistributed earnings		\$ (53)
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>53</u>
The Company's impact on the above transactions is as follows:		
Unrealized gains or losses on financial assets at fair value through other comprehensive income		\$ 53
Undistributed earnings		<u>(53)</u>



# Notes to the Parent Company Only Financial Statements of ShareHope Medicine Co., Ltd. (Continued)

## (X) 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, 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	<b>\$ 651,352</b>	<b>514,180</b>	<b>185,081</b>	<b>14,691</b>	<b>45,712</b>	<b>14,854</b>	<b>339,290</b>	<b>65,943</b>	<b>1,831,103</b>
Balance on January 1, 2021	\$ -	-	195,048	9,359	45,671	14,596	508,262	97	773,033
Increase	-	-	6,233	4,420	1,810	114	51,341	-	63,918
Reclassification	-	-	-	-	-	-	-	(97)	(97)
Disposal	-	-	(567)	-	-	(25)	(171,270)	-	(171,862)
Balance on December 31, 2021	<b>\$ -</b>	<b>-</b>	<b>200,714</b>	<b>13,779</b>	<b>47,481</b>	<b>14,685</b>	<b>388,333</b>	<b>-</b>	<b>664,992</b>
Accumulated depreciation:									
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	<b>\$ -</b>	<b>9,998</b>	<b>137,450</b>	<b>11,063</b>	<b>36,222</b>	<b>14,267</b>	<b>242,574</b>	<b>-</b>	<b>451,574</b>
Balance on January 1, 2021	\$ -	-	88,114	7,664	29,562	11,738	307,710	-	444,788
Depreciation for the year	-	-	31,287	2,282	4,875	2,028	57,276	-	97,748
Disposal	-	-	(567)	-	-	(24)	(80,143)	-	(80,734)
Balance on December 31, 2021	<b>\$ -</b>	<b>-</b>	<b>118,834</b>	<b>9,946</b>	<b>34,437</b>	<b>13,742</b>	<b>284,843</b>	<b>-</b>	<b>461,802</b>
Book value:									
December 31, 2022	<b>\$ 651,352</b>	<b>504,182</b>	<b>47,631</b>	<b>3,628</b>	<b>9,490</b>	<b>587</b>	<b>96,716</b>	<b>65,943</b>	<b>1,379,529</b>
December 31, 2021	<b>\$ -</b>	<b>-</b>	<b>81,880</b>	<b>3,833</b>	<b>13,044</b>	<b>943</b>	<b>103,490</b>	<b>-</b>	<b>203,190</b>

Please refer to Note 8 for details of long-term loan guarantees that have been provided as of December 31, 2022 and 2021.

**Notes to the Parent Company Only Financial Statements of ShareHope Medicine Co.,  
Ltd. (Continued)**

(XI) Right-of-use assets

	Houses and buildings	Transportation equipment	Total
Cost:			
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	<u><u>\$ 447,986</u></u>	<u><u>14,092</u></u>	<u><u>462,078</u></u>
Balance on January 1, 2021	\$ 45,861	20,514	66,375
Increase	400,248	9,372	409,620
Decrease	-	(12,106)	(12,106)
Balance on December 31, 2021	<u><u>\$ 446,109</u></u>	<u><u>17,780</u></u>	<u><u>463,889</u></u>
Accumulated depreciation:			
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	<u><u>\$ 80,501</u></u>	<u><u>8,230</u></u>	<u><u>88,731</u></u>
Balance on January 1, 2021	\$ 14,383	9,408	23,791
Provision for depreciation	30,591	5,153	35,744
Other decreases	-	(7,061)	(7,061)
Balance on December 31, 2021	<u><u>\$ 44,974</u></u>	<u><u>7,500</u></u>	<u><u>52,474</u></u>
Book value:			
December 31, 2022	<u><u>\$ 367,485</u></u>	<u><u>5,862</u></u>	<u><u>373,347</u></u>
December 31, 2021	<u><u>\$ 401,135</u></u>	<u><u>10,280</u></u>	<u><u>411,415</u></u>

(XII) Investment properties

The Company's investment properties are its self-owned assets. The rental income from leased investment properties is a fixed amount.

	Land and land improvements	Houses and buildings	Total
Cost:			
Balance on January 1, 2022 (i.e. balance on December 31)	<u><u>\$ 156,113</u></u>	<u><u>64,636</u></u>	<u><u>220,749</u></u>
Balance on January 1, 2021 (i.e. balance on December 31)	<u><u>\$ 156,113</u></u>	<u><u>64,636</u></u>	<u><u>220,749</u></u>
Accumulated depreciation:			
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></u>	<u><u>20,852</u></u>	<u><u>20,852</u></u>

**Notes to the Parent Company Only Financial Statements of ShareHope Medicine Co.,  
Ltd. (Continued)**

	<b>Land and land improvements</b>	<b>Houses and buildings</b>	<b>Total</b>
Balance on January 1, 2021	\$ -	16,184	16,184
Depreciation for the year	-	2,334	2,334
Balance on December 31, 2021	<u>\$ -</u>	<u>18,518</u>	<u>18,518</u>
Carrying amount:			
December 31, 2022	<u>\$ 156,113</u>	<u>43,784</u>	<u>199,897</u>
December 31, 2021	<u>\$ 156,113</u>	<u>46,118</u>	<u>202,231</u>
Fair value:			
December 31, 2022		<u>\$ 342,787</u>	
December 31, 2021		<u>\$ 316,153</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:

<b>Location</b>	<b>2022</b>	<b>2021</b>
Tayuan District, Taoyuan City	1.92%	1.38%
Hsitun District, Taichung City	0.01%	0.34%

Please refer to Note 6 (19) 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.

(XIII) Intangible assets

	<b>Management rights</b>	<b>Computer software</b>	<b>Total</b>
Cost:			
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>
Balance on January 1, 2021	\$ 68,572	30,258	98,830
Increase	-	1,871	1,871
Balance on December 31, 2021	<u>\$ 68,572</u>	<u>32,129</u>	<u>100,701</u>
Accumulated amortization:			
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>

**Notes to the Parent Company Only Financial Statements of ShareHope Medicine Co.,  
Ltd. (Continued)**

	<b>Management rights</b>	<b>Computer software</b>	<b>Total</b>
Balance on January 1, 2021	\$ 51,429	27,373	78,802
Amortization for the period	5,714	2,267	7,981
Balance on December 31, 2021	<b>\$ 57,143</b>	<b>29,640</b>	<b>86,783</b>
Carrying amount:			
December 31, 2022	<b>\$ 5,714</b>	<b>2,724</b>	<b>8,438</b>
December 31, 2021	<b>\$ 11,429</b>	<b>2,489</b>	<b>13,918</b>

(XIV) Other non-current assets

	<b>2022.12.31</b>	<b>2021.12.31</b>
Refundable deposits	\$ 352,149	357,720
Prepayments for equipment	223	343
Long-term prepayments	4,673	-
	<b>\$ 357,045</b>	<b>358,063</b>

Refundable deposits are operational deposits paid by the Company to ensure the performance of obligations of providing medical system institutions with operations management services.

(XV) Short-term loans

	<b>2022.12.31</b>	<b>2021.12.31</b>
Unsecured bank loans	\$ -	30,000
Interest rate range		1.17%
Unused quota	<b>\$ 505,704</b>	<b>\$ 749,000</b>

(XVI) Long-term loans

<b>2022.12.31</b>				
	<b>Currency</b>	<b>Interest rate range</b>	<b>Expiration month</b>	<b>Amount</b>
Secured bank loans	NT\$	2.34%~2.45%	116.6~120.3	\$ 965,896
Less: amount due within one year	NT\$			(10,769)
Total				<b>\$ 955,127</b>
Unused quota				<b>\$ 620,000</b>

<b>2021.12.31</b>				
	<b>Currency</b>	<b>Interest rate range</b>	<b>Expiration month</b>	<b>Amount</b>
Secured bank loans	NT\$	1.71%	120.3	100,513
Less: amount due within one year				(10,769)
Total				<b>\$ 89,744</b>
Unused quota				<b>\$ -</b>

Please refer to Note 8 for guaranty provided by the Company for bank loans with assets as collateral.

# Notes to the Parent Company Only Financial Statements of ShareHope Medicine Co., Ltd. (Continued)

(XVII) Corporate bonds payable

	<u>2021.12.31</u>
Interest expenses	<u>\$ 379</u>

The book value of the corporate bonds of the Company that bondholders had exercised the conversion right in 2021 was NT\$599 thousand, with a total of 18 thousand shares converted, which increased ordinary share capital by NT\$182 thousand and additional paid-in capital - issuance premiums by NT\$440 thousand, and reduced the additional paid-in capital - share options by NT\$23 thousand.

The third domestic unsecured convertible corporate bonds issued by the Company matured on February 9, 2021, and the unconverted corporate bonds of NT\$99,900 thousand were repaid by the Company in cash in one lump sum at the face value.

(XVIII) Lease liabilities

	<u>2022.12.31</u>	<u>2021.12.31</u>
Current	<u>\$ 46,211</u>	<u>43,521</u>
Non-current	<u>\$ 334,540</u>	<u>371,372</u>

Please refer to Note 6 (29) Financial Instruments for maturity analysis.

The following amounts are recognized in profit or loss:

	<u>2022</u>	<u>2021</u>
Interest expenses on lease liabilities	<u>\$ 7,692</u>	<u>5,407</u>
Variable lease payments not included in the measurement of the lease liabilities	<u>\$ 23,805</u>	<u>17,690</u>
Income from sublease of right-of-use assets	<u>\$ 36,608</u>	<u>22,625</u>
Expenses on short-term and low-value leases	<u>\$ 4,331</u>	<u>7,121</u>

The following amounts are recognized in the cash flow statement:

	<u>2022</u>	<u>2021</u>
Total cash outflows for leases	<u>\$ 81,497</u>	<u>63,106</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 (19) for the Company's subleasing of part of the right-of-use assets with the consent of the lessor under operating leases.

2. 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.

# Notes to the Parent Company Only Financial Statements of ShareHope Medicine Co., Ltd. (Continued)

## (XIX) Operating leases

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:

	<u>2022.12.31</u>	<u>2021.12.31</u>
1st year	\$ 79,475	78,099
2nd year	65,867	18,289
3rd year	32,926	5,002
4th year	3,125	761
5th year	2,642	761
More than 5 years	13,749	317
	<u><b>\$ 197,784</b></u>	<u><b>103,229</b></u>

The rental income from investment properties in 2022 and 2021 was NT\$9,581 thousand and NT\$9,357 thousand, respectively.

## (XX) Other payables

	<u>2022.12.31</u>	<u>2021.12.31</u>
Employee remuneration payable	\$ 68,509	54,665
Salaries and bonuses payable	17,915	16,217
Equipment payables	71,295	20,013
Directors' and supervisors' remuneration payable	4,082	3,244
Business tax payable	-	8,359
Others	23,427	16,546
	<u><b>\$ 185,228</b></u>	<u><b>119,044</b></u>

## (XXI) 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:

	<u>2022.12.31</u>	<u>2021.12.31</u>
Present value of a defined benefit obligation	\$ 8,464	9,363
Fair value of plan assets	(492)	(226)
Net defined benefit liabilities	<u><b>\$ 7,972</b></u>	<u><b>9,137</b></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.

# Notes to the Parent Company Only Financial Statements of ShareHope Medicine Co., Ltd. (Continued)

## (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\$491 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

	<b>2022</b>	<b>2021</b>
Defined benefit obligation as of January 1	\$ 9,363	12,630
Servicing costs and interests for the period	440	668
Remeasurement amount of net defined benefit liabilities		
- Actuarial gains and losses arising from changes in financial assumptions	(1,339)	(2,509)
Benefits paid by the plan	-	(1,426)
Defined benefit obligation as of December 31	<b><u>\$ 8,464</u></b>	<b><u>9,363</u></b>

## (3) Changes in fair value of plan assets

	<b>2022</b>	<b>2021</b>
Fair value of plan assets as of January 1	\$ (226)	(1,405)
Interest income	(2)	(8)
Remeasurement amount of net defined benefit liabilities		
- Return on plan assets (excluding current interest)	(41)	(16)
- Adjustment to return on plan assets at the beginning of the period	4	-
Amount allocated to the plan	(227)	(223)
Benefits paid by the plan	-	1,426
Fair value of plan assets on December 31	<b><u>\$ (492)</u></b>	<b><u>(226)</u></b>

## (4) Expenses recognized as profit or loss

	<b>2022</b>	<b>2021</b>
Servicing costs for the period	\$ 393	605
Net interest on net defined benefit liabilities	45	55
	<b><u>\$ 438</u></b>	<b><u>660</u></b>
Operating costs	\$ 186	255
Operating expenses	252	405
	<b><u>\$ 438</u></b>	<b><u>660</u></b>

**Notes to the Parent Company Only Financial Statements of ShareHope Medicine Co.,  
Ltd. (Continued)**

(5) Remeasurement amount of net defined benefit liabilities recognized as other comprehensive income

	<b>2022</b>	<b>2021</b>
Accumulated balance as of January 1	\$ 3,159	634
Amount recognized in the period	1,380	2,525
Accumulated balance as of December 31	<b>\$ 4,539</b>	<b>3,159</b>

(6) Actuarial assumptions

	<b>2022.12.31</b>	<b>2021.12.31</b>
Discount rate	1.50%	0.50%
Future salary increase	3.00%	3.00%

The Company is excepted to allocate NT\$282 thousand to the defined benefit plans within one year after the reporting date in 2022.

The weighted average duration of defined benefit plans is 12.2 years.

(7) Sensitivity analysis

	Impact on defined benefit obligations	
	<b>Increase ratio</b>	<b>Decrease ratio</b>
December 31, 2022		
Discount rate (0.25% change)	\$ (250)	260
Future salary increase (0.25% change)	252	(244)
December 31, 2021		
Discount rate (0.25% change)	(307)	321
Future salary increase (0.25% change)	308	(298)

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

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 Company in 2022 and 2021 under the defined contribution pension plans were NT\$5,833 thousand and NT\$5,595 thousand.



**Notes to the Parent Company Only Financial Statements of ShareHope Medicine Co.,  
Ltd. (Continued)**

(XXII) Income taxes

1. The income tax expenses of the Company are as follows:

	<u>2022</u>	<u>2021</u>
Income tax expenses for the period		
Income tax expenses generated in the period	\$ 86,254	70,738
Income tax expenses for the period before adjustment	(378)	(996)
Deferred income tax expenses for the period	(158)	(681)
income tax expense	<u>\$ 85,718</u>	<u>69,061</u>

2. The details of the income tax benefits recognized by the Company under other comprehensive income are as follows:

	<u>2022</u>	<u>2021</u>
Items not reclassified to profit or loss:		
Remeasurement amount of defined benefit plans	\$ (276)	(505)
Unrealized valuation profits and losses on investments in financial assets at fair value through other comprehensive income	(5,587)	89
	<u>\$ (5,863)</u>	<u>(416)</u>

Items that may be reclassified to profit or loss subsequently

Exchange difference from translation of the financial statements of foreign operations	<u>\$ (86)</u>	<u>49</u>
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The income tax expenses of the Company directly recognized in equity are as follows:

	<u>2022</u>	<u>2021</u>
Others	<u>\$ 1</u>	<u>-</u>

The relationship between the income tax expenses and net income before tax in 2022 and 2021 is adjusted as follows:

	<u>2022</u>	<u>2021</u>
	<u>\$ 379,664</u>	<u>301,724</u>
Income taxes calculated by net profit before tax	\$ 75,933	60,345
Permanent difference	11,901	10,272
Tax-free income	(738)	(560)
Overestimation in the previous period	(378)	(996)
Tax incentives	(1,000)	-
	<u>\$ 85,718</u>	<u>69,061</u>

# Notes to the Parent Company Only Financial Statements of ShareHope Medicine Co., Ltd. (Continued)

## 3. Deferred income tax assets and liabilities

Deferred income tax assets:

	Defined benefit retirement plans	Investment losses recognized by the equity method	Financial assets at fair value through other comprehensive income	Exchange difference from translation of the financial statements of foreign operations	Others	Total
<b>January 1, 2022</b>	\$ 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
<b>December 31, 2022</b>	<b>\$ 1,638</b>	<b>4,550</b>	<b>-</b>	<b>596</b>	<b>521</b>	<b>7,305</b>
<b>January 1, 2021</b>	\$ 2,290	3,901	1,535	633	460	8,819
Credited to the income statement	87	588	-	-	6	681
(Debited) Credited to other comprehensive income	(505)	-	89	49	-	(367)
<b>December 31, 2021</b>	<b>\$ 1,872</b>	<b>4,489</b>	<b>1,624</b>	<b>682</b>	<b>466</b>	<b>9,133</b>

Deferred income tax liabilities:

	Financial assets at fair value through other comprehensive income
<b>January 1, 2022</b>	\$ -
Debited to other comprehensive income	3,962
<b>December 31, 2022</b>	<b>\$ 3,962</b>

4. 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 2020.

## (XXIII) Capital and other equity

### 1. Issuance of ordinary shares

As of December 31, 2022 and 2021, 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\$1,200,422 thousand and NT\$1,143,259 thousand, respectively. All issued shares have been paid.

The adjustment of the number of outstanding shares of the Company in 2022 and 2021 is shown in the table below:

	(in thousand shares)	
	Ordinary shares	
	2022	2021
Beginning retained earnings on January 1	114,326	108,697
Conversion of convertible corporate bonds	-	185
Capitalization of earnings to increase the capital by	5,716	5,444
Ending retained earnings on December 31	<b>120,042</b>	<b>114,326</b>

## Notes to the Parent Company Only Financial Statements of ShareHope Medicine Co., Ltd. (Continued)

On June 29, 2022 and July 30, 2021, the shareholders' meeting of the Company approved through a resolution to issue 5,716 thousand and 5,444 thousand new shares with NT\$57,163 thousand and NT\$54,441 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 5, 2022 and September 26, 2021 as the base date of capital increase respectively. All relevant statutory procedures have been completed.

In 2021, the Company issued 18 thousand convertible bonds at face value due to the exercise of conversion rights by holders of convertible corporate bonds, with the amount totaling NT\$182 thousand. The relevant legal registration procedure has been completed.

In the fourth quarter of 2020, the Company issued 167 thousand new shares at face value due to the exercise of conversion rights by holders of convertible corporate bonds, with the amount totaling NT\$1,667 thousand. All shares had been recognized under share capital collected in advance as of December 31, 2020, and had been transferred to ordinary share capital in the first quarter of 2021. The relevant legal registration procedures have been completed.

### 2. Additional paid-in capital

	<u>2022.12.31</u>	<u>2021.12.31</u>
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	46,149	44,485
Recognized changes in ownership interests in subsidiaries	116,367	120,941
Lapsed share option	2,896	2,896
Share option for convertible corporate bonds	3,900	3,900
	<u><b>\$ 1,264,508</b></u>	<u><b>1,267,418</b></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.

### 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 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.

# Notes to the Parent Company Only Financial Statements of ShareHope Medicine Co., Ltd. (Continued)

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.

## (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 2021 and 2020 was approved by the shareholders' meetings of the Company on June 29, 2022 and July 30, 2021, respectively, and the amounts of dividends distributed to owners are as follows:

		<b>2021</b>	
		<b>Allotment rate (NT\$)</b>	<b>Amount</b>
Dividends distributed to ordinary shareholders:			
Cash	\$	0.50	57,163
Stock		0.50	57,163
			<b>\$ 114,326</b>
		<b>2020</b>	
		<b>Allotment rate (NT\$)</b>	<b>Amount</b>
Dividends distributed to ordinary shareholders:			
Cash	\$	0.50	54,441
Stock		0.50	54,441
			<b>\$ 108,882</b>

**Notes to the Parent Company Only Financial Statements of ShareHope Medicine Co.,  
Ltd. (Continued)**

4. 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, 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>
Balance on January 1, 2021	\$ (2,763)	(30,706)	(33,469)
Exchange difference from translation of the net assets of foreign operations	(197)	-	(197)
Share of translation differences of subsidiaries applying the equity method	(213)	-	(213)
Unrealized gains on financial assets at fair value through other comprehensive income	-	13,046	13,046
Disposal of equity instruments at fair value through other comprehensive income by subsidiaries applying the equity method	-	53	53
Share of unrealized gains or losses of subsidiaries and affiliates applying the equity method on financial assets at fair value through other comprehensive income	-	(5,355)	(5,355)
Balance on December 31, 2021	<u>\$ (3,173)</u>	<u>(22,962)</u>	<u>(26,135)</u>

**Notes to the Parent Company Only Financial Statements of ShareHope Medicine Co., Ltd. (Continued)**

(XXIV) Earnings per share

	2022	2021
<b>Basic earnings per share:</b>		
Net profits attributable to ordinary equity holders of the Company	<u>\$ 293,946</u>	<u>232,663</u>
Weighted average number of outstanding ordinary shares	<u>120,042</u>	<u>120,041</u>
Basic earnings per share (NT\$)	<u>\$ 2.45</u>	<u>1.94</u>
<b>Diluted earnings per share:</b>		
Effects of interest expenses and other gains or losses on convertible corporate bonds after tax	\$ -	303
Net profits attributable to ordinary equity holders of the Company (diluted)	<u>\$ 293,946</u>	<u>232,966</u>
Effects of dilutive potential ordinary shares		
Weighted average number of outstanding ordinary shares (basic)	120,042	120,041
Effects of employee remuneration in stock	862	836
Effects of conversion of convertible corporate bonds	-	323
Weighted average number of outstanding ordinary shares (diluted)	<u>120,904</u>	<u>121,200</u>
Diluted earnings per share (NT\$)	<u>\$ 2.43</u>	<u>1.92</u>

(XXV) Revenue from contracts with customers

1. Disaggregation of revenue

		2022			
		Sales of goods	Service provision	Leases	Total
Main regional markets:					
Taiwan		<u>\$ 1,560,532</u>	<u>861,351</u>	<u>76,597</u>	<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 real estate properties		-	-	15,386	15,386
		<u>\$ 1,560,532</u>	<u>861,351</u>	<u>76,597</u>	<u>2,498,480</u>
		2021			
		Sales of goods	Service provision	Leases	Total
Main regional markets:					
Taiwan		<u>\$ 1,501,931</u>	<u>639,061</u>	<u>98,610</u>	<u>2,239,602</u>
Main product/service lines:					
Medicines and medical materials	\$	1,501,931	-	-	1,501,931
Health care management		-	639,061	-	639,061
Equipment leases		-	-	89,253	89,253
Leases of investment properties		-	-	9,357	9,357
		<u>\$ 1,501,931</u>	<u>639,061</u>	<u>98,610</u>	<u>2,239,602</u>

# Notes to the Parent Company Only Financial Statements of ShareHope Medicine Co., Ltd. (Continued)

## 2. Contract balances

	2022.12.31	2021.12.31	2021.1.1
Notes receivable	\$ 884	884	1,278
Notes receivable - related parties	28,751	38,498	37,442
Trade receivable	42,379	48,171	45,899
Accounts receivable - related parties	978,352	806,560	740,510
Finance lease receivables	332	-	-
Finance lease receivables - related parties	5,318	8,522	7,199
Long-term finance lease receivables	277	-	-
Long-term finance lease receivables - related parties	11,749	19,643	19,988
Less: loss allowances	(245)	(1,222)	(2,002)
	<u>\$ 1,067,797</u>	<u>921,056</u>	<u>850,314</u>

	2022.12.31	2021.12.31	2021.1.1
Contract liability - sales of goods	\$ -	-	408

Please refer to Note 6 (4) for the disclosure of notes and accounts receivable (including related parties) and their impairment.

The beginning balances of contract liabilities on January 1, 2021 was recognized in 2021 as income of NT\$408 thousand.

## (XXVI) Employees' and directors' remuneration

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 2022 and 2021 were NT\$24,494 thousand and NT\$19,466 thousand, respectively, and the estimated amounts of directors' remuneration were NT\$4,082 thousand and NT\$3,244 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 2021 and 2020, the Company appropriated NT\$19,466 thousand and NT\$17,850 thousand respectively for employees' remuneration, and NT\$3,244 thousand and NT\$2,975 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 2021 and 2020. Relevant information can be found on the MOPS.

## (XXVII) Other net income and expenses

Other net income and expenses of the Company in 2022 and 2021 are as follows:

	2022	2021
Revenue from subleases of right-of-use assets	\$ 36,608	22,625
Net gains on disposal and retirement of properties, plants and equipment	332	6,145
Lease modification gains	-	96
	<u>\$ 36,940</u>	<u>28,866</u>

**Notes to the Parent Company Only Financial Statements of ShareHope Medicine Co.,  
Ltd. (Continued)**

(XXVIII) Non-operating income and expenses

1. Interest income

	<b>2022</b>	<b>2021</b>
Bank deposit interest	\$ 1,399	245
Other interest income	140	150
	<b><u>\$ 1,539</u></b>	<b><u>395</u></b>

2. Other income

	<b>2022</b>	<b>2021</b>
Rental income	\$ 942	707
Dividend income	2,922	2,248
Directors' and supervisors' remuneration income	312	802
Others	6,273	1,585
	<b><u>\$ 10,449</u></b>	<b><u>5,342</u></b>

3. Other gains and losses

	<b>2022</b>	<b>2021</b>
Gains on financial assets at fair value through profit or loss	\$ 2,897	5,249
Foreign exchange losses (gains)	2	(2)
Others	(73)	-
	<b><u>\$ 2,826</u></b>	<b><u>5,247</u></b>

4. Finance costs

	<b>2022</b>	<b>2021</b>
Interest on loans from financial institutions	\$ 15,030	2,822
Amortization of syndication fees	2,152	-
Convertible corporate bonds	-	379
Amortization of interest on lease liabilities	7,692	5,407
	<b><u>\$ 24,874</u></b>	<b><u>8,608</u></b>

(XXIX) Financial instruments

1. Credit risk

(1) Exposure to credit risk

The carrying amount of a financial asset represents the maximum exposure to credit risk.



# Notes to the Parent Company Only Financial Statements of ShareHope Medicine Co., Ltd. (Continued)

## (2) Concentration of credit risks

The credit risks of the Company are mainly concentrated on its largest customers. As of December 31, 2022 and 2021, 85% and 78% 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, 2022 and 2021 due to increased 12-month expected credit losses.

## 2. 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
<b>December 31, 2022</b>							
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
	<b>\$ 2,154,048</b>	<b>2,265,084</b>	<b>293,715</b>	<b>556,786</b>	<b>41,451</b>	<b>439,904</b>	<b>933,228</b>
<b>December 31, 2021</b>							
Non-derivative financial liabilities							
Non-interest bearing liabilities	\$ 583,056	583,056	203,172	379,884	-	-	-
lease liabilities	414,893	456,525	4,443	21,667	25,016	141,749	263,650
Floating rate instruments	130,513	138,629	31,064	5,184	6,179	36,106	60,096
	<b>\$ 1,128,462</b>	<b>1,178,210</b>	<b>238,679</b>	<b>406,735</b>	<b>31,195</b>	<b>177,855</b>	<b>323,746</b>

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.

# Notes to the Parent Company Only Financial Statements of ShareHope Medicine Co., Ltd. (Continued)

## 3. Exchange rate risk

### (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:

	2022.12.31			2021.12.31			
	Foreign currency	Exchange rate (NT\$)	NT\$	Foreign currency	Exchange rate (NT\$)	NT\$	
Financial asset							
Non-monetary items							
USD	\$	8,911	30.71	273,661	9,317	27.68	257,888
CNY		6,655	4.408	29,335	6,724	4.344	29,211

## 4. 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 2022 and 2021 will increase or decrease by NT\$1,932 thousand and NT\$261 thousand, mainly due to changes in the interest rate of the Company's floating rate loans.

## 5. 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:

Price of securities at the reporting date	2022	2021
	Post-tax profit or loss	Post-tax profit or loss
Up 10%	\$ 6,191	\$ 5,987
Down 10%	\$ (6,191)	\$ (5,987)

# Notes to the Parent Company Only Financial Statements of ShareHope Medicine Co., Ltd. (Continued)

## 6. 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:

	2022.12.31				
	Carrying amount	Fair value			
		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
Total	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	<b>\$ 2,440,574</b>	<b>72,253</b>	<b>-</b>	<b>500,227</b>	<b>572,480</b>
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	<b>\$ 2,154,048</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

**Notes to the Parent Company Only Financial Statements of ShareHope Medicine Co.,  
Ltd. (Continued)**

	2021.12.31				
	Carrying amount	Fair value			
		Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss:					
Fund beneficiary certificates	\$ 10,279	10,279	-	-	10,279
TPEx listed stocks	59,871	59,871	-	-	59,871
Non-TWSE/TPEx listed stocks	22,928	-	-	22,928	22,928
Subtotal	93,078	70,150	-	22,928	93,078
Financial assets at fair value through other comprehensive income					
Non-TWSE/TPEx listed stocks	91,237	-	-	91,237	91,237
Non-overseas listed stocks	257,888	-	-	257,888	257,888
Limited partnership interests	50,835	-	-	50,835	50,835
Subtotal	399,960	-	-	399,960	399,960
Financial assets at amortized cost					
Cash and cash equivalents	643,593	-	-	-	-
Restricted bank deposits	30,000	-	-	-	-
Notes and accounts receivable (including related parties)	892,891	-	-	-	-
Other receivables (including related parties)	102,377	-	-	-	-
Finance lease receivables (including those due within one year)	28,165	-	-	-	-
Subtotal	1,697,026	-	-	-	-
Total	<b>\$ 2,190,064</b>	<b>70,150</b>	<b>-</b>	<b>422,888</b>	<b>493,038</b>
Financial liabilities at amortized cost					
Short-term loans	\$ 30,000	-	-	-	-
Notes and accounts payable (including related parties)	463,504	-	-	-	-
Other payables (including related parties)	119,552	-	-	-	-
Lease liabilities (including those due within one year)	414,893	-	-	-	-
Long-term loans (including those due within one year)	100,513	-	-	-	-
Total	<b>\$ 1,128,462</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

(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 2022 and 2021.

(3) Table of Changes in Level 3

	Measured at fair value through profit or loss	Measured at fair value through other comprehensive income
	<b>Non-derivative financial assets mandatorily measured at fair value through profit or loss</b>	<b>Equity instruments without quoted prices</b>
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	<b>\$ 20,174</b>	<b>480,053</b>
January 1, 2021	\$ 16,068	374,988
Total gains or losses		
Recognized in profit or loss	6,860	-
Recognized in other comprehensive income	-	12,957
Purchase	-	27,015
Capital returned due to capital reduction	-	(15,000)
December 31, 2021	<b>\$ 22,928</b>	<b>399,960</b>

# 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, 2022 and 2021 are as follows:

	<u>2022</u>	<u>2021</u>
Total gains or losses		
Recognized in profit or loss (presented in "other gains and losses")	\$ (2,754)	6,860
Recognized in other comprehensive income (presented in "unrealized valuation gains (losses) on financial assets measured at fair value through other comprehensive income")	52,217	12,957

(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.

7. 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:

	<u>Inputs</u>	<u>Up or down</u>	<u>Changes in fair value reflected in profit or loss for the period</u>		<u>Changes in fair value reflected in profit or loss for the period</u>		
			<u>Favorable changes</u>	<u>Adverse changes</u>	<u>Favorable changes</u>	<u>Adverse changes</u>	
<b>December 31, 2022</b>							
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							
Non-TWSE/TPEX and non-overseas listed stocks	Liquidity discount	5%	-	-	31,107	(30,986)	
<b>December 31, 2021</b>							
Financial assets at fair value through profit or loss							
Non-TWSE/TPEX listed stocks	Liquidity discount	5%	1,433	(1,433)	-	-	
Financial assets at fair value through other comprehensive income							
TWSE/TPEX and overseas listed stocks	Liquidity discount	5%	-	-	24,252	(24,327)	

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.

## **Notes to the Parent Company Only Financial Statements of ShareHope Medicine Co., Ltd. (Continued)**

### **(XXX) 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

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.

#### **2. 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.

#### **3. 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.

#### **4. 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, 2022 and 2021, the unused credit lines of the Company were NT\$1,125,704 thousand and NT\$749,000 thousand respectively.

# Notes to the Parent Company Only Financial Statements of ShareHope Medicine Co., Ltd. (Continued)

## 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 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.

## (XXXI) 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.

## (XXXII) Investing and financing activities in non-cash transactions

The non-cash investing and financing activities of the Company in 2022 and 2021 are as follows:

1. Please refer to Note 6 (11) for details on obtaining the right-of-use assets through leasing.
2. Please refer to Note 6 (17) for conversion of convertible corporate bonds into ordinary shares.
3. Cash paid for purchase of property, plant and equipment is as follows:

	<b>2022</b>	<b>2021</b>
Acquisition of property, plant and equipment	\$ 1,265,440	63,918
Net changes in equipment payables	(51,281)	4,230
Cash paid	<b><u>\$ 1,214,159</u></b>	<b><u>68,148</u></b>

4. Cash received from disposal of property, plant and equipment is as follows:

	<b>2022</b>	<b>2021</b>
Disposal of property, plant and equipment	\$ 3,528	97,273
Net changes in equipment receivables	97,273	(97,273)
Cash received	<b><u>\$ 100,801</u></b>	<b><u>-</u></b>



# Notes to the Parent Company Only Financial Statements of ShareHope Medicine Co., Ltd. (Continued)

5. The adjustments to liabilities from financing activities are as follows:

	2022.1.1	Cash flows	Changes in non-cash items		2022.12.31
			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
	<b>\$ 548,762</b>	<b>798,769</b>	<b>11,527</b>	<b>-</b>	<b>1,359,058</b>

	2021.1.1	Cash flows	Changes in non-cash items		2021.12.31
			Lease changes	Others	
Short-term loans	\$ 80,000	(50,000)	-	-	30,000
Corporate bonds payable	100,120	(99,990)	-	(130)	-
Long-term loans (including those due within one year)	111,282	(10,769)	-	-	100,513
Deposits received	1,721	1,635	-	-	3,356
Lease liabilities (including those due within one year)	43,302	(32,888)	404,479	-	414,893
	<b>\$ 336,425</b>	<b>(192,012)</b>	<b>404,479</b>	<b>(130)</b>	<b>548,762</b>

## VII. Transactions with Related Parties

### (I) Parent company and ultimate controlling party

Minsheng Medical Holding Co., Ltd., the parent company of the Company, holds 29% of the Company's outstanding ordinary shares.

### (II) 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

**Notes to the Parent Company Only Financial Statements of ShareHope Medicine Co.,  
Ltd. (Continued)**

<b>Name of the related party</b>	<b>Relationship with the Company</b>
Medzoneasia Co., Ltd. (hereinafter referred to as Medzoneasia)	Subsidiary
Mytrex Health Co., Ltd. (hereinafter referred to as Mytrex Health Company)	Subsidiary
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 (Note)
British Virgin Islands YES Co., Ltd. (hereinafter referred to as YES Company)	Subsidiary (Note)
Employee Community Co., Ltd.	Substantial related party
Giant Bonding Scientific Co., Ltd.	Substantial related party (has become a non-related party since the first quarter of 2022)
Missioncare 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)
Wonder Grace Management Consulting Co., Ltd	Substantial related party
Victor Management Consultants Co.,Ltd. (hereinafter referred to as Shengli Management Consulting Company)	Substantial related party
Crystalvue Medical Corporation. (hereinafter referred to as Crystalvue Medical Company)	Substantial related party
Hsinchu Science Park Clinic	Substantial related party
United Medical Foundation	Substantial related party

**Notes to the Parent Company Only Financial Statements of ShareHope Medicine Co., Ltd. (Continued)**

<b>Name of the related party</b>	<b>Relationship with the Company</b>
Harvard Clinic	Substantial related party
Shengren Clinic	Substantial related party
Full Health Clinic	Substantial related party
Hung-Jen Yang	Management personnel (Chairperson of the Company)

Note: Yes Company became an extinguished company after it is merged and absorbed by Yes Health Company on July 1, 2021.

(III) Significant transactions with related parties

1. Sales of goods

<b>Category of the related party</b>	<b>Operating revenue</b>	
	<b>2022</b>	<b>2021</b>
Substantial related party		
Minsheng General Hospital	\$ 958,262	886,734
Others	83,652	85,534
Subsidiary		
YES Health Company	176,023	102,230
YES Company	-	103,712
Pregetic Health Company	36	-
	<b>\$ 1,217,973</b>	<b>1,178,210</b>

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.

2. Service provision

<b>Category of the related party</b>	<b>Operating revenue</b>	
	<b>2022</b>	<b>2021</b>
Substantial related party		
Minsheng General Hospital	\$ 771,030	560,614
Others	29,360	31,324
	<b>\$ 800,390</b>	<b>591,938</b>

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 has entered into a contract by mutual agreement, with the payment term defined as net 30 to 180 days.

**Notes to the Parent Company Only Financial Statements of ShareHope Medicine Co., Ltd. (Continued)**

3. Leases

<b>Category of the related party</b>	<b>Operating revenue</b>	
	<b>2022</b>	<b>2021</b>
Substantial related party		
Minsheng General Hospital	\$ 38,848	49,186
Tayuan Minsheng Hospital	7,294	-
Others	8,730	15,305
Subsidiary		
Pregetic Health Company	1,453	-
Medzoneasia	4,286	-
	<b>\$ 60,611</b>	<b>64,491</b>

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.

<b>Category of the related party</b>	<b>Operating costs and operating expenses - Rental expenses</b>	
	<b>2022</b>	<b>2021</b>
Substantial related party - Minsheng General Hospital	\$ 1,569	2,091
Subsidiary - Pregetic Health Company	2,171	2,857
Parent	463	2,011
	<b>\$ 4,203</b>	<b>6,959</b>

The Company pays monthly rent to the above-mentioned related party in accordance with the general market conditions.

4. Purchase of goods

<b>Category of the related party</b>	<b>Operating costs</b>	
	<b>2022</b>	<b>2021</b>
Substantial related party	\$ 1,290	693
Subsidiary	1,348	2,983
	<b>\$ 2,638</b>	<b>3,676</b>

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.

**Notes to the Parent Company Only Financial Statements of ShareHope Medicine Co.,  
Ltd. (Continued)**

5. Receivables due from related parties

Category of the related party	Accounting items	2022.12.31	2021.12.31
Subsidiary			
YES Health Company	Notes receivable	\$ 28,751	38,498
YES Health Company	Trade receivable	25,923	32,562
Others	Trade receivable	257	15
Pregetic Health Company	Finance lease receivables	223	-
Pregetic Health Company	Long-term finance lease receivables	147	-
Medzoneasia	Other receivables	238	-
Macro Global	Other receivables	82	82
Pregetic Health Company	Other receivables	108	13
Substantial related party			
Minsheng General Hospital	Accounts receivable	893,083	708,517
Others	Accounts receivable	58,844	65,246
Minsheng General Hospital	Finance lease receivables	1,720	1,987
Lungtan Minsheng Hospital	Finance lease receivables	1,108	1,356
Tayuan Minsheng Hospital	Finance lease receivables	2,267	2,175
Shengjen Clinic	Finance lease receivables	-	3,004
Minsheng General Hospital	Long-term finance lease receivables	-	1,720
Lungtan Minsheng Hospital	Long-term finance lease receivables	1,905	2,240
Tayuan Minsheng Hospital	Long-term finance lease receivables	9,697	11,965
Shengjen Clinic	Long-term finance lease receivables	-	3,718
Minsheng General Hospital	Other receivables	77	77
Others	Other receivables	84	68
		<b>\$ 1,024,514</b>	<b>873,243</b>

**Notes to the Parent Company Only Financial Statements of ShareHope Medicine Co., Ltd. (Continued)**

6. Payables to related parties

<b>Category of the related party</b>	<b>Account items</b>	<b>2022.12.31</b>	<b>2021.12.31</b>
Substantial related party			
Minsheng General Hospital	Accounts payable	\$ 1,809	2,271
Others	Accounts payable	1,434	374
Minsheng General Hospital	Other payables	545	313
Others	Other payables	83	6
Parent	Other payables	41	-
Subsidiary	Accounts payable	619	496
Subsidiary	Other payables	190	-
The management	Other payables	107	189
		<b>\$ 4,828</b>	<b>3,649</b>

7. Others

<b>Category of the related party</b>	<b>Account items</b>	<b>2022</b>	<b>2021</b>
Parent	Other income and losses - rental income	\$ 571	16,362
Parent	Operating expenses - advertising expenses	-	27
Substantial related party			
Minsheng General Hospital	Operating cost - other expenses	4,359	3,197
Shengli Management Consulting Company	Operating cost - other expenses	4,800	4,800
Others	Operating cost - other expenses	1,114	1,102
Employee Community Company	Operating expenses - advertising expenses	7	411
United Medical Foundation	Operating expenses - donation expenses	-	1,000
Minsheng General Hospital	Other income and losses - rental income	28,639	2,221
Others	Other income and losses - rental income	2,776	1,200
Minsheng General Hospital	Other income - others	891	993
Others	Other income - others	938	550
Crystalvue Medical Company	Dividend income	2,422	1,748
Subsidiary	Operating cost - other expenses	187	224
Subsidiary	Operating expenses - other expenses	48	4
Subsidiary	Operating expenses - donations	3	15
Mytrex Health Company	Other income - others	105	680
		<b>\$ 46,289</b>	<b>18,172</b>

**Notes to the Parent Company Only Financial Statements of ShareHope Medicine Co., Ltd. (Continued)**

<b>Category of the related party</b>	<b>Account items</b>	<b>2022.12.31</b>	<b>2021.12.31</b>
Substantial related party			
Pisheng Construction	Prepayments	\$ 3,739	-
Pisheng Construction	Long-term prepayments	4,673	-
Minsheng General Hospital	Refundable deposits	282,340	285,112
Others	Refundable deposits	31,686	36,386
Minsheng General Hospital	Deposits received	6,391	615
Tayuan Minsheng Hospital	Deposits received	3,003	1,102
Others	Deposits received	1,421	306
Parent	Refundable deposits	82	81
Subsidiary	Refundable deposits	500	500
Parent	Deposits received	100	-
		<b>\$ 333,935</b>	<b>324,102</b>

8. Disposal of financial assets

		<b>2022</b>			
<b>Category of the related party</b>	<b>Account items</b>	<b>Number of shares traded (thousand shares)</b>	<b>Object of transaction</b>	<b>Disposal proceeds</b>	<b>Gains or losses on disposal (presented in additional paid-in capital)</b>
Subsidiary - Medzoneasia	Equity method investments	200	Ordinary share equity of Digimed	<u>\$ 2,000</u>	<u>1,664</u>

		<b>2021</b>			
<b>Category of the related party</b>	<b>Account items</b>	<b>Number of shares traded (thousand shares)</b>	<b>Object of transaction</b>		<b>Share conversion consideration</b>
Subsidiary - Medzoneasia	Equity method investments	6,450	Ordinary shares of Macro Global	<u>\$</u>	<u>72,155</u>

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.

9. Endorsement/Guarantee

<b>Category of the related party</b>	<b>2022.12.31</b>	<b>2021.12.31</b>
Substantial related party - Minsheng General Hospital	<u>\$ 227,598</u>	<u>226,466</u>

**Notes to the Parent Company Only Financial Statements of ShareHope Medicine Co.,  
Ltd. (Continued)**

(IV) Transactions with key management personnel

Remuneration paid to key management personnel includes:

	<u>2022</u>	<u>2021</u>
Short-term employee benefits	\$ 27,568	29,031
Post-employment benefits	751	758
	<u><b>\$ 28,319</b></u>	<u><b>29,789</b></u>

**VIII. Pledged Assets**

The book values of the assets pledged as collateral by the Company are as follows:

<u>Name of the asset</u>	<u>Pledge object</u>	<u>2022.12.31</u>	<u>2021.12.31</u>
Financial assets at amortized cost - non-current	Bank loans	\$ 30,000	30,000
Investment properties	Bank loans	178,420	179,754
Property, plant and equipment	Bank loans	1,155,534	-
		<u><b>\$ 1,363,954</b></u>	<u><b>209,754</b></u>

**IX. Material Contingent Liabilities and Unrecognized Contractual Commitments**

Material unrecognized contractual commitments

	<u>2022.12.31</u>	<u>2021.12.31</u>
Purchase of property, plant and equipment	\$ 67,408	27,945
Purchase of intangible assets	546	840
Guaranteed notes issued for bank loan contracts	2,485,000	847,000
	<u><b>\$ 2,552,954</b></u>	<u><b>875,785</b></u>

**X. Material Losses from Disasters: none.**

**XI. Material Subsequent Events: none.**



**Notes to the Parent Company Only Financial Statements of ShareHope Medicine Co.,  
Ltd. (Continued)**

**XII. Others**

(I) Employee benefits, and depreciation and amortization expenses are summarized by function as follows:

By function  By property	2022			2021		
	Categorized into operating costs	Categorized into operating expenses	Total	Categorized into operating costs	Categorized into operating expenses	Total
Employee benefit expenses						
Remuneration expenses	79,138	69,010	148,148	75,170	63,923	139,093
Labor and health insurance expenses	6,600	4,317	10,917	6,049	4,354	10,403
Pension expenses	3,827	2,444	6,271	3,650	2,605	6,255
Remuneration to directors	-	7,677	7,677	-	6,824	6,824
Other employee benefit expenses	3,180	2,689	5,869	2,864	2,652	5,516
depreciation expense	85,577	51,546	137,123	107,013	28,813	135,826
Amortization expenses	6,575	909	7,484	5,892	2,089	7,981

Additional information on the number of employees and employee benefit expenses in 2022 and 2021 is as follows:

	2022	2021
Number of employees	155	156
Number of directors who do not concurrently serve as employees	6	7
Average employee benefit expenses	\$ 1,149	1,082
Average employee salary expenses	\$ 994	934
Adjustment to average employee salary expenses	6.42%	3.66%
Supervisors' remuneration	\$ -	-

Information on the Company's remuneration policy (including directors, managers and employees) is as follows:

1. 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.
2. 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.
3. 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.
4. 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.

# Notes to the Parent Company Only Financial Statements of ShareHope Medicine Co., Ltd. (Continued)

## XIII. 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 2022 is as follows:

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 the parent company to subsidiaries	Endorsements/guarantees provided by subsidiaries to the parent company	Endorsements/guarantees provided for enterprises in main China
		Name of company	Relationship										
0	ShareHope Medicine Co., Ltd.	Minsheng General Hospital	1	1,768,140	227,598	227,598	227,598	-	6.66%	1,709,630	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):

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	None	Financial assets at fair value through profit or loss - current	771	10,341	-	10,341	
The Company	Federal Money Market Fund							
The Company	Stock	The Company is a legal representative director of the company	Financial assets at fair value through profit or loss - non-current	1,191	61,912	4.90 %	61,912	
The Company	Crystalvue Medical Corporation							
The Company	Stock	None	Financial assets at fair value through profit or loss - non-current	1,000	20,174	3.70 %	20,174	
The Company	New Image Medical Co., Ltd.							
The Company	Stock	None	Financial assets at fair value through other comprehensive income - non-current	2,000	82,086	0.92 %	82,086	
The Company	Top Taiwan Xiv Venture Capital Co., Ltd.				15,902		15,902	
The Company	Stock	The Company is a legal representative supervisor of the company	Financial assets at fair value through other comprehensive income - non-current	3,000	50,026	2.86 %	50,026	
The Company	Chunghua Development Biomedical Venture Capital Co., Ltd.							
The Company	Stock	The Company is a legal person director of the company	Financial assets at fair value through other comprehensive income - non-current	4,875	53,342	7.50 %	53,342	
The Company	Top Taiwan Xi Venture Capital Co., Ltd.							

**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	
The Company	Stock BenQ BM Holding Cayman Corporation	None	Financial assets at fair value through other comprehensive income - non-current	5,258	273,661	2.15 %	273,661	
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	87,122	3.22 %	87,122	
					480,053		480,053	
Mytrex Health Company	Stock Missioncare 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	21,145	3.37 %	21,145	
Mytrex Health Company	Stock Sunny Heart Scientific Co.,Ltd.	None	Financial assets at fair value through other comprehensive income - non-current	68	1,851	0.81 %	1,851	
Mytrex Health Company	Stock Smart Care Technologies Co., Ltd.	None	Financial assets at fair value through other comprehensive income - non-current	1,760	23,790	9.99 %	23,790	
Mytrex Health Company	Stock eHo Smart Tech Co., Ltd.	None	Financial assets at fair value through other comprehensive income - non-current	250	4,750	19.53 %	4,750	
Mytrex Health Company	Stock Top Taiwan Xiv 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	39,755	2.29 %	39,755	
Pregetic Health Company	Stock Yita International Hospital Management Consulting Co., Ltd.	None	Financial assets at fair value through other comprehensive income - non-current	417	4,183	4.20 %	4,183	
Pregetic Health Company	Stock Juichuan Data Co., Ltd.	None	Financial assets at fair value through other comprehensive income - non-current	1,000	19,371	14.29 %	19,371	
Pregetic Health Company	Stock Kangchien Gene Technology Co., Ltd.	None	Financial assets at fair value through other comprehensive income - non-current	1,304	25,059	14.81 %	25,059	
Hung-Han Company	Stock Juichuan Data Co., Ltd.	None	Financial assets at fair value through other comprehensive income - non-current	250	4,843	3.57 %	4,843	
Fuyi Company	Limited partnership interests Chunghua Development Venture Capital Limited Partnership	None	Financial assets at fair value through other comprehensive income - non-current	13,000	13,907	1.75 %	13,907	
Medzoneasia	Stock Yaosheng Information Technology Co., Ltd.	None	Financial assets at fair value through other comprehensive income - non-current	500	42,173	10.00 %	42,173	

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.

5. The amounts of properties acquired that amount to NT\$300 million or account for more than 20% of the paid-in capital:

Unit: NT\$ thousand

Acquirer of the property	Name of the property	Date of occurrence	Transaction amount	Payment for the transaction	Counterparty	Relationship	Previous transfer information about the counterparty who is a related party				Reference basis for price determination	Purpose of acquisition and usage	Other agreements
							Owner	Relationship with the issuer	Date of transfer	amount			
The Company	Real estate in Taoyuan City	2022.1.21	1,177,717	1,177,717	Yunlang Tourism Co., Ltd.	Non-related party	—	—	—	-	Valuation report	For business use	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.

# Notes to the Parent Company Only Financial Statements of ShareHope Medicine Co., Ltd. (Continued)

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)	(958,262)	(38.35) %	Net 180 days	-		859,427	81.40%	
The Company	Minsheng General Hospital	Substantial related party	Service income	(771,030)	(30.86) %	Net 30-180 days	-		33,656	3.19%	
									<b>893,083</b>		
The Company	YES Health Company	Subsidiary	(Sell)	(176,023)	(7.05) %	Net 60 days	-		54,674	5.18%	
YES Health Company	The Company	Parent	Purchase	176,023	17.71 %	Net 60 days	-		(54,674)	(27.43)%	

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		Related party receivables Subsequent amount recovered	Amount provisioned for loss allowances
					Amount	Accounting treatment		
The Company	Minsheng General Hospital	Substantial related party	893,083	2.16	-		312,989	223

9. Engagement in derivatives transactions: none.

(2) Relevant information on reinvestment business (excluding investees in mainland China):

The information on the reinvestment business of the Company in 2022 is as follows:

Unit: NT\$/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%	432,827	(91,901)	(57,505)	Note 1
The Company	ShareHope Medicine (HongKong) Co., Ltd.	Hong Kong, China	Investment management	44,831	44,831	1,500	100.00%	22,753	(2,123)	(2,123)	Note 1
The Company	Chungyuan Medical Management Co., Ltd.	Taoyuan City	Management Consulting Services	11,389	11,389	1,000	100.00%	14,696	(464)	(464)	Note 1
The Company	Pohui Biotechnology Co., Ltd.	Taipei City	Biotechnology Services	22,106	22,106	2,211	25.00%	3,957	61	15	Note 2
The Company	Medzoneasia	New Taipei City	Wholesale and trading of medicines and provision of medical information software services	314,169	314,169	15,654	60.21%	243,453	16,105	15,120	Note 1
The Company	Pregetic Health Company	Taoyuan City	Health management services	101,000	101,000	10,500	38.90%	114,907	(32,347)	(13,623)	Note 1
The Company	Shengshih Technology Co., Ltd.	Taipei City	Management consulting services	1,000	1,000	100	100.00%	845	(107)	(107)	Note 1
The Company	Digimed Co., Ltd.	Taipei City	Information software services	-	2,000	-	-	-	928	(309)	Note 4
Mytrex Health Company	Digimed Co., Ltd.	Taipei City	Information software services	-	2,000	-	-	-	928	(309)	Note 4
Mytrex Health Company	Mytrex USA Co.	California, USA	Health care support services	23,516	23,516	800	88.89%	12,274	(4,596)	(4,085)	Note 1
Mytrex Health Company	Air Long-Term Care Co., Ltd.	Taoyuan City	Management consulting services	10,000	10,000	667	22.37%	10,225	491	116	Note 2
Mytrex Health Company	Mytrex Industries Inc.	Taoyuan City	Manufacturing and processing of non-woven fabrics and sales of medical and sanitary materials	507,888	507,888	12,000	100.00%	391,313	(82,301)	(82,301)	Note 1
Mytrex Health Company	Sheng Yo Company	Tainan City	Health management services	20,000	-	2,000	90.91%	15,326	(5,141)	(4,674)	Note 1
Chungyuan Medical Management Company	Air Long-Term Care Co., Ltd.	Taoyuan City	Management consulting services	2,000	2,000	200	6.71%	2,014	491	35	Note 2
Medzoneasia	TECHGROUP Integrate Design Co., Ltd.	New Taipei City	Medical information software services	50,759	50,759	1	51.00%	41,875	7,719	996	Note 1
Medzoneasia	Global Biotech Multimedia Co., Ltd.	Taipei City	Magazine (periodical) publication	10,000	10,000	500	23.98%	9,286	(756)	(300)	Note 2
Medzoneasia	YES Health Company	Taoyuan City	Wholesale and trading of medicines and management consulting for pharmacies	221,180	221,180	6,035	100.00%	234,836	24,802	23,919	Note 1

# Notes to the Parent Company Only Financial Statements of ShareHope Medicine Co., Ltd. (Continued)

Name of investee	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			
Medzoneasia	Macro Global Corporation	Taichung City	Wholesale and trading of medicines	72,155	72,155	6,450	100.00%	73,100	5,494	6,105	Note 1
Medzoneasia	Digimed Co., Ltd.	Taipei City	Information software services	6,000	-	600	60.00%	2,491	928	1,483	Note 1
Pregetic Health Company	Hung-Han Company	Taipei City	Health management services	118,880	98,880	7,000	100.00%	84,808	(24,132)	(25,323)	Note 1
Pregetic Health Company	Employee Community Co., Ltd.	Taipei City	Advertising	1,700	1,700	170	48.57%	387	(899)	(436)	Note 2
Pregetic Health Company	Digimed Co., Ltd.	Taipei City	Information software services	-	2,000	-	-	-	928	(309)	Note 4
Pregetic Health Company	Fuyi Company	Taipei City	Information software services	204,288	144,288	18,000	100.00%	178,110	(28,112)	(28,648)	Note 1
Pregetic Health Company	Anchun Technology Co., Ltd.	Taipei City	Health management services	20,000	-	2,000	40.00%	19,275	(1,916)	(791)	Note 3
Hung-Han Company	Hanting Digital Technology Co., Ltd.	New Taipei City	Information software services	20,000	10,000	2,000	100.00%	9,980	(10,020)	(10,020)	Note 1
Hung-Han Company	Chinachem Biomedical Co., Ltd.	Taipei City	Healthcare services	10,000	-	1,000	100.00%	8,495	(1,505)	(1,505)	Note 1
Fuyi Company	Shangchia Health Business Co., Ltd.	Taipei City	Health management services	23,900	-	2,390	26.56%	24,821	335	921	Note 2
YES Health Company	Digimed Co., Ltd.	Taipei City	Information software services	2,000	2,000	200	20.00%	830	928	186	Note 1

Note 1: It is a subsidiary of the Company.

Note 2: It is an affiliate of the Company.

Note 3: In April 2022, Pregetic Health Company invested to establish a subsidiary, Anchun Company, in which it held 100% of the equity. In September, 2022, Pregetic Health Company disposed of 60% of the equity and lost control of Anchun Company, which is now one of its affiliates.

Note 4: In response to the restructuring of the Group, the Company, Mincheng Health Company, and Pregetic Health Company transferred their equity in Digimed in full to Medzoneasia - one of the other related parties, in April 2011.

## (III) Information on investments in mainland China:

### 1. Information on reinvestments in mainland China:

Unit: NT\$/US\$ thousand

Name of mainland investee	Principal business	Paid-in capital	Investment method (Note 1)	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						
Minsheng (Tianjin) Investment Management Co., Ltd.	Investment management	11,885	(2)	11,885	-	-	11,885	(1,699)	100.00%	(1,699)	3,406	-
Minsheng Asia-Pacific (Beijing) Enterprise Management Co., Ltd.	Hospital management consulting services	5,124	(1)	5,124	-	-	5,124	1,817	100.00%	1,817	6,582	-

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.

### 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 (Note)
17,009	17,009	2,051,555

Note: 60% of the net value.

### 3. Information on major transactions: none.

# Notes to the Parent Company Only Financial Statements of ShareHope Medicine Co., Ltd. (Continued)

## (IV) Information about the major shareholder

Unit: share		
Name of the major shareholder	Share Number of shares held	Shareholding
Minsheng Medical Holding Co., Ltd.	34,822,800	29.00%

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.

## XIV. Department Information

Please refer to the Consolidated Financial Statements for 2022.

**ShareHope Medicine Co., Ltd.**  
**Schedule of Cash and Cash Equivalents**  
**December 31, 2022**

Unit: NT\$ thousand

Item	Summary	Amount
Cash on hand and working capital	Cash and working capital	\$ 3,175
Bank deposits	Demand deposits	716,048
	Foreign currency demand deposits (Note 1)	60
Cash equivalents	Repurchase bonds	50,425
		<u><u>\$ 769,708</u></u>

Note 1:

Amount in original currency (NT\$)	Exchange rate
USD 1,467.80	30.71
CNY 3,254.23	4.408

Note 2:

Amount in original currency (NT\$)	Maturity date	Interest rate
NTD 50,425	2023.1.3	0.60%

**ShareHope Medicine Co., Ltd.**  
**Schedule of Notes and Accounts Receivable and**  
**Finance Lease Receivables**  
**December 31, 2022**

Unit: NT\$ thousand

Item	Customer name	Amount
Notes receivable	New Kunming Hospital	\$ 640
	Kangchiho Pharmacy	215
	Others (less than 5% of the balance of this item)	29
		<b>\$ 884</b>
Notes receivable - related parties	YES Health Company	<b>\$ 28,751</b>
Accounts receivable	Weikung	\$ 8,459
	Yungkeng	3,502
	Others (less than 5% of the balance of this item)	30,418
		<b>\$ 42,379</b>
Accounts receivable - related parties	Minsheng General Hospital	\$ 893,306
	Others (less than 5% of the balance of this item)	85,046
Loss allowances		(245)
	Net accounts receivable - related parties	<b>\$ 978,107</b>
Finance lease receivables	Aikossu	<b>\$ 332</b>
Finance lease receivables - related parties	Tayuan Minsheng Hospital	\$ 2,267
	Minsheng General Hospital	1,720
	Lungtan Minsheng Hospital	1,108
	Pregetic Health Company	223
		<b>\$ 5,318</b>
Long-term finance lease receivables	Aikossu	<b>\$ 277</b>
Long-term finance lease receivables - related parties	Tayuan Minsheng Hospital	9,697
	Lungtan Minsheng Hospital	1,905
	Pregetic Health Company	147
		<b>\$ 11,749</b>



**ShareHope Medicine Co., Ltd.**  
**Schedule of Financial Assets at Fair Value through Profit or Loss - Current and Non-**  
**current**  
**December 31, 2022**

**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	13.41	<u>10,341</u>
Financial assets at fair value through profit or loss - non-current							
TPEX listed stocks	Crystalvue Medical Corporation	1,191	-	-	36,871	52.00	61,912
Non-overseas listed stocks	New Image Medical Co., Ltd.	1,000	-	-	15,000	20.17	20,174
				<u>\$ 10,000</u>			<u>82,086</u>

**ShareHope Medicine Co., Ltd.**  
**Schedule of Financial Assets at Fair Value through Other Comprehensive Income - Non-**  
**current**  
**January 1 to December 31, 2022**

**Unit: NT\$ thousand/thousand/ shares**

Name	Beginning balance		Increase during the period		Decrease during the period		Fair value of valuation gains and losses	Ending balance		Guarantee or pledge
	Number of shares	Amount	Number of shares	Amount	Number of shares	Amount (Note)		Number of shares (thousand shares)	Amount	
Chunghua Development Biomedical Venture Capital Co., Ltd.	3,500	\$ 40,129	-	-	500	5,000	14,897	3,000	50,026	None
Top Taiwan Xi Venture Capital Co., Ltd.	6,000	51,108	-	-	1,125	11,250	13,484	4,875	53,342	"
BenQ BM Holding Cayman Corporation	5,258	257,888	-	-	-	-	15,773	5,258	273,661	"
Chunghua Development Second Biomedical Venture Capital Limited Partnership	-	50,835	-	24,126	-	-	12,161	-	87,122	"
Top Taiwan Xiv Venture Capital Co., Ltd.	-	-	2,000	20,000	-	-	(4,098)	2,000	15,902	
		<u><u>\$ 399,960</u></u>		<u><u>44,126</u></u>		<u><u>16,250</u></u>	<u><u>52,217</u></u>		<u><u>480,053</u></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, 2022

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%	\$ 14,280	-	-	-	(1,161)	(464)	1,083	-	958	1,000	100.00%	14,696	14,696	無
Mytrex Health Co., Ltd.	22,454	61.46%	497,669	-	-	-	-	(57,505)	(8,790)	739	714	22,454	61.46%	432,827	427,378	"
Medzoneasia Co., Ltd. (hereinafter referred to as Medzoneasia)	15,654	60.21%	226,234	-	-	-	-	15,120	5,105	-	(3,006)	15,654	60.21%	243,453	243,453	"
Pohui Biotechnology Co., Ltd	2,211	25.00%	3,949	-	-	-	-	15	(7)	-	-	2,211	25.00%	3,957	3,957	"
ShareHope Medicine (HongKong) Co., Ltd.	1,500	100.00%	24,508	-	-	-	-	(2,123)	-	368	-	1,500	100.00%	22,753	22,753	"
Minsheng Asia-Pacific (Beijing) Enterprise Management Co., Ltd.	-	100.00%	4,702	-	-	-	-	1,817	-	63	-	-	100.00%	6,582	6,582	"
Digimed Co., Ltd. (hereinafter referred to as Digimed)	200	20.00%	645	-	-	(200)	(336)	(309)	-	-	-	-	-	-	-	—
Pregetic Medical Health Co., Ltd.	10,500	39.93%	141,393	-	-	-	-	(13,623)	(9,697)	-	(3,166)	10,500	38.90%	114,907	114,907	"
Shengshih Technology Co., Ltd.	100	100.00%		-		-			-	-	-	100	100.00%		845	"
			952		-		-	(107)						845		
			<u>\$ 914,332</u>		<u>-</u>		<u>(1,497)</u>	<u>(57,179)</u>						<u>840,020</u>		

(Note 1) It is due to NT\$1,161 thousand of cash dividends distributed by subsidiaries and the transfer of all equity in Digimed to Medzoneasia in April 2022. Such transactions are adjustments to the Group's organizational structure, and thus shall be accounted for as equity transactions. The Company has recognized the increased difference from the equity transactions in additional paid-in capital - actual acquisitions or disposals of subsidiaries.

The difference between the price and book value of the equity was NT\$1,664 thousand.

(Note 2) It includes recognized NT\$713 thousand of remeasurement of subsidiaries’ defined benefit plans, and NT\$5,213 thousand of changes in ownership interests in the subsidiaries.

**ShareHope Medicine Co., Ltd.**  
**Schedule of Notes and Accounts Payable**  
**December 31, 2022**

**Unit: NT\$ thousand**

<u>Item</u>	<u>Summary</u>	<u>Amount</u>
Notes payable	Yuta	\$ 250
	Chunyi	230
	Chuanteng	2,700
	Chunyi International	220
		<u><b>\$ 3,400</b></u>
Accounts payable	Yuli	\$ 126,821
	DKSH	69,260
	Chunyu	37,117
	Others (those less than 5% of the balance of this item)	380,747
		<u><b>\$ 613,945</b></u>

**ShareHope Medicine Co., Ltd.**  
**Schedule of Operating Costs**  
**January 1 to December 31, 2022**

**Unit: NT\$ thousand**

<u>Summary</u>	<u>Summary</u>	<u>Amount</u>
Sales costs	Beginning inventory	\$ 48,947
	Add: net purchases during the period	1,434,199
	Logistics service fee	16,541
	Less: transferred for own use	(2,275)
	Ending inventory	<u>(41,321)</u>
		<u>1,456,091</u>
Lease costs	Maintenance fees	1,652
	Depreciation	<u>45,809</u>
		<u>47,461</u>
Service costs	Consumables inspection	182,244
	Salaries and bonuses	78,058
	Rent	23,612
	Depreciation	30,243
	Others (those less than 5% of the balance of this item)	<u>56,594</u>
		<u>370,751</u>
Operating costs		<u><u>\$ 1,874,303</u></u>

**ShareHope Medicine Co., Ltd.**  
**Schedule of Operating Expenses**  
**January 1 to December 31, 2022**

Unit: NT\$ thousand

<u>Item</u>	<u>Marketing expenses</u>	<u>Administrative expenses</u>	<u>Total</u>
Salaries and bonuses	\$ 9,891	37,720	47,611
Pensions	872	-	872
Rental expenses	1,022	-	1,022
Service expenses	-	11,942	11,942
Other expenses	1,263	12,014	13,277
Employees' and directors' remuneration	-	28,577	28,577
Donation	-	31,466	31,466
Depreciation	-	51,546	51,546
Others (those less than 5% of the balance of this item)	<u>2,796</u>	<u>26,082</u>	<u>28,878</u>
	<u><b>\$ 15,844</b></u>	<u><b>199,347</b></u>	<u><b>215,191</b></u>

## VII. Review and Analysis of Financial Status and Financial Performance and Risk Matters

### 7.1 Financial status

Unit: NT\$ thousand

Project \ Year	2021	2022	Difference	
			Amount	%
Liquid asset	3,155,251	3,192,478	37,227	1.18%
Financial assets measured at fair value through profit or loss - non-current	82,799	82,086	(713)	(0.86%)
Financial assets measured at fair value through other comprehensive gains and losses - non-current	545,424	680,880	135,456	24.83%
Financial assets at amortized cost - non-current	41,126	40,590	(536)	(1.30%)
Investments using the equity method	26,445	69,965	43,520	164.57%
Real estate, plant and equipment	562,605	1,694,731	1,132,126	201.23%
Right-of-use assets	523,749	461,074	(62,675)	(11.97%)
Investment real estate	365,858	346,792	(19,066)	(5.21%)
Intangible asset	337,741	342,674	4,933	1.46%
Other assets	471,810	466,486	(5,324)	(1.13%)
Total assets	6,112,808	7,377,756	1,264,948	20.69%
Current liabilities	1,471,828	1,729,560	257,732	17.51%
Non-current liabilities	757,686	1,549,201	791,515	104.46%
Total liabilities	2,229,514	3,278,761	1,049,247	47.06%
Equity vested in the owners of the parent company	3,148,802	3,419,259	270,457	8.59%
Share capital	1,143,259	1,200,422	57,163	5.00%
Capital reserve	1,267,418	1,264,508	(2,910)	(0.23%)
Retain surplus	764,260	947,903	183,643	24.03%
Other Benefits	(26,135)	6,426	32,561	(124.59%)
Non-controlling interests	734,492	679,736	(54,756)	(7.45%)
Total equity	3,883,294	4,098,995	215,701	5.55%
<p>Explanation of the reason for the increase or decrease in the two periods: if the increase or decrease ratio reaches 20% and the amount exceeds NT\$10 million</p> <ol style="list-style-type: none"> <li>1. Financial assets measured at fair value through other comprehensive gains and losses - non-current increase: mainly due to the increase in new investment targets and evaluation benefits.</li> <li>2. The increase in investment using the equity method: mainly due to the increase in investment in Anzhun and Shangjia Health.</li> <li>3. Increase in real estate, plant and equipment: mainly due to the purchase of real estate of 1.16 billion in 2022.</li> <li>4. Increase in non-current liabilities: mainly due to the purchase of real estate in 2022 and the increase in long-term loans of RMB 880 million.</li> <li>5. Increase in retained surplus: Mainly due to the impact of the epidemic in 2022, the PCR business will grow significantly and profits will increase.</li> <li>6. Increase in other equity: mainly due to the increase in financial asset valuation interest measured at fair value through other comprehensive gains and losses.</li> </ol>				

Source: Financial report audited and certified by accountants

## 7.2 Operating results

### 7.2.1 Comparative analysis of operating results:

Unit: NT\$ thousand

Project \ Year	2021	2022	Increase (decrease) amount	Change ratio%
Operating income	3,850,027	4,137,132	287,105	7.46%
Operating margin	833,956	983,911	149,955	17.98%
Operating profit and loss	258,451	339,116	80,665	31.21%
Non-operating income and expenses	9,178	822	(8,356)	(91.04%)
Net profit before tax	267,629	339,938	72,309	27.02%
Continued net profit for the current period	193,428	244,110	50,682	26.20%
Loss of closed units	0	0	0	-
Net income (loss) for the period	193,428	244,110	50,682	26.20%
Other consolidated gains and losses for the period (Net amount after tax)	9,241	21,009	11,768	127.35%
Total consolidated profit and loss for the period	202,669	265,119	62,450	30.81%
Earnings per share	1.94	2.45	0.51	26.29%
Increase decrease change analysis: the increase decrease ratio reaches 20% and the amount exceeds NT\$10 million 1. Increase in 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 impact of the epidemic in 2022, the PCR business will grow significantly and the profit will increase. 2. The increase in other comprehensive gains and losses in the current period: mainly due to the increase in unrealized evaluation benefits from financial assets measured at fair value through other comprehensive gains and losses in 2022 - non-current investee companies measured at fair value.				

Source: Financial report audited and certified by accountants

7.2.2 The expected sales volume and its basis, the possible impact on the company's future financial business and the response plan

The company's 2022 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 relations with suppliers.



## 7.3. Cash flow

### 7.3.1. Analysis of cash flow changes in the most recent year:

Unit: NT\$ thousand

Item	2021	2022	Ratio increase (decrease ) ratio (%)
Cash flow ratio (%)	24.47	37.15	51.83%
Cash flow tolerance ratio (%)	91.20	71.91	(21.16%)
Cash reinvestment ratio (%)	6.25	11.02	76.35%
Description of increase and decrease ratio changes: (1) Cash flow ratio and cash reinvestment ratio: In 2022, the inspection business will grow significantly and profits will increase, resulting in an increase in cash inflow from operating activities compared with the same period, and an increase in cash flow ratio and cash reinvestment ratio. (2) Cash flow adequacy ratio: In 2022, the inspection business will grow significantly and profits will increase, resulting in an increase in cash inflow from operating activities compared with the same period. However, due to the increase in capital expenditures due to the purchase of real estate, the cash flow adequacy ratio will decrease.			

### 7.3.2. Future one-year cash flow analysis

Beginning cash balance	Estimated full-year net cash flow from operating activities	Estimated cash inflows/outflows for the full year	Estimated cash surplus/(deficiency)	Remedial measures for the expected cash deficiency	
643,593	58,117	(45,769)	655,941	Investment plan	Financing plan
				Not applicable	Not applicable
(1) Analysis of cash variations in the coming year: ①Operating activities: The projected profit for the fiscal year 2022 remains stable and shows a net cash inflow. ②Investment activities: The company anticipates cash outflows due to capital expenditures such as equipment purchases and equity investments to support business development. ③Financing activities: Cash outflows are expected due to the repayment of some long and short-term loans. (2) Remedial measures for expected cash deficiencies and liquidity analysis: Not applicable.					

## 7.4 Recently the impact of major annual capital expenditures on financial operations:

The company will purchase the real estate located on Minsheng Road, Taoyuan in 2022, and build it into a smart "Minsheng Smart Medical City". The real estate acquisition cost is 1.16 billion, which is supported by long-term loans of 880 million and self-owned funds. "Minsheng Intelligent Medical City" is being transformed into an innovative medical hub in Taiwan. The project includes the development of "Shengyun Health Residences" on the upper floors, offering accommodation and one-stop medical services tailored to the sub-healthy population. The lower floors will host the "Intelligent Medical Clinic," encompassing outpatient services, health check-ups, and medical aesthetics. As the benefits gradually emerge, this initiative is poised to establish a novel business model in Taiwan's healthcare industry.

## 7.5 Reinvestment policy in the most recent year, main reasons for its profit or

## loss, improvement plan and investment plan for the next year

7.5.1. Reinvestment policy: business and operational needs

7.5.2. Main reasons for profit or loss and improvement plan:

December 31, 2021; unit: NT\$ thousand

Reinvest in a company	Holdings ratio	Recognize the latest annual profit or loss of the investee company	Profit or loss The main reason	Improve plan
Mytrex Health Technologies, Inc. (shares) company	61.46	(8,611)	Affected by the epidemic, the market demand for mask filter materials tends to be stable	Continue to expand business
Share Hope Medicine Co., Ltd (Hong Kong) Company	100	(3,342)	Pipe pin cost adjustment	Continue to expand business
Zhongyuan Medical Management (Shares) Company	100	1,344	Business situation good	Not
Hematech Biotherapeutics Inc. (shares) company	25	447	Blood reagents and technology transfer are still in the research and development stage	Continuous research and development
Medzoneasia Co., Ltd. (shares) company	60.21	(11,910)	E-commerce start-ups are still in business development	Continue to cooperate with the development of progress rules
Precision Health Inc. (shares) company	39.93	(32,472)	Construction of genetic data in progress	Continue to expand business
Shengshi Technology (shares) company	100	(33)	Pipe pin cost adjustment	Continue to expand your business
Digimed Co., LTD. (shares) company	20	(969)	The start-up is still in business development	Continue to cooperate with the development of progress rules

Note 1: Recently The annual investment remuneration only expresses the investment profit and loss of the company's single company

Note 2: Future one-year investment plan: note

Note 3: In response to the group's organizational restructuring, the company will dispose of all equity in the medical electronics company to Shengyun E-commerce Company in April 2022.

## .6 Risk matter

### 7.6.1Risk factors:

7.6.1.1The impact of interest rate, exchange rate changes, and inflation on the company's profit and loss and future response measures:

Unit: NT\$ thousand; %

Item	2022	
	Amount	Ratio of net profit before tax (%)
Interest income	3,143	Interest income
Interest expense	38,158	Interest expense

Source: Financial report audited and certified by accountants

#### 7.6.1.1.1Interest rate:

##### A. Impact on Profit and Loss

The company's interest income in 2022 is 3,143 NTDthousand, accounting for 0.92% of the annual pre-tax net profit. Interest rate fluctuations have little impact on the overall profit.

The company's interest expense in 2022 is NT\$38,158,000, accounting for 11.22% of the annual pre-tax net profit. Interest rate fluctuations have little impact on the overall profit.

##### B. The company's countermeasures

The company's capital planning is based on the principle of conservatism and prudence, and the company's funding needs are mostly based on capital market financing to reduce its dependence on banks. The company regularly monitors financial market information, and in addition to maintaining a good relationship with banks, it will keep abreast of changes in interest rates and choose the most favorable method of capital use in order to obtain more favorable interest rates to reduce the risks caused by changes in interest rates to the company.

#### 7.6.1.1.2.The impact of exchange rate changes on the company's operating profit:

The company's business model is mainly a domestic sales-oriented industry, and most of the purchases and sales are traded in NT dollars, so exchange rate changes have no significant impact on the company's profit and loss.

#### 7.6.1.1.3.Inflation impact:

The company's products are not basic consumer goods for people's livelihood, and there is no immediate pressure on the sensitivity of inflation, but the company will still pay close attention to the development of economic situations in order to make appropriate responses.

7.6.1.2.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 publication date of the prospectus, the company has not engaged in high-risk, high-leverage investment, capital lending to others, and derivative commodity transactions, and the endorsement guarantee has been handled in accordance with the prescribed procedures.

#### 7.6.1.3.Future R&D plans and estimated R&D expenses:

The industry of our company is medical logistics service, the main focus is the expansion of business and channels, and it is not a research and development plan-oriented company. The company focuses

on professional talent cultivation and business model innovation, and invests in related expenses.

7.6.1.4.The impact of important domestic and foreign policy and legal changes on the company's financial business and countermeasures:

The company's operating policies are handled in accordance with laws and regulations, and it is always aware of important domestic and foreign policies and legal changes. When necessary, it consults relevant experts and takes appropriate countermeasures. As of the publication date of the prospectus, the company has not been affected by important domestic and foreign policies and laws Major events that affect financial operations due to changes in laws.

7.6.1.5. Impact of technological changes (including cybersecurity risks) and industry changes on the company's financial operations, as well as the measures taken in response: In the fiscal year 2022, distributable surplus amounted to NT\$731,007,370. The proposed free stock distribution for this round is NT\$0.50000007 per share. This distribution is not expected to have a significant impact on the company's business performance or earnings per share.

7.6.1.6.The impact of corporate image changes 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, it has been committed to maintaining the corporate image and complying with laws and regulations. So far, no incidents that have affected the corporate image have occurred. In the event of an event affecting the corporate image in the future, the crisis management team formed by the company's first-level executives will hold meetings at any time to deal with sudden crises.

7.6.1.7.Expected benefits, possible risks and countermeasures of mergers and acquisitions: The company currently has no plans for mergers and acquisitions.

7.6.1.8.Expected benefits, possible risks and countermeasures of plant expansion: The company currently has no plan to expand the plant.

7.6.1.9.Risks and countermeasures faced by centralized purchase or sales:

7.6.1.9.1Description of purchase status:

In order to prevent the risk of concentration of purchases, the company maintains stable and market-responsive supply agreements with several suppliers at the same time. In addition to ensuring the quality and quantity of supply sources, it can also strengthen the integrity of the supply chain and competitiveness.

7.6.1.9.2.Description of sales status:

In order to avoid the risk of concentrating sales on major customers, the company will continue to develop customer sources with high-quality products in the future and expand the scope of sales channels in order to maintain stable sales targets in addition to the existing stable and basic customers with close cooperation.

7.6.1.10.Directors, supervisors or major shareholders holding more than 10% of the shares, the impact, risks and countermeasures of a large number of equity transfers or replacements on the company: None.

7.6.1.11.The impact, risks and countermeasures of the change of management rights on the company: the management of the company focuses on the company's operations, supplemented by the assistance and support of the directors and supervisors, and there is no possible risk of the change of management rights to the company.

7.6.1.12.Other important risks and countermeasures: none

7.6.2.Litigation or non-litigation events:

7.6.2.1.The company's litigation, non-litigation or administrative disputes that have been adjudicated in the last two years and as of the date of publication of the prospectus, or are currently pending, and the results of which may have a significant impact on shareholders' rights or securities prices, shall be disclosed. The facts in dispute, the amount of the subject matter, the start date of the lawsuit, the main parties involved in the lawsuit and the current processing situation: None.

7.6.2.2.The company's directors, supervisors, general manager, actual person in charge, major shareholders with a shareholding ratio of more than 10%, and affiliated companies have been adjudicated in the last two years and as of the publication date of the prospectus or are currently in the process of being affiliated Litigation, non-litigation or administrative disputes, the outcome of which may have a significant impact on the company's shareholders' equity or securities prices: None.

7.6.2.3.The company's directors, supervisors, managers, and major shareholders who hold more than 10% of the shares have occurred in the past two years and up to the date of publication of the prospectus under Article 157 of the Securities Exchange Act and the company's current handling Situation: None

7.6.3.If the company's directors, supervisors, managers, and major shareholders with a shareholding ratio of more than 10% have encountered financial turnover difficulties or lost credit in the past two years and up to the date of publication of the prospectus, the company shall list their Impact on the company's financial status: None.

7.6.4.Other important matters: None.

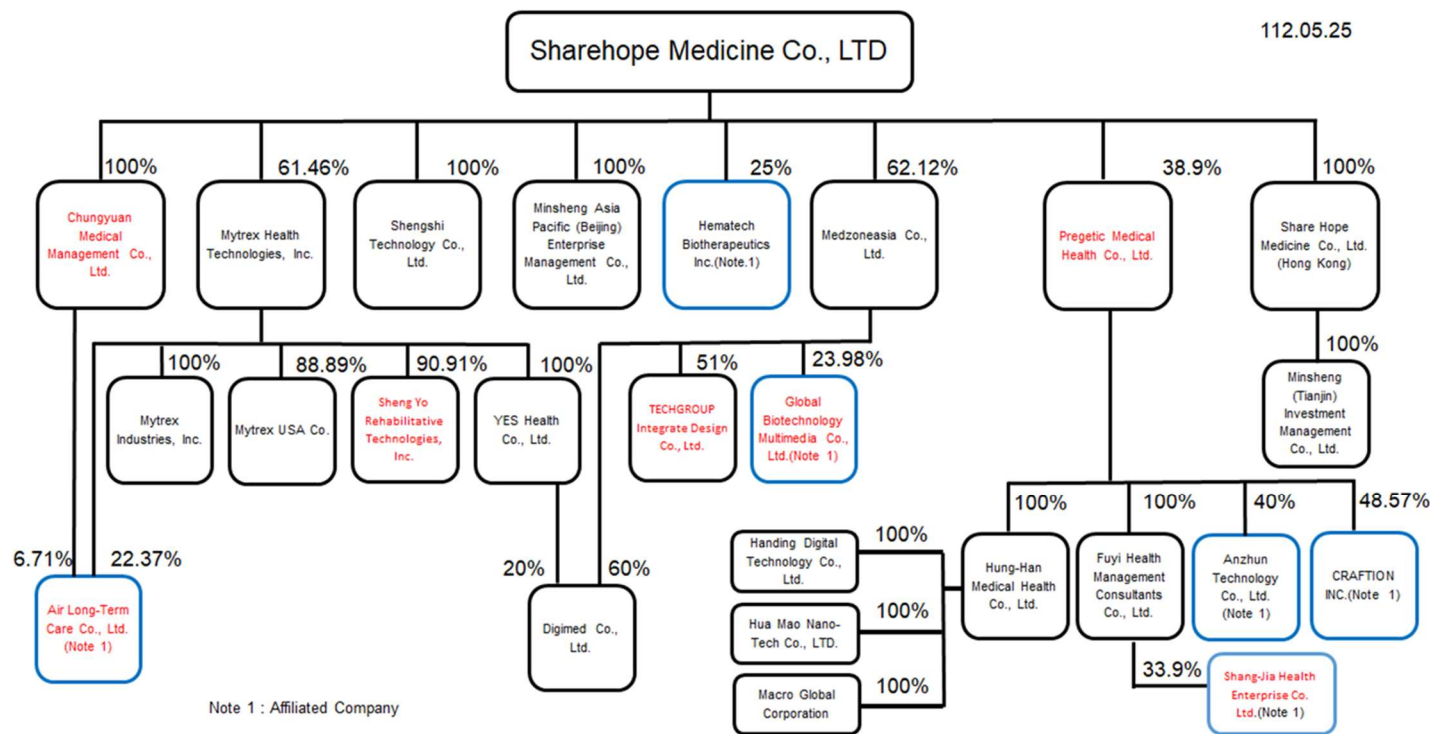
## **7.7 Other important matters: None.**

VIII. Special records

8.1 Relevant information of related companies in the most recent year:

8.1.1.Affiliated business merger business report

8.1.1.1.Relationship Enterprise Organization Chart



8.1.1.2. Basic information of each affiliated enterprise

April 30,2022

Company name	Date of establishment	Address	Amount of paid-up capital	Main business or productionprojects
Mytrex Health Technologies, Inc. (Original name: Mincheng Co., Ltd.)	1990.08.06	No. 545, Sec. 2, Hezun N. Rd., Neiding Vil., Zhongli Dist., Taoyuan City , Taiwan (R.O.C.)	36.536 million	Non-woven fabric manufacturing and processing and sales of medical hygiene materials
Mytrex Industries, Inc.	2021.11.05	No. 545, Sec. 2, Hezun N. Rd., Neiding Vil., Zhongli Dist., Taoyuan City , Taiwan (R.O.C.)	12.000 million	Non-woven fabric manufacturing and processing and sales of medical hygiene materials
Mytrex USA Co. (Original name: TSVC Co.)	2016.07.08	916 LIDO LANE FOSTER CITY , CA 94404	26.46 million	Health care support services
Sheng Yo Rehabilitative Technologies, Inc.	2022.02.14	1 F., No. 209, Sec. 2, Lin'an Rd., North Dist., Tainan City , Taiwan (R.O.C.)	22 million	Health management service industry
Medzoneasia Co., Ltd.	2017.05.19	10F., No. 82-7, Sec 1, Guangfu Rd, Sanchong Dist, New Taipei City Taiwan (R.O.C.)	26,000 million	Wholesale trading of drugs and medical information software services

Company name	Date of establishment	Address	Amount of paid-up capital	Main business or production projects
YES Health Co., Ltd.	2015.02.05	2 F., No. 31, Ln. 17, Ziqiang N. Rd., Guishan Dist., Taoyuan City , Taiwan (R.O.C.)	60.35 million	Wholesale trading of drugs and pharmacy management consulting
Macro Global Corporation	1991.06.10	18 F., No. 303-3, Zhongming S. Rd., West Dist., Taichung City , Taiwan (R.O.C.)	64.5 million	Wholesale sale and purchase of medicines
TECHGROUP Integrate Design Co., Ltd.	1994.09.17	7F., No. 53, Minquan Rd., Yonghe Dist., New Taipei City , Taiwan (R.O.C.)	10 million	Medical information software service industry
Digimed Co., Ltd.	2020.05.20	3 F., No. 300, Sec. 1, Neihs Rd., Neihs Dist., Taipei City , Taiwan (R.O.C.)	10 million	Information software service industry
Pregetic Medical Health Co., Ltd.	2017.12.26	19F., No. 168, Jingguo Rd., Taoyuan Dist., Taoyuan City , Taiwan (R.O.C.)	262.97 million	Health management service industry
Hung-Han Medical Health Co., Ltd.	2019.05.03	3F., No. 300-1, Sec. 1, Neihs Rd., Neihs Dist., Taipei City , Taiwan (R.O.C.)	50 million	Health management service industry
Fuyi Health Management Consultants Co., Ltd.	2016.08.08	12F., No. 250, Sec. 1, Neihs Rd., Neihs Dist., Taipei City , Taiwan (R.O.C.)	16.000 million	Health management service industry
Anzhun Technology Co., Ltd.	2022.04.25	4F., No. 495, Guangfu S. Rd., Xinyi Dist., Taipei City , Taiwan (R.O.C.)	50 million	Biotechnology services
Handing Digital Technology Co., Ltd.	2021.12.29	10F., No. 7-82, Sec. 1, Guangfu Rd., Sanchong Dist., New Taipei City , Taiwan (R.O.C.)	10 million	Information software service industry
Chungyuan Medical Management Co., Ltd.	2005.07.12	19F., No. 168, Jingguo Rd., Taoyuan Dist., Taoyuan City , Taiwan (R.O.C.)	10 million	Management Consulting
Shengshi Technology Co., Ltd (Original name: Hongxin Management Consulting Co., Ltd.)	2019.07.02	9F., No. 294-5, Sec. 1, Dunhua S. Rd., Da'an Dist., Taipei City , Taiwan (R.O.C.)	1 million	Management Consulting
Minsheng Asia Pacific (Beijing) Enterprise Management Co., Ltd.	2014.09.17	Rm 506, 5th Floor, Building 7, Courtyard 1, Jinfang Road, Chaoyang District, Beijing	5.12 million	Hospital management consulting services
Share Hope Medicine Co., Ltd. (Hong Kong)	2012.10.25	Rm 511, 5/F, Tower 1, Silvercord, 30 Canton Road, Tsim Sha Tsui, Kowloon, Hong Kong	4.483 million	Investment management industry
Minsheng (Tianjin) Investment Management Co., Ltd.	2013.03.05	No. 12, Jingjin Highway (West Side), Hexiwu Town, Wuqing District, Tianjin	11.88 million	Investment management industry
Hematech Biotherapeutics Inc.	2012.08.24	3F., No. 10-1, Sec. 5, Zhongxiao E. Rd., Xinyi Dist., Taipei City, Taiwan (R.O.C.)	88.42 million	Biotechnology services
Global Biotechnology Multimedia Co., Ltd. (Original name: Global Biotechnology Investment Co., Ltd.)	2013.05.29	2F., No. 161-3, Songde Rd., Xinyi Dist., Taipei City , Taiwan (R.O.C.)	20.85 million	Magazine (periodical) publishing industry

Company name	Date of establishment	Address	Amount of paid-up capital	Main business or production projects
CRAFTION INC.	2017.07.18	9 F., No. 245, Sec. 2, Bade Rd., Zhongshan Dist., Taipei City, Taiwan (R.O.C.)	3.5 million	Advertising
Air Long-Term Care Co., Ltd	2019.02.25	10F., No. 5-86, Yiwen 1st St., Taoyuan Dist., Taoyuan City, Taiwan (R.O.C.)	26.67 million	Management Consulting
Minsheng (Tianjin) Investment Management Co., Ltd.	2013.03.05	No. 12, Jingjin Highway (West Side), Hexiwu Town, Wuqing District, Tianjin	11.88 million	Investment management industry
Hematech Biotherapeutics Inc.	2012.08.24	3F., No. 10-1, Sec. 5, Zhongxiao E. Rd., Xinyi Dist., Taipei City, Taiwan (R.O.C.)	88.42 million	Biotechnology service industry

8.1.1.3. Information on the same shareholders who are presumed to have control and subordination: Not applicable.

8.1.1.4. The industries covered by the business of the overall relationship enterprise: pharmaceutical procurement, equipment leasing, non-woven fabric manufacturing and processing, management consulting, health management and information software services, etc.

8.1.1.5. Information on the directors, supervisors and general managers of each affiliated enterprise:

April 30, 2022

Business Name	Job Title	Name or Representative	Holding Shares	
			Number of shares (shares)	Holdings Proportion
Mytrex Health Technologies, Inc. (Original name: Mincheng Co., Ltd.)	Director	Hung-Jen Yang	53,090	0.15%
		Sharehope Medicine Co., LTD Representative: Ching-Wen Liu	22,453,719	61.46%
		Sharehope Medicine Co., LTD Representative: Sheng-Xin Xu	22,453,719	61.46%
		Sharehope Medicine Co., LTD Representative: Chang-Rong Chang	22,453,719	61.46%
		Yang Zheng Investment Co., Ltd. Representative: Min-Sheng Yang	177,814	0.49%
		Kun-Chang Yang	0	0.00%
	Independent Director	Meng-Chu Wu		
		Heng-Yu Chang	0	0.00%
		Chi-Chang Yu	0	0.00%
Mytrex Industries, Inc.	Director	Mytrex Health Technologies, Inc. Representative: Kun-Chang Yang	12,000,000	100.00%
		Mytrex Health Technologies, Inc. Representative: Min-Sheng Yang	12,000,000	100.00%
		Mytrex Health Technologies, Inc. Representative: Mei-Chen Lu	12,000,000	100.00%
Mytrex USA Co. (Original name: TSVC Co.)	NA	NA	NA	88.89%



Business Name	Job Title	Name or Representative	Holding Shares	
			Number of shares (shares)	Holdings Proportion
Sheng Yo Rehabilitative Technologies, Inc.	Director	Mytrex Health Technologies, Inc. Representative: Hung-Jen Yang	2,000,000	90.91%
		Chuan-Cheng Hung	0	0.00%
		Kun-Chang Yang	100,000	4.55%
	Ombudsman	I-Ching Li	0	0.00%
Medzoneasia Co., Ltd.	Director	Sharehope Medicine Co., LTD Representative: Hung-Jen Yang	15,654,300	60.21%
		Chun-Tsung Ho	100,000	0.38%
		Sharehope Medicine Co., LTD Representative: Peng-Xuan Chen	15,654,300	60.21%
		Sharehope Medicine Co., LTD Representative: Ching-Wen Liu	15,654,300	60.21%
		CDIB Capital Healthcare Ventures Limited	4,230,700	16.27%
		Sheng-Xin Xu	0	0.00%
		Yu-Jen Xu	0	0.00%
	Ombudsman	Li-Kuo Li	0	0.00%
YES Health Co., Ltd.	Director	Medzoneasia Co., Ltd. Representative: Hung-Jen Yang	6,034,951	100.00%
		Medzoneasia Co., Ltd. Representative: Sheng-Xin Xu	6,034,951	100.00%
		Medzoneasia Co., Ltd. Representative: Wei-Kuang Ho	6,034,951	100.00%
		Medzoneasia Co., Ltd. Representative: Po-Sen Huang	6,034,951	100.00%
		Medzoneasia Co., Ltd. Representative: Peng-Xuan Chen	6,034,951	100.00%
	Ombudsman	Medzoneasia Co., Ltd. Representative: Ching-Wen Liu	6,034,951	100.00%
Macro Global Corporation	Director	Hung-Han Medical Health Co., Ltd. Representative: Ching-Wen Liu	6,450,000	100.00%
		Hung-Han Medical Health Co., Ltd. Representative: Hung-Jen Yang	6,450,000	100.00%
		Hung-Han Medical Health Co., Ltd. Representative: Peng-Xuan Chen	6,450,000	100.00%
		Hung-Han Medical Health Co., Ltd. Representative: Ciou-Cheng Wu	6,450,000	100.00%
		Hung-Han Medical Health Co., Ltd. Representative: Jun-Shi Chen	6,450,000	100.00%
	Ombudsman	Hung-Han Medical Health Co., Ltd. Representative: Ching-Wen Yeh	6,450,000	100.00%

Business Name	Job Title	Name or Representative	Holding Shares	
			Number of shares (shares)	Holdings Proportion
TECHGROUP Integrate design Co., Ltd.	Director	Medzoneasia Co., Ltd. Representative: Wei-Kuang Ho	510	51.00%
		Medzoneasia Co., Ltd. Representative: Chun-Tsung Ho	510	51.00%
		Medzoneasia Co., Ltd. Representative: Hung-Jen Yang	510	51.00%
		Medzoneasia Co., Ltd. Representative: Peng-Xuan Chen	510	51.00%
		Liu-Chang Chen	196	19.60%
		Chen-Jung Tao	157	15.70%
		Hung-Chen Yang	137	13.70%
	Ombudsman	Lan-Ying Fu	0	0.00%
Digimed Co., Ltd.	Director	Hung-Jen Yang	100,000	10.00%
		Medzoneasia Co., Ltd.	600,000	60.00%
		YES Health Co., Ltd.	200,000	20.00%
		Wei-Kuang Ho	100,000	10.00%
	Ombudsman	Hung-Wen Lin	0	0.00%
Pregetic Medical Health Co., Ltd.	Director	Sharehope Medicine Co., Ltd. Representative: Ssu-Kang Chang	10,500,000	39.93%
		Sharehope Medicine Co., Ltd. Representative: Hung-Jen Yang	10,500,000	39.93%
		CDIB Capital Healthcare Ventures II Limited Partnership	10,500,000	39.93%
		Fubon Health Management Consulting Co., Ltd. Representative: Hung-Chun Wang	7,796,875	29.65%
		Fubon Health Management Consulting Co., Ltd. Representative: Da, Zheng	7,796,875	29.65%
	Ombudsman	Ching-Wen Yeh	0	0.00%
		Zhi-Ming Cai	0	0.00%
Hung-Han Medical Health Co., Ltd.	Director	Pregetic Medical Health Co., Ltd. Representative: Hung-Jen Yang	7,000,000	100.00%
	Ombudsman	Pregetic Medical Health Co., Ltd. Representative: Ching-Wen Yeh	7,000,000	100.00%
Fuyi Health Management Consultants Co., Ltd.	Director	Pregetic Medical Health Co., Ltd. Representative: Hung-Jen Yang	19,500,000	100.00%
Anzhun Technology Co., Ltd.	Director	Pregetic Medical Health Co., Ltd. Representative: Hung-Jen Yang	2,000,000	40.00%
		Pin-Chao Wang	2,250,000	45.00%
		Ching-Wen Yeh	0	0.00%
	Ombudsman	Zu-de Na	75,000	15.00%
Handing Digital Technology	Director	Hung-Han Medical Health Co., Ltd.	1,000,000	100.00%

Business Name	Job Title	Name or Representative	Holding Shares	
			Number of shares (shares)	Holdings Proportion
Co., Ltd.		Representative: Hung-Jen Yang		
Chungyuan Medical Management Co., Ltd.	Director	Sharehope Medicine Co., Ltd. Representative: Ching-Wen Liu	1,000,000	100.00%
		Sharehope Medicine Co., Ltd. Representative: Ming-Hsun Wu	1,000,000	100.00%
		Sharehope Medicine Co., Ltd. Representative: Ya-Mei Huang	1,000,000	100.00%
	Ombudsman	Sharehope Medicine Co., Ltd. Representative: Yu-Fang Tsai	1,000,000	100.00%
Shengshi Technology Co., Ltd. (Original name: Hongxin Management Consulting Co., Ltd.)	Director	Tai-Hsiung Hung	0	0.00%
		Hung-Jen Yang	0	0.00%
		Hsiu-Nan Chen	0	0.00%
		Cheng-Pang Wang	0	0.00%
	Ombudsman	Hsin-Yu Chen	0	0.00%
Minsheng Asia Pacific (Beijing) Enterprise Management Co., Ltd.	NA	NA	NA	100.00%
Share Hope Medicine Co., Ltd. (Hong Kong)	Director	Sharehope Medicine Co., Ltd. Representative: Hung-Jen Yang	1,500,000	100.00%
Minsheng (Tianjin) Investment Management Co., Ltd.	NA	NA	NA	100.00%
Hematech Biotherapeutics Inc.	Director	Chi-Hsien Chan	1,326,344	15.00%
		Zhide Investment Co., Ltd. Representative: Chih-Wei Wu	442,114	5.00%
		Sharehope Medicine Co., Ltd. Representative: Hung-Jen Yang	2,210,572	25.00%
		Fei, Pan	0	0.00%
		Dechang Comprehensive Co., Ltd. Representative: Ju-Shan Hou	884,229	10.00%
	Ombudsman	Shengmaohe Investment Co., Ltd. Representative: Yu-Shu Lin	1,326,343	15.00%
Global Biotechnology Multimedia Co., Ltd. (Original name: Global Biotechnology Investment Co., Ltd.)	Director	Ming-Ting Lin	170,000	8.15%
		Medzoneasia Co., Ltd. Representative: Chun-Tsung Ho	500,000	23.98%
		Medzoneasia Co., Ltd. Representative: Peng-Xuan Chen	500,000	23.98%
		Hung-Jen Yang	500,000	23.98%
		Qiaoda Social Enterprise Co., Ltd. Representative: Wei-Ting Liao	250,000	11.99%
		Chen-Lng Wu	417,500	20.02%
	Ombudsman	Men-gjie Wu	75,000	3.60%
		Wei-Lun Weng	0	0.00%

Business Name	Job Title	Name or Representative	Holding Shares	
			Number of shares (shares)	Holdings Proportion
CRAFTION INC.	Director	Kai-Wen Cheng	30,000	8.57%
		Dian Home Investment Limited	80,000	22.86%
		Pregetic Medical Health Co., Ltd.	170,000	48.57%
	Ombudsman	Chien-Lang Lai	0	0.00%
Air Long-Term Care Co., Ltd.	Director	Yen-Jen Wang	1,100,000	41.25%
	Ombudsman	Hung-Yi Li	0	0.00%
Shang-Jia Health Enterprise Co. Ltd.	Director	Ri-yu Gao	2,400,000	24.00%
		Fuyi Health Management Consultants Co., Ltd.	2,390,000	23.90%
		Jin Xun Development Co., Ltd.	1,800,000	18.00%
		Cheng-zhi Huang	900,000	9.00%
		Bai-cheng Xiao	1,210,000	12.10%
	Ombudsman	Yi-ci Liao	0	0.00%
Hua Mao Nano-Tech Co., LTD.	Director	Hung-Han Medical Health Co., Ltd. Representative: Hung-yi Li	1,000,000	100.00%

#### 8.1.1.6.Operation overview of affiliated companies

##### 8.1.1.6.1The financial status and operating results of each affiliated enterprise:

December 31, 110; Unit: NT\$ thousand

Business name	Amount of capital	Asset Worth	Liability Total	Net worth	Business revenue	Business benefit	Profit and loss for the period (After tax)	Earnings per share (after tax)
Chungyuan Medical Management Co., Ltd.	10,000	14,835	139	14,696	0	(457)	(464)	(0.46)
Mytrex Health Technologies, Inc.	365,356	755,097	25,303	729,794	0	(11,719)	(91,901)	(2.52)
Share Hope Medicine Co., Ltd. (Hong Kong)	44,831	22,754	0	22,754	0	(765)	(2,123)	-
Minsheng (Tianjin) Investment Management Company	11,885	5,755	2,349	3,406	0	(1,802)	(1,699)	-
Minsheng Asia Pacific (Beijing) Enterprise Management Co., Ltd.	5,124	6,873	291	6,582	2,061	1,514	1,817	-
Pregetic Medical Health Co., Ltd.	269,919	475,497	165,418	310,079	51,978	(18,979)	(32,347)	(1.21)
Medzoneasia Co., Ltd.	260,000	484,023	88,690	395,333	7,989	(15,058)	16,105	0.62
Shengshi Technology Co., Ltd. (formerly known as Hongxin Management Consulting Co., Ltd.)	1,000	849	4	845	0	(108)	(107)	(1.07)
Mytrex Health Technologies, Inc.	120,000	469,069	77,756	391,313	234,808	(43,876)	(82,301)	(6.86)
Mytrex USA Co. (formerly TSVC Co.)	26,456	13,807	0	13,807	0	(4,642)	(4,596)	(51.07)
Sheng Yo Rehabilitative Technologies, Inc.	22,000	18,308	1,448	16,860	0	(5,154)	(5,141)	(2.34)
TECHGROUP Integrate Design Co., Ltd	10,000	39,910	21,236	18,674	55,336	9,638	7,719	7,719
Macro Global Corporation	64,500	129,557	55,556	74,001	174,331	6,794	5,494	0.85

Business name	Amount of capital	Asset Worth	Liability Total	Net worth	Business revenue	Business benefit	Profit and loss for the period (After tax)	Earnings per share (after tax)
YES Health Co., Ltd.	60,350	580,160	406,587	173,573	1,238,470	19,756	24,802	4.11
Digimed Co., LTtd.	10,000	4,200	49	4,151	4,412	926	928	0.93
Hung-Han Medical Health Co., Ltd.	70,000	76,160	36,304	39,856	9,265	(11,816)	(24,132)	(3.45)
Fuyi Health Management Consultants Co., Ltd	180,000	348,809	249,808	99,001	50,940	(28,200)	(28,112)	(1.56)
Handing Digital Technology Co., Ltd.	20,000	13,093	3,112	9,981	3,574	(9,996)	(10,020)	(5.01)
Hua Mao Nano-Tech Co., LTD.	10,000	23,843	15,348	8,495	3,574	(1,495)	(1,505)	(1.51)

Note 1: Affiliated enterprises are foreign companies, and the relevant figures are listed in NT dollars as of the date of this table.

Note 2: The face value of each share of Fangding Information Co., Ltd. is NTD10,000, and 1,000 ordinary shares have been issued.

8.1.1.6.2.Consolidated Financial Statements of Affiliated Enterprises and Review Report by Accountants: Please refer to pages 200~284.

8.1.1.6.3Relationship report: None.

**8.2. Handling of private placement of securities in the most recent year and as of the date of publication of the annual report: None.**

**8.3. In the most recent year and as of the publication date of the annual report, the holding or disposal of the company's stocks by subsidiaries: None.**

**8.4. Other necessary supplementary explanations:**

8.4.1.Continuous tracking of OTC commitments

The company promises that when adjusting policies such as drug sales and medical examination business pricing and cooperation models with Minsheng system hospitals, it must be approved by the company's board of directors, independent directors must attend to express their opinions, and submit a letter to the securities counter trading center of the consortium legal person for reference and make it public The information observatory enters important information.

**IX. In the most recent year and as of the date of publication of the annual report, whether there has been any event that has a material impact on shareholders' equity or securities prices as stipulated in Subparagraph 2, Paragraph 3, Article 36 of the Securities Exchange Law: None**

**SHAREHOPE MEDICINE CO., LTD**

**Chairman: Hung-Jen Yan**

2022

# 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 敏盛智醫城

盛雲康寓

HEALTHY RESIDENCE

ShareHope

敏盛醫療股份有限公司

敏盛醫療股份有限公司

敏盛醫療股份有限公司

MYTREX

MYTREX

新竹科學工業區員工診所

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新竹科學工業區員工診所

精準健康

精準健康

精準健康

精準健康

TECHGROUP

萬泰資訊股份有限公司

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