

ShareHope Medicine Co., Ltd.
Parent Company Only Financial
Statements and Independent Auditors’
Report
2023 and 2022

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Independent Auditors' Report

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

Audit opinion

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

In the independent auditor's opinion, the Parent Company Only Financial Statements referred to above have been prepared, in all material respects, in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, based on the audit results of the independent auditor and the audit reports of other independent auditors (please refer to the Other Items section), which are sufficient for revealing the financial position of ShareHope Medicine Co., Ltd. as of December 31, 2023 and 2022 as well as its financial performance and cash flows for the years ended December 31, 2023 and 2022.

Foundation for audit opinions

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

Key audit items

Key audit items refer to items of the greatest importance to be audited in the Parent Company Only Financial Statements of ShareHope Medicine Co., Ltd. for 2023, based on the professional judgment of the independent auditor. Such items have been considered in the course of auditing the Parent Company Only Financial Statements and forming the audit opinions, and the independent auditor determines that the following key audit item shall be communicated in the audit report:

Revenue recognition

For the accounting policies for revenue recognition and related disclosure information, please refer to Note 4 (15), Note 6 (24), and Note 7 (3) of the Parent Company Only Financial Statements.

Explanation on key audit items:

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

Corresponding audit procedures:

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

- Based on the understanding of the sales-related internal control procedures of ShareHope Medicine Co., Ltd., establish internal control audit procedures in response to the risks generated thereof, to identify and evaluate the effectiveness of the internal control over sales transactions made by ShareHope Medicine Co., Ltd. with its related parties.
- Obtain sales revenue details from the management, confirm the completeness of the details, select adequate samples from the revenue details of main sales transactions with related parties, and review relevant vouchers and verify delivery of goods and receipt of payments, so as to confirm whether the revenues are recognized after relevant obligations are fulfilled as well as the authenticity of revenue recognition.
- Inspect whether there are major discounts or returns of sales revenue subsequent to the sales transactions and evaluate the authenticity of the sales revenue.
- Send a letter of inquiry to the relevant parties and confirm whether the recorded revenue is consistent with the transaction amount or has been adjusted appropriately.

Other Matters

Among the equity method investments of ShareHope Medicine Co., Ltd., the financial statements of investees applying the equity method have not been audited by the independent auditor, but have been audited by other independent auditors. Therefore, the opinions given by the independent auditor about the above-mentioned Parent Company Only Financial Statements concerning the amounts listed in the financial statements of such investees are based on the audit reports of other independent auditors. The equity-method investments in said investees accounted for 2.79% of total assets as of December 31, 2022, and the shares of subsidiaries and affiliates that apply the equity method of accounting to the investees accounted for (14.22)% of net income before tax for the year ended December 31, 2022.

Responsibilities of the management and governing body for the Parent Company Only Financial Statements

The responsibility of the management is to prepare fairly presented Parent Company Only Financial Statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and to maintain necessary internal control over the preparation of the Parent Company Only Financial Statements, so as to ensure no occurrence of material false statements due to fraud or error in the Parent Company Only Financial Statements.

The responsibility of the management in the preparation of the Parent Company Only Financial Statements also includes the evaluation of the ability of ShareHope Medicine Co., Ltd. to continue business, the disclosure of related items, and the adoption of the accounting basis for continuation of the business, unless the management intends to liquidate ShareHope Medicine Co., Ltd. or close business, or there is no practical alternative to liquidation or close of the business.

The governing body (including the Audit Committee) of ShareHope Medicine Co., Ltd. is responsible for supervising the financial reporting process.

Responsibilities of the independent auditor for auditing the Parent Company Only Financial Statements

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

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

1. Identify and evaluate the risk of material false statements due to frauds or errors in the Parent Company Only Financial Statements, formulate and implement appropriate countermeasures for the risk evaluated, and obtain sufficient and appropriate audit evidence as the basis for audit opinions. Since fraud may involve collusion, forgery, intentional omission, false statements, or overstepping internal control, the risk of the failure to detect material false statements due to frauds is higher than that due to errors.
2. Obtain necessary understanding of the internal control essential to the audit, so as to formulate the appropriate audit procedures for the current situation, for all that the purpose is not to give opinions on the effectiveness of the internal control of ShareHope Medicine Co., Ltd.
3. Evaluate the appropriateness of the accounting policies adopted by the management, as well as the reasonability of the accounting estimates and related disclosures made by them.
4. Draw conclusions on the appropriateness of the management's adoption of the accounting basis for continuation of the business, as well as whether there are significant uncertainties in events or situations that may give rise to material doubts about the ability of ShareHope Medicine Co., Ltd. to continue its business, based on the audit evidences obtained. If the independent auditor believes that there are significant uncertainties in such events or situations, he shall remind users of the Consolidated Financial Statements to pay attention to the disclosures about the Parent Company Only Financial Statements, or revise the audit opinions when such disclosures are inappropriate. The independent auditor's conclusions are based on the audit evidences obtained up to the date of the audit report. However, ShareHope Medicine Co., Ltd. may lose the ability to continue the business due to future events or situations.
5. Evaluate the overall statements, structure, and contents of the Parent Company Only Financial Statements (including relevant notes), and whether relevant transactions and events are fairly presented in the Parent Company Only Financial Statements.
6. Obtain sufficient and appropriate audit evidence for the financial information of the investees applying the equity method to give opinions on the Parent Company Only Financial Statements. The independent auditor is responsible for guiding, supervising, and executing the audit work, and for issuing audit opinions on the ShareHope Medicine Co., Ltd.

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

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

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

KPMG

Independent auditor:

KOU,HUI-CHIH
KUO,HSIN-I

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

March 15, 2024

ShareHope Medicine Co., Ltd.

Balance sheet

December 31, 2023 and 2022

Unit: NT\$ thousand

Assets		December 31, 2023		December 31, 2022		Liabilities and equity		December 31, 2023		December 31, 2022			
		Amount	%	Amount	%			Amount	%	Amount	%		
Current assets:													
1100	Cash and cash equivalents (Note 6 (1))	\$	967,848	17	769,708	14	2100	Short-term loans (Note 6 (15) and Note 8)	\$	50,000	1	-	-
1110	Financial assets at fair value through profit or loss - current (Note 6 (2))		10,463	-	10,341	-	2150	Notes payable		7,400	-	3,400	-
1150	Notes receivable (Note 6 (4) and (24))		703	-	884	-	2170	Accounts payable		638,432	11	613,945	11
1161	Notes receivable - related parties (Note 6 (4) and (24) and Note 7)	-	-	-	28,751	1	2180	Accounts payable - related parties (Note 7)		709	-	3,862	-
1170	Net accounts receivable (Note 6 (4) and (24))		49,706	1	42,711	1	2200	Other payables (Note 6(19))		156,111	3	185,228	4
1180	Net accounts receivable - related parties (Note 6 (4), (24), and Note 7)		1,079,631	19	983,425	16	2220	Other accounts payable - related parties (Note 7)		2,165	-	966	-
1210	Other accounts receivable - related parties (Note 6 (5) and Note 7)		722	-	589	-	2230	Income tax liabilities for the period		49,181	1	50,838	1
130X	Inventories (Note 6 (7))		41,977	1	41,321	1	2280	Lease liabilities - current (Note 6(17))		46,827	1	46,211	1
1410	Prepayments (Note 7)		7,121	-	8,270	-	2322	Long-term loans due in one year or one operating cycle (Note 6 (16) and Note 8)		98,769	2	10,769	-
1470	Other current assets		3,170	-	1,488	-	2399	Other current liabilities		17,313	-	8,744	-
Total current assets			2,161,341	38	1,887,488	33	Total current liabilities			1,066,907	19	923,963	17
Non-current assets:													
1510	Financial assets at fair value through profit or loss - non-current (Note 6 (2))		19,684	-	82,086	1	2540	Long-term loans (Note 6 (16) and Note 8)		857,319	15	955,127	17
1517	Financial assets at fair value through other comprehensive income - non-current (Note 6 (3))		610,670	11	480,053	9	2570	Deferred income tax liabilities (Note (21))		20,239	-	3,962	-
1536	Financial assets at amortized cost - non-current (Note 8)		30,000	1	30,000	1	2580	Lease liabilities - non-current (Note 6(17))		291,841	5	334,540	6
1550	Equity method investments (Note 6 (8))		657,296	11	840,020	15	2640	Net defined benefit liabilities - non-current (Note 6 (20))		8,231	-	7,972	-
1600	Property, plant and equipment (Note 6 (10) and Note 8)		1,416,265	25	1,379,529	24	2645	Deposits received (Note 7)		15,438	-	12,411	-
1755	Right-of-use assets (Note 6 (11))		328,257	5	373,347	7	Total non-current liabilities			1,193,068	20	1,314,012	23
1760	Net investment properties (Note 6 (12) and Note 8)		177,087	3	199,897	4	Total liabilities			2,259,975	39	2,237,975	40
1780	Intangible assets (Note 6 (13))		3,533	-	8,438	-	Equity (Note 6 (8), (9) and (22)):						
1840	Deferred income tax assets (Note 6 (21))		7,722	-	7,305	-	3110	Ordinary share capital		1,260,443	22	1,200,422	21
194D	Net long-term finance lease receivables (Note 6 (6) and Note 7)		15,970	-	12,026	-	3200	Additional paid-in capital		1,155,834	20	1,264,508	22
1990	Other non-current assets (Note 6 (14) and Note 7)		320,086	6	357,045	6	3310	Statutory reserves		216,895	4	187,098	3
Total non-current assets			3,586,570	62	3,769,746	67	3320	Special reserves		-	-	26,136	1
							3350	Undistributed earnings		732,111	13	734,669	13
							3410	Exchange difference from translation of the financial statements of foreign operations		(2,507)	-	(2,089)	-
							3420	Unrealized gains or losses on financial assets at fair value through other comprehensive income		125,160	2	8,515	-
							Total equity			3,487,936	61	3,419,259	60
Total assets		\$	5,747,911	100	5,657,234	100	Total liabilities and equity		\$	5,747,911	100	5,657,234	100

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

Chairperson: Hung-jen Yang

Manager: Ching-wen Liu

Chief Accounting Officer: Ya-mei Huang

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

Unit: NT\$ thousand

		2023		2022	
		Amount	%	Amount	%
4000	Operating revenue (Note 6(24) and 7)	\$ 2,314,072	100	2,498,480	100
5000	Operating costs (Note 6 (7), (10), (11), (12), (13), (17), (20) and Note 7)	(1,918,441)	(83)	(1,874,303)	(75)
	Gross profit	395,631	17	624,177	25
	Operating expenses (Note 6 (4), (10), (11), (12), (13), (17), (20) and (25), and Note 7):				
6100	Marketing expenses	(15,872)	-	(15,844)	-
6200	Administrative expenses	(161,643)	(7)	(199,347)	(8)
6450	Gains on expected credit impairment	29	-	977	-
	Total operating expenses	(177,486)	(7)	(214,214)	(8)
6500	Other net income and expenses (Note 6 (26) and Note 7)	54,686	2	36,940	1
	Other income and expenses in total	54,686	2	36,940	1
	Net operating income	272,831	12	446,903	18
	Non-operating income and expenses (Note 6 (2), (8), (17) and (27), and Note 7):				
7100	Interest income	4,579	-	1,539	-
7010	Other income	8,678	-	10,449	-
7020	Other gains and losses	8,729	-	2,826	-
7050	Finance costs	(34,121)	(1)	(24,874)	(1)
7070	Share of profits and losses of subsidiaries and affiliates recognized by the equity method	(87,184)	(4)	(57,179)	(2)
	Total non-operating income and expenses	(99,319)	(5)	(67,239)	(3)
7900	Net income before tax	173,512	7	379,664	15
7950	Income tax expenses (Note 6(21))	(48,955)	(2)	(85,718)	(3)
	Net income for the period	124,557	5	293,946	12
8300	Other comprehensive income (Note 6 (20), (21) and (22)):				
8310	Items not reclassified to profit or loss				
8311	Remeasurement amount of defined benefit plans	(5)	-	1,380	-
8316	Unrealized valuation profits and losses on equity instrument investments at fair value through other comprehensive income	137,111	6	52,217	1
8330	Share of other comprehensive income of subsidiaries and affiliates recognized by the equity method	(4,147)	-	(11,592)	-
8349	Less: income taxes related to non-reclassified items	16,276	1	5,863	-
	Total items not reclassified to profit or loss	116,683	5	36,142	1
8360	Items that may be reclassified to profit or loss subsequently				
8361	Exchange difference from translation of the financial statements of foreign operations	(521)	-	431	-
8380	Share of other comprehensive income of subsidiaries recognized by the equity method	(1)	-	739	-
8399	Less: income taxes related to items that may be reclassified	(104)	-	86	-
	Total items that may be reclassified to profit or loss subsequently	(418)	-	1,084	-
8300	Other comprehensive income for this period (net of tax)	116,265	5	37,226	1
8500	Total comprehensive income for this period	\$ 240,822	10	331,172	13
	Earnings per share (NTD) (Note 6(23))				
9750	Basic earnings per share	\$ 0.99		2.33	
9850	Diluted earnings per share	\$ 0.98		2.32	

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

Chairperson: Hung-jen Yang

Manager: Ching-wen Liu

Chief Accounting Officer: Ya-mei Huang

ShareHope Medicine Co., Ltd.
Statement of Changes in Equity
January 1 to December 31, 2023 and 2022

Unit: NT\$ thousand

	Ordinary share capital	Additional paid-in capital	Statutory reserves	Special reserves	Undistributed earnings	Exchange difference from translation of the financial statements of foreign operations	Unrealized gains or losses on financial assets at fair value through other comprehensive income	Total equity
Balance on January 1, 2022	\$ 1,143,259	1,267,418	163,624	33,469	567,167	(3,173)	(22,962)	3,148,802
Net income for the period	-	-	-	-	293,946	-	-	293,946
Other comprehensive income for the period	-	-	-	-	1,817	1,084	34,325	37,226
Total comprehensive income for this period	-	-	-	-	295,763	1,084	34,325	331,172
Allocation and distribution of earnings:								
Appropriation of legal reserve	-	-	23,474	-	(23,474)	-	-	-
Common share cash dividend	57,163	-	-	-	(57,163)	-	-	-
Ordinary share stock dividend	-	-	-	-	(57,163)	-	-	(57,163)
Reversal of special reserves	-	-	-	(7,333)	7,333	-	-	-
The difference between the price and book value of subsidiaries' equity actually acquired and disposed of	-	1,664	-	-	-	-	-	1,664
Changes in ownership interests in subsidiaries	-	(4,574)	-	-	2,209	-	(2,848)	(5,213)
Others	-	-	-	-	(3)	-	-	(3)
Balance on December 31, 2022	1,200,422	1,264,508	187,098	26,136	734,669	(2,089)	8,515	3,419,259
Net income for the period	-	-	-	-	124,557	-	-	124,557
Other comprehensive income for the period	-	-	-	-	38	(418)	116,645	116,265
Total comprehensive income for this period	-	-	-	-	124,595	(418)	116,645	240,822
Allocation and distribution of earnings:								
Appropriation of legal reserve	-	-	29,797	-	(29,797)	-	-	-
Common share cash dividend	-	-	-	-	(60,021)	-	-	(60,021)
Ordinary share stock dividend	60,021	-	-	-	(60,021)	-	-	-
Reversal of special reserves	-	-	-	(26,136)	26,136	-	-	-
Changes in ownership interests in subsidiaries	-	(108,674)	-	-	(3,450)	-	-	(112,124)
Balance on December 31, 2023	\$ 1,260,443	1,155,834	216,895	-	732,111	(2,507)	125,160	3,487,936

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

Chairperson: Hung-jen Yang

Manager: Ching-wen Liu

Chief Accounting Officer: Ya-mei Huang

ShareHope Medicine Co., Ltd.
Cash Flow Statement
January 1 to December 31, 2023 and 2022

Unit: NT\$ thousand

	<u>2023</u>	<u>2022</u>
Cash flows from operating activities:		
Net income before tax for the period	\$ 173,512	379,664
Items adjusted:		
Income and expense items		
depreciation expense	149,943	137,123
Amortization expenses	7,268	7,484
Gains on reversal of expected credit impairment	(29)	(977)
Net gains on financial assets and liabilities at fair value through profit or loss	(8,892)	(2,897)
Interest expenses	34,121	24,874
Interest income	(4,579)	(1,539)
Dividend income	(1,929)	(2,922)
Share of losses of subsidiaries and affiliates recognized by the equity method	87,184	57,179
Gains on disposal and retirement of properties, plants and equipment	(17,452)	(332)
Total income and expense items	245,635	217,993
Changes in assets/liabilities related to operating activities:		
Notes receivable (including related parties)	28,932	9,747
Accounts receivable (including related parties)	(98,047)	(166,000)
Lease payments receivable (including related parties)	(9,069)	10,489
Other receivables (including related parties)	-	(349)
Inventories	10,848	8,338
Prepayments (including related parties)	1,149	(7,306)
Other current assets	(1,681)	(1,486)
Increase in contract liabilities	33	-
Notes payable	4,000	(102)
Accounts payable (including related parties)	21,333	157,805
Other payables (including related parties)	3,996	18,974
Other current liabilities	8,403	2,014
Net defined benefit liabilities	253	211
Total net changes in assets and liabilities related to operating activities	(29,850)	32,335
Cash inflow from operation	389,297	629,992
Interests received	4,579	1,539
Interests paid	(30,645)	(23,624)
Income taxes paid	(50,923)	(90,810)
Net cash inflow from operating activities:	312,308	517,097

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

Chairperson: Hung-jen Yang

Manager: Ching-wen Liu

Chief Accounting Officer: Ya-mei Huang

ShareHope Medicine Co., Ltd.
Cash Flow Statement (Continued)
January 1 to December 31, 2023 and 2022

Unit: NT\$

	2023	2022
Cash flows from investing activities:		
Acquisition of financial assets at fair value through other comprehensive income	\$ (20,020)	(44,126)
Capital returned due to capital reduction in financial assets at fair value through other comprehensive income	26,514	16,250
Disposal of financial assets at fair value through profit or loss	71,171	3,548
Acquisition of equity method investments	(1,800)	-
Disposal of equity method investments	-	2,000
Acquisition of property, plant and equipment	(203,200)	(1,214,159)
Disposal of property, plant and equipment	37,564	100,801
Acquisition of intangible assets	(2,363)	(1,884)
Decrease (increase) in other non-current assets	3,739	(4,674)
Decrease in refundable deposits	33,220	5,571
Dividends received	4,977	4,085
Cash outflow from investing activities:	(50,198)	(1,132,588)
Cash flows from financing activities:		
Increase in short-term loans	50,000	-
Decrease in short-term loans	-	(30,000)
Borrowing of long-term loans	1,194,000	1,194,000
Repayment of long-term loans	(1,203,808)	(328,617)
Increase in deposits received	3,027	9,055
Lease principal payment	(47,168)	(45,669)
Distribution of cash dividends	(60,021)	(57,163)
Cash (outflow) inflow from financing activities	(63,970)	741,606
Increase in cash and cash equivalents for the period	198,140	126,115
Balance of cash and cash equivalents at the beginning of the period	769,708	643,593
Balance of cash and cash equivalents at the end of the period	<u>\$ 967,848</u>	<u>769,708</u>

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

Chairperson: Hung-jen Yang

Manager: Ching-wen Liu

Chief Accounting Officer: Ya-mei Huang

ShareHope Medicine Co., Ltd.
Notes to the Parent Company Only Financial Statements
2023 and 2022
(Unless otherwise specified, all amounts are in NT\$)

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 15, 2024.

III. Application of Newly Issued and Amended Standards and Interpretations

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

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

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

- (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, 2024, based on evaluation, which will not have a significant impact on the Parent Company Only Financial Statements.

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

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

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

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

Notes to the Parent Company Only Financial Statements of ShareHope Medicine Co., Ltd. (Continued)

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.

(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

Notes to the Parent Company Only Financial Statements of ShareHope Medicine Co., Ltd. (Continued)

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.

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).

Notes to the Parent Company Only Financial Statements of ShareHope Medicine Co., Ltd. (Continued)

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 consider the financial asset to be in default.

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

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

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

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

(4) Derecognition of financial assets

The Company shall derecognize a financial asset when it has terminated its contractual rights to the cash flows from the asset, or has transferred the financial asset and has transferred substantially all the risks and rewards of ownership of the asset to other enterprises, or has neither transferred nor retained substantially all the risks and rewards of the ownership and has not retained control over the financial asset.

2. Financial liabilities and equity instruments

(1) Classification of liabilities or equity

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

(2) Equity transactions

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

(3) Financial liabilities

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

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

(4) Derecognition of financial liabilities

The Company shall derecognize financial liabilities when contractual obligations are fulfilled, canceled or expired. When the terms of a financial liability are modified and the cash flows of the modified liability are substantially different from that of the original liability, the original financial

Notes to the Parent Company Only Financial Statements of ShareHope Medicine Co., Ltd. (Continued)

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.

(VII) Inventories

Inventories are measured at the lower of cost and net realizable value. Cost includes the acquisition and other costs incurred in bringing the inventories to the location and condition in which they are available for use, and is calculated by the weighted average method.

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

(VIII) Investments in affiliates

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

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

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

Unrealized gains and losses arising from transactions between the Company and affiliates shall be recognized in corporate financial statements only within the scope of the equity of investors in affiliates. When the share of loss of an affiliate that shall be recognized by the Company pro rata equals or exceeds its equity in the affiliate, it shall stop recognition of the loss. The additional losses and related liabilities shall be recognized only to the extent that legal obligations and constructive obligations have occurred or payments have been made on behalf of the investee.

(IX) Investments in subsidiaries

When preparing the Parent Company Only Financial Statements, the Company applies the equity method to valuating the investees controlled by it. Under the equity method, the allocated amount of the current profits and losses and other comprehensive income in the Parent Company Only Financial Statements is the same as that of the current profits and losses and other comprehensive income attributable to the owners of the parent company in the financial statements prepared on a consolidated basis, and the owner's equity in the Parent Company Only Financial Statements is the same as the equity attributable to the owners of the parent company in the financial statements prepared on a consolidated basis.

Changes in the ownership interests of the Company in subsidiaries that do not lead to loss of control shall be accounted for as equity transactions with the owners.

(X) Investment properties

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

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

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

The rental income of investment properties is recognized as other income by the straight-line method during the lease term. The lease incentives given are recognized as part of the lease income during the lease term.

Notes to the Parent Company Only Financial Statements of ShareHope Medicine Co., Ltd. (Continued)

(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.

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.

Notes to the Parent Company Only Financial Statements of ShareHope Medicine Co., Ltd. (Continued)

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

2. Lessor

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

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

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

(XIII) Intangible assets

1. Recognition and measurement

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

Intangible assets with a limited useful life acquired by the Company, including management rights, are measured at cost less accumulated amortization.

2. Subsequent expenditures

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

3. Amortization

Except for goodwill, amortization is measured at asset cost less estimated residual value, and is recognized in profit or loss by the straight-line method over the expected useful lives of the intangible assets from the time when they are serviceable.

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

- (1) Computer software 3 years
- (2) Management rights 12 years

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

(XIV) Impairment of non-financial assets

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

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

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

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

An impairment loss shall be recognized immediately in profit or loss. In a cash-generating unit, the carrying 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

Notes to the Parent Company Only Financial Statements of ShareHope Medicine Co., Ltd. (Continued)

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.

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

Notes to the Parent Company Only Financial Statements of ShareHope Medicine Co., Ltd. (Continued)

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.

(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

Notes to the Parent Company Only Financial Statements of ShareHope Medicine Co., Ltd. (Continued)

determine the fair value through human judgments, assumptions, and calculations on estimates. Changes in such assumptions due to changes in market and economic conditions may significantly affect the adjustment of fair value recognition. Please refer to Note 6 (3) for details on valuation of stocks issued by non-TWSE/TPEX listed companies at fair value through other comprehensive income.

(III) Impairment assessment of investments in subsidiaries

The Company's management assesses impairment based on the future cash flow forecast of the cash-generating units to which the investments in a subsidiary's assets belong. Changes in the economic conditions of the market in which the subsidiary operates or changes in its operating strategies may result in material adjustments to the impairment due to irrecoverable carrying amount of the investments in the subsidiary.

The accounting policies and disclosures of the Company include the fair value measurement of its financial assets. The Company has established relevant internal control systems for fair value measurement, including significant fair value measurements (including Level 3 fair value measurements) reviewed by accountants, which shall be reported directly to the Chief Financial Officer. Accountants regularly review significant unobservable inputs and adjustments. If the inputs used to measure fair value are based on external third-party information, accountants will evaluate the evidence provided by the third party in support of the inputs to determine that the valuation and its fair value classification are in compliance with IFRSs.

The Company shall adopt market observable inputs to measure its financial assets whenever possible. The fair value hierarchy categorizes the inputs used in the valuation techniques as follows:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: Inputs for assets or liabilities other than quoted prices included within Level 1 that are observable, either directly (i.e., prices) or indirectly (i.e., derived from prices).
- Level 3: Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

In the event of a transfer among the levels of the fair value hierarchy, the Company recognizes the transfer at the reporting date.

Please refer to Note 6 (28) below for information about the assumptions adopted in fair value measurement of financial instruments.

VI. Explanation of Significant Accounting Items

(I) Cash and cash equivalents

	December 31, 2023	December 31, 2022
Cash on hand and working capital	\$ 3,856	3,175
Demand deposits	913,231	716,108
Cash equivalents - repurchase bonds	50,761	50,425
	\$ 967,848	769,708

Please refer to Note 6 (28) 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

	December 31, 2023	December 31, 2022
Financial assets mandatorily measured at fair value through profit or loss:		
Non-derivative financial assets		
Fund beneficiary certificates	\$ 10,463	10,341
TPEX listed stocks	-	61,912
Non-TWSE/TPEX listed stocks	19,684	20,174
	\$ 30,147	92,427
Current	\$ 10,463	10,341
Non-current	19,684	82,086
	\$ 30,147	92,427

Notes to the Parent Company Only Financial Statements of ShareHope Medicine Co., Ltd. (Continued)

In 2023 and 2022, the Company recognized dividend income of NT\$300 thousand and NT\$2,922 thousand, respectively, for the investment in equity instruments mandatorily measured at fair value through profit or loss.

On February 21, 2023, the Consolidated Company disposed of all the equity at fair value through profit or loss in Crystalvue Medical Corporation. At disposal, its fair value was NT\$71,171, and the accumulated gain or loss on disposal was NT\$34,300.

Please refer to Note 6 (27) for the amount recognized in profit or loss based on fair value remeasurement.

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

	December 31, 2023	December 31, 2022
Stocks issued by non-TWSE/TPEX listed companies	\$ 168,503	119,270
Stocks issued by non-listed foreign companies	341,871	273,661
Limited partnership interests	100,296	87,122
	<u>\$ 610,670</u>	<u>480,053</u>

The investments in equity instruments are held by the Company as long-term strategic investments and not for trading purposes, and thus they have been designated to be measured at fair value through other comprehensive income.

The Company did not dispose of any strategic investment in 2023 and 2022, and the accumulated gains and losses during the two years have not been transferred within equity.

The equity instruments of the limited partnerships invested in by the Company are classified as financial assets at fair value through other comprehensive income. According to the IFRS Q&A issued by the Accounting Research and Development Foundation on June 15, 2023, such investments should be classified as financial assets at fair value through profit or loss. However, the Q&A states that it shall be applied from July 1, 2023. The equity instruments of the limited partnerships invested in by the Company were acquired in 2021, so there is no need for retrospective application.

Please refer to Note 6 (28) for credit risk and market risk information.

(IV) Notes and accounts receivable and finance lease receivables - current

	December 31, 2023	December 31, 2022
Notes receivable	\$ 703	884
Notes receivable - related parties-	-	28,751
Accounts receivable - measured at amortized cost-	49,429	42,379
Accounts receivable - related parties - measured at amortized cost--	1,069,349	978,352
Accounts receivable - finance lease payments - measured at amortized cost--	291	388
Accounts receivable - related parties - finance lease payments - measured at amortized cost---	11,961	6,267
Less: loss allowances	(216)	(245)
Unrealized interest income	(1,477)	(1,005)
	<u>\$ 1,130,040</u>	<u>1,055,771</u>

Notes to the Parent Company Only Financial Statements of ShareHope Medicine Co., Ltd. (Continued)

The Company estimates the expected credit losses on notes and accounts receivable and financial lease receivables (including related parties) by a simplified approach, that is by measuring lifetime expected credit losses. For this purpose, such notes and accounts receivable and financial lease receivables (including related parties) are grouped based on the common credit risk characteristics that represent customers' abilities to pay all amounts due under contractual terms, with forward-looking information incorporated, including overall economic and related industry information.

The expected credit losses on notes and accounts receivable and finance lease receivables (including related parties) of the Company are analyzed as follows:

	December 31, 2023		
	The carrying amount of notes and accounts receivable and finance lease receivables (including related parties)	Weighted average expected credit loss rate	Loss allowances for lifetime expected credit losses
Not overdue	\$ 1,130,040	0.00%~0.02%	216
Less than 60 days overdue	216	0.01%~2.11%	-
	<u>\$ 1,130,256</u>		<u>216</u>

	December 31, 2022		
	The carrying amount of notes and accounts receivable and finance lease receivables (including related parties)	Weighted average expected credit loss rate	Loss allowances for lifetime expected credit losses
Not overdue	\$ 1,055,917	0.00%~0.03%	245
Less than 60 days overdue	99	0.02%~2.53%	-
	<u>\$ 1,056,016</u>		<u>245</u>

The changes in the loss allowances for notes and accounts receivable and finance lease receivables (including related parties) of the Company are analyzed in the table below:

	2023	2022
Beginning balance	\$ 245	1,222
Reversal gains on impairment losses	(29)	(977)
Ending balance	<u>\$ 216</u>	<u>245</u>

(V) Other receivables

	December 31, 2023	December 31, 2022
Other receivables- related parties	\$ 722	589
Less: loss allowances	-	-
	<u>\$ 722</u>	<u>589</u>

Please refer to Note 6 (28) for information on credit risk.

(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:

**Notes to the Parent Company Only Financial Statements of ShareHope Medicine Co.,
Ltd. (Continued)**

	December 31, 2023	December 31, 2022
Less than one year	\$ 12,252	6,655
1~2 years	8,951	3,884
2~3 years	4,824	3,154
3~4 years	1,985	3,154
4~5 years	1,599	1,985
More than 5 years	-	1,599
Gross investment in the lease	29,611	20,431
Unearned finance income	(2,866)	(2,755)
Present value of lease payments receivable	\$ 26,745	17,676
Current	\$ 10,775	5,650
Non-current	15,970	12,026
	\$ 26,745	17,676

The Company estimates the financial lease receivables by a simplified approach, that is by measuring lifetime expected credit losses. For this purpose, such financial lease receivables are grouped based on the characteristics of the common credit risks arising from the abilities of representative customers to pay all amounts due under contractual terms, with forward-looking information incorporated, including overall economic and related industry information.

No loss allowance had to be provisioned due to increased risk of expected credit losses on the financial lease receivables of the Company on December 31, 2023 and 2022.

Please refer to Note 6 (28) for details about credit risk.

(VII)Inventories

	December 31, 2023	December 31, 2022
Medicines and medical materials	\$ 41,977	41,321

Particulars of sales costs of the Company are as follows:

	December 31, 2023	December 31, 2022
Cost of inventories sold	\$ 1,555,603	1,456,091

Notes to the Parent Company Only Financial Statements of ShareHope Medicine Co., Ltd. (Continued)

(VIII) Disposal of equity method investments

1. The equity method investments of the Company at the reporting date are listed as follows:

	December 31, 2023	December 31, 2022
Subsidiary	\$ 656,546	836,063
Associate	750	3,957
	<u>\$ 657,296</u>	<u>840,020</u>

2. Subsidiary

Please refer to the Consolidated Financial Statements for 2023.

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:

	December 31, 2023	December 31, 2022
Total carrying amount of equity in individually insignificant affiliates at the end of the period	<u>\$ 750</u>	<u>3,957</u>

	2023	2022
Share attributable to the Company		
Net income for the period	\$ (68)	15
Other comprehensive income	(3,139)	(7)
Total comprehensive income	<u>\$ (3,207)</u>	<u>8</u>

(IX) Changes in ownership interests in subsidiaries

1. Acquisition of additional equity in subsidiaries

On December 29, 2023, the Company acquired another 8% of the equity of the subsidiary, Medzoneasia Co., Ltd., leading to an increase of its equity from 83.47% to 91.47%.

	2023
Carrying amount of non-controlling interests acquired	\$ 11,679
Consideration paid to non-controlling interests	(22,500)
Additional paid-in capital - the difference between the price and book value of equity actually acquired and disposed of	<u>\$ (10,821)</u>

Notes to the Parent Company Only Financial Statements of ShareHope Medicine Co., Ltd. (Continued)

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:

	2022
Carrying amount of the equity acquired in Digimed	\$ 1,008
Consideration paid to the Company, Pregetic Health Company, and Mytrex Health Company	(6,000)
	<u>\$ (4,992)</u>
Additional paid-in capital - the difference between the price and book value of subsidiaries' equity actually acquired and disposed of	\$ (2,341)
Deficit yet to be compensated	(2,651)
	<u>\$ (4,992)</u>

The impact of the above transaction on the Company is as follows:

Additional paid-in capital - the difference between the price and book value of subsidiaries' equity actually acquired and disposed of	\$ 1,664
Additional paid-in capital - changes in ownership interests in subsidiaries	(1,409)
Undistributed earnings	(1,597)
	<u>\$ (1,342)</u>

3. Subsidiary's buyback and cancellation of treasury stock without loss of control

Medzoneasia bought back 7,246 thousand shares of treasury stock after resolution of extraordinary Shareholders' Meeting on February 8, 2023, and cancelled equity of NT\$72,457 thousand in accordance with the law, resulting in an increase in the Company's shareholding ratio of it from 60.21% to 83.47%. Since there was difference between the cost of treasury stock bought back by the Subsidiary amounting to NT\$227,434 thousand and the net carrying amount, and there was no change in the Company's control over Medzoneasia, it shall be accounted for as an equity transaction.

The impact of the above transaction on The Company is as follows:

	2023
Decrease in equity attributable to subsidiaries after buyback of treasury shares	\$ (190,433)
Increase in equity in proportion to the equity interest attributable to subsidiaries after buyback of treasury shares	89,282
Additional paid-in capital-recognized changes in ownership interests in subsidiaries	<u>\$ (101,151)</u>

**Notes to the Parent Company Only Financial Statements of ShareHope Medicine Co.,
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4. 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>

5. Disposal of equity instruments at fair value through other comprehensive income and changes of affiliates recognized by the equity method.

	<u>2022</u>	
	<u>Mytrex Health Company</u>	<u>Chungyuan Medical Management Co., Ltd.</u>
Equity instruments at fair value through other comprehensive income disposed of that are recognized in undistributed earnings	<u>\$ (75)</u>	<u>3,852</u>
Equity instruments at fair value through other comprehensive income disposed of that are recognized in unrealized gains or losses on financial assets at fair value through other comprehensive income	<u>\$ 75</u>	<u>(2,894)</u>
Changes of affiliates recognized by the equity method	<u>\$ 1</u>	<u>-</u>
The Company's impact on the above transactions is as follows:		
Additional paid-in capital - recognized changes in ownership interests in subsidiaries	<u>\$ 1</u>	<u>-</u>
Unrealized gains or losses on financial assets at fair value through other comprehensive income	<u>\$ 46</u>	<u>(2,894)</u>
Undistributed earnings	<u>\$ (46)</u>	<u>3,852</u>

Notes to the Parent Company Only Financial Statements of ShareHope Medicine Co., Ltd. (Continued)

(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, 2023	\$	651,352	514,180	185,081	14,691	45,712	14,854	339,290	65,943	1,831,103
Increase		-	-	2,771	1,052	-	8,084	74,897	60,075	146,879
Reclassification		-	-	-	-	-	28,000	86,514	(126,018)	(11,504)
Disposal		-	-	(6,559)	(300)	(4,570)	(5,096)	(53,730)	-	(70,255)
Revaluation		-	-	(919)	-	-	-	-	-	(919)
Balance on December 31, 2023	\$	651,352	514,180	180,374	15,443	41,142	45,842	446,971	-	1,895,304
Balance on January 1, 2022	\$	-	-	200,714	13,779	47,481	14,685	388,333	-	664,992
Increase		651,352	514,180	4,709	1,770	238	474	26,774	65,943	1,265,440
Reclassification		-	-	(18,280)	-	-	-	16,463	-	(1,817)
Disposal		-	-	(2,062)	(858)	(2,007)	(305)	(92,280)	-	(97,512)
Balance on December 31, 2022	\$	651,352	514,180	185,081	14,691	45,712	14,854	339,290	65,943	1,831,103
Accumulated depreciation:										
Balance on January 1, 2023	\$	-	9,998	137,450	11,063	36,222	14,267	242,574	-	451,574
Depreciation for the year		-	17,139	26,564	2,254	3,557	2,979	45,191	-	97,684
Disposal		-	-	(6,549)	(274)	(4,570)	(5,096)	(53,730)	-	(70,219)
Balance on December 31, 2023	\$	-	27,137	157,465	13,043	35,209	12,150	234,035	-	479,039
Balance on January 1, 2022	\$	-	-	118,834	9,946	34,437	13,742	284,843	-	461,802
Depreciation for the year		-	9,998	28,069	1,920	3,792	752	40,663	-	85,194
Reclassification		-	-	(7,453)	-	-	-	6,347	-	(1,106)
Disposal		-	-	(2,000)	(803)	(2,007)	(227)	(89,279)	-	(94,316)
Balance on December 31, 2022	\$	-	9,998	137,450	11,063	36,222	14,267	242,574	-	451,574
Book value:										
December 31, 2023	\$	651,352	487,043	22,909	2,400	5,933	33,692	212,936	-	1,416,265
December 31, 2022	\$	651,352	504,182	47,631	3,628	9,490	587	96,716	65,943	1,379,529

Please refer to Note 8 for details of long-term loan guarantees that have been provided as of December 31, 2023 and 2022.

(XI) Right-of-use assets

		Houses and buildings	Transportation equipment	Total
Cost:				
Balance on January 1, 2023	\$	447,986	14,092	462,078
Increase		-	5,085	5,085
Decrease		-	(2,200)	(2,200)
Reclassification		(2,248)	2,248	-
Balance on December 31, 2023	\$	445,738	19,225	464,963
Balance on January 1, 2022	\$	446,109	17,780	463,889
Increase		8,361	3,166	11,527
Decrease		(6,484)	(6,854)	(13,338)
Balance on December 31, 2022	\$	447,986	14,092	462,078
Accumulated depreciation:				
Balance on January 1, 2023	\$	80,501	8,230	88,731
Provision for depreciation		44,281	5,894	50,175
Other decreases		-	(2,200)	(2,200)
Balance on December 31, 2023	\$	124,782	11,924	136,706
Balance on January 1, 2022	\$	44,974	7,500	52,474
Provision for depreciation		44,253	5,342	49,595
Other decreases		(8,726)	(4,612)	(13,338)
Balance on December 31, 2022	\$	80,501	8,230	88,731
Book value:				
December 31, 2023	\$	320,956	7,301	328,257
December 31, 2022	\$	367,485	5,862	373,347

Notes to the Parent Company Only Financial Statements of ShareHope Medicine Co., Ltd. (Continued)

(XII) Investment properties

The Company's investment properties are its self-owned assets. The rental income from leased investment properties is a fixed amount.

	<u>Land and land improvements</u>	<u>Houses and buildings</u>	<u>Total</u>
Cost:			
Balance on January 1, 2023	\$ 156,113	64,636	220,749
Disposal for the period	(3,472)	(27,967)	(31,439)
Balance on December 31, 2023	<u>\$ 152,641</u>	<u>36,669</u>	<u>189,310</u>
Balance on January 1, 2022 (i.e. balance on December 31)	<u>\$ 156,113</u>	<u>64,636</u>	<u>220,749</u>
	<u>Land and land improvements</u>	<u>Houses and buildings</u>	<u>Total</u>
Accumulated depreciation:			
Balance on January 1, 2023	\$ -	20,852	20,852
Depreciation for the year	-	2,084	2,084
Disposal for the period	-	(10,713)	(10,713)
Balance on December 31, 2023	<u>\$ -</u>	<u>12,223</u>	<u>12,223</u>
Balance on January 1, 2022	\$ -	18,518	18,518
Depreciation for the year	-	2,334	2,334
Balance on December 31, 2022	<u>\$ -</u>	<u>20,852</u>	<u>20,852</u>
Carrying amount:			
December 31, 2023	<u>\$ 152,641</u>	<u>24,446</u>	<u>177,087</u>
December 31, 2022	<u>\$ 156,113</u>	<u>43,784</u>	<u>199,897</u>
Fair value:			
December 31, 2023			<u>\$ 308,680</u>
December 31, 2022			<u>\$ 342,787</u>

The fair value of an investment property is based on the valuation of independent appraisers with recognized professional qualifications and recent relevant experience in the location and type of the investment property being evaluated. The inputs used in the valuation technique to measure its fair value fall into the third level.

The valuation of fair value is based on market value. In the absence of current prices in an active market, valuation is based on the estimated total cash flow expected to be received from leasing a property, or the development and replacement costs of the property, and the value of the property is determined by adopting a capitalization rate for returns that reflects the specific risks inherent in the net cash flow for discount and a comprehensive capital interest rate. The proportion range of the above parameters is as follows:

<u>Location</u>	<u>2023</u>	<u>2022</u>
Tayuan District, Taoyuan City	2.19%	1.92%
Xitun District, Taichung City	-	0.01%

Please refer to Note 6 (18) for the Company's renting of investment properties under operating leases.

Please refer to Note 8 for the amount of the Company's investment properties with collateral as loan guarantee.

To revitalize its assets, the Company's Board of Directors resolved on August 11, 2023 to sell an investment property for NT\$39,500 thousand. The parties signed the sale and purchase contract on September 28, 2023, and the transaction was completed on October 27, 2023. The recognized disposal gain of NT\$17,314 thousand was recorded under "Other income and losses". As of December 31, 2023, the full amount has been received on time.

**Notes to the Parent Company Only Financial Statements of ShareHope Medicine Co.,
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(XIII) Intangible assets

	Management rights	Computer software	Total
Cost:			
Balance on January 1, 2023	\$ 68,572	34,133	102,705
Increase	933	1,430	2,363
Disposal for the period	-	(145)	(145)
Balance on December 31, 2023	\$ 69,505	35,418	104,923
Balance on January 1, 2022	\$ 68,572	32,129	100,701
Increase	-	2,004	2,004
Balance on December 31, 2022	\$ 68,572	34,133	102,705
Accumulated amortization:			
Balance on January 1, 2023	\$ 62,858	31,409	94,267
Amortization for the period	5,766	1,502	7,268
Disposal for the period	-	(145)	(145)
Balance on December 31, 2023	\$ 68,624	32,766	101,390
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	\$ 62,858	31,409	94,267
Carrying amount:			
December 31, 2023	\$ 881	2,652	3,533
December 31, 2022	\$ 5,714	2,724	8,438

(XIV) Other non-current assets

	December 31, 2023	December 31, 2022
Refundable deposits	\$ 318,929	352,149
Prepayments for equipment	223	223
Long-term prepayments	934	4,673
	\$ 320,086	357,045

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

	December 31, 2023	December 31, 2022
Unsecured bank loans	\$ 50,000	-
Interest rate range	1.90%	
Unused quota	\$ 654,358	505,704

Notes to the Parent Company Only Financial Statements of ShareHope Medicine Co., Ltd. (Continued)

(XVI) Long-term loans

December 31, 2023				
	Currency	Interest rate range	Expiration month	Amount
Secured bank loans	NT\$	2.34%~2.74%	June 2027~April 2031	956,088
Less: amount due within one year				(98,769)
Total				<u>\$ 857,319</u>
Unused quota				<u>\$ 620,000</u>

December 31, 2022				
	Currency	Interest rate range	Expiration month	Amount
Secured bank loans	NT\$	2.34%~2.45%	June 2027~March 2031	\$ 965,896
Less: amount due within one year	NT\$			(10,769)
Total				<u>\$ 955,127</u>
Unused quota				<u>\$ 620,000</u>

Please refer to Note 8 for guaranty provided by the Company for bank loans with assets as collateral.

(XVII) Lease liabilities

	December 31, 2023	December 31, 2022
Current	<u>\$ 46,827</u>	<u>46,211</u>
Non-current	<u>\$ 291,841</u>	<u>334,540</u>

Please refer to Note 6 (29) Financial Instruments for maturity analysis.

The following amounts are recognized in profit or loss:

	2023	2022
Interest expenses on lease liabilities	<u>\$ 6,965</u>	<u>7,692</u>
Variable lease payments not included in the measurement of the lease liabilities	<u>\$ 24,163</u>	<u>23,805</u>
Income from sublease of right-of-use assets	<u>\$ 54,133</u>	<u>36,608</u>
Expenses on short-term and low-value leases	<u>\$ 4,075</u>	<u>4,331</u>

The following amounts are recognized in the cash flow statement:

	2023	2022
Total cash outflows for leases	<u>\$ 82,371</u>	<u>81,497</u>

1. Houses, buildings and transportation equipment

The Company leases houses, buildings, and transportation equipment for operation purposes, typically for a lease term of 3~11 years.

Please refer to Note 6 (18) for the Company's subleasing of part of the right-of-use assets with the consent of the lessor under operating leases.

Notes to the Parent Company Only Financial Statements of ShareHope Medicine Co., Ltd. (Continued)

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.

(XVIII) Operating lease

The Company leases self-owned property, plant and equipment and right-of-use assets under operating leases. Since substantially all the risks and rewards attached to the ownership of the underlying assets have not been transferred, such lease contracts are classified as operating leases. For information on the terms of investment property lease contracts and right-of-use assets, please refer to Note 6 (10) Property, Plant and Equipment and Note 11 Right-of-use Assets respectively.

The maturity analysis of lease payments is presented in the following table based on the total undiscounted lease payments to be received after the reporting date:

	December 31, 2023	December 31, 2022
1st year	\$ 139,367	79,475
2nd year	79,260	65,867
3rd year	33,536	32,926
4th year	24,653	3,125
5th year	23,987	2,642
More than 5 years	101,458	13,749
	<u>\$ 402,261</u>	<u>197,784</u>

The rental income from investment properties in 2023 and 2022 was NT\$8,447 thousand and NT\$9,581 thousand, respectively.

(XIX) Other payables

	December 31, 2023	December 31, 2022
Employee remuneration payable	\$ 70,818	68,509
Salaries and bonuses payable	18,544	17,915
Equipment payables	14,055	71,295
Directors' and supervisors' remuneration payable	1,866	4,082
Business tax payable	2,811	-
Investment payables	22,500	-
Others	25,517	23,427
	<u>\$ 156,111</u>	<u>185,228</u>

Notes to the Parent Company Only Financial Statements of ShareHope Medicine Co., Ltd. (Continued)

(XX) Employee benefits

1. Defined benefit plans

The adjustments to the present value of the Company's defined benefit obligations and the fair value of plan assets are as follows:

	December 31, 2023	December 31, 2022
Present value of a defined benefit obligation	\$ 8,965	8,464
Fair value of plan assets	(734)	(492)
Net defined benefit liabilities	<u>\$ 8,231</u>	<u>7,972</u>

The defined benefit plans of the Company shall be appropriated to the labor retirement reserve account in the Bank of Taiwan. The pension payment for each employee subject to the Labor Standards Act is calculated based on the base amount corresponding to the years of service and the average salary for the six months prior to retirement.

(1) Composition of plan assets

The pension funds appropriated by the Company in accordance with the Labor Standards Act are managed by the Bureau of Labor Fund Utilization of the Ministry of Labor (hereinafter referred to as the Bureau of Labor Funds). In accordance with the "Regulations on the Custody and Utilization of Labor Retirement Fund Income and Expenditure", the minimum annual final distribution amount of the funds shall not be less than the income calculated based on the two-year fixed deposit interest rate of local banks.

As of the reporting date, the balance of the Company's labor retirement reserve account in Bank of Taiwan was NT\$734 thousand. For information on the utilization of labor pension fund assets, including fund yield and fund asset allocation, please refer to the information published on the website of the Bureau of Labor Fund Utilization of the Ministry of Labor.

(2) Changes in the present value of defined benefit obligations

	2023	2022
Defined benefit obligation as of January 1	\$ 8,464	9,363
Servicing costs and interests for the period	494	440
Remeasurement amount of net defined benefit liabilities		
- Actuarial gains and losses arising from changes in financial assumptions	7	(1,339)
Defined benefit obligation as of December 31	<u>\$ 8,965</u>	<u>8,464</u>

(3) Changes in fair value of plan assets

	2023	2022
Fair value of plan assets as of January 1	\$ (492)	(226)
Interest income	(9)	(2)
Remeasurement amount of net defined benefit liabilities		
- Return on plan assets (excluding current interest)	(1)	(41)
- Adjustment to return on plan assets at the beginning of the period	-	4
Amount allocated to the plan	(232)	(227)
Fair value of plan assets on December 31	<u>\$ (734)</u>	<u>(492)</u>

Notes to the Parent Company Only Financial Statements of ShareHope Medicine Co., Ltd. (Continued)

(4) Expenses recognized as profit or loss

	2023	2022
Servicing costs for the period	\$ 368	393
Net interest on net defined benefit liabilities	117	45
	\$ 485	438
Operating costs	\$ 197	186
Operating expenses	288	252
	\$ 485	438

(5) Remeasurement amount of net defined benefit liabilities recognized as other comprehensive income

	2023	2022
Accumulated balance as of January 1	\$ 4,539	3,159
Amount recognized in the period	(5)	1,380
Accumulated balance as of December 31	\$ 4,534	4,539

(6) Actuarial assumptions

	December 31, 2023	December 31, 2022
Discount rate	1.38%	1.50%
Future salary increase	3.00%	3.00%

The Company is excepted to allocate NT\$262 thousand to the defined benefit plans within one year after the reporting date in 2023.

The weighted average duration of defined benefit plans is 11.5 years.

(7) Sensitivity analysis

	Impact on defined benefit obligations	
	Increase ratio	Decrease ratio
December 31, 2023		
Discount rate (0.25% change)	\$ (249)	259
Future salary increase (0.25% change)	250	(242)
December 31, 2022		
Discount rate (0.25% change)	(250)	260
Future salary increase (0.25% change)	252	(244)

The sensitivity analysis mentioned above is based on the analysis of the impact of changes in a single assumption while other assumptions remain unchanged. However, changes in many assumptions may be correlated in practice. The sensitivity analysis is conducted by the same method as used to calculate net defined benefit liabilities on the balance sheet.

The methods and assumptions used in the sensitivity analysis for the period are the same as those used in the previous period.

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 Combined Company in 2023 and 2022 under the defined contribution pension plans were NT\$6,026 thousand and NT\$5,833 thousand, respectively.

**Notes to the Parent Company Only Financial Statements of ShareHope Medicine Co.,
Ltd. (Continued)**

(XXI) Income tax

1. The income tax expenses of the Company are as follows:

	<u>2023</u>	<u>2022</u>
Income tax expenses for the period		
Income tax expenses generated in the period	\$ 49,589	86,254
Income tax expenses for the period before adjustment	(323)	(378)
Deferred tax income	(311)	(158)
income tax expense	<u><u>\$ 48,955</u></u>	<u><u>85,718</u></u>

2. The details of the income tax benefits recognized by the Company under other comprehensive income are as follows:

	<u>2023</u>	<u>2022</u>
Items not reclassified to profit or loss:		
Remeasurement amount of defined benefit plans	\$ 1	(276)
Unrealized valuation profits and losses on investments in financial assets at fair value through other comprehensive income	(16,277)	(5,587)
	<u><u>\$ (16,276)</u></u>	<u><u>(5,863)</u></u>

Items that may be reclassified to profit or loss subsequently

Exchange difference from translation of the financial statements of foreign operations	<u><u>\$ 104</u></u>	<u><u>(86)</u></u>
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The income tax expenses of the Company directly recognized in equity are as follows:

	<u>2023</u>	<u>2022</u>
Others	<u><u>\$ -</u></u>	<u><u>1</u></u>

The relationship between the income tax expenses and net income before tax in 2023 and 2022 is adjusted as follows:

	<u>2023</u>	<u>2022</u>
	<u><u>\$ 173,512</u></u>	<u><u>379,664</u></u>
Income taxes calculated by net profit before tax	\$ 34,702	75,933
Permanent difference	16,814	11,901
Tax-free income	(2,238)	(738)
Overestimation in the previous period	(323)	(378)
Tax incentives	-	(1,000)
	<u><u>\$ 48,955</u></u>	<u><u>85,718</u></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 plans Retirement plan	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
January 1, 2023	\$ 1,638	4,550	-	596	521	7,305
Credited to the income statement	51	240	-	-	21	312
Debited to other comprehensive income	1	-	-	104	-	105
December 31, 2023	\$ 1,690	4,790	-	700	542	7,722
January 1, 2022	\$ 1,872	4,489	1,624	682	466	9,133
Credited to the income statement	42	61	-	-	55	158
Debited to other comprehensive income	(277)	-	(1,624)	(86)	-	(1,987)
Debited to equity	1	-	-	-	-	1
December 31, 2022	\$ 1,638	4,550	-	596	521	7,305

Deferred income tax liabilities:

	Financial assets at fair value through other comprehensive income
January 1, 2023	\$ 3,962
Debited to other comprehensive income	16,277
December 31, 2023	\$ 20,239
January 1, 2022	-
Debited to other comprehensive income	3,962
December 31, 2022	\$ 3,962

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 2021.

(XXII) Capital and other equity

1. Issuance of ordinary shares

As of December 31, 2023 and 2022, the total authorized share capital of the Company was NT\$1,500,000 thousand, with a face value of NT\$10 per share and 150,000 thousand shares in total. The aforementioned total authorized capital is ordinary shares with paid-in capital of NT\$1,260,443 thousand and NT\$1,200,422 thousand, respectively. All issued shares have been paid.

The adjustment of the number of outstanding shares of the Company in 2023 and 2022 is shown in the table below:

(in thousand shares)

	Ordinary shares	
	2023	2022
Beginning retained earnings on January 1	120,042	114,326
Capitalization of earnings to increase the capital by	6,002	5,716
Ending retained earnings on December 31	126,044	120,042

Notes to the Parent Company Only Financial Statements of ShareHope Medicine Co., Ltd. (Continued)

On June 30, 2023 and June 29, 2022, the shareholders' meeting of the Company approved through a resolution to issue 6,002 thousand and 5,716 thousand new shares with NT\$60,021 thousand and NT\$57,163 thousand from undistributed earnings for capital increase, respectively. The above two proposals for capital increase out of earnings have been reported and put into effect by the Securities and Futures Bureau of the Financial Supervisory Commission, with September 4, 2023 and September 5, 2022 as the base date of capital increase respectively. All relevant statutory procedures have been completed.

2. Additional paid-in capital

	December 31, 2023	December 31, 2022
Premium on issuance of stocks and conversion of corporate bonds	\$ 1,095,196	1,095,196
The difference between the price and book value of subsidiaries' equity actually acquired and disposed of	35,327	46,149
Recognized changes in ownership interests in subsidiaries	18,515	116,367
Lapsed share option	2,896	2,896
Share option for convertible corporate bonds	3,900	3,900
	<u>\$ 1,155,834</u>	<u>1,264,508</u>

According to the Company Act, the realized additional paid-in capital can only be distributed by new shares or in cash in proportion to shareholders' original shares after the additional paid-in capital are used for covering losses. The realized additional paid-in capital mentioned above includes the premium on issuance of stocks exceeding their face value and the income from receiving gifts. According to the Rules Governing the Offering and Issuance of Securities by Issuers, the total amount of additional paid-in capital that shall be appropriated as capital shall not exceed 10% of the paid-in capital each year.

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.

In consideration of the current and future investment environment, capital needs, profitability, capital structure, future operational needs, as well as the interests of shareholders, balanced dividends and the Company's long-term financial plan, etc., dividends will be distributed in cash or stock. The proportion of dividends distributed in cash to shareholders in the current year shall be no less than 20% of the total dividends in the current year, while the rest shall be distributed in stock dividends. However, the actual distribution proportion may be adjusted according to the actual profit and operating conditions of the current year.

(1) Legal reserves

Where the Company does not suffer any loss, a legal reserve shall be distributed by issuing new shares or in cash, through a resolution of the shareholders' meeting, but only the portion of the legal reserve which exceeds 25% of the paid-in capital may be distributed.

Notes to the Parent Company Only Financial Statements of ShareHope Medicine Co., Ltd. (Continued)

(2) Special reserves

In accordance with the regulations of the Financial Supervisory Commission, for the distribution of distributable earnings, the Company shall appropriate a special reserve from the current profit and loss and the undistributed earnings in the previous period for the difference between the recognized net deduction of other shareholders' equity in the current year and the balance of the special reserve appropriated in the preceding paragraph. The deduction of other shareholders' equity accumulated in the previous period shall be appropriated from undistributed earnings in the previous period to a special reserve and shall not be distributed. If there is a subsequent reversal in the deduction of other shareholders' equity, the reversed amount shall be used for distribution of earnings.

(3) Distribution of earnings

The resolutions on the distribution of earnings for 2022 and 2021 was approve by the shareholders' meetings of the Company on June 30, 2023 and June 29, 2022, respectively, and the amounts of dividends distributed to owners are as follows:

		2022	
		Allotment rate	
		(NT\$)	Amount
Dividends distributed to ordinary shareholders:			
Cash	\$	0.50	60,021
Stock		0.50	60,021
			\$ 120,042

		2021	
		Allotment rate	
		(NT\$)	Amount
Dividends distributed to ordinary shareholders:			
Cash	\$	0.50	57,163
Stock		0.50	57,163
			\$ 114,326

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, 2023	\$ (2,089)	8,515	6,426
Exchange difference from translation of the net assets of foreign operations	(417)	-	(417)
Share of unrealized gains or losses of subsidiaries and affiliates applying the equity method on financial assets at fair value through other comprehensive income	-	(4,189)	(4,189)
Share of translation differences of subsidiaries applying the equity method	(1)	-	(1)
Unrealized gains on financial assets at fair value through other comprehensive income	-	120,834	120,834
Balance on December 31, 2023	\$ (2,507)	125,160	122,653

**Notes to the Parent Company Only Financial Statements of ShareHope Medicine Co.,
Ltd. (Continued)**

	Exchange difference from translation of the financial statements of foreign operations	Unrealized gains or losses on financial assets at fair value through other comprehensive income	Total
Balance on January 1, 2022	\$ (3,173)	(22,962)	(26,135)
Exchange difference from translation of the net assets of foreign operations	345	-	345
Share of unrealized gains or losses of subsidiaries and affiliates applying the equity method on financial assets at fair value through other comprehensive income	-	(12,306)	(12,306)
Share of translation differences of subsidiaries applying the equity method	739	-	739
Unrealized valuation gains on financial assets at fair value through other comprehensive income	-	46,631	46,631
Disposal of equity instruments at fair value through other comprehensive income	-	(2,848)	(2,848)
Balance on December 31, 2022	<u>\$ (2,089)</u>	<u>8,515</u>	<u>6,426</u>

(XXIII) Earnings per share

	2023	2022
Basic earnings per share:		
Net profits attributable to ordinary equity holders of the Company	<u>\$ 124,557</u>	<u>293,946</u>
Weighted average number of outstanding ordinary shares	126,044	126,044
Basic earnings per share (NT\$)	<u>\$ 0.99</u>	<u>2.33</u>
Diluted earnings per share:		
Net profits attributable to ordinary equity holders of the Company (diluted)	<u>\$ 124,557</u>	<u>293,946</u>
Effects of dilutive potential ordinary shares		
Weighted average number of outstanding ordinary shares (basic)	126,044	126,044
Effects of employee remuneration in stock	558	862
Weighted average number of outstanding ordinary shares (diluted)	126,602	126,906
Diluted earnings per share (NT\$)	<u>\$ 0.98</u>	<u>2.32</u>

Notes to the Parent Company Only Financial Statements of ShareHope Medicine Co., Ltd. (Continued)

(XXIV) Revenue from customer contracts

1. Disaggregation of revenue

2023				
	Sales of goods	Service provision	Leases	Total
Main regional markets:				
Taiwan	\$ 1,658,929	552,283	102,860	2,314,072
Main product/service lines:				
Medicines and medical materials	\$ 1,658,929	-	-	1,658,929
Health care management	-	552,283	-	552,283
Equipment leases	-	-	59,782	59,782
Leases of investment properties	-	-	43,078	43,078
	<u>\$ 1,658,929</u>	<u>552,283</u>	<u>102,860</u>	<u>2,314,072</u>
2022				
	Sales of goods	Service provision	Leases	Total
Main regional markets:				
Taiwan	\$ 1,560,532	861,351	76,597	2,498,480
Main product/service lines:				
Medicines and medical materials	\$ 1,560,532	-	-	1,560,532
Health care management	-	861,351	-	861,351
Equipment leases	-	-	61,211	61,211
Leases of investment properties and properties	-	-	15,386	15,386
	<u>\$ 1,560,532</u>	<u>861,351</u>	<u>76,597</u>	<u>2,498,480</u>

2. Contract balances

	December 31, 2023	December 31, 2022	January 1, 2022
Notes receivable	\$ 703	884	884
Notes receivable - related parties-	-	28,751	38,498
Accounts receivable	49,429	42,379	48,171
Accounts receivable - related parties-	1,069,349	978,352	806,560
Finance lease receivables	277	332	-
Finance lease receivables - related parties-	10,498	5,318	8,522
Long-term finance lease receivables	-	277	-
Long-term finance lease receivables - related parties-	15,970	11,749	19,643
Less: loss allowances	(216)	(245)	(1,222)
	<u>\$ 1,146,010</u>	<u>1,067,797</u>	<u>921,056</u>

Please refer to Note 6 (4) and (6) for the disclosure of notes and accounts receivable (including related parties) and their impairment.

(XXV) Remuneration to employees and directors

According to the Company's Articles of Incorporation, 6% to 10% of the annual profit (if any) shall be appropriated as remuneration to employees and not more than 3% as remuneration to directors. However, the allowances for the Company's accumulated losses shall be set aside from the profit first. The objects to which the employees' remuneration referred to in the preceding paragraph is paid in stock or cash include employees

Notes to the Parent Company Only Financial Statements of ShareHope Medicine Co., Ltd. (Continued)

of affiliated companies who meet certain requirements.

The estimated amounts of employees' remuneration of the Company recognized in 2023 and 2022 were NT\$11,194 thousand and NT\$24,494 thousand, respectively, and the estimated amounts of directors' remuneration were NT\$1,866 thousand and NT\$4,082 thousand, respectively. The estimates were based on the Company's net profit before tax as of that period less employees' and directors' remuneration, multiplied by the distribution percentages of employees' and directors' remuneration as stipulated in the Company's Articles of Incorporation, and the remuneration was presented in operating expenses for that period. In case of a difference between the actual distribution amount in the following year and the estimated amount recognized, it shall be accounted for as changes in accounting estimates and recognized in profit or loss for the following year.

In 2022 and 2021, the Company appropriated \$24,494 thousand and \$19,466 thousand respectively for employees' remuneration, and \$4,082 thousand and \$3,244 thousand respectively for directors' remuneration, which did not differ from the resolutions on distribution of employees' and directors' remuneration by the Company's Board of Directors in 2022 and 2021. Relevant information can be found on the MOPS.

(XXVI) Other net income and expenses

Other net income and expenses of the Company in 2023 and 2022 are as follows:

	2023	2022
Revenue from subleases of right-of-use assets	\$ 37,372	36,608
Net gains on disposal and retirement of properties, plants and equipment	17,314	332
	<u>\$ 54,686</u>	<u>36,940</u>

(XXVII) Non-operating income and expenses

1. Interest income

	2023	2022
Bank deposit interest	\$ 3,834	1,399
Other interest income	745	140
	<u>\$ 4,579</u>	<u>1,539</u>

2. Other income

	2023	2022
Rental income	\$ 707	942
Dividend income	1,929	2,922
Directors' and supervisors' remuneration income	394	312
Others	5,648	6,273
	<u>\$ 8,678</u>	<u>10,449</u>

Notes to the Parent Company Only Financial Statements of ShareHope Medicine Co., Ltd. (Continued)

3. Other gains and losses

	2023	2022
Gains on financial assets at fair value through profit or loss	\$ 8,892	2,897
Foreign exchange loss	-	2
Others	(163)	(73)
	<u>\$ 8,729</u>	<u>2,826</u>

4. Finance costs

	2023	2022
Interest on loans from financial institutions	\$ 26,194	15,030
Amortization of syndication fees	962	2,152
Amortization of interest on lease liabilities	6,965	7,692
	<u>\$ 34,121</u>	<u>24,874</u>

(XXVIII) Financial instruments

1. Credit risk

(1) Exposure to credit risk

The carrying amount of a financial asset represents the maximum exposure to credit risk.

(2) Concentration of credit risks

The credit risks of the Company are mainly concentrated on its largest customers. As of December 31, 2023 and 2022, 83% and 85% of the balance of accounts receivable were owed by the largest customers, which indicates a significant concentration of the Company's credit risks.

(3) Credit risk of accounts receivable

Please refer to Note 6 (4) and (6) for information on the exposure of notes and accounts receivable and finance lease receivables to credit risk.

Other financial assets measured at amortized cost include other receivables, restricted bank deposits and refundable deposits.

The other receivables, restricted bank deposits and refundable deposits held by the Company are considered to be of low credit risk as the counterparties and other performing parties are creditworthy or financial institutions rated investment grade or above.

The Company made no provision of loss allowances for other receivables, restricted bank deposits and refundable deposits measured at amortized cost as of December 31, 2023 and 2022 due to increased 12-month expected credit losses.

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
December 31, 2023							
Non-derivative financial liabilities							
Non-interest bearing liabilities \$	804,816	804,816	404,229	400,587	-	-	-
lease liabilities	338,668	366,019	4,553	22,748	25,649	92,312	220,757
Floating rate instruments	1,006,088	1,086,778	52,844	61,069	61,467	873,992	37,406
	<u>\$ 2,149,572</u>	<u>2,257,613</u>	<u>461,626</u>	<u>484,404</u>	<u>87,116</u>	<u>966,304</u>	<u>258,163</u>
December 31, 2022							
Non-derivative financial liabilities							
Non-interest bearing liabilities \$	807,401	807,401	286,772	520,629	-	-	-
lease liabilities	380,751	414,950	4,441	22,190	26,505	98,164	263,650
Floating rate instruments	965,896	1,042,733	2,502	13,967	14,946	341,740	669,578
	<u>\$ 2,154,048</u>	<u>2,265,084</u>	<u>293,715</u>	<u>556,786</u>	<u>41,451</u>	<u>439,904</u>	<u>933,228</u>

The Company does not expect a significantly earlier occurrence of cash flows based on the due date analysis or significant differences between the actual amounts and estimates.

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:

	December 31, 2023			December 31, 2022			
	Foreign currency	Exchange rate (NT\$)	NT\$	Foreign currency	Exchange rate (NT\$)	NT\$	
Financial asset							
Non-monetary							
items							
USD	\$	11,134	30.71	341,925	8,911	30.71	273,661
CNY		6,382	4.327	27,615	6,655	4.408	29,335

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 2023 and 2022 will increase or decrease by NT\$2,012 thousand and NT\$1,932 thousand, mainly due to changes in the interest rate of the Company's floating rate loans.

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:

<u>Price of securities at the reporting date</u>	<u>2022 Post-tax profit or loss</u>
Up 10%	\$ <u>6,191</u>
Down 10%	\$ <u>(6,191)</u>

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:

Notes to the Parent Company Only Financial Statements of ShareHope Medicine Co., Ltd. (Continued)

December 31, 2023					
		Fair value			
	Carrying amount	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss:					
Fund beneficiary certificates	\$ 10,463	10,463	-	-	10,463
Non-TWSE/TPEx listed stocks	19,684	-	-	19,684	19,684
Subtotal	30,147	10,463	-	19,684	30,147
Financial assets at fair value through other comprehensive income					
Non-TWSE/TPEx listed stocks	168,503	-	-	168,503	168,503
Non-overseas listed stocks	341,871	-	-	341,871	341,871
Limited partnership interests	100,296	-	-	100,296	100,296
Subtotal	610,670	-	-	610,670	610,670
Financial assets at amortized cost					
Cash and cash equivalents	967,848	-	-	-	-
Restricted bank deposits	30,000	-	-	-	-
Notes and accounts receivable (including related parties)	1,119,265	-	-	-	-
Other receivables (including related parties)	722	-	-	-	-
Finance lease receivables (including those due within one year)	26,745	-	-	-	-
Subtotal	2,144,580	-	-	-	-
Total	\$ 2,785,397	10,463	-	630,354	640,817
Financial liabilities at amortized cost					
Bank loans	\$ 50,000	-	-	-	-
Notes and accounts payable (including related parties)	646,540	-	-	-	-
Other payables (including related parties)	158,276	-	-	-	-
Lease liabilities (including those due within one year)	338,668	-	-	-	-
Long-term loans (including those due within one year)	956,088	-	-	-	-
Total	\$ 2,149,572	-	-	-	-

Notes to the Parent Company Only Financial Statements of ShareHope Medicine Co., Ltd. (Continued)

December 31, 2022					
		Fair value			
	Carrying amount	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss:					
Fund beneficiary certificates	\$ 10,341	10,341	-	-	10,341
TPEX listed stocks	61,912	61,912	-	-	61,912
Non-TWSE/TPEX listed stocks	20,174	-	-	20,174	20,174
Subtotal	92,427	72,253	-	20,174	92,427
Financial assets at fair value through other comprehensive income					
Non-TWSE/TPEX listed stocks	119,270	-	-	119,270	119,270
Non-overseas listed stocks	273,661	-	-	273,661	273,661
Limited partnership interests	87,122	-	-	87,122	87,122
Subtotal	480,053	-	-	480,053	480,053
Financial assets at amortized cost					
Cash and cash equivalents	769,708	-	-	-	-
Restricted bank deposits	30,000	-	-	-	-
Notes and accounts receivable (including related parties)	1,050,121	-	-	-	-
Other receivables (including related parties)	589	-	-	-	-
Finance lease receivables (including those due within one year)	17,676	-	-	-	-
Subtotal	1,868,094	-	-	-	-
Total	\$ 2,440,574	72,253	-	500,227	572,480
Financial liabilities at amortized cost					
Notes and accounts payable (including related parties)	\$ 621,207	-	-	-	-
Other payables (including related parties)	186,194	-	-	-	-
Lease liabilities (including those due within one year)	380,751	-	-	-	-
Long-term loans (including those due within one year)	965,896	-	-	-	-
Total	\$ 2,154,048	-	-	-	-

(1) Valuation techniques for fair value of financial instruments measured at fair value

If there is a quoted price in an active market for a financial instrument, that price shall be used for measuring fair value. The market prices, announced by the main exchanges and the over-the-counter trading center for central government bonds that are judged to be popular, are the basis for the fair value of listed equity instruments and the debt instruments with a quoted price in an active market. If a quoted price for a financial instrument can be obtained from exchanges, brokers, underwriters, industry associations, pricing service institutions or competent authorities in a timely manner and on a regular basis, and represents actual fair market transactions with sufficient frequency, it is determined that there is a quoted price in an active market for the financial instrument. Where the above conditions are not met, the market is considered inactive. Generally speaking, a large bid-ask spread, a significant increase in bid-ask spread, or a low transaction volume indicates an inactive market.

Notes to the Parent Company Only Financial Statements of ShareHope Medicine Co., Ltd. (Continued)

The fair values of financial instruments held by the Company traded in active markets are presented below by type and attribute:

- Stocks issued by TPEX listed companies

The fair value of a financial asset that is subject to standard terms and conditions and traded in an active market is determined with reference to the quoted price in the market. Except for the aforementioned financial instruments traded in active markets, the fair value of other financial instruments is determined by valuation techniques or with reference to quoted prices from counterparties. The fair value obtained through valuation techniques can be calculated by referring to the current fair value of other financial instruments with substantially similar conditions and characteristics, discounted cash flow model or other valuation techniques, including by using models based on market information available on the balance sheet date.

The fair values of financial instruments held by the Company without an active market are presented below by type and attribute:

- Equity instruments without quoted prices: The fair value is estimated using the market comparable company method and asset method, mainly based on the ratio of the estimated market price to earnings per share of the investee, the earnings multiplier derived from quoted market prices of comparable TWSE/TPEX listed companies, as well as the equity value of net assets. The estimate has adjusted the effect of discount of the equity securities due to lack of market liquidity.

(2) There was no change in the fair value hierarchy of financial assets in 2023 and 2022.

(3) Table of Changes in Level 3

	Measured at fair value through profit or loss	Measured at fair value through other comprehensive income
	Non-derivative financial assets mandatorily measured at fair value through profit or loss	Equity instruments without quoted prices
January 1, 2023	\$ 20,174	480,053
Total gains or losses		
Recognized in profit or loss	(490)	-
Recognized in other comprehensive income	-	137,111
Purchase	-	20,020
Capital returned due to capital reduction	-	(26,514)
December 31, 2023	<u><u>\$ 19,684</u></u>	<u><u>610,670</u></u>
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	<u><u>\$ 20,174</u></u>	<u><u>480,053</u></u>

Notes to the Parent Company Only Financial Statements of ShareHope Medicine Co., Ltd. (Continued)

The above total gains or losses are presented in "other gains and losses" and "unrealized valuation gains (losses) on financial assets measured at fair value through other comprehensive income". Among them, those related to the assets still held on December 31, 2023 and 2022 are as follows:

	<u>2023</u>	<u>2022</u>
Total gains or losses		
Recognized in profit or loss (presented in "other gains and losses")	\$ (490)	(2,754)
Recognized in other comprehensive income (presented in "unrealized valuation gains (losses) on financial assets measured at fair value through other comprehensive income")	137,111	52,217

- (4) Quantitative information on significant unobservable inputs (level 3) used for fair value measurement. The inputs of fair value measurement of the Company categorized into level 3 mainly comprise financial assets at fair value through other comprehensive income - equity securities investment and financial derivatives. Most of the fair values of the Company categorized into level 3 are with only a single significant unobservable input except that equity instrument investments without an active market are with multiple significant unobservable inputs. Significant unobservable inputs of equity instrument investments without an active market are independent of each other, without any correlation among them.

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:

	Inputs	Up or down changes	Changes in fair value reflected in profit or loss for the period		Changes in fair value reflected in other comprehensive income for the period	
			Favorable changes	Adverse changes	Favorable changes	Adverse changes
December 31, 2023						
Financial assets at fair value through profit or loss						
Non-TWSE/TPEX listed stocks	Liquidity discount	5%	\$ 1,230	(1,230)	-	-
Financial assets at fair value through other comprehensive income						
Non-TWSE/TPEX and non-overseas listed stocks	Liquidity discount	5%	-	-	42,301	(28,722)
December 31, 2022						
Financial assets at fair value through profit or loss						
Non-TWSE/TPEX listed stocks	Liquidity discount	5%	1,261	(1,261)	-	-
Financial assets at fair value through other comprehensive income						
TWSE/TPEX and overseas listed stocks	Liquidity discount	5%	-	-	31,107	(30,986)

Favorable and adverse changes for the Company refer to fluctuations in fair value, which are calculated by using valuation techniques based on different degrees of unobservable input parameters. For a financial instrument whose fair value is affected by more than one input, the above table only reflects the impact of changes in a single input, and the correlation and variability among the inputs are not taken into account.

(XXIX) 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

Notes to the Parent Company Only Financial Statements of ShareHope Medicine Co., Ltd. (Continued)

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, 2023 and 2022, the unused credit lines of the Company were NT\$1,274,358 thousand and NT\$1,125,704 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 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.

(XXX) 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.

(XXXI) Investing and financing activities in non-cash transactions

The non-cash investing and financing activities of the Company in 2023 and 2022 are as follows:

1. Please refer to Note 6 (11) for details on obtaining the right-of-use assets through leasing.
2. Cash paid for purchase of property, plant and equipment is as follows:

	2023	2022
Acquisition of property, plant and equipment	\$ 146,879	1,265,440
Net changes in equipment payables in subsidiaries	56,321	(51,281)
Cash paid	<u>\$ 203,200</u>	<u>1,214,159</u>

Notes to the Parent Company Only Financial Statements of ShareHope Medicine Co., Ltd. (Continued)

3. Cash received from disposal of property, plant and equipment is as follows:

	2023	2022
Disposal of property, plant and equipment	\$ 37,564	3,528
Net changes in equipment receivables	-	97,273
Cash received	<u>\$ 37,564</u>	<u>100,801</u>

4. The adjustments to liabilities from financing activities are as follows:

	112.1.1	Cash flows	Changes in non-cash items		December 31, 2023
			Lease changes	Others	
Short-term loans	\$ -	50,000	-	-	50,000
Long-term loans (including those due within one year)	965,896	(9,808)	-	-	956,088
Deposits received	12,411	3,027	-	-	15,438
Lease liabilities (including those due within one year)	380,751	(47,168)	5,085	-	338,668
	<u>\$ 1,359,058</u>	<u>(3,949)</u>	<u>5,085</u>	<u>-</u>	<u>1,360,194</u>

	January 1, 2022	Cash flows	Changes in non-cash items		December 31, 2022
			Lease changes	Others	
Short-term loans	\$ 30,000	(30,000)	-	-	-
Long-term loans (including those due within one year)	100,513	865,383	-	-	965,896
Deposits received	3,356	9,055	-	-	12,411
Lease liabilities (including those due within one year)	414,893	(45,669)	11,527	-	380,751
	<u>\$ 548,762</u>	<u>798,769</u>	<u>11,527</u>	<u>-</u>	<u>1,359,058</u>

VII. Transactions with Related Parties

(I) Parent company and ultimate controlling party

Minsheng Medical Holding Co., Ltd., the parent company of the Company, holds 28.79% of the Company's outstanding ordinary shares.

(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
Medzoneasia Co., Ltd. (hereinafter referred to as Medzoneasia, formerly known as Medzoneasia Co., Ltd.)	Subsidiary
Mytrex Health Co., Ltd. (hereinafter referred to as Mytrex Health Company)	Subsidiary

**Notes to the Parent Company Only Financial Statements of ShareHope Medicine Co.,
Ltd. (Continued)**

Name of the related party	Relationship with the Company
Mytrex Industries Inc.	Subsidiary
Mytrex USA Co.	Subsidiary
Sheng Yo Rehabilitative Technologies, Inc.	Subsidiary
Macro Global Co., Ltd. (hereinafter referred to as Macro Global)	Subsidiary
ShareHope Medicine (HongKong) Co., Ltd.	Subsidiary
Minsheng (Tianjin) Investment Management Co., Ltd.	Subsidiary
Minsheng Asia-Pacific (Beijing) Enterprise Management Co., Ltd.	Subsidiary
Shengshih Technology Co., Ltd.	Subsidiary
Digimed Co., Ltd.	Subsidiary
TECHGROUP Integrate Design Co., Ltd.	Subsidiary
YES Health Co., Ltd. (hereinafter referred to as YES Health Company)	Subsidiary
Employee Community Co., Ltd.	Substantial related party
Chiehpang Technology Co., Ltd.	Substantial related party (has become a non-related party since the first quarter of 2022)
Minsheng Asset Management Co., Ltd.	Substantial related party
Pisheng Construction Co., Ltd (hereinafter referred to as Pisheng Construction)	Substantial related party
Minsheng General Hospital	Substantial related party (Minsheng medical system)
Lungtan Minsheng Hospital	Substantial related party (Minsheng medical system)
Tayuan Minsheng Hospital	Substantial related party (Minsheng medical system)
Home Nursing Center attached to Tayuan Minsheng Hospital	Substantial related party (Minsheng medical system)
Po'en Management Consulting Co., Ltd.	Substantial related party
Shengli Management Consulting Co., Ltd. (hereinafter referred to as Shengli Management Consulting Company)	Substantial related party
Mingta Medical Technology Co., Ltd. (hereinafter referred to as Mingta Medical Company)	Substantial related party (has become a non-related party since the first quarter of 2023)
Shengyu Health Technologies Co., Ltd.	Substantial related party
Employee Clinic of Hsinchu Science and Industry Park	Substantial related party
United Medical Foundation	Substantial related party
Harvard Clinic	Substantial related party
Shengjen Clinic	Substantial related party (has become a non-related party since the first quarter of 2023)
Fuying Clinic	Substantial related party
Zhiyi Clinic	Substantial related party
Hung-jen Yang	Management personnel (Chairperson of the Company)

Notes to the Parent Company Only Financial Statements of ShareHope Medicine Co., Ltd. (Continued)

(III) Significant transactions with related parties

1. Sales of goods

Category of the related party	Operating revenue	
	2023	2022
Substantial related party		
Minsheng General Hospital	\$ 1,039,719	958,262
Others	74,669	83,652
Subsidiary		
YES Health Company	172,556	176,023
Pregetic Health Company	32	36
	\$ 1,286,976	1,217,973

The sales price determined by the Company for the above-mentioned related party is the purchase cost plus 5% or more, with the payment term being net 90 to 180 days.

2. Service provision

Category of the related party	Operating revenue	
	2023	2022
Substantial related party		
Minsheng General Hospital	\$ 470,530	771,030
Others	22,269	29,360
	\$ 492,799	800,390

The service income of the Company from the above-mentioned related party mainly comes from undertaking medical examinations and inspections, etc. in cooperation with medical institutions. The two parties have entered into a contract by mutual agreement, with the payment term defined as net 30 to 180 days.

3. Leases

Category of the related party	Operating revenue	
	2023	2022
Substantial related party		
Minsheng General Hospital	\$ 40,175	38,848
Tayuan Minsheng Hospital	7,528	7,294
Zhiyi Clinic	15,077	-
Others	6,434	8,730
Subsidiary		
Pregetic Health Company	2,547	1,453
Medzoneasia	19,892	4,286
	\$ 91,653	60,611

The rent paid by the Company to the above-mentioned related party is defined in a lease contract entered into by the two parties by mutual agreement, with the payment period ranging from 30 to 120 days.

Category of the related party	Operating costs and operating expenses - rent expenses	
	2023	2022
Substantial related party - Minsheng General Hospital	\$ 1,245	1,569
Subsidiary - Pregetic Health Company	2,171	2,171
Parent	468	463
	\$ 3,884	4,203

The Company pays monthly rent to the above-mentioned related party in accordance with the general market conditions.

**Notes to the Parent Company Only Financial Statements of ShareHope Medicine Co.,
Ltd. (Continued)**

4. Purchase of goods

Category of the related party	Operating costs	
	2023	2022
Substantial related party	\$ -	1,290
Subsidiary	1,296	1,348
	\$ 1,296	2,638

The prices and payment terms for goods purchased by the Company from the above-mentioned related party are not significantly different from those for general manufacturers, with a payment term of 30 to 120 days upon acceptance.

5. Receivables due from related parties

Category of the related party	Account items	December 31, 2023	December 31, 2022
Subsidiary			
YES Health Company	Notes receivable	\$ -	28,751
YES Health Company	Accounts receivable	65,834	25,923
Pregetic Health Company	Accounts receivable	242	257
Pregetic Health Company	Finance lease receivables	148	223
Pregetic Health Company	Long-term finance lease receivables	-	147
Medzoneasia	Other receivables	-	238
Pregetic Health Company	Other receivables	109	108
Others	Other receivables	43	82
Substantial related party			
Minsheng General Hospital	Accounts receivable	950,375	893,083
Others	Accounts receivable	52,681	58,844
Minsheng General Hospital	Finance lease receivables	2,565	1,720
Lungtan Minsheng Hospital	Finance lease receivables	1,048	1,108
Tayuan Minsheng Hospital	Finance lease receivables	2,078	2,267
Zhiyi Clinic	Finance lease receivables	4,630	-
Shengyu Health Technologies Co., Ltd.	Finance lease receivables	30	-
Minsheng General Hospital	Long-term finance lease receivables	1,132	-
Lungtan Minsheng Hospital	Long-term finance lease receivables	1,462	1,905
Tayuan Minsheng Hospital	Long-term finance lease receivables	7,619	9,697
Zhiyi Clinic	Long-term finance lease receivables	5,746	-
Shengyu Health Technologies Co., Ltd.	Long-term finance lease receivables	11	-
Minsheng General Hospital	Other receivables	155	77
Zhiyi Clinic	Other receivables	214	-
Others	Other receivables	201	84
		\$ 1,096,323	1,024,514

**Notes to the Parent Company Only Financial Statements of ShareHope Medicine Co.,
Ltd. (Continued)**

6. Payables to related parties

Category of the related party	Account items	December 31, 2023	December 31, 2022
Substantial related party			
Minsheng General Hospital	Accounts payable	\$ 12	1,809
Others	Accounts payable	128	1,434
Minsheng General Hospital	Other payables	1,048	545
Others	Other payables	563	83
Parent	Other payables	-	41
Subsidiary	Accounts payable	569	619
Subsidiary	Other payables	-	-
Others	Other payables	264	190
The management	Other payables	290	107
		\$ 2,874	4,828

7. Others

Category of the related party	Account items	2023	2022
Parent	Other income and losses - rental income	\$ 577	571
Parent	Operating expenses - advertising expenses	-	-
Substantial related party			
Minsheng General Hospital	Operating cost - other expenses	2,686	4,359
Shengli Management Consulting Company	Operating cost - other expenses	4,800	4,800
Others	Operating cost - other expenses	-	1,114
Employee Community Company	Operating expenses - advertising expenses	129	7
Minsheng General Hospital	Other income and losses - rental income	28,824	28,639
Others	Other income and losses - rental income	595	2,776
Minsheng General Hospital	Other income - others	991	891
Others	Other income - others	1,857	938
Mingta Medical Company	Dividend income	-	2,422
Subsidiary	Operating cost - other expenses	-	187
Subsidiary	Operating expenses - other expenses	100	48
Subsidiary	Operating expenses - donations	-	3
Medzoneasia	Other income - others	2,266	-
Mytrex Health Company	Other income - others	110	105
Others	Other income - others	144	-
		\$ 42,502	46,289

Notes to the Parent Company Only Financial Statements of ShareHope Medicine Co., Ltd. (Continued)

Category of the related party	Account items	December 31, 2023	December 31, 2022
Substantial related party			
Pisheng Construction	Prepayments	\$ 3,739	3,739
Others	Prepayments	46	-
Pisheng Construction	Long-term prepayments	935	4,673
Minsheng General	Refundable deposits	250,000	282,340
Hospital			
Others	Refundable deposits	31,686	31,686
Minsheng General	Deposits received	5,041	6,391
Hospital			
Tayuan Minsheng	Deposits received	902	3,003
Hospital			
Others	Deposits received	3,652	1,421
Parent	Refundable deposits	82	82
Subsidiary	Refundable deposits	500	500
Subsidiary	Deposits received	4,305	-
Parent	Deposits received	101	100
		\$ 300,989	333,935

8. Disposal of financial assets

		2022		
Category of the related party	Account items	Number of shares traded (thousand shares)	Object of transaction	Gains or losses on disposal (presented in additional paid-in capital)
Subsidiary- Medzoneasia Co., Ltd. (formerly Medzoneasia)	Equity method investments	200	Ordinary share equity of Digimed	
			Disposal proceeds	
			\$ 2,000	1,664

The above disposal of financial assets is an organizational restructuring under common control, and the difference between the disposal price and the book value comes from the corresponding adjustments to the book value of equity method investments in subsidiaries and the Company's additional paid-in capital under equity item. Please refer to Note 6 (9) for details.

9. Endorsement/Guarantee

Category of the related party	December 31, 2023	December 31, 2022
Substantial related party - Minsheng General Hospital	\$ 228,736	227,598

(IV) Transactions with key management personnel

Remuneration paid to key management personnel includes:

	2023	2022
Short-term employee benefits	\$ 27,492	27,568
Post-employment benefits	749	751
	\$ 28,241	28,319

Notes to the Parent Company Only Financial Statements of ShareHope Medicine Co., Ltd. (Continued)

VIII. Pledged Assets

The book values of the assets pledged as collateral by the Company are as follows:

Name of the asset	Pledge object	December 31, 2023	December 31, 2022
Financial assets measured at amortized cost - non-current	Bank loans	\$ 30,000	30,000
Investment properties	Bank loans	177,087	178,420
Property, plant and equipment	Bank loans	1,138,395	1,155,534
		<u>\$ 1,345,482</u>	<u>1,363,954</u>

IX. Material Contingent Liabilities and Unrecognized Contractual Commitments

Material unrecognized contractual commitments

	December 31, 2023	December 31, 2022
Purchase of property, plant and equipment	\$ 10,474	67,408
Purchase of intangible assets	546	546
Guaranteed notes issued for bank loan contracts	2,545,000	2,485,000
	<u>\$ 2,556,020</u>	<u>2,552,954</u>

X. Material Losses from Disasters: none.

XI. Material Subsequent Events: none.

XII. Others

(I) Employee benefits, and depreciation and amortization expenses are summarized by function as follows:

By function	2023			2022		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
By property						
Employee benefit expenses						
Remuneration expenses	82,531	57,442	139,973	79,138	69,010	148,148
Labor and health insurance expenses	6,934	4,489	11,423	6,600	4,317	10,917
Pension expenses	4,115	2,396	6,511	3,827	2,444	6,271
Remuneration to directors	-	5,383	5,383	-	7,677	7,677
Other employee benefit expenses	3,279	2,726	6,005	3,180	2,689	5,869
depreciation expense	108,597	41,346	149,943	85,577	51,546	137,123
Amortization expenses	6,879	389	7,268	6,575	909	7,484

Notes to the Parent Company Only Financial Statements of ShareHope Medicine Co., Ltd. (Continued)

Additional information on the number of employees and employee benefit expenses in 2023 and 2022 is as follows:

	2023	2022
Number of employees	161	155
Number of directors who do not concurrently serve as employees	7	6
Average employee benefit expenses	\$ 1,064	1,149
Average employee salary expenses	\$ 909	994
Adjustment to average employee salary expenses	(8.55)%	6.42%
Supervisors' remuneration	\$ -	-

Information on the Company's remuneration policy (including directors, managers and employees) is as follows:

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.

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 2023 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 endorsement/s/guarantees with property guarantee	The ratio of accumulated endorsements/guarantees to the net value of the latest financial statements	Maximum amount limits for endorsement/s/guarantees	Endorsements/guarantees provided by parent company to the subsidiaries	Endorsements/guarantees provided by subsidiaries to the parent company	Endorsements/guarantees in China
0	ShareHope Medicine Co., Ltd.	Minsheng General Hospital	1	1,550,424	228,736	228,736	228,736	-	6.56%	1,743,968	N	N	N

Note 1: The explanation of the number column is as follows:

- (1) Fill in 0 for the issuer.
- (2) The investees are numbered sequentially with Arabic numerals starting from 1 by company type.

Note 2: There are 7 types of relationships between the endorser and the endorsee. Please mark the type:

- (1) Companies with who the Company does business.
- (2) Companies in which the Company directly and indirectly holds more than 50% of the voting shares.
- (3) Companies that directly and indirectly hold more than 50% of the Company's voting shares.
- (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

Notes to the Parent Company Only Financial Statements of ShareHope Medicine Co., Ltd. (Continued)

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 Federal Money Market Fund	None	Financial assets at fair value through profit or loss - current	771	10,463	-	10,463	
The Company	Stock Tsaihsin Health Business Co., Ltd.	None	Financial assets at fair value through profit or loss - non-current	1,000	19,684	3.70 %	19,684	
The Company	Stock Yichuang Second Venture Capital Co., Ltd.	None	Financial assets at fair value through other comprehensive income - non-current	2,000	16,143	0.92 %	16,143	
The Company	Stock Chunghua Development Biomedical Venture Capital Co., Ltd.	The Company is a legal representative supervisor of the company	Financial assets at fair value through other comprehensive income - non-current	1,129	49,333	2.86 %	49,333	
The Company	Stock Yiting Biotech Venture Capital Co., Ltd.	The Company is a legal person director of the company	Financial assets at fair value through other comprehensive income - non-current	4,095	80,586	7.50 %	80,586	
The Company	Stock BenQ BM Holding Cayman Corporation	None	Financial assets at fair value through other comprehensive income - non-current	5,258	341,871	2.15 %	341,871	
The Company	Limited partnership interests Chunghua Development Second Biomedical Venture Capital Limited Partnership	None	Financial assets at fair value through other comprehensive income - non-current	67,868	100,296	3.22 %	100,296	
The Company	Stocks -AcroViz Inc.	None	Financial assets at fair value through other comprehensive income - non-current	1,820	22,441	9.71 %	22,441	
Mytrex Health Company	Stock -Minsheng Asset Management Co., Ltd.	The chairperson of the Company is a director of the company	Financial assets at fair value through other comprehensive income - non-current	2,120	21,747	3.37 %	21,747	
Mytrex Health Company	Stock Shangching Technology Co., Ltd.	None	Financial assets at fair value through other comprehensive income - non-current	68	1,328	0.81 %	1,328	
Mytrex Health Company	Stock Intelligent Medical Technology Co., Ltd.	None	Financial assets at fair value through other comprehensive income - non-current	1,760	19,681	9.99 %	19,681	
Mytrex Health Company	Stock Yiho Smart Technology Co., Ltd.	None	Financial assets at fair value through other comprehensive income - non-current	250	6,175	19.53 %	6,175	
Mytrex Health Company	Stock Yichuang Second Venture Capital Co., Ltd.	The Company is a director of the company	Financial assets at fair value through other comprehensive income - non-current	5,000	40,357	2.29 %	40,357	
Pregetic Health Company	Stock Yita International Hospital Management Consulting Co., Ltd.	None	Financial assets at fair value through other comprehensive income - non-current	417	4,804	4.20 %	4,804	

Notes to the Parent Company Only Financial Statements of ShareHope Medicine Co., Ltd. (Continued)

Holder of securities	Type and name of securities	Relationship with securities issuer	Accounting items	End of the period				Remarks
				Contribution amount/number of shares (thousand shares or thousand)	Carrying amount	Shareholding ratio	Fair value	
Pregetic Health Company	Stock Juichuan Data Co., Ltd.	None	Financial assets at fair value through other comprehensive income - non-current	1,000	16,568	14.29 %	16,568	
Pregetic Health Company	Stock Kangchien Gene Technology Co., Ltd.	None	Financial assets at fair value through other comprehensive income - non-current	1,304	21,342	14.81 %	21,342	
Hung-Han Company	Stock Juichuan Data Co., Ltd.	None	Financial assets at fair value through other comprehensive income - non-current	250	4,143	3.57 %	4,143	
Fuyi Company	Limited partnership interests Chunchuang Development Venture Capital Limited Partnership	None	Financial assets at fair value through other comprehensive income - non-current	19,813	24,386	1.75 %	24,386	
Medzoneasia	Stock Yaosheng Information Technology Co., Ltd.	None	Financial assets at fair value through other comprehensive income - non-current	500	43,771	10.00 %	43,771	
					814,972		814,972	

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 from acquisition of properties that amount to NT\$300 million or account for more than 20% of the paid-in capital: none.
6. The amounts from disposal of properties that amount to NT\$300 million or account for more than 20% of the paid-in capital: none.
7. The amounts from purchase and sale of goods from and to related parties that amount to NT\$100 million or account for more than 20% of the paid-in capital:

Unit: NT\$ thousand

Purchaser (seller)	Name of the counterparty	Relationship	Transaction details				Cases where transactions are made in different conditions from general transactions and the reasons		Notes and accounts receivable (payable)		Remarks
			Purchase (sell)	amount	Ratio of the amount to total purchases (sales)	Credit period	Unit price	Credit period	Balance	Ratio of the balance to notes and accounts receivable (payable)	
The Company	Minsheng General Hospital	Substantial related party	(Sell)	(1,039,719)	(44.93) %	Net 180 days	-		654,215	57.08%	
The Company	Minsheng General Hospital	Substantial related party	Service income	(470,530)	(20.33) %	Net 30-180 days	-		288,381	25.16%	
The Company	Minsheng General Hospital	Substantial related party	Lease income	(40,175)	(1.74) %	Net 30-180 days	-		11,476	1.00%	
									954,072		
The Company	YES Health Company	Subsidiary	(Sell)	(172,556)	(7.46) %	Net 60 days	-		65,834	5.74%	
YES Health Company	The Company	Parent	Purchase	172,556	1.00 %	Net 60 days	-		(65,834)	(29.51)%	

8. Receivables from related parties amount to NT\$100 million or account for more than 20% of the paid-in capital:

Notes to the Parent Company Only Financial Statements of ShareHope Medicine Co., Ltd. (Continued)

Unit: NT\$ thousand

Payee of the accounts receivable	Name of the counterparty	Relationship	Balance of related party receivables	Turnover rate	Overdue related party receivables		Amount received in subsequent periods	Amount provisioned for loss allowances
					Amount	Accounting treatment		
The Company	Minsheng General Hospital	Substantial related party	954,072	1.68	-		387,896	191

9. Engagement in derivatives transactions: none.

(II) Relevant information on reinvestment business (excluding investees in mainland China):

The information on the reinvestment business of the Company in 2023 is as follows:

Unit: NT\$ thousand/thousand shares

Name of investor	Name of investee	Region	Principal business	Initial investment amount		Shareholding at the end of the period			Profits and losses of the investee for the period	Investment income and losses recognized for the period	Remarks
				End of the period	End of last year	Number of shares	Ratio	Carrying amount			
The Company	Mytrex Health Company	Taoyuan City	Manufacturing and processing of non-woven fabrics and sales of medical and sanitary materials	310,286	310,286	22,454	61.46%	399,053	(56,219)	(34,552)	Note 1
The Company	ShareHope Medicine (HongKong) Co., Ltd.	Hong Kong, China	Investment management	44,831	44,831	1,500	100.00%	20,831	(1,529)	(1,529)	Note 1
The Company	Chungyuan Medical Management Co., Ltd.	Taoyuan City	Management Consulting Services	11,389	11,389	1,000	100.00%	11,705	57	57	Note 1
The Company	Pohui Biotechnology Co., Ltd.	Taipei City	Biotechnology Services	22,106	22,106	2,211	25.00%	750	(274)	(69)	Note 2
The Company	Medzoneasia	Taoyuan City	Health management services and hotels	336,669	314,169	17,154	91.47%	129,466	(31,145)	(24,145)	Note 1
The Company	Pregetic Health Company	Taoyuan City	Health management services	101,000	101,000	10,500	38.90%	86,804	(68,269)	(26,534)	Note 1
The Company	Shengshih Technology Co., Ltd.	Taipei City	Management Consulting Services	1,000	1,000	100	100.00%	784	(61)	(61)	Note 1
The Company	Sheng Tai Food Technology Co., Ltd.	Taipei City	Food and beverage retail	800	-	80	80.00%	166	(792)	(634)	Note 1
The Company	YWL Co., Ltd.	Taipei City	Biotechnology Services	1,000	-	100	100.00%	956	(44)	(44)	Note 1
Mytrex Health Company	Mytrex USA Co.	California, USA	Health care support services	23,516	23,516	800	88.89%	12,295	26	23	Note 1
Mytrex Health Company	Air Long-Term Care Co., Ltd.	Taoyuan City	Management Consulting Services	10,000	10,000	667	22.37%	10,461	1,055	236	Note 2
Mytrex Health Company	Mytrex Industries Inc.	Taoyuan City	Manufacturing and processing of non-woven fabrics and sales of medical and sanitary materials	447,888	507,888	6,000	100.00%	210,554	(30,758)	(30,758)	Note 1
Mytrex Health Company	Sheng Yo Company	Tainan City	Health management services	20,000	20,000	2,000	90.91%	10,904	(4,865)	(4,423)	Note 1
Mytrex Health Company	YES Health Company	Taoyuan City	Wholesale and trading of medicines and management consulting for pharmacies	230,000	-	6,035	100.00%	222,041	(11,911)	(11,164)	Note 1 and 3
Chungyuan Medical Management Company	Air Long-Term Care Co., Ltd.	Taoyuan City	Management Consulting Services	2,000	2,000	200	6.71%	2,085	1,055	71	Note 2
Medzoneasia	TECHGROUP Integrate Design Co., Ltd.	New Taipei City	Medical information software services	50,759	50,759	1	51.00%	40,391	7,807	1,041	Note 1
Medzoneasia	Shengyu Health Technologies Co., Ltd.	Taoyuan City	Other management consulting services	2,000	-	200	40.00%	-	(4,776)	(2,000)	Note 2
Medzoneasia	Global Biotech Multimedia Co., Ltd.	Taipei City	Magazine (periodical) publication	10,000	10,000	500	23.98%	9,207	160	(80)	Note 2
Medzoneasia	YES Health Company	Taoyuan City	Wholesale and trading of medicines and management consulting for pharmacies	-	221,180	-	- %	-	(11,911)	(1,632)	Note 1 and 3
Medzoneasia	Macro Global Corporation	Taichung City	Wholesale and trading of medicines	-	72,155	-	- %	-	8,085	1,012	Note 1 and 3
Medzoneasia	Digimed Co., Ltd.	Taipei City	Information software services	6,000	6,000	600	60.00%	4,595	3,507	2,104	Note 1
Pregetic Health Company	Hung-Han Company	Taipei City	Health management services	128,880	118,880	5,500	100.00%	76,468	(19,159)	(20,351)	Note 1
Pregetic Health Company	Employee Community Co., Ltd.	Taipei City	Advertising	1,700	1,700	170	48.57%	377	(19)	(9)	Note 2
Pregetic Health Company	Fuyi Company	Taipei City	Health management consulting services	229,288	204,288	20,500	100.00%	168,223	(37,619)	(38,156)	Note 1
Pregetic Health Company	Anchun Technology Co., Ltd.	Taipei City	Health management services	20,000	20,000	2,000	40.00%	17,232	(5,108)	(2,043)	Note 2
Pregetic Health	Chinachem Biomedical	Taipei City	Healthcare services	10,000	-	1,000	50.00%	3,610	(11,275)	(2,972)	Note 1

Notes to the Parent Company Only Financial Statements of ShareHope Medicine Co., Ltd. (Continued)

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			
Company	Co., Ltd.										
Hung-Han Company	Hanting Digital Technology Co., Ltd.	New Taipei City	Information software services	20,000	20,000	2,000	66.67%	4,415	(13,358)	(12,850)	Note 1
Hung-Han Company	Chinachem Biomedical Co., Ltd.	Taipei City	Healthcare services	10,000	10,000	1,000	50.00%	3,610	(11,275)	(8,303)	Note 1
Hung-Han Company	Macro Global Corporation	Taichung City	Wholesale and trading of medicines	74,820	-	6,450	100.00%	79,888	8,085	18,220	Note 1 and 3
Fuyi Company	Shangchia Health Business Co., Ltd.	Taipei City	Health management services	33,900	23,900	3,390	33.90%	36,466	5,931	2,043	Note 2
Macro Global Co., Ltd.	Hanting Digital Technology Co., Ltd.	New Taipei City	Information software services	10,000	-	1,000	33.33%	2,207	(13,358)	(508)	Note 1
YES Health Company	Digimed Co., Ltd.	Taipei City	Information software services	2,000	2,000	200	20.00%	1,532	3,507	701	Note 1

Note 1: It is a subsidiary of the Company.

Note 2: It is an affiliate of the Company.

Note 3: In response to the restructure of the Group, Medzoneasia transferred their equity in Macro Global Corporation and YES Health Company in full to other related parties, Hung-Han Company and Mytrex Health Company, in February and March, 2023, respectively.

(III) Information on investments in mainland China:

1. Information on reinvestments in mainland China:

Unit: NT\$/US\$ thousand

Name of investee company in Mainland China	Principal business	Paid-in capital	Investment method (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	(769)	100.00%	(769)	2,586	-
Minsheng Asia-Pacific (Beijing) Enterprise Management Co., Ltd.	Hospital management consulting services	5,124	(1)	5,124	-	-	5,124	326	100.00%	326	6,781	-

Note 1: Investment methods can be classified into the following three types:

- (1) Directly invest in mainland China.
- (2) Reinvest in mainland companies through third regions.
- (3) Other methods.

Note 2: Financial statements audited by a certified public accountant of the parent company in Taiwan.

Note 3: The above transactions have been written off in the preparation of the Consolidated Financial Statements.

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	2,092,762

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
Minsheng Medical Holding Co., Ltd.		36,298,290	28.79%

Note 1: The information on the major shareholder in this table is calculated by CHEP on the last business day at the end of each quarter, based on the data about shareholders who hold a total of 5% of the ordinary shares and special shares of the Company that have been delivered without physical

Notes to the Parent Company Only Financial Statements of ShareHope Medicine Co., Ltd. (Continued)

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 2023.

ShareHope Medicine Co., Ltd.
Schedule of Cash and Cash Equivalents
December 31, 2023

Unit: NT\$ thousand

<u>Item</u>	<u>Summary</u>	<u>Amount</u>
Cash on hand and working capital	Cash and working capital	\$ 3,856
Bank deposits	Demand deposits	913,171
	Foreign currency demand deposits (Note 1)	60
Cash equivalents	Repurchase bonds	50,761
		<u><u>\$ 967,848</u></u>

Note 1:

	<u>Amount in original currency (NT\$)</u>	<u>Exchange rate</u>
USD	1,486.91	30.71
CNY	3,260.83	4.327

Note 2:

	<u>Amount in original currency (NT\$)</u>	<u>Maturity date</u>	<u>Interest rate</u>
NTD	50,761	113.2.5	0.76%

ShareHope Medicine Co., Ltd.
Schedule of Notes and Accounts Receivable and
Finance Lease Receivables

December 31, 2023

Unit: NT\$ thousand

<u>Account</u>	<u>Customer name</u>	<u>Amount</u>
Notes receivable	New Kunming Hospital	\$ 579
	Kangchihyo Pharmacy	107
	Others (less than 5% of the balance of this item)	17
		<u><u>\$ 703</u></u>
Accounts receivable	Weikung	\$ 8,369
	Yungkeng	7,841
	Others (less than 5% of the balance of this item)	33,219
		<u><u>\$ 49,429</u></u>
Accounts receivable - related parties	Minsheng General Hospital	\$ 950,375
	Others (less than 5% of the balance of this item)	118,974
Loss allowances		(216)
	Net accounts receivable - related parties	<u><u>\$ 1,069,133</u></u>
Finance lease receivables	Aikossu	<u><u>\$ 277</u></u>
Finance lease receivables - related parties-	Zhiyi Clinic	\$ 4,630
	Tayuan Minsheng Hospital	2,078
	Minsheng General Hospital	2,565
	Lungtan Minsheng Hospital	1,048
	Others (less than 5% of the balance of this item)	177
		<u><u>\$ 10,498</u></u>
Long-term finance lease receivables - related parties	Tayuan Minsheng Hospital	7,619
	Zhiyi Clinic	5,747
	Lungtan Minsheng Hospital	1,462
	Minsheng General Hospital	1,132
	Others (less than 5% of the balance of this item)	10
		<u><u>\$ 15,970</u></u>

ShareHope Medicine Co., Ltd.
Schedule of Financial Assets at Fair Value through Profit or Loss - Current and Non-current
December 31, 2023

Unit: NT\$ thousand/thousand/ shares

Name of financial instrument	Summary	Shares or units	Face value	Total amount	Acquisition cost	Fair value	
						Unit price	Total amount
Financial assets at fair value through profit or loss - current							
Fund beneficiary certificates	Federal Money Market Fund	771	\$ 10,000	<u>10,000</u>	10,000	13.57	<u>10,463</u>
Financial assets at fair value through profit or loss - non-current							
Non-overseas listed stocks	Tsaihsin Health Business Co., Ltd.	1,000	-	<u>-</u>	15,000	19.68	<u>19,684</u>
				<u>\$ 10,000</u>			<u>19,684</u>

ShareHope Medicine Co., Ltd.
Schedule of Financial Assets at Fair Value through Other Comprehensive Income - Non-current
January 1 to December 31, 2023

Unit: NT\$ thousand/thousand/ shares

Name	Beginning balance		Increase during the period		Decrease during the period		Valuation profit or loss	Ending balance		Guarantee or pledge
	Number of shares	Amount	Number of shares	Amount	Number of shares	Amount	Fair value	Number of shares (thousand shares)	Amount	
Chunghua Development Biomedical Venture Capital Co., Ltd.	3,000	\$ 50,026	-	-	1,871	18,714	18,021	1,129	49,333	None
Yiting Biotech Venture Capital Co., Ltd.	4,875	53,342	-	-	780	7,800	35,044	4,095	80,586	"
BenQ BM Holding Cayman Corporation	5,258	273,661	-	-	-	-	68,210	5,258	341,871	"
Chunghua Development Second Biomedical Venture Capital Limited Partnership	-	87,122	-	-	-	-	13,174	-	100,296	"
Yichuang Second Venture Capital Co., Ltd.	2,000	15,902	-	-	-	-	241	2,000	16,143	"
AcroViz Inc.	-	-	1,820	20,020	-	-	2,421	1,820	22,441	"
		<u>\$ 480,053</u>		<u>20,020</u>		<u>26,514</u>	<u>137,111</u>		<u>610,670</u>	

Note: This is the capital returned due to capital reduction of investees.

ShareHope Medicine Co., Ltd.
Schedule of Changes in Equity Method Investments
January 1 to December 31, 2023

Unit: NT\$ thousand/thousand/ shares

Item	Beginning balance			Increase during the period		Decrease during the period (Note 1)		Share of profits and losses recognized by the equity method	Unrealized gains and losses on financial assets at fair value through other comprehensive income	Cumulative translation adjustment	Others (Note 2)	Ending balance			Guarantee or equity value	Pledge
	Number of shares	Shareholding	Amount	Number of shares	Amount	Number of shares	Amount					Number of shares	Shareholding	Amount		
Chungyuan Medical Management Co., Ltd.	1,000	100.00%	\$ 14,696	-	-	-	(3,048)	57	-	-	-	1,000	100.00%	11,705	11,705	None.
Mytrex Health Co., Ltd.	22,454	61.46%	432,827	-	-	-	-	(34,552)	(1,231)	(1)	2,010	22,454	61.46%	399,053	399,053	"
Medzoneasia Co., Ltd. (hereinafter referred to as Medzoneasia)	15,654	60	243,453	1,500	22,500	-	-	(24,145)	1,321	-	(113,663)	17,154	91.47%	129,466	129,467	"
Pohui Biotechnology Co., Ltd.	2,211	25	3,957	-	-	-	-	(68)	(3,139)	-	-	2,211	25.00%	750	750	"
ShareHope Medicine (HongKong) Co., Ltd.	1,500	100	22,753	-	-	-	-	(1,529)	-	(393)	-	1,500	100.00%	20,831	20,831	"
Minsheng Asia-Pacific (Beijing) Enterprise Management Co., Ltd.	-	100	6,582	-	-	-	-	326	-	(127)	-	-	100.00%	6,781	6,781	"
Pregetic Medical Health Co., Ltd.	10,500	39	114,907	-	-	-	-	(26,534)	(1,140)	-	(429)	10,500	38.90%	86,804	86,804	"
Shengshih Technology Co., Ltd.	100	100	845	-	-	-	-	(61)	-	-	-	100	100.00%	784	784	"
Sheng Tai Food Technology Co., Ltd.	-	-	-	80	800	-	-	(634)	-	-	-	80	80.00%	166	166	"
YWLT Co., Ltd.	-	-	-	100	1,000	-	-	(44)	-	-	-	100	100.00%	956	956	"
			<u>\$ 840,020</u>		<u>24,300</u>		<u>(3,048)</u>	<u>(87,184)</u>	<u>(4,189)</u>	<u>(521)</u>	<u>(112,082)</u>			<u>657,296</u>		

(Note 1) Cash dividends received from the subsidiary amounted to NT3,048 thousand.
(Note 2) It includes recognized NT\$41 thousand of remeasurement of subsidiaries’ defined benefit plans, and (NT\$112,123) thousand of changes in ownership interests in the subsidiaries.

ShareHope Medicine Co., Ltd.
Schedule of Notes and Accounts Payable
December 31, 2023

Unit: NT\$ thousand

Item	Summary	Amount
Accounts payable	GLOBAL VIEW BIOTECHNOLOGY INC.	\$ 4,000
	GRAND MEDICAL INSTRUMENT CO., LTD.	3,400
		<u>\$ 7,400</u>
Accounts payable	Yuli	\$ 127,797
	DKSH	72,335
	Chunyu	31,613
	Others (those less than 5% of the balance of this item)	406,687
		<u>\$ 638,432</u>
Accounts payable - related parties)	Macro Global Corporation	\$ 508
	Hsinchu Science Park Clinic	128
	Mytrex Health Company	61
	Others (those less than 5% of the balance of this item)	12
		<u>\$ 709</u>

ShareHope Medicine Co., Ltd.
Schedule of Operating Costs
January 1 to December 31, 2023

Unit: NT\$ thousand

<u>Summary</u>	<u>Summary</u>	<u>Amount</u>
Sales costs	Beginning inventory	\$ 41,321
	Add: net purchases during the period	1,541,010
	Logistics service fee	16,536
	Less: transferred for own use	(1,287)
	Ending inventory	<u>(41,977)</u>
		<u>1,555,603</u>
Lease costs	Maintenance fees	128
	Depreciation	<u>71,078</u>
		<u>71,206</u>
Service costs	Consumables inspection	101,929
	Salaries and bonuses	81,659
	Rent	23,939
	Depreciation	27,995
	Others (those less than 5% of the balance of this item)	<u>56,110</u>
		<u>291,632</u>
Operating costs		<u><u>\$ 1,918,441</u></u>

ShareHope Medicine Co., Ltd.
Schedule of Operating Expenses
January 1 to December 31, 2023

Unit: NT\$ thousand

<u>Item</u>	<u>Marketing expenses</u>	<u>Administrative expenses</u>	<u>Total</u>
Salaries and bonuses	\$ 9,377	39,786	49,163
Pensions	885	-	885
Rental expenses	979	-	979
Service expenses	-	16,320	16,320
Other expenses	1,867	9,830	11,697
Employees' and directors' remuneration	-	13,271	13,271
Donation	-	8,493	8,493
Depreciation	9	41,337	41,346
Others (those less than 5% of the balance of this item)	<u>2,755</u>	<u>32,606</u>	<u>35,361</u>
	<u>\$ 15,872</u>	<u>161,643</u>	<u>177,515</u>