

**EXCELSIOR MEDICAL CO., LTD.
AND SUBSIDIARIES**

CONSOLIDATED FINANCIAL STATEMENTS

**With Independent Auditors' Report
For the Years Ended December 31, 2020 and 2019**

**Address: 17F., No.880, Zhongzheng Rd., Zhonghe Dist., New Taipei City 235,
Taiwan, R.O.C.**

Telephone: (02)22251888

The independent auditors' report and the accompanying consolidated financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors' report and consolidated financial statements, the Chinese version shall prevail.

Table of contents

Contents	Page
1. Cover Page	1
2. Table of Contents	2
3. Representation Letter	3
4. Independent Auditors' Report	4
5. Consolidated Balance Sheets	5
6. Consolidated Statements of Comprehensive Income	6
7. Consolidated Statements of Changes in Equity	7
8. Consolidated Statements of Cash Flows	8
9. Notes to the Consolidated Financial Statements	
(1) Company History	9
(2) Financial Statements Authorization Date and Authorization Process	9
(3) New Standards, Amendments and Interpretations Adopted	9~10
(4) Summary of Significant Accounting Policies	11~28
(5) Significant Accounting Assumptions and Judgments, and Major Sources of Estimation Uncertainty	28
(6) Explanation of Significant Accounts	29~74
(7) Related Party Transactions	74~79
(8) Pledged Assets	80
(9) Significant Commitments and Contingencies	80
(10) Losses Due to Major Disasters	81
(11) Subsequent Events	81
(12) Others	81
(13) Other disclosures	
i) Information on significant transactions	81~84
ii) Information on investees	85~86
iii) Information on investment in mainland China	87~88
iv) Major shareholders	88
(14) Segment Information	88~91

Representation Letter

The entities that are required to be included in the combined financial statements of Excelsior Medical Co., Ltd. as of and for the year ended December 31, 2020 under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports, and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with International Financial Reporting Standards No. 10 endorsed by the Financial Supervisory Commission, "Consolidated Financial Statements." In addition, the information required to be disclosed in the combined financial statements is included in the consolidated financial statements. Consequently, Excelsior Medical Co., Ltd. and Subsidiaries do not prepare a separate set of combined financial statements.

Company name: Excelsior Medical Co., Ltd.

Chairman: Fu Hui-Tung

Date: March 12, 2021



安侯建業聯合會計師事務所

KPMG

台北市110615信義路5段7號68樓(台北101大樓)
68F., TAIPEI 101 TOWER, No. 7, Sec. 5,
Xinyi Road, Taipei City 110615, Taiwan (R.O.C.)

Telephone 電話 + 886 2 8101 6666
Fax 傳真 + 886 2 8101 6667
Internet 網址 home.kpmg/tw

Independent Auditors' Report

To the Board of Directors of Excelsior Medical Co., Ltd.:

Opinion

We have audited the consolidated financial statements of Excelsior Medical Co., Ltd. and its subsidiaries (“the Group”), which comprise the consolidated statement of financial position as of December 31, 2020 and 2019, the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, based on our audits and the reports of other auditors (please refer to Other Matter paragraph), the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2020 and 2019, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and with the International Financial Reporting Standards (“IFRSs”), International Accounting Standards (“IASs”), Interpretations developed by the International Financial Reporting Interpretations Committee (“IFRIC”) or the former Standing Interpretations Committee (“SIC”) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

We conducted our audit of the consolidated financial statements as of and for the year ended December 31, 2020 in accordance with the Regulations Governing Auditing and Certification of Financial Statements by Certified Public Accountants, and the auditing standards generally accepted in the Republic of China. Furthermore, we conducted our audit of the consolidated financial statements as of and for the year ended December 31, 2019 in accordance with the Regulations Governing Auditing and Certification of Financial Statements by Certified Public Accountants, Rule No. 1090360805 issued by the Financial Supervisory Commission, and the auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors’ Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Certified Public Accountants Code of Professional Ethics in Republic of China (“the Code”), and we have fulfilled our other ethical responsibilities in accordance with the Code. Based on our audits and the reports of other auditors, we believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. Based on our judgment, the key audit matter that should be disclosed in this report is as follows:

1. Impairment Assessment on Receivables

Please refer to Note (4)(g) for accounting policies of account receivable allowance provision.



Description of key audit matter:

The management of the Group performed its assessment based on the default risk of accounts receivable and the rate of expected loss. Because the assessment of impairment loss of receivables involves critical accounting estimates, which are subject to the judgment of the management, the assessment of the impairment loss of receivables is deemed to be a key audit matter.

How the matter was addressed in our audit:

Our main audit procedures in response to the assessment of the impairment of receivables were assessing the reasonableness of the methodology and assumptions used by the management for the impairment assessment of receivables and whether the methodology was adopted consistently, testing the reasonableness of the information used by the management for assessing the impairment of receivables, reviewing the accuracy of the calculation of the allowance for receivables, and evaluating the adequacy of the Group's disclosure for impairment of receivables.

Other Matter

We did not audit the financial statements of certain subsidiaries included in the consolidated financial statements of the Group. Those statements were audited by other auditors, whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for such subsidiaries, is based solely on the report of other auditors. As of December 31, 2020 and 2019, the total assets of these subsidiaries were NT\$442,964 thousand and NT\$231,936 thousand, constituting 3% and 2% of consolidated total assets, respectively. The total operating revenues of these subsidiaries for the year ended December 31, 2020 and 2019 were NT\$252,013 thousand and NT\$95,717 thousand, constituting 4% and 1% of consolidated total operating revenues, respectively. We also did not audit the financial statements of certain associates and joint ventures, which represented investment in other entities accounted for using the equity method of the Group. Those statements were audited by other auditors, whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for such entities, is based solely on the reports of other auditors. As of December 31, 2020 and 2019, the carrying amounts of these investments were NT\$546,435 thousand and NT\$101,609 thousand, constituting 4% and 1% of consolidated total assets, respectively. The share of comprehensive income of associates and joint ventures accounted for using the equity method for the years ended December 31, 2020 and 2019, amounted to NT\$107,286 thousand and NT\$19,784 thousand, were constituting 17% and 3% of consolidated total comprehensive income, respectively.

Excelsior Medical Co., Ltd. has prepared its parent-company-only financial statements as of and for the years ended December 31, 2020 and 2019, on which we have issued an unmodified opinion with an Other Matter paragraph.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and with the IFRSs, IASs, IFRC, SIC endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance (including the Audit Committee) are responsible for overseeing the Group's financial reporting process.



Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the auditing standards generally accepted in the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with auditing standards generally accepted in the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.



From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors' report are Tsao-Jen Wu and Wan-Wan Lin.

KPMG

Taipei, Taiwan (Republic of China)
March 19, 2021

Notes to Readers

The accompanying consolidated financial statements are intended only to present the consolidated statement of financial position, financial performance and cash flows in accordance with the accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such consolidated financial statements are those generally accepted and applied in the Republic of China.

The independent auditors' report and the accompanying consolidated financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors' report and consolidated financial statements, the Chinese version shall prevail.

(ENGLISH TRANSLATION OF CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN CHINESE)
EXCELSIOR MEDICAL CO., LTD. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

DECEMBER 31, 2020 AND 2019

(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

ASSETS		December 31, 2020		December 31, 2019		LIABILITIES AND EQUITY		December 31, 2020		December 31, 2019	
		Amount	%	Amount	%			Amount	%	Amount	%
Current assets:						Current liabilities:					
1100	Cash and cash equivalents (Note (6)(a))	\$ 2,618,464	19	2,828,776	21	2100	Short-term borrowings (Note (6)(n))	\$ 404,498	3	1,212,967	9
1110	Current financial assets at fair value through profit or loss (Note (6)(b))	166	-	-	-	2120	Current financial liabilities at fair value through profit or loss (Note (6)(b))	46	-	-	-
1136	Current financial assets at amortized cost (Note (6)(d))	774,526	6	524,614	4	2130	Current contract liabilities	311,978	2	320,562	2
1151	Notes receivable (Notes (6)(e), (7) and (8))	220,226	2	267,181	2	2150	Notes payable	398	-	6,171	-
1152	Other notes receivable (Notes (6)(c), (7) and (8))	184,942	1	225,191	2	2170	Accounts payable (Note (7))	881,868	6	1,053,107	8
1170	Accounts receivable (Notes (6)(e) and (7))	1,225,050	9	1,294,654	9	2200	Other payables (Notes (6)(o) and (7))	2,001,349	14	1,809,771	13
1200	Other receivables (Notes (6)(e) and (7))	2,309,331	16	2,461,811	18	2230	Current tax liabilities	63,892	-	67,448	-
130X	Inventories (Note (6)(f))	851,236	6	853,185	6	2280	Current lease liabilities (Note (6)(s) and (7))	78,369	1	77,418	1
1476	Other current financial assets (Note (8))	161,639	1	59,308	-	2322	Long-term borrowings, current portion (Note (6)(r))	4,251	-	8,055	-
1479	Other current assets, others	156,220	1	99,965	1	2399	Other current liabilities, others (Notes (6)(p), (q) and (7))	273,283	2	273,603	2
		<u>8,501,800</u>	<u>61</u>	<u>8,614,685</u>	<u>63</u>			<u>4,019,932</u>	<u>28</u>	<u>4,829,102</u>	<u>35</u>
Non-current assets:						Non-Current liabilities:					
1517	Non-current financial assets at fair value through other comprehensive income (Note (6)(c))	735,437	5	690,085	5	2540	Long-term borrowings (Note (6)(r))	-	-	644	-
1550	Investments accounted for using equity method (Note (6)(g))	2,492,993	18	2,368,562	17	2570	Deferred tax liabilities (Note (6)(v))	156,960	1	115,730	1
1600	Property, plant and equipment (Notes (6)(j) and (8))	534,339	4	560,863	4	2580	Non-current lease liabilities (Notes (6)(s) and (7))	225,457	2	163,791	1
1755	Right-of-use assets (Note (6)(k))	299,972	2	238,971	2	2640	Net defined benefit liability (Note (6)(u))	17,248	-	17,152	-
1760	Investment property, net (Notes (6)(l) and (8))	1,005,090	7	788,628	6	2670	Other non-current liabilities, others (Note (6)(q))	5,331	-	6,653	-
1780	Intangible assets (Note (6)(m))	32,653	-	31,967	-			<u>404,996</u>	<u>3</u>	<u>303,970</u>	<u>2</u>
1840	Deferred tax assets (Note (6)(v))	215,485	2	219,928	2		Total liabilities	<u>4,424,928</u>	<u>31</u>	<u>5,133,072</u>	<u>37</u>
1930	Long-term notes and accounts receivable (Note (6)(e))	12,196	-	18,378	-	Equity attributable to owners of parent (Note (6)(w)):					
1975	Net defined benefit asset (Note (6)(u))	8,614	-	6,033	-		Share capital	1,411,490	10	1,281,490	9
1980	Other non-current financial assets (Note (8))	144,159	1	203,172	1	3100	Capital surplus	3,276,107	24	2,816,807	21
1990	Other non-current assets, others	21,894	-	23,712	-	3200	Retained earnings	3,017,380	22	2,904,393	21
		<u>5,502,832</u>	<u>39</u>	<u>5,150,299</u>	<u>37</u>	3400	Other equity	(114,080)	(1)	(56,349)	-
							Total equity attributable to owners of parent	<u>7,590,897</u>	<u>55</u>	<u>6,946,341</u>	<u>51</u>
					36XX		Non-controlling interests (Notes (6)(i) and (w))	<u>1,988,807</u>	<u>14</u>	<u>1,685,571</u>	<u>12</u>
							Total equity	<u>9,579,704</u>	<u>69</u>	<u>8,631,912</u>	<u>63</u>
TOTAL ASSETS		<u>\$ 14,004,632</u>	<u>100</u>	<u>13,764,984</u>	<u>100</u>	TOTAL LIABILITIES AND EQUITY		<u>\$ 14,004,632</u>	<u>100</u>	<u>13,764,984</u>	<u>100</u>

(ENGLISH TRANSLATION OF CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN CHINESE)

EXCELSIOR MEDICAL CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, EXCEPT EARNINGS PER SHARE)

		For the Years Ended December 31,			
		2020		2019	
		Amount	%	Amount	%
4000	Operating revenue (Notes (6)(z) and (7))	\$ 6,675,494	100	6,457,362	100
5000	Operating costs (Notes (6)(f) and (7))	5,368,920	80	5,218,965	81
	Gross profit from operations	1,306,574	20	1,238,397	19
5910	Less: Unrealized profit from sales	110,977	2	91,697	1
5920	Add: Realized profit from sales	110,901	2	89,355	1
		<u>1,306,498</u>	<u>20</u>	<u>1,236,055</u>	<u>19</u>
	Operating expenses:				
6100	Selling expenses (Note (7))	495,902	8	463,877	7
6200	Administrative expenses (Note (7))	278,617	4	304,073	5
6450	Expected credit loss (Note (6)(e))	2,909	-	4,066	-
		<u>777,428</u>	<u>12</u>	<u>772,016</u>	<u>12</u>
	Net operating income	529,070	8	464,039	7
	Non-operating income and expenses:				
7100	Interest income (Note (6)(ab))	23,255	-	44,638	1
7010	Other income (Notes (6)(ab) and (7))	32,248	-	26,645	-
7020	Other gains and losses (Notes (6)(ab) and (7))	13,550	-	45,006	1
7050	Finance costs (Notes (6)(ab) and (7))	(10,768)	-	(23,820)	-
7060	Share of profit of associates and joint ventures accounted for using equity method (Note (6)(g))	242,028	4	190,317	3
		<u>300,313</u>	<u>4</u>	<u>282,786</u>	<u>5</u>
7900	Profit before tax	829,383	12	746,825	12
7950	Less: Tax expense (Note (6)(v))	160,297	2	124,551	2
	Profit	<u>669,086</u>	<u>10</u>	<u>622,274</u>	<u>10</u>
	Other comprehensive income (loss):				
8310	Items that may not be reclassified subsequently to profit or loss:				
8311	Gains (losses) on remeasurements of defined benefit plans	681	-	10,391	-
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	47,852	1	26,307	-
8320	Share of other comprehensive income of associates and joint ventures accounted for using equity method, components of other comprehensive income that will not be reclassified to profit or loss	26,868	-	33,302	1
8349	Less: Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	3,756	-	(4,774)	-
	Total items that will not be reclassified subsequently to profit and loss	<u>71,645</u>	<u>1</u>	<u>74,774</u>	<u>1</u>
8360	Items that will be reclassified to profit or loss				
8361	Exchange differences on translation	(171,023)	(2)	(94,348)	(1)
8370	Share of other comprehensive income of associates and joint ventures accounted for using equity method, components of other comprehensive income that will be reclassified to profit or loss	46,876	1	31,315	-
8399	Less: Income tax related to components of other comprehensive income that will be reclassified to profit or loss	(24,206)	-	(12,174)	-
	Total items that will be reclassified subsequently to profit and loss	<u>(99,941)</u>	<u>(1)</u>	<u>(50,859)</u>	<u>(1)</u>
	Other comprehensive income, net	<u>(28,296)</u>	<u>-</u>	<u>23,915</u>	<u>-</u>
8500	Total comprehensive income	<u>\$ 640,790</u>	<u>10</u>	<u>646,189</u>	<u>10</u>
	Profit attributable to:				
8610	Owners of parent	\$ 571,670	9	514,755	8
8620	Non-controlling interests	97,416	1	107,519	2
		<u>\$ 669,086</u>	<u>10</u>	<u>622,274</u>	<u>10</u>
	Comprehensive income attributable to:				
8710	Owners of parent	\$ 513,296	8	523,062	8
8720	Non-controlling interests	127,494	2	123,127	2
		<u>\$ 640,790</u>	<u>10</u>	<u>646,189</u>	<u>10</u>
	Earnings per share (Note (6)(y))				
9750	Basic earnings per share (NT dollars)	<u>\$ 4.06</u>		<u>4.02</u>	
9850	Diluted earnings per share (NT dollars)	<u>\$ 4.04</u>		<u>3.99</u>	

(ENGLISH TRANSLATION OF CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN CHINESE)
EXCELSIOR MEDICAL CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

	Equity attributable to owners of parent									
	Share capital					Total other equity interest				
	Ordinary shares	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	Equity attributable to owners of parent	Non-controlling interests	Total equity
Balance as of January 1, 2019	\$ 1,281,490	2,812,704	681,883	262,832	1,792,929	(61,536)	34,907	6,805,209	1,535,562	8,340,771
Profit for the year	-	-	-	-	514,755	-	-	514,755	107,519	622,274
Other comprehensive income (loss) for the year	-	-	-	-	3,431	(46,367)	51,243	8,307	15,608	23,915
Total comprehensive income (loss) for the year	-	-	-	-	518,186	(46,367)	51,243	523,062	123,127	646,189
Appropriation and distribution of retained earnings:										
Legal reserve appropriated	-	-	45,156	-	(45,156)	-	-	-	-	-
Special reserve reversed	-	-	-	(236,203)	236,203	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	(384,447)	-	-	(384,447)	-	(384,447)
Changes in equity of associates and joint ventures accounted for using equity method	-	(176)	-	-	(1,586)	-	-	(1,762)	-	(1,762)
Changes in ownership interests in subsidiaries	-	957	-	-	-	-	-	957	113,049	114,006
Employee stock options	-	3,322	-	-	-	-	-	3,322	-	3,322
Changes in non-controlling interests	-	-	-	-	-	-	-	-	(86,167)	(86,167)
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	34,596	-	(34,596)	-	-	-
Balance as of December 31, 2019	1,281,490	2,816,807	727,039	26,629	2,150,725	(107,903)	51,554	6,946,341	1,685,571	8,631,912
Profit for the year	-	-	-	-	571,670	-	-	571,670	97,416	669,086
Other comprehensive income (loss) for the year	-	-	-	-	(944)	(91,466)	34,036	(58,374)	30,078	(28,296)
Total comprehensive income (loss) for the year	-	-	-	-	570,726	(91,466)	34,036	513,296	127,494	640,790
Appropriation and distribution of retained earnings:										
Legal reserve appropriated	-	-	51,476	-	(51,476)	-	-	-	-	-
Special reserve appropriated	-	-	-	29,720	(29,720)	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	(465,792)	-	-	(465,792)	-	(465,792)
Changes in equity of associates and joint ventures accounted for using equity method	-	333	-	-	7,490	-	-	7,823	-	7,823
Capital increased by cash	130,000	455,000	-	-	-	-	-	585,000	-	585,000
Changes in ownership interests in subsidiaries	-	3,967	-	-	262	-	-	4,229	-	4,229
Changes in non-controlling interests	-	-	-	-	-	-	-	-	175,742	175,742
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	301	-	(301)	-	-	-
Balance as of December 31, 2020	\$ 1,411,490	3,276,107	778,515	56,349	2,182,516	(199,369)	85,289	7,590,897	1,988,807	9,579,704

(ENGLISH TRANSLATION OF CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN CHINESE)
EXCELSIOR MEDICAL CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

	For the Years Ended December 31,	
	2020	2019
Cash flows from operating activities:		
Profit before tax	\$ 829,383	746,825
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation expense	162,691	154,601
Amortization expense	4,776	5,640
Expected credit loss	2,909	4,066
Net loss (gain) on financial assets or liabilities at fair value through profit or loss	200	(32)
Interest expense	10,768	23,820
Interest income	(23,255)	(44,638)
Dividend income	(23,231)	(15,424)
Share-based payments	4,152	3,322
Share of profit of associates and joint ventures accounted for using equity method	(242,028)	(190,317)
Loss (gain) on disposal of property, plan and equipment	100	(906)
Gain on disposal of subsidiaries	-	(13,167)
Impairment loss on non-financial assets	4,282	16,224
Unrealized profit from sales	110,977	91,697
Realized profit from sales	(110,901)	(89,355)
Others	71	(53,676)
Total adjustments to reconcile profit	(98,489)	(108,145)
Changes in operating assets and liabilities:		
Changes in operating assets:		
Notes receivable	47,359	115,047
Accounts receivable	65,028	(34,980)
Other receivables and notes	196,476	1,085,152
Inventories	(36,471)	149,014
Net defined benefit asset	(866)	(3,441)
Other current assets	(68,221)	53,528
Other operating assets	6,182	9,213
Total changes in operating assets	209,487	1,373,533
Changes in operating liabilities:		
Contract liabilities	(8,584)	(39,767)
Notes payable	(5,773)	(4,293)
Accounts payable	(171,239)	24,795
Other payables	191,162	(712,503)
Other current liabilities	(320)	(18,736)
Net defined benefit liability	(938)	5,633
Other operating liabilities	(882)	(12,878)
Total changes in operating liabilities	3,426	(757,749)
Total changes in operating assets and liabilities	212,913	615,784
Total adjustments	114,424	507,639
Cash inflow generated from operations	943,807	1,254,464
Interest received	23,111	42,287
Income taxes paid	(97,485)	(102,255)
Net cash flows from operating activities	869,433	1,194,496

(ENGLISH TRANSLATION OF CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN CHINESE)
EXCELSIOR MEDICAL CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

	For the Years Ended December 31,	
	2020	2019
Cash flows from investing activities:		
Acquisition of financial assets at fair value through other comprehensive income	-	(7,362)
Proceeds from disposal of financial assets at fair value through other comprehensive income	1,006	57,295
Acquisition of financial assets at amortized cost	(620,951)	(406,787)
Proceeds from disposal of financial assets at amortized cost	365,699	113,666
Acquisition of financial assets at fair value through profit or loss	(320)	-
Proceeds from disposal of financial assets at fair value through profit or loss	-	15,200
Net cash flow from acquisition of subsidiaries	-	(359,957)
Net cash flow from disposal of subsidiaries	-	1,859
Acquisition of property, plant and equipment	(30,716)	(51,275)
Proceeds from disposal of property, plant and equipment	285	2,740
Increase in refundable deposits	(3,663)	(58,031)
Decrease in refundable deposits	61,301	3,188
Acquisition of intangible assets	(4,317)	(727)
Acquisition of investment properties	(209,877)	-
Increase in other financial assets	(101,376)	-
Decrease in other financial assets	-	9,345
Increase in other non-current assets	-	(1,685)
Decrease in other non-current assets	411	-
Dividends received	127,668	140,311
Net cash flows used in investing activities	(414,850)	(542,220)
Cash flows from financing activities:		
Increase in short-term borrowings	-	74,867
Decrease in short-term borrowings	(808,469)	-
Repayments of long-term borrowings	(4,448)	(398,607)
Increase in guarantee deposits received	-	6
Decrease in guarantee deposits received	(20)	-
Payment of lease liabilities	(75,599)	(71,225)
Cash dividends paid	(465,792)	(384,447)
Capital increased by cash	585,000	-
Interest paid	(10,593)	(19,361)
Change in non-controlling interests	176,637	(86,167)
Net cash flows used in financing activities	(603,284)	(884,934)
Effect of exchange rate changes on cash and cash equivalents	(61,611)	(38,647)
Net decrease in cash and cash equivalents	(210,312)	(271,305)
Cash and cash equivalents at beginning of period	2,828,776	3,100,081
Cash and cash equivalents at end of period	\$ 2,618,464	2,828,776

(ENGLISH TRANSLATION OF CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN CHINESE)
EXCELSIOR MEDICAL CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, UNLESS OTHERWISE SPECIFIED)

(1) Company History

Excelsior Medical Co., Ltd. (the Company) was incorporated on March 15, 1988 as a company limited by shares and registered under the Ministry of Economic Affairs, R.O.C. The address of the Company's registered office is 17F., No.880, Zhongzheng Rd., Zhonghe Dist., New Taipei City 235, Taiwan, R.O.C.. The Company and its subsidiaries (the Group) engaged primarily in the sale of medical supplies and equipment, medicines and home medical devices.

The Company's shares were traded on the Taipei Exchange (formerly the GreTai Securities Market) from June 8, 2001 to December 30, 2007 and have been traded on the Taiwan Stock Exchange since December 31, 2007.

(2) Financial Statements Authorization Date and Authorization Process

The consolidated financial statements were authorized for issuance by the Board of Directors on March 12, 2021.

(3) New Standards, Amendments and Interpretations Adopted:

- (a) The impact of the International Financial Reporting Standards (“IFRSs”) endorsed by the Financial Supervisory Commission, R.O.C. (“FSC”) which have already been adopted.

The Group has initially adopted the following new amendments, which do not have a significant impact on its consolidated financial statements, from January 1, 2020:

- Amendments to IFRS 3 “Definition of a Business”
- Amendments to IFRS 9, IAS39 and IFRS7 “Interest Rate Benchmark Reform”
- Amendments to IAS 1 and IAS 8 “Definition of Material”
- Amendments to IFRS 16 “COVID-19-Related Rent Concessions”

- (b) The impact of IFRS issued by the FSC but not yet effective

The Group assesses that the adoption of the following new amendments, effective for annual period beginning on January 1, 2021, would not have a significant impact on its consolidated financial statements:

- Amendments to IFRS 4 “Extension of the Temporary Exemption from Applying IFRS 9”
- Amendments to IFRS 9, IAS39, IFRS7, IFRS 4 and IFRS 16 “Interest Rate Benchmark Reform—Phase 2”

(ENGLISH TRANSLATION OF CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN CHINESE)
EXCELSIOR MEDICAL CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, UNLESS OTHERWISE SPECIFIED)

- (c) The impact of IFRS issued by IASB but not yet endorsed by the FSC

The following new and amended standards, which may be relevant to the Group, have been issued by the International Accounting Standards Board (IASB), but have yet to be endorsed by the FSC:

<u>Standards or Interpretations</u>	<u>Content of amendment</u>	<u>Effective date per IASB</u>
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of balance sheet, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current. The amendments include clarifying the classification requirements for debt a company might settle by converting it into equity.	January 1, 2023
Amendments to IAS 37 “Onerous Contracts—Cost of Fulfilling a Contract”	The amendments clarify that the ‘costs of fulfilling a contract’ comprises the costs that relate directly to the contract as follows: <ul style="list-style-type: none"> ● the incremental costs – e.g. direct labor and materials; and ● an allocation of other direct costs – e.g. an allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract. 	January 1, 2022

The Group is evaluating the impact of its initial adoption of the abovementioned standards or interpretations on its consolidated financial position and consolidated financial performance. The results thereof will be disclosed when the Group completes its evaluation.

The Group does not expect the following other new and amended standards, which have yet to be endorsed by the FSC, to have a significant impact on its consolidated financial statements:

- Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture”
- IFRS 17 “Insurance Contracts” and amendments to IFRS 17 “Insurance Contracts”
- Amendments to IAS 16 “Property, Plant and Equipment—Proceeds before Intended Use”
- Annual Improvements to IFRS Standards 2018-2020
- Amendments to IFRS 3 “Reference to the Conceptual Framework”
- Amendments to IAS 1 “Disclosure of Accounting Policies”
- Amendments to IAS 8 “Definition of Accounting Estimates”

(ENGLISH TRANSLATION OF CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN CHINESE)
EXCELSIOR MEDICAL CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, UNLESS OTHERWISE SPECIFIED)

(4) Summary of Significant Accounting Policies

The significant accounting policies presented in the consolidated financial statements are summarized below. The following accounting policies were applied consistently throughout the periods presented in the consolidated financial statements.

(a) Statement of compliance

These consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (hereinafter referred to the Regulations) and International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations and SIC Interpretations endorsed and issued into effect by the Financial Supervisory Commission, R.O.C. (hereinafter referred to the IFRSs endorsed by FSC).

(b) Basis of preparation

1. Basis of measurement

The consolidated financial statements have been prepared on historical cost basis except for the following material items in the balance sheet:

- 1) Financial assets at fair value through profit or loss are measured at fair value;
- 2) Financial assets at fair value through other comprehensive income are measured at fair value;
- 3) The defined benefit liabilities (or assets) are measured at fair value of plan assets, net of aggregation of the present value of the defined benefit obligation, with a limit based on a defined benefit asset.

2. Functional and presentation currency

The functional currency of each Group entity is determined based on the primary economic environment in which the entity operates. The consolidated financial statements are presented in New Taiwan Dollars, which is the Company's functional currency. All financial information presented in New Taiwan Dollars has been rounded to the nearest thousand.

(c) Basis of consolidation

1. Principle of preparation of the consolidated financial statements

The consolidated financial statements comprise the Company and subsidiaries. Subsidiaries are entities controlled by the Group. The Group 'controls' an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases. Intragroup balances and transactions, and any unrealized income and expenses arising from Intragroup transactions are eliminated in preparing the consolidated financial statements. The Group attributes the profit or loss and each component of other comprehensive income to the owners of the parent and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

(ENGLISH TRANSLATION OF CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN CHINESE)
EXCELSIOR MEDICAL CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, UNLESS OTHERWISE SPECIFIED)

The Group prepares consolidated financial statements using uniform accounting policies for like transactions and other events in similar circumstances. Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received will be recognized directly in equity, and the Group will attribute it to the owners of the parent.

2. List of subsidiaries in the consolidated financial statements :

Name of Investor	Name of Subsidiary	Principal Activity	Shareholding		Note
			2020.12.31	2019.12.31	
The Company	Dynamic Medical Technologies Inc. ("Dynamic")	Sale, maintenance and lease of laser medical equipment for beauty treatment, and sale of consumables of beauty treatment and cosmetic products	38.50 %	38.50 %	Note 1
"	Bestsmile Co., Ltd. ("Bestsmile")	Sale of medical equipment, and medical management consultancy service	98.02 %	98.02 %	
"	Excelsior Healthcare Co., Limited (Excelsior Healthcare)	Investment business	100.00 %	100.00 %	
"	Arich Enterprise Co., Ltd. (Arich)	Sale of medicines, and logistics service	40.00 %	39.51 %	Note 1
"	Excelsior Asset Management Co., Ltd. ("Excelsior Asset")	Sales of medical equipment, precision instrument and real estate	100.00 %	100.00 %	
The Company and Excelsior Healthcare	Excelsior Medical Co., Limited (Hong Kong) ("Hong Kong Excelsior")	Investment business	100.00 %	100.00 %	
Dynamic	Dynamic Medical Technologies (Hong Kong) Ltd. ("Hong Kong Dynamic")	Retail and wholesale of medical equipment, cosmetic health-care products and medical herbs and academic training	100.00 %	100.00 %	
The Company and Dynamic	Excelsior Beauty Co., Ltd. ("Excelsior Beauty")	Sale of aesthetic medical and cosmetic health-care products	94.91 %	94.91 %	
Hong Kong Dynamic	Guangzhou Dynamic Inc. ("Guangzhou Dynamic")	Sale and maintenance of medical equipment	100.00 %	100.00 %	
"	Excelsior Beauty Limited of Hong Kong ("Hong Kong Excelsior Beauty")	Sale of professional weight-loss and cosmetic health-care products	- %	100.00 %	Note 2
Excelsior Beauty	CYJ International Taiwan Inc. (CYJ Taiwan)	Sales and treatment of hair protecting and conditioning	80.00 %	80.00 %	

(ENGLISH TRANSLATION OF CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN CHINESE)
EXCELSIOR MEDICAL CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, UNLESS OTHERWISE SPECIFIED)

Name of Investor	Name of Subsidiary	Principal Activity	Shareholding		Note
			2020.12.31	2019.12.31	
Excelsior Healthcare	EG Healthcare, Inc.	Sale and lease of medical equipment, and medical management consultancy service	99.99 %	99.99 %	
"	Excelsior Investment (Malaysia) Co., Ltd.	Investment business	100.00 %	100.00 %	
Hong Kong Excelsior	SinoExcelsior Investment Inc. ("SinoExcelsior Investment")	Medical management consultancy service	100.00 %	100.00 %	
Excelsior Investment (Malaysia) Co., Ltd.	RENAL LABORATORIES SDN. BHD.	Manufacture of medical equipment	70.00 %	70.00 %	
"	MEDI-CHEM SYSTEMS SDN. BHD.	Sale of medical equipment	70.00 %	70.00 %	
MEDI-CHEM SYSTEMS SDN. BHD.	RENAL MANAGEMENT SDN. BHD.	Lease business	100.00 %	100.00 %	

Note 1: Although the Company holds less than 50% of the shares of Dynamic and Arich, these companies' other equity shares are highly separated. Therefore, the Company still maintains control over Dynamic and Arich, and these companies are included in the consolidated financial statements.

Note 2: Liquidation ended in January 2019.

3. Subsidiaries excluded from the consolidated financial statements: None.

(d) Foreign Currencies

1. Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currencies of Group entities at the exchange rates at the dates of the transactions. At the end of each subsequent reporting period, monetary items denominated in foreign currencies are translated into the functional currencies using the exchange rate at that date. Non-monetary items denominated in foreign currencies that are measured at fair value are translated into the functional currencies using the exchange rate at the date that the fair value was determined. Non-monetary items denominated in foreign currencies that are measured based on historical cost are translated using the exchange rate at the date of the transaction.

Exchange differences are generally recognized in profit or loss, except for those differences relating to the following, which are recognized in other comprehensive income:

- 1) an investment in equity securities designated as at fair value through other comprehensive income;
- 2) a financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective; or
- 3) qualifying cash flow hedges to the extent that the hedges are effective.

(ENGLISH TRANSLATION OF CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN CHINESE)
EXCELSIOR MEDICAL CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, UNLESS OTHERWISE SPECIFIED)

2. Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into the presentation currency at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into the presentation currency at the average exchange rate. Exchange differences are recognized in other comprehensive income.

When a foreign operation is disposed of such that control, significant influence, or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non controlling interests. When the Group disposes of only part of its investment in an associate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

When the settlement of a monetary receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, exchange differences arising from such a monetary item that are considered to form part of the net investment in the foreign operation are recognized in other comprehensive income.

(e) Classification of Current and Non-Current Assets and Liabilities

An asset is classified as current under one of the following criteria, and all other assets are classified as non-current.

1. It is expected to be realized, or intended to be sold or consumed, in the normal operating cycle;
2. It is held primarily for the purpose of trading;
3. It is expected to be realized within twelve months after the reporting period; or
4. The asset is cash or a cash equivalent, unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

A liability is classified as current under one of the following criteria, and all other liabilities are classified as non-current.

1. It is expected to be settled in the normal operating cycle;
2. It is held primarily for the purpose of trading;
3. It is due to be settled within twelve months after the reporting period; or
4. The Group does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by issuing equity instruments do not affect its classification.

(ENGLISH TRANSLATION OF CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN CHINESE)
EXCELSIOR MEDICAL CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, UNLESS OTHERWISE SPECIFIED)

(f) Cash and Cash Equivalents

Cash comprises cash on hand and demand deposits. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value. Time deposits which meet the above definition and are held for the purpose of meeting short term cash commitments rather than for investment or other purposes should be recognized as cash equivalents.

Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the consolidated statement of cash flows.

(g) Financial instruments

Trade receivables and debt securities issued are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Group becomes a party to the contractual provisions of the instrument. A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

1. Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis.

On initial recognition, a financial asset is classified as measured at: amortized cost; Fair value through other comprehensive income (FVOCI) – equity investment; or FVTPL. Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

1) Financial assets measured at amortized cost

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

These assets are subsequently measured at amortized cost, which is the amount at which the financial asset is measured at initial recognition, plus/minus, the cumulative amortization using the effective interest method, adjusted for any loss allowance. Interest income, foreign exchange gains and losses, as well as impairment, are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

(ENGLISH TRANSLATION OF CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN CHINESE)
EXCELSIOR MEDICAL CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, UNLESS OTHERWISE SPECIFIED)

2) Fair value through other comprehensive income (FVOCI)

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Some trade receivables are held within a business model whose objective is achieved by both collecting contractual cash flows and selling by the Group; therefore, those receivables are measured at FVOCI. However, they are included in the ‘trade receivables’ line item.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment’s fair value in other comprehensive income. This election is made on an instrument-by-instrument basis.

Equity investments at FVOCI are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in other comprehensive income and are never reclassified to profit or loss.

Dividend income is recognized in profit or loss on the date on which the Group’s right to receive payment is established.

3) Fair value through profit or loss (FVTPL)

All financial assets not classified as amortized cost or FVOCI described as above are measured at FVTPL, including derivative financial assets. Trade receivables that the Group intends to sell immediately or in the near term are measured at FVTPL; however, they are included in the ‘trade receivables’ line item. On initial recognition, the Group may irrevocably designate a financial asset, which meets the requirements to be measured at amortized cost or at FVOCI, as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.

4) Impairment of financial assets

The Group recognizes loss allowances for expected credit losses (ECL) on financial assets measured at amortized cost (including cash and cash equivalents, amortized costs, notes and trade receivables, other receivable, leases receivable, guarantee deposit paid and other financial assets).

(ENGLISH TRANSLATION OF CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN CHINESE)
EXCELSIOR MEDICAL CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, UNLESS OTHERWISE SPECIFIED)

The Group measures loss allowances at an amount equal to lifetime ECL, except for the following which are measured as 12-month ECL:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowance for trade receivables are always measured at an amount equal to lifetime ECL.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Group's historical experience and informed credit assessment as well as forward-looking information.

Lifetime ECL are the ECL that result from all possible default events over the expected life of a financial instrument.

12-month ECL are the portion of ECL that result from default events that are possible within the 12 month after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECL is the maximum contractual period over which the Group is exposed to credit risk.

ECL are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive). ECL are discounted at the effective interest rate of the financial asset.

At each reporting date, the Group assesses whether financial assets carried at amortized cost and debt securities at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial assets is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being past due;
- the lender of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider;
- it is probable that the borrower will enter bankruptcy or other financial reorganization; or
- the disappearance of an active market for a security because of financial difficulties.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets. For debt securities at FVOCI, the loss allowance is charge to profit or loss and is recognized in other comprehensive income instead of reducing the carrying amount of the asset.

(ENGLISH TRANSLATION OF CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN CHINESE)
EXCELSIOR MEDICAL CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, UNLESS OTHERWISE SPECIFIED)

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For corporate customers, the Group individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Group expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

5) Derecognition of financial assets

The Group derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Group enters into transactions whereby it transfers assets recognized in its statement of balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognized.

2. Financial liabilities and equity instruments

1) Classification of debt or equity

Debt and equity instruments issued by the Group are classified as financial liabilities or equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

2) Equity instrument

An equity instrument is any contract that evidences residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued are recognized as the amount of consideration received, less the direct cost of issuing.

3) Financial liabilities

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and 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 expense and foreign 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 Group derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

(ENGLISH TRANSLATION OF CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN CHINESE)
EXCELSIOR MEDICAL CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, UNLESS OTHERWISE SPECIFIED)

On derecognition of a financial liability, the difference between the carrying amount of a financial liability extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

5) Offsetting of financial assets and liabilities

Financial assets and financial liabilities are offset and the net amount presented in the statement of balance sheet when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

3. Derivative financial instruments

The Group holds derivative financial instruments to hedge its foreign currency and interest rate exposures. Embedded derivatives are separated from the host contract and accounted for separately if the host contract is not a financial asset and certain criteria are met.

Derivatives are initially measured at fair value. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are generally recognized in profit or loss.

(h) Inventories

Inventories are measured at the lower of cost and net realizable value. The cost of inventories is calculated using the weighted average method, and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their present location and condition.

Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

(i) Investment in Associates

Associates are those entities in which the Group has significant influence, but not control or joint control, over their financial and operating policies.

Investments in associates are accounted for using the equity method and are recognized initially at cost. The cost of the investment includes transaction costs. The carrying amount of the investment in associates includes goodwill arising from the acquisition less any accumulated impairment losses.

The consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of those associates, after adjustments to align their accounting policies with those of the Group, from the date on which significant influence commences until the date on which significant influence ceases. The Group recognizes any changes of its proportionate share in the investee within capital surplus, when an associate's equity changes due to reasons other than profit and loss or comprehensive income, which did not result in changes in actual proportionate share.

Gains and losses resulting from transactions between the Group and an associate are recognized only to the extent of unrelated Group's interests in the associate.

When the Group's share of losses of an associate equals or exceeds its interests in an associate, it discontinues recognizing its share of further losses. After the recognized interest is reduced to zero, additional losses are provided for, and a liability is recognized, only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

(ENGLISH TRANSLATION OF CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN CHINESE)
EXCELSIOR MEDICAL CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, UNLESS OTHERWISE SPECIFIED)

(j) Investment Property

Investment property is property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services, or for administrative purposes. Investment property is measured at cost on initial recognition, and subsequently at cost, less accumulated depreciation and accumulated impairment losses. Depreciation expense is calculated based on the depreciation method, useful life, and residual value which are the same as those adopted for property, plant and equipment.

Any gain or loss on disposal of an investment property (calculated as the difference between the net proceeds from disposal and the carrying amount) is recognized in profit or loss.

Rental income from investment property is recognized as other revenue on a straight-line basis over the term of the lease. Lease incentives granted are recognized as an integral part of the total rental income, over the term of the lease.

(k) Property, Plant, and Equipment

1. Recognition and measurement

Items of property, plant and equipment are measured at cost (including capitalization of borrowing cost) less accumulated depreciation and any accumulated impairment losses.

If significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognized in profit or loss.

2. Subsequent expenditure

Subsequent expenditure is capitalized only if it is probable that the future economic benefits associated with the expenditure will flow to the Group.

3. Depreciation

Depreciation is calculated on the cost of an asset less its residual value and is recognized in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment.

Land is not depreciated.

The estimated useful lives of property, plant and equipment for current and comparative periods are as follows:

1) Buildings	5 years~ 55 years
2) Medical equipment	2 years~ 8 years
3) Other equipment	2 years~ 10 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(ENGLISH TRANSLATION OF CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN CHINESE)
EXCELSIOR MEDICAL CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, UNLESS OTHERWISE SPECIFIED)

(l) Leases

(i) Identifying a lease

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether:

- 1) the contract involves the use of an identified asset – this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified; and
- 2) the customer has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- 3) the customer has the right to direct the use of the asset throughout the period of use only if either:
 - the customer has the right to direct how and for what purpose the asset is used throughout the period of use; or
 - the relevant decisions about how and for what purpose the asset is used are predetermined and:
 - the customer has the right to operate the asset throughout the period of use, without the supplier having the right to change those operating instructions; or
 - the customer designed the asset in a way that predetermines how and for what purpose it will be used throughout the period of use.

(ii) As a lessee

The Group recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

(ENGLISH TRANSLATION OF CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN CHINESE)
EXCELSIOR MEDICAL CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, UNLESS OTHERWISE SPECIFIED)

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be reliably determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- payments for purchase or termination options that are reasonably certain to be exercised.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when:

- there is a change in future lease payments arising from the change in an index or rate; or
- there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee; or
- there is a change in the lease term resulting from a change of its assessment on whether it will exercise an option to purchase the underlying asset, or
- there is a change of its assessment on whether it will exercise a extension or termination option; or
- there is any lease modifications

When the lease liability is remeasured, other than lease modifications, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or in profit and loss if the carrying amount of the right-of-use asset has been reduced to zero.

When the lease liability is remeasured to reflect the partial or full termination of the lease for lease modifications that decrease the scope of the lease, the Group accounts for the remeasurement of the lease liability by decreasing the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease, and recognize in profit or loss any gain or loss relating to the partial or full termination of the lease.

The Group presents right-of-use assets that do not meet the definition of investment and lease liabilities as a separate line item respectively in the statement of financial position.

The Group has elected not to recognize right-of-use assets and lease liabilities for short-term leases of storage room, machinery and parking space that have a lease of low-value assets. The Group recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(ENGLISH TRANSLATION OF CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN CHINESE)
EXCELSIOR MEDICAL CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, UNLESS OTHERWISE SPECIFIED)

(iii) As a lessor

When the Group acts as a lessor, it determines at lease commencement whether each lease is a finance lease or an operating lease. To classify each lease, the Group makes an overall assessment of whether the lease transfers to the lessee substantially all of the risks and rewards of ownership incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then the lease is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease. If a head lease is a short-term lease to which the Group applies the exemption described above, then it classifies the sub-lease as an operating lease.

If an arrangement contains lease and non-lease components, the Group applies IFRS15 to allocate the consideration in the contract.

The Group recognizes a finance lease receivable at an amount equal to its net investment in the lease. Initial direct costs, such as lessors to negotiate and arrange a lease, are included in the measurement of the net investment. The interest income is recognized over the lease term based on a pattern reflecting a constant periodic rate of return on the net investment in the lease. The Group recognizes lease payments received under operating leases as income on a straight-line basis over the lease term as part of 'other income'.

(m) Intangible Assets

1. Recognition and measurement

Goodwill arising on the acquisition of subsidiaries is measured at cost, less accumulated impairment losses.

Other intangible assets that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortization and any accumulated impairment losses.

2. Subsequent expenditure

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognized in profit or loss as incurred.

3. Amortization

Amortization is calculated over the cost of the asset, less its residual value, and is recognized in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use.

(ENGLISH TRANSLATION OF CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN CHINESE)
EXCELSIOR MEDICAL CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, UNLESS OTHERWISE SPECIFIED)

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

- | | |
|----------------------------|------------------|
| 1) Computer software | 1 years~ 3 years |
| 2) Other intangible assets | 2 years~ 5 years |

Amortization methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(n) Impairment of Non-Financial Assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than inventories and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill is tested annually for impairment.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, 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 CGU.

An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognized in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

(o) Provisions

A provision is recognized if, as a result of a past event, the Group has a present obligation that can be estimated reliably, and it is probably that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects the current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as finance cost.

(p) Revenue

1. Revenue from contracts with customers

Revenue is measured based on the consideration to which the Group expects to be entitled in exchange for transferring goods or services to a customer. The Group recognizes revenue when it satisfies a performance obligation by transferring control of a good or a service to a customer. The accounting policies for the Group's main types of revenue are explained below.

(ENGLISH TRANSLATION OF CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN CHINESE)
EXCELSIOR MEDICAL CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, UNLESS OTHERWISE SPECIFIED)

1) Sale of goods

The Group recognizes revenue when control of the products has transferred, being when the products are delivered to the customer, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Group has objective evidence that all criteria for acceptance have been satisfied.

The Group's obligation for the sales of goods components under the standard warranty terms is recognized as a provision for warranty.

A receivable is recognized when the goods are delivered as this is the point in time that the Group has a right to an amount of consideration that is unconditional.

2) Services

The Group provides maintenance and warranty services. Revenue from providing services is recognized in the accounting period in which the services are rendered. Under the IFRS 15, the total consideration in the service contracts will be allocated to all services based on their stand-alone selling prices. The stand-alone selling prices will be determined based on the list prices at which the Group sells the services in separate transactions.

3) Financing components

The Group does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the group does not adjust any of the transaction prices for the time value of money.

(q) Employee Benefits

1. Defined contribution plans

Obligations for contributions to defined contribution plans are expensed as the related service is provided.

2. Defined benefit plans

The Group's net obligation in respect of defined benefit plans is calculated separately for each the plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Group, the recognized asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

(ENGLISH TRANSLATION OF CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN CHINESE)
EXCELSIOR MEDICAL CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, UNLESS OTHERWISE SPECIFIED)

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognized immediately in other comprehensive income, and accumulated in retained earnings. The Group determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset). Net interest expense and other expenses related to defined benefit plans are recognized in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognized immediately in profit or loss. The Group recognizes gains and losses on the settlement of a defined benefit plan when the settlement occurs.

3. Other long-term employee benefits

The Group's net obligation in respect of long-term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods. That benefit is discounted to determine its present value. Remeasurements are recognized in profit or loss in the period in which they arise.

4. Termination benefits

Termination benefits are expensed at the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognizes costs for a restructuring. If benefits are not expected to be settled wholly within 12 months of the reporting date, then they are discounted.

5. Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(r) Share-based Payment

The grant-date fair value of equity-settled share-based payment arrangements granted to employees is generally recognized as an expense, with a corresponding increase in equity, over the vesting period of the awards. The amount recognized as an expense is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognized is based on the number of awards that meet the related service and non-market performance conditions at the vesting date.

For share-based payment awards with non-vesting conditions, the grant-date fair value of the share-based payment is measured to reflect such conditions, and there is no true-up for differences between expected and actual outcomes.

The Group set the grant date on which the board of directors authorized the subscription price and the number of new shares to qualified employees.

(ENGLISH TRANSLATION OF CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN CHINESE)
EXCELSIOR MEDICAL CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, UNLESS OTHERWISE SPECIFIED)

(s) Income Taxes

Income taxes comprise current taxes and deferred taxes. Except for expenses related to business combinations or recognized directly in equity or other comprehensive income, all current and deferred taxes are recognized in profit or loss.

Current taxes comprise the expected tax payables or receivables on the taxable profits (losses) for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payables or receivables are the best estimate of the tax amount expected to be paid or received. It is measured using tax rates enacted or substantively enacted at the reporting date.

Deferred taxes arise due to temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases. Deferred taxes are recognized except for the following:

1. temporary differences on the initial recognition of assets and liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profits (losses) at the time of the transaction;
2. temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
3. taxable temporary differences arising on the initial recognition of goodwill.

Deferred taxes are measured at tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

Deferred tax assets and liabilities are offset if the following criteria are met:

1. the Group has a legally enforceable right to set off current tax assets against current tax liabilities; and
2. the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:
 - 1) the same taxable entity; or
 - 2) different taxable entities which intend to settle current tax assets and liabilities on a net basis, or to realize the assets and liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Deferred tax assets are recognized for the carry forward of unused tax losses, unused tax credits, and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefits will be realized; such reductions are reversed when the probability of future taxable profits improves.

EXCELSIOR MEDICAL CO., LTD. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, UNLESS OTHERWISE SPECIFIED)

(t) Earnings per Share

The Group discloses the Company's basic and diluted earnings per share attributable to ordinary shareholders of the Company. Basic earnings per share is calculated as the profit attributable to ordinary shareholders of the Company divided by the weighted average number of ordinary shares outstanding. Diluted earnings per share is calculated as the profit attributable to ordinary shareholders of the Company divided by the weighted average number of ordinary shares outstanding after adjustment for the effects of all potentially dilutive ordinary shares.

(u) Operating Segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the Group). Operating results of the operating segment are regularly reviewed by the Group's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance. Each operating segment consists of standalone financial information.

(5) Significant Accounting Assumptions and Judgments, and Major Sources of Estimation Uncertainty

In preparing these consolidated financial statements, management has made judgments, estimates, and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income, and expenses. Actual results may differ from these estimates.

The management continues to monitor the accounting estimates and assumptions. The management recognizes any changes in accounting estimates during the period and the impact of those changes in accounting estimates in the next period.

Information about judgments made in applying accounting policies that have the most significant effects on the amounts recognized in the consolidated financial statements is as follows:

Judgment regarding actual control of investees

To determine whether the Group has substantive control over its investees, the Group has assessed relative shareholding ratio to other shareholders, degree of diversified ownership, director seats, potential voting rights, and any other factors that could influence the judgement.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year is as follows:

The loss allowance of trade receivable

The Group has estimated the loss allowance of trade receivable that is based on the risk of a default occurring and the rate of expected credit loss. The Group has considered historical experience, current economic conditions and forward-looking information at the reporting date to determine the assumptions to be used in calculating the impairments and the selected inputs. The relevant assumptions and input values, please refer to Note (6)(e).

(ENGLISH TRANSLATION OF CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN CHINESE)
EXCELSIOR MEDICAL CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, UNLESS OTHERWISE SPECIFIED)

(6) Explanation of Significant Accounts

(a) Cash and cash equivalents

	December 31, 2020	December 31, 2019
Cash on hand, demand deposits and checking accounts	\$ 1,756,766	1,586,972
Time deposits	861,698	1,241,804
Cash and cash equivalents in consolidated statement of cash flows	\$ 2,618,464	2,828,776

The Group interest risk and sensibility analysis of the financial assets and liabilities was disclosed in Note (6)(ad).

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

	December 31, 2020	December 31, 2019
Mandatorily measured at fair value through profit or loss:		
Derivative instruments not used for hedging		
Forward foreign exchange contracts	\$ 166	-
Held-for-trading financial liabilities		
Derivative instruments not used for hedging		
Forward foreign exchange contracts	\$ 46	-

The Group uses derivative financial instruments to hedge the certain foreign exchange and interest risk the Group is exposed to, arising from its operating, financing and investing activities. The following derivative instruments, without the application of hedge accounting, were classified as held-for-trading financial instruments:

Forward foreign exchange contracts:

	December 31, 2020		
	Amount (in thousands)	Currency	Maturity period
Forward foreign exchange contracts purchased	JPY 107,538	JPY against TWD	2021.02~2021.03
Forward foreign exchange contracts purchased	USD 400	USD against TWD	2021.01

(ENGLISH TRANSLATION OF CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN CHINESE)
EXCELSIOR MEDICAL CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, UNLESS OTHERWISE SPECIFIED)

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

	December 31, 2020	December 31, 2019
Equity investments at fair value through other comprehensive income		
Domestic listed shares	\$ 103,792	115,303
Foreign listed shares	194,205	174,161
Domestic unlisted shares	129,680	153,089
Foreign unlisted shares	<u>307,760</u>	<u>247,532</u>
Total	<u>\$ 735,437</u>	<u>690,085</u>

1. Equity investments at fair value through other comprehensive income

The Group designated the investments shown above as equity securities at fair value through other comprehensive income because these equity securities represent those investments that the Group intends to hold for long term for strategic purposes.

The Group has sold its common stocks designated at fair value through other comprehensive income because of operation strategies for the years ended December 31, 2020 and 2019. The shares sold had a fair value of \$1,009 thousand and \$57,550 thousand, respectively. The Group realized a gain of \$301 thousand and \$34,596 thousand, respectively, which was included in other comprehensive income, and thereafter, was transferred to retained earnings from other equity.

2. For credit risk and market risk, please refer to Note (6)(ad).

3. As of December 31, 2020 and 2019, the aforesaid financial assets were not pledged as collateral.

(d) Financial assets measured at amortized cost

	December 31, 2020	December 31, 2019
Time deposits with original maturity of more than 3 months	<u>\$ 774,526</u>	<u>524,614</u>

The Group has assessed that these financial assets are held to maturity to collect contractual cash flows, which consist solely of payments of principal and interest on principal amount outstanding. Therefore, these investments have been classified as financial assets measured at amortized cost.

The market interest rates of the time deposits with original maturity of more than 3 months were 0.26%~1.76% and 0.66%~2.23% per annum as of December 31, 2020 and 2019, respectively.

(ENGLISH TRANSLATION OF CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN CHINESE)
EXCELSIOR MEDICAL CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, UNLESS OTHERWISE SPECIFIED)

(e) Notes receivable, accounts receivable, lease payment receivable and other receivables

	December 31, 2020	December 31, 2019
Notes receivable	\$ 222,994	277,061
Other notes receivable	184,942	225,191
Accounts receivable	1,286,660	1,338,712
Trade receivables - fair value through other comprehensive income	2,815	19,314
Lease payment receivable	14,582	14,490
Other receivables	2,312,487	2,466,550
Less: Loss allowance	(72,628)	(73,738)
Unrealized interests income	(107)	(365)
	<u>\$ 3,951,745</u>	<u>4,267,215</u>

The Group has assessed a portion of its trade receivables that was held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; therefore, such trade receivables were measured at fair value through other comprehensive income.

Arich Enterprise Co., Ltd. (“Arich”) engages in medical logistics services, providing inventory management services, logistics services, customer service and domestic transportation planning services. Arich recognizes the medical logistics service revenue at a percentage of the net profit on its sale of medicines. The inventories for medical logistics services do not belong to Arich. The receivables from customers and the payables to medical companies are classified as other notes receivable, other trade receivables, other notes payable, and other trade payables.

The Group applies the simplified approach to provide for its expected credit losses, i.e. the use of lifetime expected loss provision for all receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due, as well as incorporated forward looking information, including macroeconomic and relevant industry information. The loss allowance provision were determined as follows:

	December 31, 2020		
	Gross carrying amount	Weighted- average loss rate	Loss allowance provision
Current	\$ 3,892,987	0.74%	(28,711)
1 to 90 days past due	37,643	5.58%	(2,102)
91 to 180 days past due	11,161	11.77%	(1,314)
181 to 365 days past due	7,185	16.94%	(1,217)
More than 365 days past due	47,650	82.44%	(39,284)
	<u>\$ 3,996,626</u>		<u>(72,628)</u>

(ENGLISH TRANSLATION OF CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN CHINESE)
EXCELSIOR MEDICAL CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
 (EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, UNLESS OTHERWISE SPECIFIED)

	December 31, 2019		
	Gross carrying amount	Weighted- average loss rate	Loss allowance provision
Current	\$ 4,192,338	0.58%	(24,435)
1 to 90 days past due	57,358	5.87%	(3,368)
91 to 180 days past due	8,813	15.67%	(1,381)
181 to 365 days past due	8,190	17.68%	(1,448)
More than 365 days past due	48,894	88.16%	(43,106)
	<u>\$ 4,315,593</u>		<u>(73,738)</u>

The Group's lease payment receivables were as follows:

	Gross investment in the lease	Unearned finance income	Present value of minimum lease payments receivable
December 31, 2020			
Less than one year	\$ 6,549	(753)	5,796
Between one and five years	9,689	(903)	8,786
	<u>\$ 16,238</u>	<u>(1,656)</u>	<u>14,582</u>
December 31, 2019			
Less than one year	\$ 6,257	(715)	5,542
Between one and five years	9,501	(553)	8,948
	<u>\$ 15,758</u>	<u>(1,268)</u>	<u>14,490</u>

The Group entered into finance lease arrangements for certain vehicles and equipment. All leases were denominated in New Taiwan dollars. The average term of finance leases entered into was 1-5 years.

The interest rate inherent in the leases was fixed at the contract date for the entire lease term. The average effective interest rate contracted was approximately 3.00%~6.00% and 6.00%~7.00% per annum as of December 31, 2020 and 2019.

The lease payment receivables as of December 31, 2020 and 2019 were neither past due nor impaired.

(ENGLISH TRANSLATION OF CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN CHINESE)
EXCELSIOR MEDICAL CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, UNLESS OTHERWISE SPECIFIED)

The movement in the allowance for notes and trade receivable was as follows:

	For the Years Ended December 31,	
	2020	2019
Balance as of January 1	\$ 73,738	71,738
Impairment losses recognized	31,727	13,749
Amounts written off	(3,996)	(1,926)
Impairment losses reversed	(28,818)	(9,683)
Effect of movements in exchange rate	(23)	(140)
Balance as of December 31	\$ 72,628	73,738

As of December 31, 2020 and 2019, the receivables from installment sales were \$3,603 thousand and \$13,703 thousand, respectively, and the related unrealized interest income were \$107 thousand and \$365 thousand, respectively.

The Group signed the accounts receivable factoring agreements without recourse with financial institutions. According to the agreements, the Group transfers almost all risks and rewards to debtors, thus is eligible for derecognizing the financial assets. The relevant information of the unexpired accounts receivable at the reporting date were as follows:

December 31, 2020						
Purchaser	Amount Derecognized	Amount Advanced Unpaid	Amount Advanced Paid	Amount Recognized in Other Receivables	Range of Interest Rate	Significant Transferring Terms
Hotai Finance Co., Ltd.	\$ 8,840	-	8,840	-	1.25%-3.19%	None
Chailease Finance Co., Ltd.	\$ 5,632	-	5,632	-	1.77%-2.02%	None

December 31, 2019						
Purchaser	Amount Derecognized	Amount Advanced Unpaid	Amount Advanced Paid	Amount Recognized in Other Receivables	Range of Interest Rate	Significant Transferring Terms
Hotai Finance Co., Ltd.	\$ 2,495	-	2,495	-	3.89%-6.01%	None
Chailease Finance Co., Ltd.	\$ 13,613	-	13,613	-	1.70%-2.37%	None

(ENGLISH TRANSLATION OF CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN CHINESE)
EXCELSIOR MEDICAL CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, UNLESS OTHERWISE SPECIFIED)

(f) Inventories

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Merchandise	\$ 762,161	766,067
Inventory in-transit	89,075	87,118
Total	<u>\$ 851,236</u>	<u>853,185</u>

The details of cost of goods sold were as follows :

	<u>For the Years Ended December 31,</u>	
	<u>2020</u>	<u>2019</u>
Cost of goods sold	\$ 4,920,695	4,684,140
(Reversal) losses on inventory valuation and obsolescence	(44,175)	31,121
Loss on inventory scrapped	4,795	20,717
Repair and maintenance costs	117,596	118,717
Others operating costs	370,009	364,270
Total	<u>\$ 5,368,920</u>	<u>5,218,965</u>

The factor leading to the net realizable value of inventories is lower than the cost vanished, so that the reversal gain of inventories is recognized due to the increase in net realizable value for the year ended December 31, 2020.

(g) Investments accounted for using equity method

A summary of the Group's financial information for investments accounted for using the equity method at the reporting date is as follows:

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Associates	<u>\$ 2,492,993</u>	<u>2,368,562</u>

1. Associates

Associates which are material to the Group consisted of the followings:

Name of Associates	Nature of Relationship with the Group	Main operating location/ Registered Country of the Company	Proportion of shareholding and voting rights	
			<u>December 31, 2020</u>	<u>December 31, 2019</u>
Asia Best Healthcare	Long-term care and rehabilitation services	Cayman Islands	49.38 %	49.38 %

(ENGLISH TRANSLATION OF CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN CHINESE)
EXCELSIOR MEDICAL CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, UNLESS OTHERWISE SPECIFIED)

1) Asia Best Healthcare:

	December 31, 2020	December 31, 2019
Current assets	\$ 1,156,129	1,426,680
Non-current assets	3,978,430	3,778,958
Current liabilities	(186,014)	(247,640)
Non-Current liabilities	<u>(2,178,146)</u>	<u>(2,172,816)</u>
Net assets	<u>\$ 2,770,399</u>	<u>2,785,182</u>
Net assets attributable to the Group	<u>\$ 1,404,421</u>	<u>1,414,743</u>
	<u>For the Years Ended December 31,</u>	
	<u>2020</u>	<u>2019</u>
Operating revenue	<u>\$ 287,505</u>	<u>317,880</u>
Profit	\$ 124,426	90,663
Other comprehensive income	<u>65,634</u>	<u>30,067</u>
Total comprehensive income	<u>\$ 190,060</u>	<u>120,730</u>
Dividends received	<u>\$ 29,974</u>	<u>26,308</u>

The Group's financial information for investments accounted for using equity method that are individually insignificant was as follows:

	December 31, 2020	December 31, 2019
Carrying amount of individually insignificant associates' equity	<u>\$ 1,088,572</u>	<u>953,819</u>
	<u>For the Years Ended December 31,</u>	
	<u>2020</u>	<u>2019</u>
Attributable to the Group:		
Profit	\$ 180,588	144,748
Other comprehensive income	<u>43,123</u>	<u>51,569</u>
Total comprehensive income	<u>\$ 223,711</u>	<u>196,317</u>

(ENGLISH TRANSLATION OF CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN CHINESE)
EXCELSIOR MEDICAL CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, UNLESS OTHERWISE SPECIFIED)

2. Joint ventures

The Group's financial information for investments in individually insignificant joint venture accounted for using equity method at the reporting date was as follows. These financial information are included in the consolidated financial statements.

	December 31, 2019
Individually insignificant joint venture	\$ -
Attributable to the Group:	
Profit	\$ 623
Other comprehensive income	-
Total comprehensive income	\$ 623

Before August 2019, the Group and the other shareholder held 49% and 51%, respectively, of the joint venture Excelsior Asset Management Co., Ltd. that is not individually significant.

Under the shareholders' agreement, the Group and the other shareholder have the power to appoint two and three, respectively, of the five directors of Excelsior Asset Management Co., Ltd. Significant matters should be decided by more than two-thirds of directors present in the meeting, and the directors present in the meeting should be more than two-thirds of all directors. Therefore, the Group and the other shareholders of the joint venture have joint control over Excelsior Asset Management Co., Ltd., which the Group acquired its entire shares and gained control over it on August 2, 2019.

As of December 31, 2020 and 2019, the Group did not provide any investments accounted for using the equity method as collateral.

(h) Changes in ownership interests in subsidiaries

The Group subscribed the shares issued for cash by its subsidiary Arich at a percentage different from its existing ownership percentage in April 2020, and a part of shares are available for subscription to employees of Arich. The changes in ownership interests in subsidiaries were recognized as capital surplus amounting to \$3,967 thousand for the year ended December 31, 2020.

A part of ordinary shares issued for cash by the Group are available for subscription to employees of its subsidiaries. The changes in ownership interests in subsidiaries were recognized as capital surplus amounting to \$957 thousand for the year ended December 31, 2019. For relevant information on share-based payment, please refer to Note (6)(x).

(ENGLISH TRANSLATION OF CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN CHINESE)
EXCELSIOR MEDICAL CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, UNLESS OTHERWISE SPECIFIED)

(i) Material non-controlling interests of subsidiaries

The material non-controlling interests of subsidiaries were as follows:

<u>Subsidiaries</u>	<u>Main operating location/ Registered Country of the Company</u>	<u>Proportion of shareholding and voting rights</u>	
		<u>December 31, 2020</u>	<u>December 31, 2019</u>
Dynamic	Taiwan	61.50 %	61.50 %
Arich	Taiwan	60.00 %	60.50 %

The summarized financial information below represents amounts before intragroup eliminations were as follows:

1. Collective financial information of Dynamic and its subsidiaries:

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Current assets	\$ 1,537,172	1,565,451
Non-current assets	605,663	658,912
Current liabilities	(555,670)	(620,505)
Non-Current liabilities	(123,968)	(135,647)
Net assets	<u>\$ 1,463,197</u>	<u>1,468,211</u>
Non-controlling interests	<u>\$ 798,341</u>	<u>792,671</u>
	<u>For the Years Ended December 31,</u>	
	<u>2020</u>	<u>2019</u>
Operating revenue	<u>\$ 1,009,308</u>	<u>1,178,195</u>
Net income	\$ 116,642	126,072
Other comprehensive loss	(7,023)	(9,098)
Total comprehensive income	<u>\$ 109,619</u>	<u>116,974</u>
Profit, attributable to non-controlling interests	<u>\$ 69,215</u>	<u>69,044</u>
Comprehensive income, attributable to non-controlling interests	<u>\$ 65,286</u>	<u>63,206</u>

(ENGLISH TRANSLATION OF CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN CHINESE)

EXCELSIOR MEDICAL CO., LTD. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, UNLESS OTHERWISE SPECIFIED)

	For the Years Ended December 31,	
	2020	2019
Net cash flows from operating activities	\$ 248,551	266,957
Net cash flows from investing activities	17,288	(312,053)
Net cash flows from financing activities	(151,443)	(137,917)
Effect of exchange rate changes on cash and cash equivalents	(10,721)	(4,646)
Net increase (decrease) in cash and cash equivalents	<u>\$ 103,675</u>	<u>(187,659)</u>
Dividends paid to non-controlling interests	<u>\$ 63,366</u>	<u>59,549</u>

2. Collective financial information of Arich:

	December 31,	December 31,
	2020	2019
Current assets	\$ 3,399,123	3,306,348
Non-current assets	548,687	451,658
Current liabilities	(2,018,533)	(2,443,440)
Non-Current liabilities	(148,573)	(51,871)
Net assets	<u>\$ 1,780,704</u>	<u>1,262,695</u>
Non-controlling interests	<u>\$ 1,068,400</u>	<u>763,776</u>

	For the Years Ended December 31,	
	2020	2019
Operating revenue	<u>\$ 1,251,395</u>	<u>1,112,150</u>
Net income	\$ 47,249	60,628
Other comprehensive income	62,295	38,836
Total comprehensive income	<u>\$ 109,544</u>	<u>99,464</u>
Profit, attributable to non-controlling interests	<u>\$ 28,421</u>	<u>36,672</u>
Comprehensive income, attributable to non-controlling interests	<u>\$ 65,554</u>	<u>60,163</u>

	For the Years Ended December 31,	
	2020	2019
Net cash flows from operating activities	\$ 559,557	564,438
Net cash flows from investing activities	(47,868)	(40,175)
Net cash flows from financing activities	(267,786)	(436,946)
Net increase in cash and cash equivalents	<u>\$ 243,903</u>	<u>87,317</u>
Dividends paid to non-controlling interests	<u>\$ 26,745</u>	<u>28,003</u>

(ENGLISH TRANSLATION OF CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN CHINESE)
EXCELSIOR MEDICAL CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, UNLESS OTHERWISE SPECIFIED)

(j) Property, plant and equipment

The cost, depreciation, and impairment of the property, plant and equipment of the Group for the years ended December 31, 2020 and 2019 were as follows:

	Land	Buildings	Medical equipment	Miscellaneous equipment	Equipment to be inspected and construction in progress	Total
Cost or deemed cost:						
Balance as of January 1, 2020	\$ 147,595	268,045	328,795	322,307	-	1,066,742
Additions	-	543	18,151	9,431	286	28,411
Disposal and obsolescence	-	(392)	(22,979)	(34,412)	-	(57,783)
Transfer from inventories	-	-	30,891	11,264	-	42,155
Transfer to inventories	-	-	(15,592)	(11,628)	-	(27,220)
Transfer to expenses	-	-	-	(400)	-	(400)
Effect of movements in exchange rates	(2,486)	(5,853)	(2,028)	(1,473)	-	(11,840)
Balance as of December 31, 2020	<u>\$ 145,109</u>	<u>262,343</u>	<u>337,238</u>	<u>295,089</u>	<u>286</u>	<u>1,040,065</u>
Balance as of January 1, 2019	\$ 75,758	98,943	257,705	251,331	7,524	691,261
Acquisition through business combination	73,564	173,167	63,049	92,115	2,476	404,371
Additions	-	-	22,439	28,836	-	51,275
Disposal and obsolescence	-	-	(10,893)	(41,009)	-	(51,902)
Transfer from inventories	-	-	35,239	17,536	-	52,775
Transfer to inventories	-	-	(16,333)	(24,409)	-	(40,742)
Reclassification and others	-	-	(20,186)	(1,180)	(10,000)	(31,366)
Effect of movements in exchange rates	(1,727)	(4,065)	(2,225)	(913)	-	(8,930)
Balance as of December 31, 2019	<u>\$ 147,595</u>	<u>268,045</u>	<u>328,795</u>	<u>322,307</u>	<u>-</u>	<u>1,066,742</u>
Depreciation and impairment losses:						
Balance as of January 1, 2020	\$ 4,000	72,017	199,532	230,330	-	505,879
Depreciation for the period	-	4,999	42,756	32,892	-	80,647
Impairment loss recognized	-	-	2,567	1,715	-	4,282
Disposal and obsolescence	-	(392)	(22,680)	(34,326)	-	(57,398)
Transfer to inventories	-	-	(12,658)	(10,827)	-	(23,485)
Effect of movements in exchange rates	-	(1,028)	(1,844)	(1,327)	-	(4,199)
Balance as of December 31, 2020	<u>\$ 4,000</u>	<u>75,596</u>	<u>207,673</u>	<u>218,457</u>	<u>-</u>	<u>505,726</u>
Balance as of January 1, 2019	\$ 4,000	39,025	154,011	207,880	-	404,916
Acquisition through business combination	-	29,550	54,226	52,733	-	136,509
Depreciation for the period	-	4,166	41,905	27,331	-	73,402
Impairment loss recognized (reversed)	-	-	(202)	714	-	512
Disposal and obsolescence	-	-	(9,774)	(40,294)	-	(50,068)
Transfer to inventories	-	-	(14,101)	(16,304)	-	(30,405)
Reclassification and others	-	-	(24,455)	(923)	-	(25,378)
Effect of movements in exchange rates	-	(724)	(2,078)	(807)	-	(3,609)
Balance as of December 31, 2019	<u>\$ 4,000</u>	<u>72,017</u>	<u>199,532</u>	<u>230,330</u>	<u>-</u>	<u>505,879</u>

(ENGLISH TRANSLATION OF CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN CHINESE)
EXCELSIOR MEDICAL CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, UNLESS OTHERWISE SPECIFIED)

	<u>Land</u>	<u>Buildings</u>	<u>Medical equipment</u>	<u>Miscellaneous equipment</u>	<u>Equipment to be inspected and construction in progress</u>	<u>Total</u>
Carrying amount:						
Balance as of December 31, 2020	\$ <u>141,109</u>	<u>186,747</u>	<u>129,565</u>	<u>76,632</u>	<u>286</u>	<u>534,339</u>
Balance as of January 1, 2019	\$ <u>71,758</u>	<u>59,918</u>	<u>103,694</u>	<u>43,451</u>	<u>7,524</u>	<u>286,345</u>
Balance as of December 31, 2019	\$ <u>143,595</u>	<u>196,028</u>	<u>129,263</u>	<u>91,977</u>	<u>-</u>	<u>560,863</u>

For information on the Group's acquisition of property, plant and equipment through business combination, please refer to Note (6)(h) of the consolidated financial statements for the year ended December 31, 2019.

As of December 31, 2020 and 2019, the property, plant and equipment of the Group had been pledged as collateral for bank borrowings. Please refer to Note (8).

(k) Right-of-use assets

The Group leases many assets including buildings, machinery and other equipment. Information about leases for which the Group as a lessee was presented below:

	<u>Buildings</u>	<u>Machinery and equipment</u>	<u>Other equipment</u>	<u>Total</u>
Cost:				
Balance as of January 1, 2020	\$ 314,047	1,065	1,440	316,552
Additions	159,298	-	-	159,298
Write-off	(21,421)	-	-	(21,421)
Effect of movements in exchange rates	(139)	-	-	(139)
Balance as of December 31, 2020	\$ <u>451,785</u>	<u>1,065</u>	<u>1,440</u>	<u>454,290</u>
Balance as of January 1, 2019	\$ 344,316	741	1,440	346,497
Acquisition through business combination	71,130	-	-	71,130
Additions	4,883	324	-	5,207
Write-off	(68,792)	-	-	(68,792)
Others	(37,429)	-	-	(37,429)
Effect of movements in exchange rates	(61)	-	-	(61)
Balance as of December 31, 2019	\$ <u>314,047</u>	<u>1,065</u>	<u>1,440</u>	<u>316,552</u>

(ENGLISH TRANSLATION OF CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN CHINESE)
EXCELSIOR MEDICAL CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, UNLESS OTHERWISE SPECIFIED)

	<u>Buildings</u>	<u>Machinery and equipment</u>	<u>Other equipment</u>	<u>Total</u>
Accumulated depreciation and impairment losses:				
Balance as of January 1, 2020	\$ 76,046	383	1,152	77,581
Depreciation for the year	76,717	529	288	77,534
Write-off	(740)	-	-	(740)
Effect of movements in exchange rates	(57)	-	-	(57)
Balance as of December 31, 2020	<u>\$ 151,966</u>	<u>912</u>	<u>1,440</u>	<u>154,318</u>
Balance as of January 1, 2019	\$ -	-	-	-
Acquisition through business combination	10,864	-	-	10,864
Depreciation for the year	76,378	383	1,152	77,913
Write-off	(9,730)	-	-	(9,730)
Others	(1,360)	-	-	(1,360)
Effect of movements in exchange rates	(106)	-	-	(106)
Balance as of December 31, 2019	<u>\$ 76,046</u>	<u>383</u>	<u>1,152</u>	<u>77,581</u>
Carrying amount:				
Balance as of December 31, 2020	<u>\$ 299,819</u>	<u>153</u>	<u>-</u>	<u>299,972</u>
Balance as of January 1, 2019	<u>\$ 344,316</u>	<u>741</u>	<u>1,440</u>	<u>346,497</u>
Balance as of December 31, 2019	<u>\$ 238,001</u>	<u>682</u>	<u>288</u>	<u>238,971</u>

For information on the Group's acquisition of right-of-use assets through business combination, please refer to Note (6)(h) of the consolidated financial statements for the year ended December 31, 2019.

The Group added and modified parts of the lease contracts, resulting in an increase in right-of-use assets of \$159,298 thousand and \$5,207 thousand for the years ended December 31, 2020 and 2019, respectively.

The Group terminated and modified parts of the lease contracts, resulting in a decrease in right-of-use assets of \$20,681 thousand and \$59,062 thousand for the years ended December 31, 2020 and 2019, respectively.

For the years ended December 31, 2020 and 2019, the Group leases storage room, machinery and parking space under operating lease, please refer to Note (6)(t).

(ENGLISH TRANSLATION OF CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN CHINESE)
EXCELSIOR MEDICAL CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, UNLESS OTHERWISE SPECIFIED)

(l) Investment property

Investment properties are the assets hold by the Group. The period of rental investment properties that cannot be terminated originally is 15 years.

	<u>Owned property</u>		<u>Total</u>
	<u>Land</u>	<u>Buildings</u>	
Cost or deemed cost:			
Balance as of January 1, 2020	\$ 688,419	109,032	797,451
Addition	<u>155,331</u>	<u>65,641</u>	<u>220,972</u>
Balance as of December 31, 2020	<u>\$ 843,750</u>	<u>174,673</u>	<u>1,018,423</u>
Balance as of January 1, 2019	\$ 130,969	89,676	220,645
Acquisition through business combination	324,234	66,351	390,585
Others	<u>233,216</u>	<u>(46,995)</u>	<u>186,221</u>
Balance as of December 31, 2019	<u>\$ 688,419</u>	<u>109,032</u>	<u>797,451</u>
Depreciation and impairment losses:			
Balance as of January 1, 2020	\$ -	8,823	8,823
Depreciation for the year	<u>-</u>	<u>4,510</u>	<u>4,510</u>
Balance as of December 31, 2020	<u>\$ -</u>	<u>13,333</u>	<u>13,333</u>
Balance as of January 1, 2019	\$ -	26,436	26,436
Acquisition through business combination	-	7,462	7,462
Depreciation for the year	-	3,286	3,286
Others	<u>-</u>	<u>(28,361)</u>	<u>(28,361)</u>
Balance as of December 31, 2019	<u>\$ -</u>	<u>8,823</u>	<u>8,823</u>
Book value:			
Balance as of December 31, 2020	<u>\$ 843,750</u>	<u>161,340</u>	<u>1,005,090</u>
Balance as of January 1, 2019	<u>\$ 130,969</u>	<u>63,240</u>	<u>194,209</u>
Balance as of December 31, 2019	<u>\$ 688,419</u>	<u>100,209</u>	<u>788,628</u>
Fair Value:			
Balance as of December 31, 2020			<u>\$ 1,040,810</u>
Balance as of December 31, 2019			<u>\$ 809,620</u>

(ENGLISH TRANSLATION OF CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN CHINESE)
EXCELSIOR MEDICAL CO., LTD. AND SUBSIDIARIES

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
 FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019**

(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, UNLESS OTHERWISE SPECIFIED)

In November 2015, the Group entered into a repurchase agreement with Excelsior Asset Management Co., Ltd. (“ Excelsior Asset”) regarding the real estate in Taichung. Due to the characteristics of the repurchase agreement, the real estate transaction was considered as financing, in which the proceeds from the transaction was accounted for as debt and asset by the Group and Excelsior Asset. The real estate was recognized without any profit or loss. In August 2019, the Group acquired all shares of Excelsior Asset and signed an agreement of repurchase abandonment, wherein the net liability and asset from the transaction were reclassified to investment property.

For information on the Group’s acquisition of investment property through business combination, please refer to Note (6)(h) of the consolidated financial statements for the year ended December 31, 2019.

The fair value of investment properties was based on a valuation by a qualified independent appraiser. Fair value was measured using comparison approach, income approach and cost approach.

As of December 31, 2020 and 2019, the investment property of the Group had been pledged as collateral for bank borrowings, please refer to Note (8).

(m) Intangible assets

The costs, amortization and impairment of the intangible assets of the Group for the years ended December 31, 2020 and 2019, were as follows:

	<u>Goodwill</u>	<u>Software</u>	<u>Other intangible assets</u>	<u>Total</u>
Cost:				
Balance as of January 1, 2020	\$ 56,044	13,132	79,335	148,511
Additions	-	4,317	-	4,317
Disposals	-	(2,129)	(1,632)	(3,761)
Effect of movements in exchange rates	<u>153</u>	<u>3</u>	<u>-</u>	<u>156</u>
Balance as of December 31, 2020	<u>\$ 56,197</u>	<u>15,323</u>	<u>77,703</u>	<u>149,223</u>
Balance as of January 1, 2019	\$ 46,131	13,236	79,335	138,702
Additions	-	727	-	727
Acquisition through business combination	10,699	-	-	10,699
Disposals	-	(818)	-	(818)
Effect of movements in exchange rates	<u>(786)</u>	<u>(13)</u>	<u>-</u>	<u>(799)</u>
Balance as of December 31, 2019	<u>\$ 56,044</u>	<u>13,132</u>	<u>79,335</u>	<u>148,511</u>

(ENGLISH TRANSLATION OF CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN CHINESE)
EXCELSIOR MEDICAL CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, UNLESS OTHERWISE SPECIFIED)

	<u>Goodwill</u>	<u>Software</u>	<u>Other intangible assets</u>	<u>Total</u>
Amortization and impairment loss:				
Balance as of January 1, 2020	\$ 27,933	10,831	77,780	116,544
Amortization	-	2,661	708	3,369
Disposals	-	(2,129)	(1,632)	(3,761)
Effect of movements in exchange rates	<u>413</u>	<u>5</u>	<u>-</u>	<u>418</u>
Balance as of December 31, 2020	<u>\$ 28,346</u>	<u>11,368</u>	<u>76,856</u>	<u>116,570</u>
Balance as of January 1, 2019	\$ 12,926	9,225	76,966	99,117
Amortization	-	2,366	814	3,180
Impairment loss recognized	15,712	-	-	15,712
Disposals	-	(749)	-	(749)
Effect of movements in exchange rates	<u>(705)</u>	<u>(11)</u>	<u>-</u>	<u>(716)</u>
Balance as of December 31, 2019	<u>\$ 27,933</u>	<u>10,831</u>	<u>77,780</u>	<u>116,544</u>
Book value:				
Balance as of December 31, 2020	<u>\$ 27,851</u>	<u>3,955</u>	<u>847</u>	<u>32,653</u>
Balance as of January 1, 2019	<u>\$ 33,205</u>	<u>4,011</u>	<u>2,369</u>	<u>39,585</u>
Balance as of December 31, 2019	<u>\$ 28,111</u>	<u>2,301</u>	<u>1,555</u>	<u>31,967</u>

1. Amortization

The amortization of intangible assets is included in the following statement of comprehensive income items:

	<u>For the Years Ended December 31,</u>	
	<u>2020</u>	<u>2019</u>
Operating costs	\$ 708	814
Operating expenses	<u>2,661</u>	<u>2,366</u>
Total	<u>\$ 3,369</u>	<u>3,180</u>

2. For information on the Group's acquisition of intangible assets through business combination, please refer to Note (6)(h) of the consolidated financial statements for the year ended December 31, 2019.

(ENGLISH TRANSLATION OF CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN CHINESE)
EXCELSIOR MEDICAL CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, UNLESS OTHERWISE SPECIFIED)

(n) Short-term borrowings

	December 31, 2020	December 31, 2019
Secured bank loans	\$ 262,498	10,000
Unsecured bank loans	142,000	1,202,967
Total	<u>\$ 404,498</u>	<u>1,212,967</u>
Unused short-term credit lines	<u>\$ 5,371,723</u>	<u>4,180,447</u>
Range of interest rates	<u>0.85%~1.70%</u>	<u>0.96%~3.65%</u>

Please refer to Note (8) for details of the Group's assets pledged as collateral for bank borrowings.

The Group's interest risk and sensitivity analysis of financial assets and liabilities were disclosed in Note (6)(ad).

(o) Other payables

	December 31, 2020	December 31, 2019
Logistics services payable	\$ 1,528,734	1,300,798
Others	472,615	508,973
	<u>\$ 2,001,349</u>	<u>1,809,771</u>

(p) Refund liabilities

	December 31, 2020	December 31, 2019
Refund liabilities	<u>\$ 30,438</u>	<u>28,146</u>

For the medicine selling contract, the Group reduces its revenue by the amount of sales discounts and expected returns, and records it as refund liabilities.

(q) Provisions

	December 31, 2020	December 31, 2019
Warranties	<u>\$ 15,104</u>	<u>16,582</u>
		Warranties
Balance as of January 1, 2020		\$ 16,582
Additions		14,773
Provisions reversed or used		(16,234)
Effect of exchange rate changes		(17)
Balance as of December 31, 2020		<u>\$ 15,104</u>

(ENGLISH TRANSLATION OF CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN CHINESE)
EXCELSIOR MEDICAL CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, UNLESS OTHERWISE SPECIFIED)

	Warranties
Balance as of January 1, 2019	\$ 17,237
Additions	17,348
Provisions reversed or used	(18,001)
Effect of exchange rate changes	(2)
Balance as of December 31, 2019	\$ 16,582

Warranties

The provision for warranty claims represents the present value of management's best estimate of the future outflow of economic benefits that will be required under the Group's obligations for warranties under local sale of goods legislation. The estimate had been made on the basis of historical warranty trends and may vary as a result of other events affecting product quality.

(r) Long-term borrowings

The details were as follows:

	December 31, 2020	December 31, 2019
Secured bank loans	\$ 4,251	8,699
Less: current portion	(4,251)	(8,055)
Total	\$ -	644
Range of interest rates	4.45%~5.45%	5.50%~6.20%

1. There were no significant issuances, repurchases and repayments of long-term borrowing in 2020 and 2019.

2. Please refer to Note (8) for details of the Group's assets pledged as collateral for bank borrowings.

3. The Group's interest risk and sensitivity analysis of financial assets and liabilities were disclosed in Note (6)(ad).

(s) Lease liabilities

The carrying amounts of lease liabilities were as follows:

	December 31, 2020	December 31, 2019
Current	\$ 78,369	77,418
Non-current	\$ 225,457	163,791

For the maturities analysis, please refer to Note (6)(ad).

(ENGLISH TRANSLATION OF CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN CHINESE)
EXCELSIOR MEDICAL CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, UNLESS OTHERWISE SPECIFIED)

There were no significant issuances, repurchases and repayments of lease liabilities in 2020 and 2019.

The Group added and modified parts of the lease contract, resulting in an increase in lease liabilities of \$159,080 thousand and \$5,207 thousand for the years ended December 31, 2020 and 2019, respectively.

The Group terminated and modified parts of the contract, resulting in a decrease in lease liabilities of \$20,792 thousand and \$61,582 thousand for the years ended December 31, 2020 and 2019, respectively.

The amounts recognized in profit or loss were as follows:

	For the Years Ended December 31,	
	2020	2019
Interest on lease liabilities	\$ <u>3,305</u>	<u>5,114</u>
Income from sub-leasing right-of-use assets	\$ <u>4,897</u>	<u>5,518</u>
Expenses relating to short-term leases	\$ <u>7,564</u>	<u>9,806</u>
Expenses relating to leases of low-value, excluding short-term leases of low-value assets	\$ <u>-</u>	<u>42</u>

The amounts recognized in the statement of cash flows for the Group were as follows:

	For the Years Ended December 31,	
	2020	2019
Total cash outflow for leases	\$ <u>86,468</u>	<u>86,187</u>

1. Buildings leases

As of December 31, 2020, the Group leases buildings for its office space. The leases of office space typically run for a period of 2 to 10 years. Some leases include an option to renew the lease for an additional period of the same duration after the end of the contract term.

The Group sub-leases some of its right-of-use assets under operating leases; please refer to Note (6)(t).

2. Other leases

The Group leases machinery and other equipment, with lease terms of 2 to 3 years. In some cases, the Group has options to purchase the assets at the end of the contract term.

The Group also leases storage room, machinery and parking space with contract terms of 1 to 3 years. These leases are short-term or leases of low-value items. The Group has elected not to recognize right-of-use assets and lease liabilities for these leases.

(ENGLISH TRANSLATION OF CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN CHINESE)
EXCELSIOR MEDICAL CO., LTD. AND SUBSIDIARIES

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019**

(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, UNLESS OTHERWISE SPECIFIED)

(t) Operating leases

Operating leases relate to leases and subleases of housing and leases of equipments with lease terms between 1 to 10 years. The leasees does not have bargain purchase options to acquire the leased housing and equipments at the expiration of the lease periods.

A maturity analysis of lease payments, showing the undiscounted lease payments to be received after the reporting date are as follows:

	December 31, 2020	December 31, 2019
Within 1 year	\$ 28,186	32,025
1 to 5 years	37,327	50,242
More than 5 years	-	4,440
	<u>\$ 65,513</u>	<u>86,707</u>

(u) Employee benefits

1. Defined benefit plans

Reconciliation of defined benefit obligation at present value and plan asset at fair value were as follows:

	December 31, 2020	December 31, 2019
Present value of defined benefit obligations	\$ 106,766	100,419
Fair value of plan assets	(98,132)	(89,300)
Net defined benefit liabilities	<u>\$ 8,634</u>	<u>11,119</u>

The Group makes defined benefit plan contributions to the pension fund account with Bank of Taiwan that provides pensions for employees upon retirement. The plans (covered by the Labor Standards Law) entitle a retired employee to receive retirement benefits based on years of service and average salary for the six months prior to retirement.

1) Composition of plan assets

The Group allocates pension funds in accordance with the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund, and such funds are managed by the Bureau of Labor Funds, Ministry of Labor. With regard to the utilization of the funds, minimum earnings shall be no less than the earnings attainable from two-year time deposits with interest rates offered by local banks.

The Group's Bank of Taiwan labor pension reserve account balance amounted to \$98,005 thousand as of December 31, 2020. For information on the utilization of the labor pension fund assets, including the asset allocation and yield of the fund, please refer to the website of the Bureau of Labor Funds, Ministry of Labor.

(ENGLISH TRANSLATION OF CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN CHINESE)
EXCELSIOR MEDICAL CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
 (EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, UNLESS OTHERWISE SPECIFIED)

2) Movements in present value of the defined benefit obligations

The movements in present value of defined benefit obligations for the Group were as follows:

	For the Years Ended December 31,	
	2020	2019
Defined benefit obligations as of January 1	\$ 100,419	105,174
Current service costs and interest	4,174	6,999
Remeasurements on the net defined benefit obligation		
— Actuarial gains and losses arising from experience adjustments	(2,713)	(11,005)
— Actuarial gains and losses arising from changes in demographic assumptions	814	571
— Actuarial gains and losses arising from changes in financial assumptions	4,065	2,857
Exchange differences on foreign plans	7	19
Benefit paid	-	(4,196)
Defined benefit obligations as of December 31	\$ 106,766	100,419

3) Movements of defined benefit plan assets

The movements in the present value of the defined benefit plan assets for the Group were as follows:

	For the Years Ended December 31,	
	2020	2019
Fair value of plan assets as of January 1	\$ 89,300	85,855
Interest income	732	1,004
Remeasurement on the net defined benefit obligation		
— Return on plan assets (excluding current interest)	2,847	2,814
Contribution paid by the employer	5,256	3,821
Exchange differences on foreign plans	(3)	2
Benefits paid	-	(4,196)
Fair value of plan assets as of December 31	\$ 98,132	89,300

(ENGLISH TRANSLATION OF CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN CHINESE)
EXCELSIOR MEDICAL CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, UNLESS OTHERWISE SPECIFIED)

4) Expenses recognized in profit or loss

The expenses recognized in profit or loss for the Group were as follows:

	For the Years Ended December 31,	
	2020	2019
Current service costs	\$ 3,416	5,696
Net interest of net liabilities for defined benefit obligations	26	299
	\$ 3,442	5,995
Operating costs and expenses	\$ 3,442	5,995

5) Actuarial assumptions

The principal actuarial assumptions at the reporting date were as follows:

	December 31, 2020	December 31, 2019
Discount rate	0.350%	0.800%~5.220%
Future salary increasing rate	2.125%~3.750%	2.125%~5.000%

The expected allocation payment to be made by the Group to the defined benefit plans for the one-year period after the reporting date is \$2,178 thousand.

The weighted average lifetime of the defined benefits plans is 11~14 years.

6) Sensitivity analysis

If the actuarial assumptions had changed, the impact on the present value of the defined benefit obligation shall be as follows:

	Influences on defined benefit obligations	
	Increased 0.25% and EG Healthcare Increased 1.00%	Decreased 0.25% and EG Healthcare Decreased 1.00%
December 31, 2020		
Discount rate	\$ (2,336)	2,378
Future salary increasing rate	2,303	(2,239)
December 31, 2019		
Discount rate	\$ (2,667)	2,842
Future salary increasing rate	2,715	(2,567)

(ENGLISH TRANSLATION OF CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN CHINESE)
EXCELSIOR MEDICAL CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, UNLESS OTHERWISE SPECIFIED)

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown above. The method used in the sensitivity analysis is consistent with the calculation of the pension liabilities in the balance sheets.

There is no change in the method and assumptions used in the preparation of sensitivity analysis for 2020 and 2019.

2. Defined contribution plans

The Company allocates 6% of each employee's monthly wages to the labor pension personal account at the Bureau of Labor Insurance in accordance with the provisions of the Labor Pension Act. Under these defined contribution plans, the Company allocates a fixed amount to the Bureau of Labor Insurance without additional legal or constructive obligation.

The pension costs incurred from the contributions to the Bureau of the Labor Insurance amounted to \$19,980 thousand and \$19,346 thousand for the years ended December 31, 2020 and 2019, respectively.

The foreign Company's pension costs under the local laws were \$2,208 thousand and \$4,361 thousand for the years ended December 31, 2020 and 2019, respectively.

(v) Income taxes

1. Income tax expense

The components of income tax in the years 2020 and 2019 were as follows:

	For the Years Ended December 31,	
	2020	2019
Current tax expense		
Current period	\$ 95,616	119,243
Adjustment for prior periods	<u>(1,675)</u>	<u>(660)</u>
	<u>93,941</u>	<u>118,583</u>
Deferred tax expense		
Origination and reversal of temporary differences	65,716	7,927
Adjustment for prior periods	491	52
Change in unrecognized deductible temporary differences	<u>149</u>	<u>(2,011)</u>
	<u>66,356</u>	<u>5,968</u>
Income tax expense from continuing operations	<u>\$ 160,297</u>	<u>124,551</u>

(ENGLISH TRANSLATION OF CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN CHINESE)
EXCELSIOR MEDICAL CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, UNLESS OTHERWISE SPECIFIED)

The amount of income tax recognized in other comprehensive income for 2020 and 2019 were as follows:

	For the Years Ended December 31,	
	2020	2019
Items that will not be reclassified subsequently to profit or loss:		
Remeasurement from defined benefit plans	\$ 394	(1,596)
Unrealized gains (losses) on equity instruments at fair value through other comprehensive income	(4,150)	6,370
	\$ (3,756)	4,774
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation	\$ 24,206	12,174

Reconciliation of income tax and profit before tax for 2020 and 2019 were as follows:

	For the Years Ended December 31,	
	2020	2019
Profit before income tax	\$ 829,383	746,825
Income tax using the Group's domestic tax rate	\$ 186,929	156,262
Adjustment in tax rate	(858)	(577)
Permanent differences	(29,548)	(41,117)
Tax-exempt income	(317)	(517)
Unrecognized deductible temporary differences	(4,319)	(14,740)
Unrecognized unused loss carryforwards	7,370	10,113
Adjustments for prior periods-current tax expense	(1,675)	(660)
Adjustments for prior periods-deferred tax expense	491	52
Effect of foreign income tax	1,212	-
Undistributed earnings additional tax	1,012	15,735
Income tax expense	\$ 160,297	124,551

2. Deferred tax assets and liabilities

1) Unrecognized deferred tax assets

Deferred tax assets have not been recognized in respect of the following items:

	December 31,	December 31,
	2020	2019
Tax effect of deductible temporary differences	\$ 20,594	25,228
Tax losses	85,311	78,854
	\$ 105,905	104,082

(ENGLISH TRANSLATION OF CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN CHINESE)
EXCELSIOR MEDICAL CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, UNLESS OTHERWISE SPECIFIED)

2) Recognized deferred tax assets and liabilities

Changes in the amount of deferred tax assets and liabilities for the years ended December 31, 2020 and 2019 were as follows:

	Deferred sales returns and allowance	Unrealized losses on inventories	Unrealized gains on investment	Loss carry- forwards	Others	Total
Deferred tax assets:						
Balance as of January 1, 2020	\$ 7,183	31,289	25,368	59,520	96,568	219,928
Recognized in profit or loss	4,090	(8,416)	(2,055)	(15,462)	(6,615)	(28,458)
Recognized in other comprehensive income	-	-	-	-	24,222	24,222
Effect of movements in exchange rates	-	(128)	-	(75)	(4)	(207)
Balance as of December 31, 2020	<u>\$ 11,273</u>	<u>22,745</u>	<u>23,313</u>	<u>43,983</u>	<u>114,171</u>	<u>215,485</u>
Balance as of January 1, 2019	\$ 6,768	23,797	21,638	65,026	81,484	198,713
Recognized in profit or loss	415	7,543	3,730	(5,475)	5,413	11,626
Recognized in other comprehensive income	-	-	-	-	9,671	9,671
Effect of movements in exchange rates	-	(51)	-	(31)	-	(82)
Balance as of December 31, 2019	<u>\$ 7,183</u>	<u>31,289</u>	<u>25,368</u>	<u>59,520</u>	<u>96,568</u>	<u>219,928</u>
Deferred tax liabilities:						
Balance as of January 1, 2020	\$ -	-	106,425	-	9,305	115,730
Recognized in profit and loss	-	-	32,660	-	5,238	37,898
Recognized in other comprehensive income	-	-	-	-	3,772	3,772
Effect of movements in exchange rates	-	-	-	-	(440)	(440)
Balance as of December 31, 2020	<u>\$ -</u>	<u>-</u>	<u>139,085</u>	<u>-</u>	<u>17,875</u>	<u>156,960</u>
Balance as of January 1, 2019	\$ -	-	82,724	-	22,829	105,553
Recognized in profit or loss	-	-	23,701	-	(6,107)	17,594
Recognized in other comprehensive income	-	-	-	-	(7,277)	(7,277)
Effect of movements in exchange rates	-	-	-	-	(140)	(140)
Balance as of December 31, 2019	<u>\$ -</u>	<u>-</u>	<u>106,425</u>	<u>-</u>	<u>9,305</u>	<u>115,730</u>

(ENGLISH TRANSLATION OF CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN CHINESE)
EXCELSIOR MEDICAL CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, UNLESS OTHERWISE SPECIFIED)

3. As of December 31, 2020, the Group's unused prior-years loss carryforwards and the expiry years of the loss carryforwards were as follows:

<u>Year of loss</u>	<u>Unused tax loss</u>	<u>Year of expiry</u>
2014	\$ 14,049	2024
2015	46,631	2020~2025
2016	15,107	2021~2026
2017	107,415	2022~2027
2018	165,170	2023~2028
2019	178,623	2024~2029
2020	32,818	2025~2030
	<u>\$ 559,813</u>	

4. Assessment of tax

The Company's income tax returns for the years through 2018 were assessed by the Tax Administration.

(w) Capital and other equity

A resolution was passed by the Board of the Company on November 7, 2019, for issuance of 130,000 thousand shares, with a par value of \$10 per share. The issuance price is \$45. A part of shares are reserved for employees. For relative information, please refer to Note (6)(x). The issuance has been approved by the Securities and Futures Bureau of the Financial Supervisory Commission, R.O.C., with January 15, 2020, as the date of capital increase. The related registration procedures were completed, and all issued shares were paid up upon issuance.

1. Share capital

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Number of shares authorized (in thousands)	<u>200,000</u>	<u>200,000</u>
Shares authorized	<u>\$ 2,000,000</u>	<u>2,000,000</u>
Number of shares issued and fully paid (in thousands)	<u>141,149</u>	<u>128,149</u>
Shares issued	<u>\$ 1,411,490</u>	<u>1,281,490</u>

A total of 10,000 thousand shares of the Company's authorized shares are reserved for the issuance of employee share options, convertible bonds with warrants and preferred shares with warrants.

(ENGLISH TRANSLATION OF CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN CHINESE)
EXCELSIOR MEDICAL CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
 (EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, UNLESS OTHERWISE SPECIFIED)

2. Capital surplus

	December 31, 2020	December 31, 2019
Additional paid-in capital arising from ordinary share	\$ 1,822,584	1,367,584
Additional paid-in capital arising from bond conversion	1,072,079	1,072,079
Difference between consideration and carrying amount of subsidiaries acquired or disposed	98,181	98,181
Changes in ownership interest in subsidiaries	238,946	234,979
Changes in equity of associates accounted for using equity method	457	124
Others	43,860	43,860
	\$ 3,276,107	2,816,807

3. Retained earnings

The Company's article of incorporation stipulates that Company's profit after tax should first be used to offset the prior years' deficits, including adjustment of unappropriated retained earnings. Of the remaining balance, 10% is to be appropriated as legal reserve, then the special surplus reserve shall be distributed or reversed according to the Laws acts and regulations approved by the Competent authority. The remainder, together with any undistributed retained earnings, including amount of adjusted retained earnings, shall be distributed by the Board of Directors and submitted to the stockholders' meeting for approval. The distribution of dividends, bonus, legal reserve and capital surplus, distributed by way of cash, shall be decided during the Board meeting, approved by more than half of the directors, with two thirds of directors in attendance; thereafter, to be submitted in the shareholders' meeting of the Company.

The Company's Articles also stipulate a dividend policy which is as follows: According to the present and future development plans, the investment environment, capital requirements, domestic and overseas competition, and the benefit of shareholders, the Company should distribute dividends and bonuses to shareholders at no less than 20% of the remaining profit (which is the current net profit less losses of previous years, less the adjustment to retained earnings, and less the appropriation of earnings to the legal reserve). Dividends could be distributed in cash or shares, where cash dividends should not be less than 20% of the total dividends distributed.

According to the amendment of the R.O.C. Company Act in January 2012, the Company must retain 10% of its after-tax annual earnings as legal reserve until such retention equals the amount of total capital. When a company incurs no loss, it may, pursuant to a resolution by a shareholders' meeting, distribute its legal reserve by issuing new shares or by distributing cash, and only the portion of legal reserve which exceeds 25% of capital may be distributed.

Items referred to under Rule No. 1010012865 issued by the FSC and the directive titled "Questions and Answers for Special Reserves Appropriated Following Adoption of IFRSs" should be appropriated to or reversed from a special reserve by the Company.

(ENGLISH TRANSLATION OF CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN CHINESE)
EXCELSIOR MEDICAL CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, UNLESS OTHERWISE SPECIFIED)

During the Board meeting on March 20, 2020, and the shareholders' meeting on June 18, 2019, the Board and shareholders approved to distribute the 2019 and 2018 earnings, respectively, as follows:

	2019		2018	
	Dividend per share (\$)	Amount	Dividend per share (\$)	Amount
Dividends distributed to common shareholders				
Cash	\$ 3.30	465,792	3.30	384,447

During the Board meeting on March 12, 2021, the Board approved the cash dividend to distribution of the 2020 earnings, as follows:

	2020	
	Dividend per share (\$)	Amount
Dividends distributed to common shareholders:		
Cash	\$ 3.50	494,021

4. Other equity interest after tax

	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	Total
Balance as of January 1, 2020	\$ (107,903)	51,554	(56,349)
Exchange differences on translation of foreign financial statement	(138,342)	-	(138,342)
Exchange differences on associates accounted for using equity method	46,876	-	46,876
Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	-	4,723	4,723
Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income, associates accounted for using equity method	-	29,313	29,313
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	(301)	(301)
Balance as of December 31, 2020	\$ (199,369)	85,289	(114,080)
Balance as of January 1, 2019	\$ (61,536)	34,907	(26,629)
Exchange differences on translation of foreign financial statement	(77,682)	-	(77,682)
Exchange differences on associates accounted for using equity method	31,315	-	31,315
Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	-	16,142	16,142
Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income, associates accounted for using equity method	-	35,101	35,101
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	(34,596)	(34,596)
Balance as of December 31, 2019	\$ (107,903)	51,554	(56,349)

(ENGLISH TRANSLATION OF CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN CHINESE)
EXCELSIOR MEDICAL CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, UNLESS OTHERWISE SPECIFIED)

5. Non-controlling interests after tax

	For the Years Ended December 31,	
	2020	2019
Balance, beginning of year	\$ 1,685,571	1,535,562
Shares attributed to non-controlling interests		
Net income	97,416	107,519
Exchange differences on translation of foreign financial statements	(8,475)	(4,493)
Unrealized gains or losses from financial assets measured at fair value through other comprehensive income	38,979	16,535
Gains or losses on remeasurements of defined benefit plans	(426)	3,566
Shares issued for cash by subsidiaries / others	269,259	-
Cash dividends of subsidiaries distributed to non-controlling interests	(90,111)	(87,552)
Non-controlling interests of acquiring subsidiaries	(3,406)	113,049
Equity value differences of subsidiaries under equity method	-	1,385
Balance, end of year	<u>\$ 1,988,807</u>	<u>1,685,571</u>

(x) Share-based payment

1. The Company

As of December 31, 2020, the Group had share-based payment arrangements as follows:

	<u>Equity-settled</u>
	Cash capital increase reserved for employee subscription
Grant date	2019.12.18
Number of shares granted	1,950,000 shares
Contract term	-
Recipients	Employees of the Company and a part of subsidiaries
Vesting conditions	-

(ENGLISH TRANSLATION OF CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN CHINESE)
EXCELSIOR MEDICAL CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, UNLESS OTHERWISE SPECIFIED)

1) Determining the fair value of equity instruments granted

The Group used Black-Scholes Model in measuring the fair value of the share-based payment at the grant date. The measurement inputs were as follows:

	2019
	Cash capital increase reserved for employee subscription
Fair value at grant date	\$ 8.72
Share price at grant date	53.70
Exercise price	45.00
Expected volatility (%)	9.83 %
Expected life (years)	0.04
Expected dividend	- %
Risk-free interest rate (%)	0.60 %

Expected volatility is based on the weighted average of historical volatility. The Company determined that there were no expected dividends. The risk-free rate is determined based on the rate of 1-3 month time deposits of Bank of Taiwan on the date of measurement. Service and non-market performance conditions attached to the transactions are not considered in determining the fair value.

2) Expense recognized in profit or loss

The Company incurred expenses and liabilities of share-based arrangements in 2020 and 2019 as follows:

	For the Years Ended December 31,	
	2020	2019
Expenses resulting from cash-settled share-based payment to employees	\$ -	3,322

(ENGLISH TRANSLATION OF CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN CHINESE)
EXCELSIOR MEDICAL CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
 (EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, UNLESS OTHERWISE SPECIFIED)

2. Arich

As of December 31, 2020, Arich had share-based payment arrangements as follows:

	<u>Equity-settled</u> <u>Cash capital</u> <u>increase reserved</u> <u>for employee</u> <u>subscription</u>
Grant date	2020.4.9
Number of shares granted	3,000,000 shares
Contract term	-
Recipients	Employees of Arich Enterprise Co., LTD.
Vesting conditions	-

1) Determining the fair value of equity instruments granted

Arich used Black-Scholes Model in measuring the fair value of the share-based payment at the grant date. The measurement inputs were as follows:

	<u>2020</u> <u>Cash capital</u> <u>increase</u> <u>reserved for</u> <u>employee</u> <u>subscription</u>
Fair value at grant date	\$ 4.89
Share price at grant date	19.80
Exercise price	15.00
Expected volatility (%)	71.969 %
Expected life (years)	0.04
Expected dividend	- %
Risk-free interest rate (%)	0.35 %

Expected volatility is based on the weighted average of historical volatility. Arich determined that there were no expected dividends. The risk-free rate is determined based on the rate of 1-3 month time deposits of Bank of Taiwan on the date of measurement. Service and non-market performance conditions attached to the transactions are not considered in determining the fair value.

(ENGLISH TRANSLATION OF CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN CHINESE)
EXCELSIOR MEDICAL CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, UNLESS OTHERWISE SPECIFIED)

2) Expense recognized in profit or loss

Arich incurred expenses and liabilities of share-based arrangements in 2020 as follows:

	For the Year Ended December 31, 2020
Expenses resulting from cash-settled share-based payment to employees	\$ 4,152

(y) Earnings per share

For the years ended December 31, 2020 and 2019, the basic and diluted earnings per share were calculated as follows:

1. Basic earnings per share

	For the Years Ended December 31,	
	2020	2019
Profit attributable to ordinary shareholders of the Company	\$ 571,670	514,755
Weighted average number of ordinary shares (basic)	140,652	128,149

2. Diluted earnings per share

	For the Years Ended December 31,	
	2020	2019
Profit attributable to ordinary shareholders of the Company	\$ 571,670	514,755
Weighted average number of ordinary shares (basic)	140,652	128,149
Effect of employee stock compensation	767	729
Weighted average number of ordinary shares (diluted)	141,419	128,878

(z) Revenue from contracts with customers

1. Disaggregation of revenue

	For the Years Ended December 31,	
	2020	2019
Primary geographical markets:		
Taiwan	\$ 6,351,482	6,106,927
Hong Kong	71,858	73,017
China	130	70,911
Philippines	136,218	110,772
Malaysia	115,806	95,735
	\$ 6,675,494	6,457,362

(ENGLISH TRANSLATION OF CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN CHINESE)
EXCELSIOR MEDICAL CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, UNLESS OTHERWISE SPECIFIED)

	For the Years Ended December 31,	
	2020	2019
Major products:		
Product revenue		
Medical equipment and Supplies	\$ 3,833,073	3,608,106
Medicines	1,108,050	958,838
Aesthetic medical equipment and Supplies	799,957	992,944
Household appliances	119,381	106,011
Other	78,279	62,281
Repair and maintenance revenue	359,575	246,283
Other operating revenue	377,179	482,899
	\$ 6,675,494	6,457,362

(aa) Employee compensation and directors' remuneration

In accordance with the Articles of Incorporation, the Company should contribute no less than 1% of the profit as employee compensation and no higher than 5% as directors' remuneration when there is profit for the year. However, if the Company has accumulated deficits, the profit should be reserved to offset the deficits. The amount of compensation for employees may be paid by shares or cash, and the recipients may include the employees of the Company's affiliated companies. The amount of remuneration to directors may only be paid in cash. Both the employee compensation and directors' remuneration should be approved by the Board of Directors and reported during the shareholders' meeting.

For the years ended December 31, 2020 and 2019, the Company estimated its employee compensation amounting to \$36,379 thousand and \$32,365 thousand, and directors' remuneration amounting to \$18,189 thousand and \$16,183 thousand, respectively. The estimated amounts mentioned above are calculated based on the net profit before tax, excluding the compensation to employees and remuneration to directors of each period, multiplied by the percentage specified in the Company's articles. These remunerations were expensed under operating costs or operating expenses during 2020 and 2019. Related information would be available at the Market Observation Post System website. The aforesaid amounts are identical to those stated in parent-company-only financial statements.

(ab) Non-operating income and expenses

1. Interest Income

The details of other income were as follows:

	For the Years Ended December 31,	
	2020	2019
Interest income from bank deposits	\$ 22,097	42,739
Interest income from lease payment receivable	1,158	1,899
	\$ 23,255	44,638

(ENGLISH TRANSLATION OF CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN CHINESE)
EXCELSIOR MEDICAL CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
 (EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, UNLESS OTHERWISE SPECIFIED)

2. Other income

The details of other income were as follows:

	For the Years Ended December 31,	
	2020	2019
Dividend income	\$ 23,231	15,424
Other income	9,017	11,221
	\$ 32,248	26,645

3. Financial costs

The details of financial costs were as follows:

	For the Years Ended December 31,	
	2020	2019
Interest expenses		
Bank borrowings	\$ 7,439	14,574
Others	3,329	9,246
	\$ 10,768	23,820

4. Other gains and losses

The details of other gains and losses were as follows:

	For the Years Ended December 31,	
	2020	2019
(Losses) gains on disposal of property, plant, and equipment	\$ (100)	52,061
Gain on disposal of subsidiaries	-	13,167
Foreign exchange gains (losses)	935	(2,708)
Net gains or losses on financial assets (liabilities) measured at fair value through profit or loss	(200)	32
Impairment loss recognized on non-financial assets	-	(30,285)
Others	12,915	12,739
	\$ 13,550	45,006

(ac) Reclassification adjustments of components of other comprehensive income

The details of reclassification of other comprehensive income were as follows:

	For the Years Ended December 31,	
	2020	2019
Equity instruments at fair value through other comprehensive income		
Net changes in fair value	\$ 47,551	(8,289)
Net changes of fair value reclassified to retained earnings	301	34,596
Net gains or losses recognized in other comprehensive income	\$ 47,852	26,307

(ENGLISH TRANSLATION OF CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN CHINESE)
EXCELSIOR MEDICAL CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, UNLESS OTHERWISE SPECIFIED)

(ad) Financial instruments

1. Credit risks

1) Credit risk exposure

The carrying amount of financial assets represents the maximum amount exposed to credit risk.

2) Concentration of credit risk

To minimize credit risks of receivables, the Group periodically evaluates the customers' financial positions and the possibility of collecting trade receivables. And, the impairment losses are always within the management's expectation. As of December 31, 2020 and 2019, 43% and 39%, respectively, of notes receivable and accounts receivable were two major customers. Thus, credit risk is significantly centralized.

2. Liquidity risks

The following are the contractual maturities of financial liabilities of the Group, excluding the impact of netting arrangements:

	Carrying amount	Contractual cash flow	On Demand or Less than 1 month	1-3 months	3-6 months	6-12 months	1-2 years	More than 2 years
December 31, 2020								
Non-derivative financial liabilities								
Long-term and short-term borrowings	\$ 408,749	408,749	235,706	170,917	2,126	-	-	-
Payables	2,883,615	2,883,615	765,588	397,987	1,648,940	70,911	189	-
Lease liabilities	303,826	303,826	6,827	13,230	19,556	38,756	67,863	157,594
Derivative financial liabilities								
Foreign exchange forward contracts:								
Outflows	11,404	11,404	11,404	-	-	-	-	-
Inflows	(11,358)	(11,358)	(11,358)	-	-	-	-	-
	<u>\$ 3,596,236</u>	<u>3,596,236</u>	<u>1,008,167</u>	<u>582,134</u>	<u>1,670,622</u>	<u>109,667</u>	<u>68,052</u>	<u>157,594</u>
December 31, 2019								
Non-derivative financial liabilities								
Long-term and short-term borrowings	\$ 1,221,666	1,221,666	1,213,638	1,343	2,014	4,027	644	-
Payables	2,869,049	2,869,049	1,127,010	268,280	1,458,313	13,309	2,137	-
Lease liabilities	241,209	241,209	6,476	13,064	19,305	38,573	63,047	100,744
	<u>\$ 4,331,924</u>	<u>4,331,924</u>	<u>2,347,124</u>	<u>282,687</u>	<u>1,479,632</u>	<u>55,909</u>	<u>65,828</u>	<u>100,744</u>

The Group is not expecting that the cash flows included in the maturity analysis could occur significantly earlier or at significantly different amounts.

(ENGLISH TRANSLATION OF CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN CHINESE)
EXCELSIOR MEDICAL CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, UNLESS OTHERWISE SPECIFIED)

3. Market risks

1) Currency risks

The Group's significant exposure to foreign currency risk of financial assets and liabilities were as follows:

<u>Functional currency</u>	<u>Exchange rate</u>	<u>Currency</u>	<u>December 31, 2020</u>	
			<u>Foreign currency (in thousands)</u>	<u>Carrying amount (TWD)</u>
<u>Financial assets</u>				
<u>Monetary items</u>				
TWD	28.480	USD	\$ 4,320	123,033
TWD	0.276	JPY	372,050	102,797
HKD	7.754	USD	9,377	267,257
<u>Non-Monetary items</u>				
TWD	0.026	KRW	6,453,000	170,458
USD	0.154	CNY	29,897	130,872
USD	0.129	HKD	108,875	399,999
USD	0.238	MYR	22,077	149,897
<u>Financial liabilities</u>				
<u>Monetary items</u>				
TWD	0.276	JPY	494,625	136,665
<u>Functional currency</u>	<u>Exchange rate</u>	<u>Currency</u>	<u>December 31, 2019</u>	
			<u>Foreign currency (in thousands)</u>	<u>Carrying amount (TWD)</u>
<u>Financial assets</u>				
<u>Monetary items</u>				
TWD	29.980	USD	\$ 8,731	261,756
TWD	0.276	JPY	799,552	220,676
HKD	7.789	USD	7,795	60,716
<u>Non-Monetary items</u>				
TWD	0.026	KRW	5,126,917	134,325
USD	0.144	CNY	28,878	124,320
USD	0.128	HKD	103,629	398,867
USD	0.235	MYR	18,505	130,143

(ENGLISH TRANSLATION OF CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN CHINESE)
EXCELSIOR MEDICAL CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
 (EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, UNLESS OTHERWISE SPECIFIED)

<u>Functional currency</u>	<u>Exchange rate</u>	<u>Currency</u>	<u>December 31, 2019</u>	
			<u>Foreign currency (in thousands)</u>	<u>Carrying amount (TWD)</u>
<u>Financial liabilities</u>				
<u>Monetary items</u>				
TWD	0.276	JPY	431,975	119,170

Since the Group has many kinds of currency, the information on foreign exchange gains or losses on monetary items is disclosed by total amount. For the years ended December 31, 2020 and 2019, foreign exchange gains or losses amounted to gains of \$935 thousand and losses of \$2,708 thousand, respectively.

2) Sensitivity analysis

The Group's foreign exchange exposure to foreign currency risk arises from foreign currency exchange fluctuations on cash and cash equivalents, accounts receivables and accounts payables. Assuming other variables remain the same, a 1% depreciation or appreciation of the TWD against foreign currency for the years ended December 31, 2020 and 2019 would have increased or decreased the net profit after tax by \$2,721 thousand and \$3,577 thousand, respectively. The analysis is performed on the same basis for both periods.

3) Interest rate risk

The Group's financial assets and financial liabilities with interest rate exposure risk were noted in the liquidity risk section.

The following sensitivity analysis is based on the exposure to the interest rate risk of derivative and non-derivative financial instruments on the reporting date. Regarding liabilities with variable interest rates, the analysis is based on the assumption that the amount of liabilities outstanding at the reporting date was outstanding throughout the year.

If the interest rate increases or decreases by 1%, assuming that all other variables remain constant, the Group's profit will decrease or increase by \$7,609 thousand and \$1,015 thousand for the years ended December 31, 2020 and 2019, respectively. The changes are mainly due to floating rate bank deposits and borrowings of the Group.

4) Other price risks

Assuming that the analysis is performed on the same basis for both periods, if equity prices had been 1% higher/lower, pre-tax other comprehensive income for the years ended December 31, 2020 and 2019 would have increased/decreased by \$7,354 thousand and \$6,901 thousand, respectively, as a result of the changes in fair values of financial assets at fair value through other comprehensive income.

(ENGLISH TRANSLATION OF CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN CHINESE)
EXCELSIOR MEDICAL CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, UNLESS OTHERWISE SPECIFIED)

4. Fair value information

1) The categories and fair values of financial instruments

The fair value of financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income is measured on a recurring basis. The carrying amount and fair value of the Group's financial assets and liabilities, including the information on fair value hierarchy were as follows; however, except as described in the following paragraphs, for financial instruments not measured at fair value whose carrying amount is reasonably close to the fair value, and lease liabilities, disclosure of fair value information is not required:

	December 31, 2020				
	Book value	Fair value			Total
	Level 1	Level 2	Level 3		
Financial assets at fair value through profit or loss					
Derivative financial assets	\$ 166	-	166	-	166
Financial assets at fair value through other comprehensive income					
Domestic listed shares	103,792	103,792	-	-	103,792
Foreign listed shares	194,205	194,205	-	-	194,205
Domestic unlisted shares	129,680	-	-	129,680	129,680
Foreign unlisted shares	307,760	-	-	307,760	307,760
Sub-total	735,437	297,997	-	437,440	735,437
Financial assets at amortized cost					
Cash and cash equivalents	2,618,464	-	-	-	-
Time deposits with original maturity of more than 3 months	774,526	-	-	-	-
Receivables	3,951,745	-	-	-	-
Other financial assets	305,798	-	-	-	-
Sub-total	7,650,533	-	-	-	-
Total	\$ 8,386,136	297,997	166	437,440	735,603

(ENGLISH TRANSLATION OF CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN CHINESE)
EXCELSIOR MEDICAL CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
 (EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, UNLESS OTHERWISE SPECIFIED)

	December 31, 2019				
	Book value	Fair value			Total
		Level 1	Level 2	Level 3	
Financial liabilities at amortized cost					
Short-term and long-term borrowings	\$ 1,221,666	-	-	-	-
Payables	2,869,049	-	-	-	-
Lease liabilities	241,209	-	-	-	-
Total	<u>\$ 4,331,924</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

2) Valuation techniques for financial instruments not measured at fair value

The Group's valuation techniques and assumptions used for financial instruments not measured at fair value are as follows:

A. Financial assets measured at amortized cost

If the quoted prices in active markets are available, the market price is established as the fair value. However, if quoted prices in active markets are not available, the estimated valuation or prices used by competitors are adopted.

B. Financial assets and financial liabilities measured at amortized cost

If there is quoted price generated by transactions, the recent transaction price and quoted price data is used as the basis for fair value measurement. However, if no quoted prices are available, the discounted cash flows are used to estimated fair values.

3) Valuation techniques for financial instruments measured at fair value

The Group considers the financial status, operating analysis, most recent transaction price, non-active market quoted price of related equity instrument, and active-market quoted price of similar instrument, and other information, in determining the input value of its investee companies. Periodically updates of information and input value for the valuation model and any necessary adjustments of fair value are required to ensure that the results of estimation are reasonable.

A. Non-derivative financial instruments

If quoted prices in active markets are available, the prices are established as fair values, such as public quoted company stock.

For the Group's financial instruments that have no active markets, the measurement of fair values is listed as follows:

Equity instrument that has no quoted price: The method of comparable Listed Company approach is used to estimate the fair value. The main assumption for the method is to determine the fair value by using the transaction price paid for an identical or a similar instrument of an investee.

(ENGLISH TRANSLATION OF CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN CHINESE)
EXCELSIOR MEDICAL CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, UNLESS OTHERWISE SPECIFIED)

B. Derivative financial instruments

Derivative financial instruments are measured by using the common valuation models such as discounted cash flow model and Black-Scholes model.

4) Changes in level 3 of the fair value

	Financial assets at fair value through profit or loss	Fair value through other comprehensive income
	Derivative financial assets	unquoted equity instruments
Balance as of January 1, 2020	\$ -	534,887
Total gains and losses recognized		
In other comprehensive income	-	18,942
Reclassification and effect of movements in exchange rates	-	(116,389)
Balance as of December 31, 2020	<u>\$ -</u>	<u>437,440</u>
Balance as of January 1, 2019	\$ 21	361,495
Total gains and losses recognized		
In profit or loss	(21)	-
In other comprehensive income	-	(14,209)
Reclassification and effect of movements in exchange rates	-	187,601
Balance as of December 31, 2019	<u>\$ -</u>	<u>534,887</u>

For the years ended December 31, 2020 and 2019, total gains and losses included in “other gains and losses”, and “unrealized gains and losses from financial assets at fair value through other comprehensive income” were as follows:

	For the Years Ended December 31,	
	2020	2019
Total gains and losses recognized		
In profit or loss, and presented in “other gains and losses”	\$ -	(21)
In other comprehensive income, and presented in “unrealized gains and losses from financial assets at fair value through other comprehensive income”	18,942	(14,209)

(ENGLISH TRANSLATION OF CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN CHINESE)
EXCELSIOR MEDICAL CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, UNLESS OTHERWISE SPECIFIED)

5) Quantified information for significant unobservable inputs (level 3) used in fair value measurement

The Group's financial instruments that use Level 3 inputs to measure fair value include "financial assets at fair value through other comprehensive income— equity investments without active market".

Quantified information of significant unobservable inputs was as follows:

<u>Item</u>	<u>Valuation techniques</u>	<u>Significant non-observable inputs</u>	<u>The relationship between significant Non-observable inputs and fair value</u>
Financial assets at fair value through other comprehensive income - equity instruments investments without an active market	Comparable Listed Companies Method	<ul style="list-style-type: none"> · EV/Revenue Value Multiple (1.94~2.26 and 1.71 on December 31, 2020 and 2019) · EV/EBITA Value Multiple (14.95 on December 31, 2019) · P/B Value Multiple (1.13~3.98 and 1.11~4.05 on December 31, 2020 and 2019) · P/E Value Multiple (28.36 on December 31, 2019) · Discount due to Lack of Market liquidity (21.53%~30.00% and 6.45%~33.53% on December 31, 2020 and 2019) 	· The estimated fair value would increase (decrease) if the value multiple is higher (lower) and the marketability discount is lower (higher)

(ENGLISH TRANSLATION OF CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN CHINESE)
EXCELSIOR MEDICAL CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, UNLESS OTHERWISE SPECIFIED)

6) Sensitivity analysis for fair values of financial instruments using Level 3 Inputs

The Group's fair value measurement on financial instruments is reasonable. However, the measurement would differ if different valuation models or valuation parameters are used. For financial instruments using level 3 inputs, if the valuation parameters are changed, the impact on net income or loss and other comprehensive income or loss will be as follows:

	Input	Variation	Impact on Fair Value Change on Other Comprehensive income or loss	
			Favorable Change	Unfavorable Change
December 31, 2020				
Financial assets at fair value through other comprehensive income				
Equity instruments without an active market	Value Multiple	5%	\$ 22,973	(22,973)
Equity instruments without an active market	Discount due to Lack of Market liquidity	5%	30,951	(30,951)
			\$ 53,924	(53,924)
December 31, 2019				
Financial assets at fair value through other comprehensive income				
Equity instruments without an active market	Value Multiple	5%	\$ 58,032	(58,032)
Equity instruments without an active market	Discount due to Lack of Market liquidity	5%	19,677	(19,677)
			\$ 77,709	(77,709)

(ae) Financial risk management

1. Overview

The Group has exposures to the following risks from its financial instruments:

- 1) credit risk
- 2) liquidity risk
- 3) market risk

The following likewise discusses the Group's objectives, policies and processes for measuring and managing the above mentioned risks. For more disclosures about the quantitative effects of these risks exposures, please refer to the respective notes in the accompanying consolidated financial statements.

(ENGLISH TRANSLATION OF CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN CHINESE)
EXCELSIOR MEDICAL CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, UNLESS OTHERWISE SPECIFIED)

2. Risk management framework

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The general manager, which reports to the Board of Directors, is responsible for the development of the Group-Wide risk management policy and related systems and reports regularly to the Board of Directors.

The Group's risk management policies are established to identify and analyze the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and changes in operation of the Group. The Group, through its training and management standards and procedures, aim to develop a disciplined and constructive control environment, in which all employees understand their roles and obligations.

The Group's Board of Directors oversees how management monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The Group's Board of Directors is assisted in its oversight role by internal audit. The internal audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Board of Directors.

3. Credit risk

Credit risk refers to the risk that a counterparty would default on its contractual obligations resulting in financial loss to the Group. As at the end of the reporting period, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure of counterparties to discharge an obligation and financial guarantees provided by the Group could arise from:

- 1) The carrying amount of the respective recognized financial assets as stated in the consolidated balance sheets; and
- 2) The amount of contingent liabilities in relation to financial guarantee issued by the Group.

In order to minimize credit risk, the management of the Group has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade debt at the end of the reporting period to ensure that adequate impairment losses are made for irrecoverable amounts.

Please refer to Note (13)(a) for the information of guarantees and endorsements for subsidiaries as of December 31, 2020.

4. Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it always has sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

(ENGLISH TRANSLATION OF CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN CHINESE)
EXCELSIOR MEDICAL CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, UNLESS OTHERWISE SPECIFIED)

5. Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices, and credit spreads will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return on risk.

The Group buys and sells derivatives, and also incurs financial liabilities, in order to manage market risks. All such transactions are carried out within the guidelines set by the Board of Directors and shareholder's meeting with the supervision of the internal audit department. Information concerning all market risks of the Group was as follows:

1) Currency risk

The Group had foreign currency sales and purchases, which exposed the Group to foreign currency risk. Exchange rate exposures were managed within approved policy parameters utilizing forward foreign exchange contracts.

2) Interest rate risk

The Group was exposed to interest rate risk because entities in the Group borrowed funds at both fixed and floating interest rates. The Group pays attention to changes in market interest rates in order to make plans to manage interest rate risk.

3) Other price risk

The Group was exposed to price risk through its investments in listed securities. The Group has appointed a special team to monitor and evaluate the price risk.

(af) Capital Management

The Group's objectives for managing capital to safeguard the capacity to continue to operate, to continue to provide a return on shareholders, to maintain the interest of other related parties, and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the dividend payment to the shareholders, reduce the capital for redistribution to shareholders, issue new shares, or sell assets to settle any liabilities.

The Group use the debt-to-equity ratio to manage capital. This ratio is the total net debt divided by the total capital. The net debt from the balance sheet is derived from the total liabilities less cash and cash equivalents. The total capital and equity include share capital, capital surplus, retained earnings, and other equity plus net debt.

(ENGLISH TRANSLATION OF CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN CHINESE)
EXCELSIOR MEDICAL CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, UNLESS OTHERWISE SPECIFIED)

(ag) Investing and financing activities not affecting current cash flow

The Group's investing and financing activities which did not affect the current cash flow in the year ended December 31, 2020 and 2019, were as follows:

For acquisitions of right-of-use assets by leasing, please refer to note 6(k).

Reconciliation of liabilities arising from financing activities were as follows:

	Non-cash changes					
	January 1, 2020	Cash flows	Acquisition	Foreign exchange movement	Others	December 31, 2020
Short-term and long-term borrowings	\$ 1,221,666	(812,917)	-	-	-	408,749
Lease liabilities	241,209	(75,599)	159,080	(72)	(20,792)	303,826
Total liabilities from financing activities	<u>\$ 1,462,875</u>	<u>(888,516)</u>	<u>159,080</u>	<u>(72)</u>	<u>(20,792)</u>	<u>712,575</u>

	Non-cash changes					
	January 1, 2019	Cash flows	Acquisition	Foreign exchange movement	Others	December 31, 2019
Short-term borrowings	\$ 1,110,000	(323,740)	435,630	(224)	-	1,221,666
Lease liabilities	342,713	(71,225)	5,207	1,331	(36,817)	241,209
Total liabilities from financing activities	<u>\$ 1,452,713</u>	<u>(394,965)</u>	<u>440,837</u>	<u>1,107</u>	<u>(36,817)</u>	<u>1,462,875</u>

(7) Related Party Transactions

(a) Names and relationship with related parties

The followings are entities that have had transactions with related party during the periods covered in the consolidated financial statements.

Name of related party	Relationship with the Group
Excelsior Investment Co., Ltd.	Entities with significant influence over the Group
Excelsior Group Holdings Co., Ltd.	"
Jiate Excelsior Co., Ltd. (Jiate)	Associate
Bestchain Healthtaiwan Co., Ltd. (Bestchain)	"
Visionfront Corporation	"
Sunrise Health Care Company	"
Excelsior Renal Service Co., Limited (ERS)	"
Asia Best Healthcare Co., Limited (ABH)	"
Asia Best Healthcare Co., Ltd Taiwan Branch	"
Medifly Co., Ltd.	"
Asia Best Life Care Technology Co., Ltd.	"
Excelsior Long Term Care Corporation Entity	"

(ENGLISH TRANSLATION OF CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN CHINESE)
EXCELSIOR MEDICAL CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, UNLESS OTHERWISE SPECIFIED)

<u>Name of related party</u>	<u>Relationship with the Group</u>
Asia Best Biomedical Co., Ltd.	Associate before December 25, 2019
CYJ INTERNATIONAL COMPANY LIMITED (CYJ)	Associate
Medytox Taiwan Inc.	"
Arich Best Chain Co., Ltd.(Arich Best Chain)	"
Exceed Healthcare Co., Ltd.	"
CYJ International Taiwan Inc. (CYJ Taiwan)	Associate before October 1, 2019
Excelsior Asset Management Co., Ltd. (Excelsior Asset)	Joint venture before August 2, 2019
Hung Shun Chen Investment Co., Ltd.	Other related parties
SciVision Biotech Inc.	"
Excelsior Health Foundation	"
Caregen Co., Ltd.	"
RENAL HEALTHCARE SDN. BHD.	"
Triple AI Technology Co., Ltd.	Other related parties before October 19, 2020

(b) Significant transactions with related parties

1. Operating revenue

1) Sales revenue

The amounts of significant sales by the Group to related parties were as follows:

	For the Years Ended December 31,	
	2020	2019
Associates - Bestchain	\$ 1,789,712	1,596,110
Associates - ERS	762,596	726,854
Associates - Others	23,688	47,951
Other related parties	373	-
	\$ 2,576,369	2,370,915

The aforementioned transactions, except the sales to Bestchain and ERS that were priced on a cost-plus basis, were conducted on normal commercial terms.

(ENGLISH TRANSLATION OF CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN CHINESE)
EXCELSIOR MEDICAL CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, UNLESS OTHERWISE SPECIFIED)

2) Repair and maintenance revenue

The amounts of significant repair and maintenance revenue by the Group to related parties were as follows:

	For the Years Ended December 31,	
	2020	2019
Associates - ERS	\$ 85,521	70,754
Associates - Bestchain	2,589	5,345
	<u>\$ 88,110</u>	<u>76,099</u>

3) Other operating revenue-rental revenue

The amounts of significant other operating revenue-rental revenue by the Group to related parties were as follows:

	For the Years Ended December 31,	
	2020	2019
Entities with significant influence over the Group	\$ 72	72
Associates - CYJ Taiwan	-	3,848
Associates - ABH	12,720	5,916
Associates - ERS	4,704	3,141
Associates - Others	950	1,001
Joint venture - Excelsior Asset	-	3,224
Other related parties	96	47
	<u>\$ 18,542</u>	<u>17,249</u>

4) Other operating revenue-service revenue

The amounts of significant other operating revenue-service revenue by the Group to related parties were as follows:

	For the Years Ended December 31,	
	2020	2019
Associates	\$ 13,041	14,724
Joint venture - Excelsior Asset	-	1,750
Other related parties	166	-
	<u>\$ 13,207</u>	<u>16,474</u>

(ENGLISH TRANSLATION OF CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN CHINESE)
EXCELSIOR MEDICAL CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
 (EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, UNLESS OTHERWISE SPECIFIED)

2. Purchases from related parties

The amounts of significant purchases by the Group from related parties were as follows:

	For the Years Ended December 31,	
	2020	2019
Associates	\$ 9,059	15,197
Other related parties	<u>108,825</u>	<u>84,260</u>
	<u>\$ 117,884</u>	<u>99,457</u>

There is no significant difference in terms and conditions of the purchases from associates between those provided to the third parties.

3. Receivables from related parties

Receivables from related parties were as follows:

Accounted for as	Category of related party	December 31, 2020	December 31, 2019
Notes receivable	Associates	\$ 34	56
Other notes receivable	Associates	362	1,687
Accounts receivable	Associates - Bestchain	455,825	456,715
Accounts receivable	Associates - ERS	159,022	146,371
Accounts receivable	Associates - Others	8,970	21,010
Other receivables	Associates	2,682	3,992
Other receivables	Other related parties	<u>8</u>	<u>-</u>
		<u>\$ 626,903</u>	<u>629,831</u>

4. Payables to related parties

Payables to related parties were as follows:

Accounted for as	Category of related party	December 31, 2020	December 31, 2019
Accounts payable	Associates	\$ 4,674	3,484
Accounts payable	Other related parties	10,968	13,503
Other payables	Associates	<u>10,460</u>	<u>7,986</u>
		<u>\$ 26,102</u>	<u>24,973</u>

(ENGLISH TRANSLATION OF CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN CHINESE)
EXCELSIOR MEDICAL CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
 (EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, UNLESS OTHERWISE SPECIFIED)

5. Property transactions

1) Disposals of property, plant and equipment

The disposals of property, plant and equipment to related parties were summarized as follows:

Category of related party	For the Years Ended December 31,			
	2020		2019	
	Disposal price	Gains (losses) from disposal	Disposal price	Gains (losses) from disposal
Associates	\$ 95	95	57	54

In November 2015, the Group entered into a purchase agreement with Excelsior Asset Management Co., Ltd. regarding the real estate in Xizhi. The transaction of disposal has been completed, resulting in an unrealized profit of \$51,898 thousand in January 2016. On August 2, 2019, the Group acquired the remaining 49% shares of Excelsior Asset, wherein it had been reclassified from unrealized to realized profit.

6. Guarantee

As of December 31, 2020 and 2019, the Group provided associates guarantees for loans. The credit limit of the guarantees were \$661,200 thousand and \$761,200 thousand, respectively, and the amount utilized were \$76,000 thousand and \$100,000 thousand, respectively.

7. Lease

- 1) In 2018, the Group rent the office with Excelsior Renal Service Co., Limited. A four-year lease contract was signed, in which the rental fee is determined based on nearby office rental rates. The total value of the contract was \$480 thousand. For the years ended December 31, 2020 and 2019, the Group recognized the amount of \$2 thousand and \$4 thousand as interest expense. As of December 31, 2020 and 2019, the balance of lease liabilities amounted to \$139 thousand and \$257 thousand, respectively.
- 2) In 2019, the Group rent the staff dormitory with RENAL HEALTHCARE SDN. BHD. A three-year lease contract was signed, in which the rental fee is determined based on nearby office rental rates. The total value of the contract was \$484 thousand. For the years ended December 31, 2020 and 2019 the Group recognized the amount of \$12 thousands and \$21 thousand as interest expense. As of December 31, 2020 and 2019, the balance of lease liabilities amounted to \$158 thousand and \$320 thousand, respectively.

(ENGLISH TRANSLATION OF CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN CHINESE)
EXCELSIOR MEDICAL CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, UNLESS OTHERWISE SPECIFIED)

8. Others

	For the Years Ended December 31,	
	2020	2019
<u>Associates and Other related parties</u>		
Other revenue-rental revenue	\$ -	279
Other revenue	4,717	2,350
Cost of goods sold	(381)	-
Fright and warehousing expenses	(48,318)	(40,410)
Rent expense	(1,043)	(1,066)
Other expense	(19,109)	(18,509)
	<u>\$ (64,134)</u>	<u>(57,356)</u>
<u>Joint venture</u>		
Other revenue	\$ -	2
Rent expense	-	(1,402)
Other expense	-	(120)
	<u>\$ -</u>	<u>(1,520)</u>

The aforementioned rentals collected or paid quarterly or monthly were based on prevailing market rates.

As of December 31, 2020 and 2019, the Group had received collections in advance from associates for \$1,000 thousand and \$120 thousand, respectively.

The outstanding receivables from related parties are unsecured. For the years ended December 31, 2020 and 2019, no impairment loss was recognized for receivables from related parties.

The outstanding payables to related parties are unsecured.

(d) Key management personnel compensation

Key management personnel compensation comprised:

	For the Years Ended December 31,	
	2020	2019
Short-term employee benefits	\$ 80,052	80,322
Post-employment benefit	1,462	906
Share-based payment	978	2,974
	<u>\$ 82,492</u>	<u>84,202</u>

(ENGLISH TRANSLATION OF CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN CHINESE)
EXCELSIOR MEDICAL CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, UNLESS OTHERWISE SPECIFIED)

(8) Pledged Assets

The carrying amount of pledged assets were as follows:

<u>Pledged assets</u>	<u>Object</u>	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Current deposits and time deposits	Bank loans, bank guarantee and credit card document receiving service guarantee	\$ 181,570	90,815
Notes receivable and other notes receivable	Guarantee of short-term loan or strengthening credit	173,612	159,165
Property, plant and equipment	Bank loans	97,822	204,612
Investment property	"	929,196	-
		<u>\$ 1,382,200</u>	<u>454,592</u>

(9) Significant Commitments and Contingencies

(a) Unrecognized contractual commitments

1. As of December 31, 2020 and 2019, the unused letters of credit were \$82,607 thousand and \$77,772 thousand, respectively. The guarantee letters issued by banks for sales contract guarantee and purchase bid of hospital were \$544,488 thousand and \$691,766 thousand, respectively.
2. In January 2007, the Company sold 51% equity interest in Jiate Excelsior to a Hong Kong-based company and entered into a joint venture agreement with the Hong Kong-based company. Pursuant to the agreement, the parties had established a joint venture, Excelsior Renal Service, in Hong Kong, of which 49% is held by Excelsior Healthcare, a subsidiary of the Company, and 51% by the Hong Kong-based company. Excelsior Renal Service had established a branch in Taiwan to engage in the sale and lease of medical supplies and equipment. Pursuant to the agreement, the Hong Kong-based company shall also have a right to purchase all of the Company's equity interest in Jiate Excelsior and all of Excelsior Healthcare's equity interest in Excelsior Renal Service from the fifth anniversary of the date of the agreement at a price to be negotiated by the parties.
3. In January 2007, the Company entered into a supply agreement with the Hong Kong-based company mentioned in 2. above. Pursuant to the agreement, the Company shall purchase certain products from the Hong Kong-based company in agreed quantities at agreed prices annually. If the Company fails to purchase the agreed quantities in a year, the Company shall make an additional payment at specified percentages of the values of the under-purchased products.
4. In September 2010, the Company entered into a license agreement with 3-D Matrix, Ltd. ("3DM") for ten years. The agreement may be automatically extended for two years unless otherwise notified by either party at least six month prior to the expiration date of the agreement and may be extended in the same manner thereafter. Pursuant to the agreement, 3DM shall grant the Company an exclusive right to develop, sell and manufacture the products mentioned in the agreement in Taiwan, and the Company shall pay a royalty at an agreed amount and shall pay agreed amounts for purchases of inventories within agreed periods after the approvals relating to the products are obtained from the health authorities.

(ENGLISH TRANSLATION OF CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN CHINESE)
EXCELSIOR MEDICAL CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
 (EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, UNLESS OTHERWISE SPECIFIED)

(10) **Losses Due to Major Disasters : None.**

(11) **Subsequent Events : None.**

(12) **Others**

(a) The employee benefits, depreciation, depletion and amortization expenses categorized by function were as follows:

By item	By function	For the Years Ended December 31, 2020			For the Years Ended December 31, 2019		
		Operating cost	Operating expense	Total	Operating cost	Operating expense	Total
Employee benefits							
Salary		173,453	365,401	538,854	155,446	360,276	
Labor and health insurance		14,585	26,373	40,958	15,627	25,679	
Pension		8,202	17,428	25,630	8,847	20,855	
Others		9,845	13,450	23,295	10,862	14,143	
Depreciation		111,561	51,130	162,691	87,209	67,392	
Amortization		807	3,969	4,776	914	4,726	

(13) **Other disclosures**

(a) Information on significant transactions

The following is the information on significant transactions required by the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” for the Group for the year ended December 31, 2020:

1. Fund financing to other parties: None.
2. Guarantees and endorsements for other parties:

(Expressed in thousands of New Taiwan dollars)

No.	Endorsement/ guarantee provider	Counter-party		Limitation on endorsement /guarantee amount provided to each guaranteed party	Maximum balance for the year	Ending balance	Amount actually drawn	Amount of endorsement/ guarantee collateralized by properties	Ratio of accumulated endorsement/guarantee to net equity per latest financial statements	Maximum endorsement guarantee amount allowance (Note 9)	Guarantee provided by parent company	Guarantee provided by a subsidiary	Guarantee provided to subsidiaries in Mainland China
		Name	Nature of relationship (Note 2)										
0	The Company	Excelsior Investment (Malaysia) Co., Ltd. (Note 4)	2	1,518,179	88,091	58,831	-	-	0.78 %	7,590,897	Y		
0	"	Excelsior Asset Management Co., Ltd. (Note 4)	2	1,518,179	100,000	100,000	100,000	-	1.32 %	7,590,897	Y		
0	"	EG Healthcare, Inc. (Note 4)	2	1,518,179	59,215	29,305	-	-	0.39 %	7,590,897	Y		
0	"	Bestsmile Co., Ltd. (Note 4)	2	1,518,179	20,000	10,000	10,000	-	0.13 %	7,590,897	Y		
0	"	Medi-Chem System Sdn Bhd (Note 4)	2	1,518,179	14,745	14,240	1,282	-	0.19 %	7,590,897	Y		
0	"	Renal Laboratories Sdn Bhd (Note 4)	2	1,518,179	73,725	71,200	1,282	-	0.94 %	7,590,897	Y		

(ENGLISH TRANSLATION OF CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN CHINESE)
EXCELSIOR MEDICAL CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, UNLESS OTHERWISE SPECIFIED)

No.	Endorsement/ guarantee provider	Counter-party		Limitation on endorsement /guarantee amount provided to each guaranteed party	Maximum balance for the year	Ending balance	Amount actually drawn	Amount of endorsement/ guarantee collateralized by properties	Ratio of accumulated endorsement/guarantee to net equity per latest financial statements	Maximum endorsement guarantee amount allowance (Note 9)	Guarantee provided by parent company	Guarantee provided by a subsidiary	Guarantee provided to subsidiaries in Mainland China
		Name	Nature of relationship (Note 2)										
0	The Company	Excelsior Renal Service Co., Limited (Note 3)	1	762,596	-	-	-	-	- %	7,590,897			
0	"	Bestchain Healthtaiwan Co., Ltd. (Note 3)	1	1,788,061	861,200	661,200	76,000	-	8.71 %	7,590,897			
1	Dynamic Medical Technologies Inc.	Dynamic Medical Technologies (Hong Kong) Ltd. (Note 6)	2	258,186	59,970	54,682	-	-	4.24 %	645,465	Y		
2	Excelsior Beauty Co., Ltd.	Dynamic Medical Technologies Inc. (Note 7)	3	66,377	1,000	-	-	-	- %	165,942		Y	
3	Arich Enterprise Co., Ltd.	Taiwan Shionogi Inc. (Note 5)	1	171,415	-	-	-	-	- %	890,352			

Note 1: the description of number column:

1. 0 is issuer.
2. Investees are listed by name and numbered starting with 1.

Note 2: Relationship with the Company

1. The companies with which it has business relations.
2. Subsidiaries in which the Company directly or indirectly holds more than 50% of its total outstanding common shares.
3. The parent company which directly or indirectly holds more than 50% of its voting rights.
4. Subsidiaries in which the Company directly or indirectly holds more than 90% of its voting rights.
5. Companies in the same type of business and providing mutual endorsements/ guarantees in favor of each other in accordance with the contractual obligations in order to fulfill the needs of the construction project.
6. Shareholders making endorsements and/or guarantees for their mutually invested company in proportion to their shareholding percentage.
7. Companies in the same type of business providing guarantees of pre-sale contracts according to the regulation.

Note 3: For guarantee and endorsement to those companies with business contact, the maximum amount cannot exceed the trading amount between two parties for the current year.

Note 4: The total amount of guarantee and endorsement cannot exceed 20% of the Company's net asset value from the most recent audited or reviewed report.

Note 5: For guarantee and endorsement from Arich to the Company with business contact, the maximum amount cannot exceed the trading amount between two parties for the most recent 24 months.

Note 6: The total amount of guarantee and endorsement cannot exceed 20% of Dynamic's net asset value from the most recent audited or reviewed report.

Note 7: The total amount of guarantee and endorsement cannot exceed 20% of Excelsior Beauty Co., Ltd.'s net asset value from the most recent audited or reviewed report.

Note 8: The total amount of guarantee and endorsement cannot exceed the Company's net asset value from the most recent audited or review report:

Dynamic, Excelsior Beauty and Arich cannot exceed 50% of their net asset value from the most recent audited or reviewed report.

Note 9: The aforementioned inter-company transactions have been eliminated in the consolidated financial statements.

3. Information regarding securities held at balance sheet date (excluding investment in subsidiaries, associates and joint ventures):

(Expressed in thousands of New Taiwan dollars)

Name of holder	Category and name of security	Relationship with the Company	Account title	Ending balance				Peak Holding Percentage	Notes
				Number of shares	Book value	Percentage of shares	Market value		
The Company	Stock								
	SciVision Biotech Inc.	-	Fair value through other comprehensive income	492,650	30,397	0.81 %	30,397	0.81 %	
	"	-	"	297,400	23,747	0.71 %	23,747	1.01 %	
	"	-	"	55,500	105,055	0.52 %	105,055	0.52 %	
	"	-	"	3,795,000	21,138	17.25 %	21,138	17.25 %	
	"	-	"	1,580,526	21,827	1.09 %	21,827	1.09 %	
	"	-	"	669,473	6,936	1.05 %	6,936	1.05 %	
"	Rui Guang Healthcare Co., Ltd.	-	"	2,423,951	24,021	7.15 %	24,021	7.26 %	

(ENGLISH TRANSLATION OF CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN CHINESE)
EXCELSIOR MEDICAL CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, UNLESS OTHERWISE SPECIFIED)

Name of holder	Category and name of security	Relationship with the Company	Account title	Ending balance				Peak Holding Percentage	Notes
				Number of shares	Book value	Percentage of shares	Market value		
The Company	Arcos Bio-Tech Corporation	-	Fair value through other comprehensive income	51,014	294	2.71 %	294	3.03 %	
"	Sunder Biomedical Tech. Co., Ltd.	-	"	2,279,578	44,247	3.80 %	44,247	3.80 %	
"	Linkon International Golf & Country Club	-	"	1	8,350	0.10 %	8,350	0.10 %	
Excelsior Healthcare Co. Limited	Chai Tai Bo Ai Investment Limited	-	"	10,000	28,026	8.00 %	28,026	8.00 %	
EG Healthcare, Inc.	The Orchard Golf & Country Club	-	"	1	404	- %	404	- %	
Dynamic Medical Technologies Inc.	SciVision Biotech Inc.	Other related parties	"	1,189,539	73,395	1.95 %	73,395	1.95 %	
"	Caregen Co., Ltd. Stock Warrant	"	"	34,500	65,403	0.32 %	65,403	0.32 %	
Dynamic Medical Technologies (Hong Kong) Ltd.	Viveve Medical Inc. Stock	-	Financial assets at fair value through profit or loss	250	-	- %	-	- %	
Excelsior Beauty Co., Ltd.	Join Fun Co., Ltd. Stock	-	Fair value through other comprehensive income	263,340	2,867	19.00 %	2,867	19.00 %	
Arich Enterprise Co., Ltd.	National Pharmaceutical Logistics Corp., Ltd.	Board director of investee	"	-	279,330	17.65 %	279,330	17.65 %	Note

Note : Act as limited company, no outstanding share.

- Accumulated buying/selling of the same marketable securities for which the amount reaches \$300 million or 20% or more of paid-in capital: None.
- Acquisition of real estate for which the amount reaches \$300 million or 20% or more of paid-in capital : None.
- Disposition of real estate for which the amount reaches \$300 million or 20% or more of paid-in capital: None.
- Buying/selling products with the amount reaches \$100 million or 20% or more of paid-in capital:

(Expressed in thousands of New Taiwan dollars)

Name of company	Name of Counter-party	Relationship	Transaction details				Transactions with terms different from others		Account/note receivable (payable)		Notes
			Purchase/Sale	Amount	Percentage of total purchases/sales	Credit period	Unit price	Credit period	Balance	Percentage of total accounts/notes receivable (payable)	
The Company	Excelsior Renal Service Co., Limited	Associates	Sales	(762,596)	(18.16)%	Net 30-60 days	-		159,022	15.24 %	Note 1
"	Bestchain Healthtaiwan Co., Ltd.	"	"	(1,788,061)	(42.58)%	Net 30-90 days	-		455,219	43.62 %	Note 1

Note 1: The unit price of cost of goods sold for the Company is based on cost-plus pricing approach by product that is lower than average; because, the expense of goods sold for related parties is lower than average price as well.

Note 2: The aforementioned inter-company transactions have been eliminated in the consolidated financial statements.

(ENGLISH TRANSLATION OF CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN CHINESE)
EXCELSIOR MEDICAL CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, UNLESS OTHERWISE SPECIFIED)

8. Accounts receivable from related parties for which the amount reaches \$100 million or 20% or more of paid-in capital:

(Expressed in thousands of New Taiwan dollars)

Name of related party	Counter-party	Relationship	Balance of receivables from related party	Turnover rate	Past-due receivables from related party		Subsequently received amount of receivables from related party	Allowances for bad debts
					Amount	Action taken		
The Company	Excelsior Renal Service Co., Limited	Associates	159,022	4.99	-	-	157,085	-
"	Bestchain Healthtaiwan Co., Ltd.	"	455,219	3.93	-	-	300,359	-

Note: The aforementioned inter-company transactions have been eliminated in the consolidated financial statements.

9. Derivative transactions:

Please refer to Note (6)(b) and (6)(ad) for related information.

10. Business relationships and significant inter-company transactions:

Number	Name of the company	Name of the counter-party	Existing relationship with the counter-party	Transaction details during 2020			Percentage of the total consolidated revenue or total assets
				Account name	Amount	Terms of trading	
0	The Company	EG Healthcare, Inc.	1	Accounts Receivable	22,987	The same as the term for other general trading partners	0.16 %
"	"	"	1	Sales	47,680	Usual terms and conditions	0.71 %
1	Dynamic Medical Technologies Inc.	Dynamic Medical Technologies (Hong Kong) Ltd.	3	Accounts Receivable	34,473	The same as the term for other general trading partners	0.25 %
"	"	"	3	Sales	66,997	Base on cost-plus pricing	1.00 %

Note 1: The numbers denote the following:

1. 0 represents the Company.
2. Subsidiaries are listed by names and numbered starting with 1.

Note 2: Relationship with the listed companies:

1. The Company to subsidiary
2. Subsidiary to the Company
3. Subsidiary to subsidiary

Note 3: The transaction amount is calculated as a proportion of the consolidated revenue or assets. If categorized as an asset or liability, the calculation is compared with the consolidated assets; if categorized as income or loss, the calculation is compared with the consolidated income or loss.

Note 4: The aforementioned inter-company transactions have been eliminated in the consolidated financial statements.

(ENGLISH TRANSLATION OF CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN CHINESE)
EXCELSIOR MEDICAL CO., LTD. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, UNLESS OTHERWISE SPECIFIED)

(b) Information on investees:

For the year ended December 31, 2020, the following is the information of investees (excluding investees in Mainland china):

(Amounts Expressed in Thousands of New Taiwan Dollars, Except for Share Data)

Name of the investor	Name of investee	Location	Major operations	Initial investment amount		Ending balance			Peak Holding Percentage	Net income (loss) of the investee	Investment income (losses)	Notes
				Ending balance	Beginning balance	Shares	Ratio of shares	Book value				
The Company	Jiate Excesior Co., Ltd.	New Taipei City	Sale, maintenance and lease of medical equipment, and medical management consultancy service	5,279	5,279	1,607,200	49.00 %	34,939	49.00 %	30,256	14,826	Associates
"	Bestchain Healthtaiwan Co., Ltd.	New Taipei City	Sale of medical equipment and medicines, interagation of warehousing and information	277,647	277,647	41,150,196	44.68 %	510,099	44.68 %	170,165	75,953	Associates (Note 1)
"	Arich Enterprise Co., Ltd.	New Taipei City	Sale of medicines, and logistics service	380,856	197,604	29,829,742	40.00 %	710,324	40.00 %	47,249	18,834	Subsidiary (Notes 2、4)
"	Dynamic Medical Technologies Inc.	New Taipei City	Sale, maintenance and lease of laser medical equipment for beauty treatment, and sale of consumables of beauty treatment and cosmetic products	180,300	180,300	11,550,425	38.50 %	510,182	38.50 %	115,995	44,658	Subsidiary (Note 4)
"	Excelsior Healthcare Co., Limited	British Virgin Islands	Investment business	1,244,687	1,244,687	39,411,623	100.00 %	1,683,345	100.00 %	114,217	114,217	Subsidiary (Notes 4)
"	Bestsmile Co., Ltd.	New Taipei City	Sale of medical equipment, and medical management consultancy service	32,093	32,093	1,150,874	98.02 %	5,585	98.02 %	(1,009)	(989)	Subsidiary (Note 4)
"	Visionfront Corporation	New Taipei City	Sale of medical equipment, and medical management consultancy service	44,069	44,069	2,434,870	44.47 %	23,259	44.47 %	(1,328)	(590)	Associates
"	Sunrise Health Care Company	New Taipei City	Sale of medical equipment, and medical management consultancy service	18,806	18,806	2,085,547	23.97 %	28,064	23.97 %	1,427	342	Associates
"	Excelsior Medical Co., Limited (Hong Kong)	Hong Kong	Investment business	1,588,746	1,588,746	53,154,741	64.36 %	1,604,550	64.36 %	76,271	49,088	Subsidiary (Note 4)
"	Excelsior Beauty Co., Ltd.	New Taipei City	Sale of aesthetic medical and cosmetic health-care products	91,984	91,984	11,534,804	41.02 %	136,313	41.02 %	6,719	3,047	Sub-subsidiary (Note 4)
"	Excelsior Asset Management Co., Ltd.	New Taipei City	Sales of medical equipment, precision instrument and real estate	780,525	780,525	80,398,900	100.00 %	606,569	100.00 %	4,740	4,740	Sub-subsidiary (Note 4)
"	Medifly Co., Ltd.	Taichung	Sale of medical equipment and medicines	31,899	31,899	3,615,976	28.66 %	83,433	28.66 %	49,889	14,298	Associates

(ENGLISH TRANSLATION OF CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN CHINESE)
EXCELSIOR MEDICAL CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, UNLESS OTHERWISE SPECIFIED)

Name of the investor	Name of investee	Location	Major operations	Initial investment amount		Ending balance			Peak Holding Percentage	Net income (loss) of the investee	Investment income (losses)	Notes
				Ending balance	Beginning balance	Shares	Ratio of shares	Book value				
Excelsior Healthcare Co., Limited	EG Healthcare, Inc.	Philippines	Sale and lease of medical equipment, and medical management consultancy service	19,256	19,256	5,293,453	99.99 %	70,349	99.99 %	14,305	-	Sub-subsidiary (Note 4)
"	Excelsior Renal Service Co., Limited	Hong Kong	Sale, maintenance and lease of medical equipment, and medical management consultancy service	312,505	312,505	73,375,728	49.00 %	399,999	49.00 %	158,817	-	Associates
"	Excelsior Medical Co., Limited (Hong Kong)	Hong Kong	Investment business	862,529	862,529	29,439,829	35.64 %	888,536	35.64 %	76,271	-	Subsidiary (Note 4)
"	Excelsior Investment (Malaysia) Co., Ltd.	British Virgin Islands	Investment business	166,346	139,467	5,395,436	100.00 %	149,897	100.00 %	(1,295)	-	Sub-subsidiary (Note 4)
Dynamic Medical Technologies Inc.	Dynamic Medical Technologies (Hong Kong) Ltd.	Hong Kong	Sale and maintenance of medical equipment	382,278	382,278	98,777,228	100.00 %	257,027	100.00 %	10,273	-	Subsidiary (Note 4)
"	Excelsior Beauty Co., Ltd.	New Taipei City	Sale of aesthetic medical and cosmetic health-care products	138,745	138,745	15,154,496	53.89 %	174,001	53.89 %	6,719	-	Subsidiary (Note 1 - 4)
"	Medytox Taiwan Inc.	New Taipei City	Sale of cosmetic health-care products	18,000	18,000	1,800,000	40.00 %	1,192	40.00 %	(1,414)	-	Associates
Dynamic Medical Technologies (Hong Kong) Ltd.	Excelsior Beauty Limited of Hong Kong	Hong Kong	Sale of professional weight-loss and cosmetic health-care products	-	25,198	-	- %	-	- %	-	-	Sub-subsidiary (Note 5)
"	CYJ INTERNATIONAL COMPANY LIMITED	Hong Kong	Sale and treatment of hair regrowth and conditioning	66,547	66,547	2,150,000	50.00 %	9,864	50.00 %	(2,993)	-	Associates
Excelsior Beauty Co., Ltd.	CYJ International Taiwan Inc.	New Taipei City	Sale and treatment of hair protecting and conditioning	97,920	97,920	9,792,000	80.00 %	80,778	80.00 %	(12,254)	-	Sub-subsidiary (Note 4)
Excelsior Medical Co., Limited (Hong Kong)	Asia Best Healthcare Co., Ltd.	Cayman Islands	Long-term care business	1,395,079	1,395,079	338,800	49.38 %	1,404,421	49.38 %	124,426	-	Associates
Excelsior Investment (Malaysia) Co., Ltd.	RENAL LABORATORIES SDN. BHD.	Malaysia	Manufacture of medical equipment	136,982	128,572	16,773,586	70.00 %	168,133	70.00 %	1,376	-	Sub-subsidiary (Note 4)
"	MEDI-CHEM SYSTEMS SDN. BHD.	Malaysia	Sale of medical equipment	25,865	7,397	350,000	70.00 %	39,093	70.00 %	(1,372)	-	Sub-subsidiary (Note 4)
MEDI-CHEM SYSTEMS SDN. BHD.	RENAL MANAGEMENT SDN. BHD.	Malaysia	Lease business	1,315	1,315	200,000	100.00 %	9,154	100.00 %	256	-	Sub-subsidiary (Note 4)

Note 1: Including the adjustment made from the unrealized gain/loss with subsidiaries and associates.

Note 2: Including the amortization listed by the book value of net identified assets.

Note 3: According to the regulations, the Company are required to disclose the share of income/loss of investees.

Note 4: The aforementioned inter-company transaction has been eliminated in the consolidated financial statement.

Note 5: Excelsior Beauty Limited of Hong Kong has completed liquidation procedure in January, 2020.

(ENGLISH TRANSLATION OF CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN CHINESE)
EXCELSIOR MEDICAL CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, UNLESS OTHERWISE SPECIFIED)

(c) Information on investment in Mainland China:

1. Information on investment in Mainland China:

(Amounts Expressed in Thousands of New Taiwan Dollars)

Name of the investee	Main Businesses and products	Total amount of paid-in capital	Method of investment (Note 1)	Accumulated outflow of investment from Taiwan as of January 1, 2020	Investment flows		Accumulated outflow of investment from Taiwan as of December 31, 2020	Net income (loss) of the investee	Direct /indirect shareholding (%) by the Company	Peak Holding Percentage	Current investment gains and losses	Carrying Amount	Accumulated Inward Remittance of Earnings
					Out-flow	Inflow							
Excelsior Healthcare (Shanghai) Corporation (Note 3)	Sale and lease of medical equipment, and medical management consultancy service	-	(2)	30,240	-	-	30,240	-	- %	- %	-	-	-
Shanghai Lintech Medicare Co. (Note 4)	Sale of medical equipment	-	(2)	29,213	-	-	29,213	-	- %	- %	-	-	-
Pacific Beijing Bo-Ai Medical Management Consulting Co., Ltd.	Investment business and medical management consultancy service	84,187	(2)	80,327	-	-	80,327	(55,283)	7.80 %	7.80 %	-	28,026	-
SinoExcelsior Investment Inc. (Note 5)	Investment business, sale and lease of medical equipment, and medical management consultancy service	291,579	(2)	947,845	-	-	947,845	4,374	100.00 %	100.00 %	4,374	130,872	-
Guangzhou Dynamic Inc. (Note 6)	Sale and maintenance of medical equipment	44,346	(2)	119,574	-	-	119,574	678	100.00 %	100.00 %	678	12,161	-
Beijing Dynamic Inc. (Note 7)	Sale and maintenance of medical equipment	-	(2)	34,424	-	-	34,424	-	- %	- %	-	-	-
National Pharmaceutical Logistics Corp., Ltd.	Medical logistics	370,493	(3)	66,603	-	-	66,603	152,384	17.65 %	17.65 %	-	279,330	49,732

2. Limitation on investment in Mainland China:

Company	Accumulated Investment in Mainland China as of December 31, 2020	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment (Note 8)
The Company	1,087,625	1,289,640	4,554,538
Dynamic	153,998	153,998	774,558
Arich	66,603	66,603	1,068,422

Note 1: Investments in Mainland China are differentiated by the following four methods:

- (1) Direct investment in Mainland China with remittance through a third region.
- (2) Indirect investment in Mainland China through an existing investee company in a third region.
- (3) Other methods (i.e. entrusted Investment)

Note 2: Recognition of investment gain or loss during current period is pursuant to the following:

- (1) If the corporation is in the set-up phase, notes are required.
- (2) Recognition basis of investment gains or losses is determined by the following three types, and related notes are required.
 - 1) Financial statements of the investee company were audited and certified by an international firm in cooperation with an R.O.C. accounting firm.
 - 2) Financial statements of the investee company were audited and certified by the external accountant of the parent company.
 - 3) Others

Note 3: The liquidation procedure of Excelsior Healthcare (Shanghai) Corporation was completed in March 2016, and the investment had remitted to Excelsior Healthcare Co., Limited in the third place. As of December 31, 2020, the accumulated amount of investment from Taiwan has not been repatriated yet.

Note 4: The disposal of Shanghai Lintech Medicare Co. was completed in December 2015. As of December 31, 2020, the original investment amount of \$29,213 thousand from Taiwan has not been repatriated yet.

Note 5: The current investment outflow is not included the direct investment amount of \$207,380 thousand through the third region.

Note 6: Guangzhou Dynamic Inc. reduced capital to cover losses amounting to \$75,252 thousand in April 2020.

(ENGLISH TRANSLATION OF CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN CHINESE)
EXCELSIOR MEDICAL CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, UNLESS OTHERWISE SPECIFIED)

Note 7: The liquidation procedure of Beijing Dynamic Inc. was completed in November 2018, and the investment had remitted to Dynamic Medical Technologies (Hong Kong) Ltd. in the third place. As of December 31, 2020, the accumulated amount of investment from Taiwan has not been repatriated yet.

Note 8: (1)The upper limit on investment of the Company and Dynamic is the 60% of net value.
(2)The upper limit on investment of Arich is the higher of \$80,000 thousand or 60% of net value.

Note 9: All amounts listed are disclosed in NTD.

Note 10: The aforementioned inter-company transactions have been eliminated in the consolidated financial statements.

3. Significant transactions :

The significant inter-company transactions with the subsidiary in Mainland China, which were eliminated in the preparation of consolidated financial statements, are disclosed in “Information of significant transactions”.

(d) Major shareholders:

Shareholder's Name	Shareholding	Shares	Percentage
Excelsior Investment Co., Ltd.		15,773,454	11.17 %
Excelsior Group Holdings Co., Ltd.		14,914,833	10.56 %
Bestchain Healthtaiwan Co., Ltd. (Bestchain)		13,865,245	9.82 %

(14) Segment Information

(a) General information

Information reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance focuses on the types of company. Specifically, the Group's reportable segments were as follows:

1. Excelsior segment - the Company.
2. Dynamic segment - Dynamic, Hong Kong Dynamic, Excelsior Beauty, Guangzhou Dynamic, Hong Kong Excelsior Beauty and CYJ Taiwan.
3. Arich segment - Arich.
4. Hong Kong Excelsior segment - Hong Kong Excelsior and SinoExcelsior Investment.
5. Other segment - Bestsmile, Excelsior Healthcare, EG Healthcare, Excelsior Investment (Malaysia), RENAL LABORATORIES SDN. BHD., MEDI-CHEM SYSTEMS SDN. BHD., RENAL MANAGEMENT SDN. BHD. and Excelsior Asset.

(b) Information about reportable segments and their measurement and reconciliations

The Group uses the internal management report that the chief operating decision maker reviews as the basis to determine resource allocation and make a performance evaluation. The internal management report includes profit before taxation, but not including any extraordinary activity and foreign exchange gain or losses because taxation, extraordinary activity, and foreign exchange gain or losses are managed on a group basis, and hence they are not able to be allocated to each reportable segment. In addition, not all reportable segments include depreciation and amortization of significant non-cash items. The reportable amount is similar to that in the report used by the chief operating decision maker.

(ENGLISH TRANSLATION OF CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN CHINESE)
EXCELSIOR MEDICAL CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, UNLESS OTHERWISE SPECIFIED)

The operating segment accounting policies are similar to those described in Note (4) “significant accounting policies” except for the recognition and measurement of pension cost, which is on a cash basis.

The Group’s operating segment information and reconciliation are as follows:

<u>For the Years Ended December 31, 2020</u>	<u>Excelsior segment</u>	<u>Dynamic segment</u>	<u>Arich segment</u>	<u>Hong Kong Excelsior segment</u>	<u>Others</u>	<u>Adjustment and Elimination</u>	<u>Total</u>
Revenue							
Revenue from external customers	\$ 4,141,741	1,008,324	1,251,363	1	274,065	-	6,675,494
Inter-segment revenue	57,999	984	32	-	17,095	(76,110)	-
Interest revenue	<u>1,246</u>	<u>6,439</u>	<u>406</u>	<u>13,005</u>	<u>2,159</u>	<u>-</u>	<u>23,255</u>
Total	<u>\$ 4,200,986</u>	<u>1,015,747</u>	<u>1,251,801</u>	<u>13,006</u>	<u>293,319</u>	<u>(76,110)</u>	<u>6,698,749</u>
Interest expense	\$ 560	1,010	6,558	-	2,871	(231)	10,768
Depreciation and amortization	26,029	80,474	34,720	16	29,620	(3,392)	167,467
Reportable segment profit (loss)	<u>\$ 673,009</u>	<u>148,690</u>	<u>62,717</u>	<u>76,271</u>	<u>102,006</u>	<u>(233,310)</u>	<u>829,383</u>
For the Years Ended December 31, 2019							
Revenue							
Revenue from external customers	\$ 3,926,744	1,177,946	1,111,607	25,070	215,995	-	6,457,362
Inter-segment revenue	37,946	249	543	148	5,627	(44,513)	-
Interest revenue	<u>4,408</u>	<u>8,361</u>	<u>605</u>	<u>27,241</u>	<u>4,023</u>	<u>-</u>	<u>44,638</u>
Total	<u>\$ 3,969,098</u>	<u>1,186,556</u>	<u>1,112,755</u>	<u>52,459</u>	<u>225,645</u>	<u>(44,513)</u>	<u>6,502,000</u>
Interest expense	\$ 5,461	1,215	13,292	1,934	2,038	(120)	23,820
Depreciation and amortization	28,019	65,013	31,454	3,253	34,550	(2,048)	160,241
Reportable segment profit (loss)	<u>\$ 598,762</u>	<u>157,975</u>	<u>74,651</u>	<u>34,740</u>	<u>82,691</u>	<u>(201,994)</u>	<u>746,825</u>

(ENGLISH TRANSLATION OF CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN CHINESE)
EXCELSIOR MEDICAL CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, UNLESS OTHERWISE SPECIFIED)

(c) Product and service information

Revenue from the external customers of the Group was as follows:

<u>Name of products and services</u>	<u>For the Years Ended December 31,</u>	
	<u>2020</u>	<u>2019</u>
Product revenue		
Medical equipment and supplies	\$ 3,833,073	3,608,106
Medicines	1,108,050	958,838
Aesthetic medical equipment and supplies	799,957	992,944
Household appliances	119,381	106,011
Others	78,279	62,281
Repair and maintenance revenue	359,575	246,283
Rental revenue	33,230	27,097
Other operating revenue	343,949	455,802
Total	<u>\$ 6,675,494</u>	<u>6,457,362</u>

(d) Geographical information

<u>By region</u>	<u>For the Years Ended December 31,</u>	
	<u>2020</u>	<u>2019</u>
Revenue from external customers:		
Taiwan	\$ 6,351,482	6,106,927
Hong Kong	71,858	73,017
China	130	70,911
Philippines	136,218	110,772
Malaysia	115,806	95,735
Total	<u>\$ 6,675,494</u>	<u>6,457,362</u>
<u>By region</u>	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Non-current assets :		
Taiwan	\$ 1,630,565	1,368,359
Hong Kong	1,615	3,324
China	87	1,466
Philippines	31,705	30,131
Malaysia	219,402	229,730
British Virgin Islands	10,574	11,131
Total	<u>\$ 1,893,948</u>	<u>1,644,141</u>

Non-current assets include property, plant and equipment, right-of-use assets, investment properties, intangible assets, and other assets, but do not include financial instruments, deferred tax assets, pension assets, and rights from insurance contracts.

(ENGLISH TRANSLATION OF CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN CHINESE)
EXCELSIOR MEDICAL CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
 (EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, UNLESS OTHERWISE SPECIFIED)

(e) Revenue from main customers

	For the Years Ended December 31,	
	2020	2019
Bestchain	\$ 1,795,253	1,604,385
Excelsior Renal Service	860,245	810,261
	\$ 2,655,498	2,414,646