

Stock Code: 4104



EXCELSIOR INTERNATIONAL CO., LTD.

Handbook for the 2020 Annual Meeting of Shareholders

Meeting Time: June 18, 2020

Place: 3F, No. 631 Zhongzheng Road Zhonghe
District, New Taipei City (RSL Hotel Taipei
Zhonghe, 3F Southeast Hall)

(Where any discrepancy arises between the English translation and the original Chinese version, the Chinese version shall prevail.)

Table of Contents

| | | |
|-------------|---|-----------|
| I. | Procedure for the 2020 Annual Meeting of Shareholders | 2 |
| II. | Annual Shareholders' Meeting Agenda Schedule | 3 |
| III. | Agenda of Annual Meeting of Shareholders | 4 |
| | 1. Call the meeting to order | 4 |
| | 2. Chairperson takes chair | 4 |
| | 3. Chairperson remarks | 4 |
| | 4. Reports..... | 4 |
| | 5. Proposals..... | 7 |
| | 6. Discussions..... | 9 |
| | 7. Questions and motions | 9 |
| | 8. Adjournment..... | 9 |
| IV. | Appendixes..... | 10 |
| | Appendix 1 : Rules of Procedure for Shareholders' Meetings | 10 |
| | Appendix 2 : Articles of Incorporation (before amendment, prior to this shareholders' meeting)..... | 17 |
| | Appendix 3 : Business Report..... | 24 |
| | Appendix 4 : Audit Committee's Review Report | 32 |
| | Appendix 5 : Regulations Governing Procedure for Board of Directors Meetings | 33 |
| | Appendix 6 : Codes of Ethical Conduct..... | 40 |
| | Appendix 7 : Financial Reports..... | 43 |
| | Appendix 8 : Comparison Table of Amendments to the "Articles of Incorporation" | 61 |
| | Appendix 9 : Comparison Table of Amendments to the "Operational Procedures for Acquisition and Disposal of Assets" | 63 |
| | Appendix 10 : List of Release of the prohibition on directors from participation in competitive businesses. | 64 |
| | Appendix 11 : The Impact of Stock Dividend Issuance on Business Performance, EPS and Shareholders Return Rate | 65 |
| | Appendix 12 : The Shareholding situation of Directors..... | 66 |

I. Procedure for the 2020 Annual Meeting of Shareholders

1. Call the meeting to order
2. Chairperson takes chair
3. Chairperson remarks
4. Reports
5. Proposals
6. Discussions
7. Questions and motions
8. Adjournment

II. Annual Shareholders' Meeting Agenda Schedule

Time: 9:00 AM on June 18, 2020

Place: 3F, No. 631 Zhongzheng Road Zhonghe District, New Taipei City
(RSL Hotel Taipei Zhonghe, 3F Southeast Hall)

1. Call the meeting to order
2. Chairperson takes chair
3. Chairperson remarks
4. Reports
 - (1) 2019 Business report and 2020 business plan.
 - (2) Audit Committee's review report of the 2019 financial statements.
 - (3) 2019 Distribution report of employee compensation and director remuneration.
 - (4) 2019 distribution report of cash dividends.
 - (5) Report on the endorsement and guarantee status.
 - (6) Report on the implementation of Investments in China.
 - (7) Abolishing the Company's "Rules Governing the Scope of Powers of Supervisors" and "Rules of Procedure for Supervisors Meetings"
 - (8) Amending part of the articles of the Company's "Regulations Governing Procedure for Board of Directors Meetings" and "Codes of Ethical Conduct".
5. Proposals
 - (1) Adoption of the Company's 2019 financial statements.
 - (2) Adoption of the proposal for distribution of 2019 earnings.
6. Discussions
 - (1) Amending part of the articles of the Company's "Articles of Incorporation".
 - (2) Amending part of the articles of the Company's "Operational Procedures for Acquisition and Disposal of Assets".
 - (3) Releasing the prohibition on directors from participation in competitive businesses.
7. Questions and motions
8. Adjournment

III. Agenda of Annual Meeting of Shareholders

1. Call the meeting to order

2. Chairperson takes chair

3. Chairperson remarks

4. Reports

(1) 2019 Business report and 2020 business plan: Please refer to Appendix 3, “Business Report”, at page 24 of this Handbook.

(2) Audit Committee’s review report of the 2019 financial statements: Please refer to Appendix 4, “Audit Committee’s Review Report”, at page 33 of this Handbook.

(3) 2019 Distribution report of employee compensation and director remuneration.

Explanation:

As adopted by the Company’s Board of Directors on March 12, 2020, 5% of the Company’s 2019 profits in an amount of NT\$32,365,495 shall be distributed to employees as their compensation, whereas 2.5% of the profits in an amount of NT\$16,182,748 shall be distributed to directors as their remuneration. The preceding amounts shall be distributed in cash. The amounts are the same as the amounts recognized for the 2019 expenses.

(4) 2019 distribution report of cash dividends.

Explanation:

1. As adopted by the Company’s Board of Directors on March 12, 2020, the cash dividend shall be NT\$3.3 per share, total of NT\$465,791,601 for shareholders. The authorized chairman will separately determine the ex-dividend base date and process related matters of cash dividend distribution.

2. In case of any change in the per-share cash dividend as a result of the fact that repurchase of the Company’s shares, or the treasury stock is transferred or deleted, or carries out a cash capital increase, which further affects the number of the Company’s outstanding shares, The chairman shall be authorized to adjust the shareholder’s cash dividend rate according to the distribution amount adopted for this proposal and the number of the Company’s actual outstanding shares.

Furthermore, the cash dividend shall be calculated to the nearest dollar and the decimal figures shall be rounded off. The amount rounded off from the current cash dividend shall be listed as the Company’s other income.

(5) Report on the endorsement and guarantee status

Explanations:

1. The upper limit for the Company's total endorsement/guarantee amount is based on the net worth of the latest financial statement audited or reviewed by the CPA, the net worth at December 31, 2019 was NT\$6,946,341 (in thousands), and the upper limit of endorsement/guarantee for a single enterprise did not exceed the 20% of the net worth.
2. The Company's endorsement/guarantee amount did not exceed the above limit .
3. The following was the Company's endorsement status as of December 31, 2019:

Unit: NT dollars in thousands

| Parent company or subsidiary | Company name of the endorsement/guarantee provider | Endorsement/guarantee recipient | Relationship with the endorsement / guarantee recipient | Upper limit of endorsement/guarantee for a single enterprise | The highest endorsement/guarantee balance of this period | Ending endorsement/guarantee balance | Amount actually used | Ratio of accumulated endorsement/guarantee amount to the net worth of the latest financial statement | Upper limit of the endorsement/guarantee amount |
|------------------------------|--|--|---|--|--|--------------------------------------|----------------------|--|---|
| Parent | Excelsior Medical Co., Ltd. | Excelsior Investment (Malaysia) Co.,Ltd. | 2 | 1,389,268 | 207,113 | 87,420 | — | 1.26% | 6,946,341 |
| | | EG Healthcare, Inc | 2 | 1,389,268 | 61,545 | 59,215 | 2,998 | 0.85% | 6,946,341 |
| | | Bestsmile Co., Ltd. | 2 | 1,389,268 | 20,000 | 20,000 | 10,000 | 0.29% | 6,946,341 |
| | | Excelsior Renal Service Co., Limited | 1 | 726,854 | — | — | — | — | 6,946,341 |
| | | Bestchain Healthtaiwan Co., Ltd. | 1 | 1,592,769 | 861,200 | 761,200 | 100,000 | 10.96% | 6,946,341 |
| Subsidiary | Dynamic Medical Technologies Inc. | Dynamic Medical Technologies (Hong Kong) Limited | 2 | 256,342 | 122,354 | 59,970 | — | 4.68% | 640,855 |
| Subsidiary | Excelsior Beauty Co., Ltd. | Dynamic Medical Technologies Inc. | 3 | 71,487 | 530 | — | — | — | 178,719 |
| Subsidiary | Arich Enterprise Co., Ltd. | Taiwan Shionogi Inc. | 1 | 128,975 | — | — | — | — | 631,348 |
| Subsidiary | Excelsior Medical (HK) Co., Ltd | SINOEXCELSIOR Investment Incorporation | 2 | 1,252,559 | — | — | — | — | 1,252,559 |

Note : The relationships between the endorsement/guarantee provider and endorsement/guarantee recipient are indicated as follows:

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.

(6) Report on the implementation of Investments in China.

Explanation: The Company and its subsidiaries' investments in China, which were approved by the Investment Commission, MOEA and already implemented as of December 31, 2019, are as follows:

Unit: the amounts below are expressed in thousands of NT dollars, unless otherwise stated

| Name of the investee | Capital contribution amount | Ratio of shares directly or indirectly invested by the Company | Major production and sales items |
|--|-----------------------------|--|--|
| Excelsior Healthcare (ShangHai) Corporation (Note 1) | \$ 30,240 | - (Note 1) | Sales and lease of medical devices, and medical management and consulting business |
| Beijing Pacific Bo-Ai Medical Management Co., Ltd. | 80,327 | 7.8% | Investment and medical management and consulting business |
| SINOEXCELSIOR Investment Incorporation | 947,845 | 100.0% | Investment business, sale and lease of medical equipment, and medical management consultancy service |
| Beijing Yu Jia Cheng Yue Investment Management Co., Ltd. | - | - (Note 2) | Investment, sales and lease of medical devices and medical management and consulting business |
| Shang Hai Wan Li Medical Beauty Co., Ltd. | - | - (Note 2) | Businesses in relation to service provider of professional slimming and beauty/ health products |
| Guangzhou Dynamic Inc. | 119,598 | 100.0% | Medical device sales and maintenance business |
| Beijing Excelsior Beauty Ltd. | 34,424 | - (Note 3) | Medical device sales and maintenance business |
| National Pharmaceutical Logistics Corp., Ltd. | 66,603 | 17.65% | Pharmaceutical logistics |

Note 1: 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, 2019, the accumulated amount of investment from Taiwan has not been repatriated yet.

Note 2: Beijing Sinoexcelsior Investment Management Co., Ltd. and Shanghai Wanli Medical Cosmetology Clinic Co., Ltd. were disposed in October 2019, and the investment had remitted to SinoExcelsior Investment Inc.

Note 3: 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, 2019, the accumulated amount of investment from Taiwan has not been repatriated yet.

- (7) Abolishing the Company's "Rules Governing the Scope of Powers of Supervisors" and "Rules of Procedure for Supervisors Meetings".

Explanation:

The Company has established an audit committee in lieu of a supervisor, Abolish "Rules Governing the Scope of Powers of Supervisors" and "Rules of Procedure for Supervisors Meetings".

- (8) Amending part of the articles of the Company's "Regulations Governing Procedure for Board of Directors Meetings" and "Codes of Ethical Conduct".

Explanation:

Modified with the act "Regulations Governing Procedure for Board of Directors Meetings", please refer to Appendix 5 at page 34 of this Handbook and "Codes of Ethical Conduct", please refer to Appendix 6 at page 41 of this Handbook.

5. Proposals

Proposal 1: Adoption of the Company's 2019 financial statements. (proposed by the Board of Directors).

Explanations:

1. The Company's 2019 individual financial statements and consolidated financial statements have been audited by CPAs Marshal Wu and Wan-Wan Lin of KPMG, Taiwan. The aforesaid financial statements, together with the business report and profits distribution proposal, have been reviewed by the Audit Committees and adopted by the Company's Board of Directors, and hereby proposed to the Board of Shareholders for adoption.
2. The Company's financial statements, including the "Business Report" (please refer to Appendix 3 at page 24 of this Handbook), and the "2019 Individual financial statements and consolidated financial statements along with the CPA's audit report" (please refer to Appendix 7 at page 44 of this Handbook), are attached.

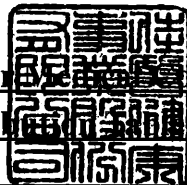
Resolution:

Proposal 2: Adoption of the proposal for distribution of 2019 earnings. (proposed by the Board of Directors)

Explanations:

1. It is proposed in accordance with the Company Act and Company's Articles of Incorporation.
2. The Company's 2019 profits are proposed to be distributed according to the following distribution statement:

Excelsior Technology, Ltd.
Profit Distribution Statement Year 2019



Unit: NTS

| <u>Account</u> | <u>Amount</u> |
|---|-----------------|
| Beginning retained earnings | \$1,601,160,656 |
| Effect of first adoption of IFRS 9 | (1,631,848) |
| Beginning retained earnings after adjustment | \$1,599,528,808 |
| Retained earnings adjusted due to investment under the equity method | (919,811) |
| Retained earnings recognized as remeasurement of defined benefit plan | 2,764,825 |
| Proceeds from disposal of financial assets at fair value through other comprehensive income | 34,596,223 |
| Undistributed earnings after adjustment | 1,635,970,045 |
| Current year net profit after tax | 514,755,337 |
| Earnings available for distribution | 2,150,725,382 |
| Allocated for legal reserve | (51,475,534) |
| Allocated for special reserve | (29,720,425) |
| Cash dividend distributed to shareholders — \$3.3 per share | (465,791,601) |
| Appropriated retained earnings (end of period) | \$1,603,737,822 |

Note 1: The quantity of the Company's outstanding shares was 141,148,970.

Chairperson:
Fu Hui-Tung



Manager:
Chang Ming-Cheng



Accounting Chief:
Chou Cheng-Hsiao



Resolution:

6. Discussions

Proposal 1: Amending part of the articles of the Company's "Articles of Incorporation".
(Proposed by the Board of Directors)

Explanations:

According to the amendment of Company Art, the company hereby proposes to amend part of the articles. Please refer to Appendix 8 at page 62 of this Handbook.

Resolution:

Proposal 2: Amending part of the articles of the Company's "Operational Procedures for Acquisition and Disposal of Assets". (Proposed by the Board of Directors)

Explanations:

Amend part of the "Operational Procedures for Acquisition and Disposal of Assets" for operational requirements. Please refer to Appendix 9 at page 64 of this Handbook.

Resolution:

Proposal 3: Releasing the prohibition on directors from participation in competitive businesses. (Proposed by the Board of Directors)

Explanations:

1. According to Article 209 of the Company Act, "a director who acts for themselves or on behalf of others within the Company's business scope shall explain to the Board of Shareholders the essential contents of such an act and obtain its approval".
2. In case that any of the Company's directors invests in or operates a business same as or similar to the Company and act as a director in such business, they shall submit the case to the Board of Shareholders by law and obtain its approval. If the Company's newly elected directors is also under the aforesaid circumstance, the Company agrees to release the prohibition on directors from participation in competitive businesses.

Resolution:

7. Questions and motions

8. Adjournment

IV. Appendixes

Appendix 1 : Rules of Procedure for Shareholders' Meetings

Amended in the regular shareholders' meeting held on June 16, 2016

Article 1: In order to establish a good shareholders' meeting governance system, strengthen the supervision function and reinforce management efficiency, the Company specifically sets up the Rules in accordance with Article 5 of the Corporate Governance Best Practice Principle for TWSE/GTSM Listed Companies for the personnel across the Board to comply with.

Article 2: Unless otherwise stated by law or the Company's Articles of Incorporation, the Rules shall be followed in the Company's shareholders' meetings.

Article 3: Unless otherwise stated by law, the Company's shareholders' meetings shall be convened by the Board of Directors.

The Company shall prepare the shareholders' meeting notification letter, letter of proxy and the subjects of various motions, such as adoption case, discussion cases and director election or dismissal, as well as the explanation data, in electronic format and transmit them to the Market Observation Post System at least 30 days before a regular shareholders' meeting or 15 days before a special shareholders' meeting. At the same time, the shareholders' meeting agenda handbook and meeting supplementary materials shall be prepared in electronic format and transmitted to the Market Observation Post System at least 21 days prior to a regular shareholders' meeting or at least 15 days prior to a special shareholders' meeting. The agenda handbook and the supplementary materials for the shareholders' meeting in question shall be prepared at least 15 days prior to the shareholders' meeting for requesting by shareholders, displayed at the Company and its stock affairs service agency's place, and also be distributed at the shareholders' meeting.

The reason for convening a meeting shall be specified in the notification and announcement: If it is agreed by the counterparty, the notification can be made in electronic format.

Director election or dismissal, change of the Company's Articles of Incorporation, corporate dissolution, merger, split or the matters prescribed by Paragraph 1 of Article 185 of the Company Act; Articles 26-1 and 43-6 of the Securities and Exchange Act; and Articles 56-1 and 60-2 of the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, shall be listed in the causes for convening a meeting. Those matters shall not be put forth as extemporary motions.

Those shareholders who hold more than 1% of the issued shares are entitled to submit a motion to a regular shareholders' meeting. However, each of them can only submit one motion at a regular shareholders' meeting; further motions will not be listed in the agenda. Also, for any motions proposed by shareholders under any of the circumstances listed in Paragraph 4 of Article 172-1 of the Company Act, the Board of Directors may exclude them in the agenda.

The Company shall announce the opening of acceptance of shareholders' proposals and acceptance place and period before the suspension date of stock ownership transfer prior to the holding of a regular shareholders' meeting. The

acceptance period shall be at least 10 days.

Any motion proposed by shareholders shall be limited to 300 words. Those over 300 words shall not be listed in the agenda. Proposing shareholders shall attend the regular shareholders' meeting in person, or appoint others to attend on their behalf, and participate in discussion of the proposed motion.

The Company shall notify the proposing shareholders of the handling results before the shareholders' meeting notification day, and list the motions meeting the regulations of this Article in the meeting notification. For those shareholders' motions not being listed in the agenda, the Board of Directors shall elaborate on the reason for not listing them in the agenda at the shareholders' meeting.

Article 4: For each shareholders' meeting, a shareholder may appoint a representative with a letter of proxy printed by the Company to attend the meeting on their behalf. The letter of proxy shall state the scope of authorization for the meeting. A shareholder can issue a letter of attorney and appoint one representative only. The letter of proxy shall arrive at the Company at least five days before the shareholders' meeting. In case that there is any repetition of the letter of proxy, the first one arriving at the Company shall prevail. However, it is not limited to the situation where revocation of the prior letter of proxy is declared. After the letter of proxy arrives at the Company, if the shareholder wishes to attend the shareholders' meeting in person, he or she shall notify the Company of the proxy revocation in writing at least two days prior to the shareholders' meeting. In case of any overdue revocation, the voting right exercised by the attending proxy shall prevail.

Article 5: The place for holding a shareholders' meeting shall be at the Company or a place convenient for shareholders to attend and suitable for holding a shareholders' meeting. The meeting time shall not be earlier than 9:00 AM or later than 3:00 PM. For the meeting place and time, independent directors' opinions shall be fully taken into account.

Article 6: The Company shall specify the shareholder check-in time and place and other precaution matters in its meeting notification.

The check-in time referred to in the preceding paragraph shall be at least 30 minutes before the meeting starts. A specific sign shall be setup at the check-in place, and adequate number of qualified personnel shall be dispatched for assistance.

Shareholders or the proxies appointed by them (hereafter referred to as shareholders) shall attend a shareholders' meeting by presenting their attendance certificate, attendance card or other attendance documents. Other than the documents required for the attendance of a shareholders' meeting, the Company shall not discretionarily request any additional documents. The shareholders who solicit letters of proxy shall bring their own ID certification documents with them for verification.

The Company shall prepare an attendance book for the shareholders attending the meeting to sign in, or otherwise the attending shareholders may submit the attendance card instead of signing in.

The Company shall hand the agenda handbook, annual report, attendance certificate, speech note, voting ticket and other meeting materials to the attending shareholders. In case that the meeting involves director election, the election

ballot shall be additionally attached.

For government or institutional shareholders, their meeting attending representatives are not limited to one person only. However, when an institutional shareholder is entrusted to attend a shareholders' meeting, only one representative can be appointed for attendance.

Article 7: If a shareholders' meeting is convened by the Board of Directors, the meeting shall be chaired by the chairperson of the Board of Directors. If the chairperson is on leave or cannot exercise his or her power and authority for any reason, the vice-chairperson shall chair the meeting on behalf of the chairperson. If there is no vice-chairperson or the vice-chairperson is also on leave or cannot exercise his or her power and authority for any reason, the chairperson shall appoint a standing director to act on his or her behalf. If there is no standing director, the chairperson shall appoint a director to act on his or her behalf. In case that the chairperson does not appoint any deputy, a deputy to act on behalf of the chairperson shall be elected by standing directors or directors among themselves.

The standing director or director to act on behalf of the preceding chairperson shall have served the Company as a standing director or director for more than six months, and be familiar with the Company's financial and business status. The same shall apply to the chairperson who is a representative of an institutional director.

If a shareholders' meeting is convened by the Board of Directors, the meeting shall be chaired by the chairperson, attended by a majority of the total Board directors and at least one representative of each functional committee. The attendance status shall be recorded in the shareholders' meeting minutes book. When a shareholders' meeting is convened by the convener not from the Board of Directors, the convener in question shall chair the meeting. If there are two or more than two conveners for a same meeting, the chairperson of the meeting shall be elected from among the conveners.

The Company may invite its appointed attorneys and CPA or other related personnel to attend a shareholders' meeting as a guest as the case may be.

Article 8: The Company shall record the entire proceedings of a shareholders' meeting, from shareholders' check-in, the check-in process and the course of the meeting, to the voting and vote counting process, in an audio and video format without any interruption.

The preceding audio and video data shall be retained for at least one year. However, in case of any litigation filed by a shareholder in accordance with Article 189 of the Company Act, the audio or video evidence shall be kept until closure of such litigation.

Article 9: The attendance status of a shareholders' meeting shall be calculated according to the number of the shares represented by the shareholders attending the shareholders' meeting, in which the calculation shall cover the shares indicated in the attendance book or according to the attendance cards turned in by the meeting attendants, plus the voting shares exercised in writing or in an electronic format. When it is time for a meeting, the chairperson shall immediately call the meeting to order. However, if the number of shares held by the shareholders present at the meeting has yet to constitute a majority of the total issued shares, the chairperson may announce postponement of the meeting, but the postponement of the said

meeting is limited to two times only, whereas the total postponement time shall not exceed one hour. If a meeting has been postponed for two times and the shares held by the shareholders present at the meeting are still less than one-third of the total issued shares, the chairperson may abort the meeting.

If, after preceding two times of postponement, a meeting has yet to constitute the quorum but the shareholders representing one-third of the total issued shares are present, a provisional resolution can be adopted according to Paragraph 1 of Article 175 of the Company Act, and the notice of the provisional resolution shall be served to respective shareholders for a shareholders' meeting to be convened again within one month.

Before the end of the meeting in question, if the number of the shares held by the shareholders present represents a majority of the total issued shares, the chairperson may put forward the adopted provisional resolution and request re-adoption of the resolution at the meeting in accordance with Article 174 of the Company Act.

Article 10: If a shareholders' meeting is called by the Board of Directors, the meeting agenda shall be set up by the Board of Directors, and the meeting shall be conducted according to the scheduled agenda, which shall not be changed unless resolved by the shareholders' meeting.

If a shareholders' meeting is called by any other person outside the Board of Directors who has the convening right, the preceding provision shall apply.

Without resolution, the chairperson shall not adjourn a meeting before closure of the motions (including extemporaneous motions) in the agenda arranged according to the preceding two paragraphs. If the chairperson violates the meeting rules by adjourning a meeting, other members of the Board of Directors may follow the legal procedure and quickly come forward to help the attending shareholders elect a chairperson by the resolution adopted by a majority of the shareholders present, and continue the meeting.

For any motions, amendments proposed by shareholders or extemporaneous motions, the chairperson shall allow sufficient explanation and discussion, close the discussion when he or she believes that it's time for resolution, and put them to the vote.

Article 11: Those shareholders who wish to speak in a shareholders' meeting shall first fill out a speech note stating their speech subject, their shareholder account number (or attendance card number) and their account name. The chairperson shall then decide their speech order.

Those shareholders who submit a speech note but do not actually give any speech, shall be deemed not having given any speech. In the case that the speech content is not consistent with what is stated in the speech note, the speech content shall prevail.

Unless otherwise permitted by the chairperson, a shareholder shall not speak more than two times for a same motion and each time of speech shall not exceed 5 minutes. If the speech given by any shareholder violates the aforesaid stipulation or is beyond the agenda scope, the chairperson may stop the speech.

When a shareholder is giving a speech, other shareholders shall not interrupt the speech unless otherwise obtaining the consent from the chairperson. The chairperson shall stop any violation.

If an institutional shareholder designates two or more than two representatives to attend a shareholders' meeting, only one representative is allowed to speak for a same motion.

After the speech of a shareholder, the chairperson may respond to it on his or her own, or designate an appropriate person to respond.

Article 12: The resolution of a shareholders' meeting shall be calculated according to the voting shares.

For the resolution of a shareholders' meeting, the shares held by the shareholders without the voting right shall not be included in the total number of the issued shares.

Those shareholders who have conflict of interests with the meeting agenda, which may adversely affect the Company's interests, are not allowed to participate in any resolution. In addition, they are also not allowed to represent other shareholders to exercise their voting right.

The number of the aforesaid shares not allowed to be used to exercise the voting right shall not be included in the votes given by the attending shareholders.

Except for the trust business or the stock affairs service agency approved by the securities competent authorities, if a person is simultaneously entrusted by two or more than two shareholders, the votes represented by him or her shall not exceed 3% of the total issued shares, and the excess votes, if any, shall not be calculated.

Article 13: Each share held by a shareholder is entitled to one vote, but it is not limited to those shareholders whose voting right is restricted or the ones having no voting right as stated in Paragraph 2 of Article 179 of the Company Act.

When holding a shareholders' meeting, shareholders may exercise their voting right in a written or electronic format. When using the written or electronic format to exercise the voting right, the format shall be stated on the notification of the shareholders' meeting. Those shareholders who exercise their voting right in a written or electronic format shall be deemed to have attended the shareholders' meeting in person. However, for the extemporary motions and amendments to the original motions of the shareholders' meeting in question, those shareholders shall be deemed abstention in participation.

For those that exercise their voting right with the preceding written or electronic format in a meeting, their intent expression shall arrive at the Company at least two days prior to the shareholders' meeting. When there is any repetition of the intent expression, the first one arriving at the Company shall prevail. However, it is not limited to the situation where the revocation of the prior intent expression is declared. For those shareholders who wish to attend a shareholders' meeting in person after exercising their voting right in a written or electronic format, they shall revoke the aforesaid intent expression by using the same format as they used for exercising the voting right at least two days prior to the shareholders' meeting. In case of overdue revocation, the written or electronic format shall prevail for exercising the voting right. In the case that the written or electronic format is used to exercise the voting right while the shareholder also entrusted a representative with a letter of proxy to attend the shareholders' meeting, the voting right exercised by the attending representative shall prevail.

Except otherwise stated in the Company Act or the Company's Articles of Incorporation, a resolution shall be adopted by a majority of the votes represented

by the shareholders present at the meeting. When resolving a motion, if no objection from the shareholders present after inquired by the chairperson, the resolution shall be deemed to be adopted, and shall have the same effect as the voting made with the ballot casting method. The resolution can also be made through shareholders' ballot casting case by case after the chairperson or his or her designated personnel announce the total voting shares entitled by the attending shareholders. Also, shareholders' consent, objection and abstention results shall be posted on the Market Observation Post System.

For any amendment or replacement of a same motion, the chairperson shall decide the sequence of the resolutions by including the original motion. If any of the resolutions is adopted, the others shall be deemed to be vetoed and no future voting shall be required.

Ballot examiners and ballot counters shall be designated by the chairperson, in which the ballot examiners shall be shareholders.

Ballot calculation for a shareholders' meeting's resolution or election motion shall be publicly conducted on the site where the shareholders' meeting is held, and the voting results, including the statistical weighted voting shares, shall be announced on the spot and recorded in the meeting minutes accordingly.

Article 14: Any director election at a shareholders' meeting shall be processed in accordance with the Company's relevant election regulations, and the election results, including the director-elect list and weighted voting shares, shall be announced on the spot.

The ballots cast for the preceding election matters shall be sealed and signed by the ballot examiner and properly retained for at least one year. However, those that are involved in the litigation filed by a shareholder in accordance with Article 189 of the Company Act shall be retained until closure of such litigation.

Article 15: All matters resolved in a shareholders' meeting shall be recorded in the meeting's minutes book, which shall be signed or sealed by the chairperson and distributed to respective shareholders within 20 days after the shareholders' meeting. The production and distribution of the meeting's minutes book may be processed in an electronic form.

For distribution of the preceding meeting's minutes book, the Company may transmit the meeting's minutes book to the Market Observation Post System as the announcement method.

The items including the meeting date and place, chairperson's name, resolution method, main points of the meeting proceedings and the results, shall be literally recorded in the meeting minutes book, which shall be retained during the existence of the Company.

Article 16: The Company shall prepare a statistical list for the shares solicited by solicitors and the ones represented by the entrusted proxies, and disclose it at the meeting site on the shareholders' meeting day.

If the resolution adopted at a shareholders' meeting is regulated by law or stipulated by Taiwan Stock Exchange Corporation as material information, the Company shall transmit the content to Market Observation Post System within the regulated time limit.

Article 17: Those who work on the shareholders' meeting site for handling meeting related affairs, shall wear an ID card or arm badge.

The chairperson may direct disciplinary personnel or security personnel to maintain order of a meeting. When maintaining order of the meeting, those disciplinary personnel and security personnel shall wear a badge or ID card bearing the words of “disciplinary personnel”.

At a meeting site equipped with the public address system, the chairperson may stop any speech made by the shareholder who does not use the public address system provided by the Company.

For those shareholders who violate the meeting rules, disobey the correction from the chairperson, obstruct the meeting proceedings and ignore the prohibition, the chairperson may have the disciplinary personnel or security personnel ask them to leave the meeting site.

Article 18: During a meeting, the chairperson may announce recess at the time he or she considers appropriate. In case of force majeure, the chairperson may decide to temporarily suspend the meeting, and announce the time of meeting resumption depending on the situation.

Before closure of the motions (including extemporary motions) set in the agenda of a shareholders’ meeting, if the meeting place cannot continue to be used, the Board of Shareholders shall resolve to find another place for continuation of the meeting.

According to Article 182 of the Company Act, the Board of Shareholders may resolve to postpone a meeting and have it held within five days or continue the meeting.

Article 19: The Rules shall be implemented after adoption by the Board of Shareholders. The same shall apply in case of any revision.

Appendix 2 : Articles of Incorporation (before amendment, prior to this shareholders' meeting)

**Articles of Incorporation
Excelsior Medical Co., Ltd.**

Amended in the regular shareholders' meeting held on June 18, 2019

Chapter 1 General Provisions

- Article 1 The name of the Company is Excelsior Medical Co., Ltd., which is incorporated pursuant to the Company Act.
- Article 2 The businesses engaged by the Company are as follows:
1. F108031 Wholesale of Drugs, Medical Goods
 2. F113010 Wholesale of Machinery
 3. F113020 Wholesale of Household Appliance
 4. F107080 Wholesale of Environment Medicines
 5. F113030 Wholesale of Precision Instruments
 6. F113050 Wholesale of Computing and Business Machinery Equipment
 7. F113070 Wholesale of Telecom Instruments
 8. F117010 Wholesale of Fire Fighting Equipment
 9. F118010 Wholesale of Computer Software
 10. F401010 International Trade
 11. I301010 Software Design Services
 12. CB01030 Pollution Controlling Equipment Manufacturing
 13. F113100 Wholesale of Pollution Controlling Equipment
 14. F213100 Retail Sale of Pollution Controlling Equipment
 15. F108021 Wholesale of Drugs and Medicines
 16. H703100 Real Estate Rental and Leasing
 17. JA02010 Electric Appliance and Audiovisual Electric Products Repair Shops
 18. IF01010 Fire Fighting Equipment Overhauling
 19. JA02990 Other Repair Shops
 20. JE01010 Rental and Leasing Business
 21. F401021 Restrained Telecom Radio Frequency Equipment and Materials Import
 22. F208040 Retail Sale of Cosmetics
 23. C802041 Drugs and Medicines Manufacturing
 24. C802060 Animal Use Medicine Manufacturing
 25. C802100 Cosmetics Manufacturing
 26. CF01011 Medical Materials and Equipment Manufacturing
 27. F208031 Retail sale of Medical Equipments
 28. ZZ99999 All business items that are not prohibited or restricted by law, except those that are subject to special approval.
- Article 3 The Company may externally provide guarantee as required by business needs.
- Article 4 If the Company is a limited liability shareholder of another company, its total investment amount shall be free from the restriction of not exceeding 40% of its paid-in capital as prescribed by Article 13 of the Company Act.

Chapter 2 Shares

- Article 5 The Company's headquarters is located in New Taipei City, and, as resolved by the Board of Directors, it may establish branch sales stores, business offices and other types of branch offices in the Republic of China or foreign countries, as necessary.
- Article 6 The Company's total capital is two billion NT dollars, which is divided into two hundred million shares with a face value of ten NT dollars per share. For the unissued shares, the Board of Directors is authorized to issue them in installments as required by business needs. Out of the preceding total capital, one hundred million NT dollars is reserved for exercise of the warrants covering employee stock option warrants, corporate bonds with warrants and preferred shares with warrants, which may be issued in installments.
- Employees that are eligible to subscribe for share subscription warrant , restricted employee shares, new shares or buy back shares in accordance with the law for employees may include employees of parents or subsidiaries of the company meeting certain specific requirements.
- Article 6-1 The subscription price of employee stock option warrants issued by the Company is free from the restriction of relevant laws and regulations. However, it shall be adopted by more than two-thirds of the votes of the shareholders who are present at the meeting and represent a majority of the total issued shares, and declared in installments within one year after the shareholders' meeting resolution day.
- Article 6-2 The Company may repurchase its treasury stock and transfer it to its employees at a price lower than the average repurchase price. However, it shall be adopted by more than two-thirds of the votes of the shareholders who are present at the latest shareholders' meeting and represent a majority of the total issued shares, and the implementation shall be made in accordance with relevant laws and regulations.
- Article 7 The Company's stock is registered shares, which shall be affixed with the signature or seal by a director representing a company and issued after certification by law. The stock shall be produced in accordance with Article 162 of the Company Act. When issuing new shares, such new shares may be exempt from printing share certificates, but shall be registered with the Centralized Securities Depository Enterprise.
- Article 8 The Company shall commission its stock affairs to a stock affairs service agency. Unless otherwise prescribed by laws and regulations and the Articles of Incorporation, it shall be processed in accordance with the " Regulations Governing the Administration of Shareholders Services of Public Companies" promulgated by the competent authorities.
- Article 9 If the stock is transferred, or re-issued due to loss, the Company may collect a service fee and revenue stamps shall be affixed.
- Article 10 Any change of the records in the shareholders list shall be suspended within 60 days prior to a regular shareholders' meeting, 30 days prior to a special shareholders' meeting or 5 days prior to the base day determined by the Company for dividend/bonus or other benefit distribution.

Chapter 3 Shareholders' Meetings

- Article 11 The Company's shareholders' meetings come in two types: regular shareholders'

meetings and special shareholders' meeting. A regular shareholders' meeting shall be convened by the Board of Directors by law and held within six months after the end of each fiscal year, whereas a special shareholders' meeting shall be convened whenever necessary. If agreed by the counterparty, the notification of a shareholders' meeting can be made via e-mail. For those shareholders who hold less than 1,000 shares of the Company's stock, the Company may notify them via announcement.

Article 12 If a shareholder cannot attend a shareholders' meeting for any reason, he or she may appoint a proxy to attend the meeting on behalf of him or her in accordance with Article 177 of the Company Act, Paragraph 1 of Article 25-1 of the Securities and Exchange Act and the "Regulations Governing the Use of Proxies for Attendance at Shareholder Meetings of Public Companies".

Article 13 For the Company's shareholders, each share is entitled to one vote, but it is not limited to those that are restricted or have no voting right as listed in Paragraph 2 of Article 179 of the Company Act.

Article 14 Unless otherwise prescribed by the Company Act or stated by relevant laws and regulations, a resolution of a shareholders' meeting shall be adopted by a majority vote of the shareholders present at the meeting and represent more than half of the total number of the issued shares, before implementation.

Article 15 All of the matters resolved in a shareholders' meeting shall be recorded in the meeting minutes book which shall be signed or sealed by the chairperson and distributed to respective shareholders within 20 days after the meeting. The production and distribution of the meeting minutes book may be processed in an electronic form. The Company may also distribute the meeting minutes book via announcement. The meeting minutes book, attending shareholders' attendance book and the letters of proxies shall be retained in the Company according to the laws and regulations.

Article 15-1 In case that the Company plans to revoke its public offering plan, it shall put it forth to the Board of Shareholders for resolution, and shall remain unchanged during the listing period.

Chapter 4 Directors and managerial officers

Article 16 The Company shall have nine to eleven directors and at least three independent directors with a term of three years. They shall be elected from those who have behavioral capacity in the Board of Shareholders and are eligible for re-election. The number of directors shall be determined by the Board meeting. The candidate nomination system shall be adopted for the election of the Company's directors and independent directors, in which shareholders shall elect directors and independent directors according to the lists of director candidates. In case that a director cannot be present at a meeting for any reason, he or she shall appoint another director by law to attend the meeting on his or her behalf. The total shareholding ratio of the entire body of the Company's directors shall be processed in accordance with the regulations set up by the securities management competent authorities. The matters regarding independent directors' professional qualifications, shareholdings, restrictions on holding of concurrent positions, nomination, election method and other matters required to be followed shall be processed in accordance with the relevant regulations stipulated by the securities competent authorities.

- Article 16-1 According to Article 14-4 of the Securities and Exchange Act, the Company shall set up an audit committee. The audit committee shall be constituted by the entire body of independent directors, and the number of its members shall not be less than three, in which one of them shall be the convener and at least one of them shall be equipped with accounting or financial expertise. The audit committee or its members shall be responsible for exercising a supervisor's power and authority as required by the Company Act, Securities and Exchange Act and other relevant laws and regulations.
- Article 17 The Board of Directors is constituted by directors; a chairperson or a vice-chairperson shall be elected from among directors by passing a majority vote of the directors who are present at the meeting and represent more than two-thirds of the total directors. The chairperson shall externally represent the Company, and his or her rights shall be subject to laws, regulations, the Company's Article of Incorporation, and the resolutions adopted by the Board of Shareholders and the Board of Directors.
- Article 17-1 The notification of convening a Board meeting shall be sent to respective directors at least seven days prior to the meeting. However, in case of any emergency, the Company may convene a Board meeting at any time. The Company may convene its Board meeting by means of a written notice, e-mail or facsimile.
- Article 18 The functions and authorities of the Board of Directors are as follows:
1. Determine the Company's business directions.
 2. Review budgets and settlements of final accounts.
 3. Draft plans for profits distribution and loss recovering.
 4. Lay down the capital increase or decrease plan.
 5. Other authorities granted by statutory laws and regulations and the Board of Shareholders.
- Article 19 Unless otherwise prescribed by the Company Act, any of the resolutions of the Board of Directors shall be adopted by a majority of the directors who are present at the meeting and represent a majority of the entire body of directors before implementation. All of the resolution matters shall be recorded in the meeting minutes which shall be signed or sealed by the chairperson and retained in the Company.
- Article 20 In case that the chairperson is on leave or cannot exercise his or her power and authority for any reason, a deputy shall be selected in accordance with Paragraph 3 of Article 208 of the Company Act. If the Board of Directors adopts a video meeting, those directors who attend the video meeting shall be deemed to have attended the meeting in person.
- Article 21 According to the resolution adopted by the Board of Directors, the Company shall have a general chief executive officer in charge of the business operation and operating policies for the Company and all of its associates and joint ventures. In addition, the Company may also have a general manger and several deputy general managers, and their appointment, dismissal and remuneration shall be processed in accordance with Article 29 of the Company Act.
- Article 22 The Company shall pay a transportation allowance fee to its directors for their attendance of the meetings of the Board of Directors.

The Company shall pay remuneration to its directors for their duty execution regardless of gain or loss of the Company's business. The Board of Directors shall be authorized to determine the remuneration according to the status of a director's duty execution and by referring to the practice of the peer group.

Article 22-1 The Company shall authorize its Board of Directors to purchase liability insurance for its directors within their term of office and according to their duty execution scope.

Article 22-2 The salaries, remuneration and transportation allowance fees of directors shall be reviewed by the remuneration committee.

Chapter 5 Accounting

Article 23 The Company's fiscal year is from January 1 to December 31, and the financial statements shall be processed at the end of each fiscal year.

Article 24 At the end of each fiscal year, the Company's Board of Directors shall prepare (1) the business report (2) the financial statements (3) the proposal of profits distribution or loss recovering, and submit the statements and documents above to the audit committee for examination, to the Board of Directors for approval, and finally to the regular shareholders' meeting for acknowledgement.

Article 25 If the Company has any annual profit (referring to the net profit before deducting employee compensation and director remuneration from before-tax profit), it shall allocate an amount no less than 1% for employee compensation and no more than 5% as director remuneration. However, in the circumstance where the Company has accumulated loss (including adjustment of undistributed earnings), an allowance for the loss shall be set aside in advance.

The preceding employee compensation shall be distributed by stock or cash, and the recipients shall cover the employees of the subordinate companies meeting the terms set up by the Board of Directors. The preceding director remuneration shall be paid by cash only.

The preceding two issues shall be resolved by the Board of Directors, and reported to the Board of Shareholders.

Article 25-1 If the Company has any current period after-tax profit left in its financial statements, it shall first use the profit to cover accumulated loss (including adjustment of undistributed earnings), followed by setting 10% aside as the legal reserve. However, it is not limited to the situation where the legal reserve already reaches the Company's total paid-in capital. Furthermore, a special reserve shall be allocated or reversed in accordance with statutory laws and regulations or competent authorities' stipulations. Afterwards, the Board of Directors shall draft a profits distribution proposal for the remaining earnings along with the beginning undistributed earnings (including adjustment of undistributed earnings) and put it forth to the shareholders' meeting for resolution of shareholder dividend and bonus distribution

The Company authorizes the Board of Directors to distribute a portion or all of dividends, bonuses or legal reserve and capital surplus in cash by resolution adopted by a majority in a meeting attended by two-thirds or more of the Directors, and the distribution shall then be reported to the shareholders' meeting.

Article 26 The Company sets up its dividend policy in conjunction with its current and future development plan and by taking the investment environment, capital requirements and local and foreign competition status into account, whereas the Company also concurrently considers shareholders' interests. With which, after recovering its accumulated loss (including adjustment of undistributed earnings) from the current year after-tax profit and setting aside a 10% legal reserve, the Company shall allocate an amount no less than 20% of the remaining amount for the shareholder dividend and bonus. The shareholder dividend and bonus can be distributed by either cash or stock, in which the cash dividend shall be no less than 20% of the total dividend amount.

Chapter 6 Supplementary Provisions

Article 27 Other matters not covered by the Articles of Incorporation shall be subject to the Company Act.

Article 28 The Articles of Incorporation was instituted on January 27, 1988

1st revision was made on June 28, 1988

2nd revision was made on March 23, 1989

3rd revision was made on March 7, 1990

4th revision was made on March 15, 1991

5th revision was made on May 15, 1991

6th revision was made on September 18, 1991

7th revision was made on September 18, 1993

8th revision was made on December 1, 1994

9th revision was made on January 11, 1997

10th revision was made on February 4, 1997

11th revision was made on April 21, 1997

12th revision was made on April 11, 1998

13th revision was made on May 15, 1998

14th revision was made on April 20, 1999

15th revision was made on June 16, 2000

16th revision was made on April 30, 2001

17th revision was made on November 12, 2001

18th revision was made on May 20, 2002

19th revision was made on March 31, 2003

20th revision was made on May 31, 2004

21st revision was made on June 17, 2005

22nd revision was made on June 14, 2006

23rd revision was made on June 15, 2007; however, the amended articles of Articles 6-1 and 6-2 regarding the expensing of employee bonus shall become effective from the date of announcement by the competent authorities (January 1, 2008).

24th revision was made on October 12, 2007

25th revision was made on June 13, 2008

26th revision was made on June 10, 2009

27th revision was made on June 10, 2009

28th revision was made on June 15, 2010

29th revision was made on June 15, 2011

30th revision was made on June 18, 2012
31st revision was made on June 14, 2013
32nd revision was made on June 24, 2014
33rd revision was made on June 16, 2016
34rd revision was made on June 16, 2017
35rd revision was made on June 18, 2019.

Appendix 3 : Business Report

Business Report

Dear Shareholders,

First of all, thank you for sparing the time to attend the Company's annual shareholders' meeting. It allows our management team to elaborate on our 2019 business performance and the outlook. I hereby represent our management team and staff to express our sincere welcome to you. Your opinions and comments will be highly appreciated.

In 2018, the global stock and foreign exchange markets were much impacted by the US-China trade war, and the import and export manufacturers' conservative outlook has affected the global demand and Taiwan's economy accordingly. However, as Excelsior Medical Co., Ltd. (hereinafter "the Company") is a larger medical products and systematic integration channel company in Taiwan, our businesses have been less affected by the overall market conditions compared to other industries. The Company has also grasped opportunities to actively evaluate and to expand to the overseas Chinese markets accordingly to maintain our future competitive strengths.

In prospect, the Company and our subsidiaries and affiliates will continue to work toward diversified development, including the promotions and channel expansions for dialysis equipment and supplies, healthcare home appliances, and medical aesthetics such as Picoway picosecond laser, Ultherapy skin tightening and lifting, Viveve treatment system, Hyadermis hyaluronic acid filler, AestheFill collagen filler and DR CYJ hair product. In terms of pharmaceutical logistics, besides striving to collaborate with international pharmaceutical companies to actively obtain products including vaccines, we also continue to introduce new drugs and healthcare supplements from international pharmaceutical firms. We are also strengthening the operational effectiveness of GDP transportation fleet to enhance our professional pharmaceutical logistics services. As for long-term care system, the Company will expand community service locations by integrating medical services, caregivers, and home-based services to build an integrated network and model in response to the government's 10-year long-term care plan. Furthermore, the Company is also continuing to focus on the government's New Southbound Policy and is expanding to the dialysis market in southeast Asia, and plans to penetrate dialysis product manufacturing market via dialysis solution manufacturing plant in Malaysia.

The Company's 2019 operating results and 2020 business plan are reported as follows:

I. Report on the 2019 operating results

1. 2019 operating results

(1) Individual statement of comprehensive income

Unit: NT dollars(in thousands)

| Item | 2019 | 2018 | Increase (decrease) percentage |
|-----------------------------|-----------|-----------|--------------------------------------|
| Operating revenue | 3,964,690 | 3,733,339 | 6.20% |
| Gross profit | 631,739 | 603,321 | 4.71% |
| Net operating income | 263,303 | 279,606 | (5.83%) |
| Non-operating income and | 335,459 | 253,773 | 32.19% |

| | | | |
|-----------------------------------|---------|----------|---------|
| expenses | | | |
| Profit before tax | 598,762 | 533,379 | 12.26% |
| Profit after tax | 514,755 | 451,562 | 13.99% |
| Other comprehensive income (loss) | 8,307 | (33,981) | 124.45% |
| Total comprehensive income | 523,062 | 417,581 | 25.26% |

- i. The increase in operating revenue and gross profit compared to the previous year were mainly due to the increase in sales of hemodialysis and surgery products.
- ii. The decrease in profit from operations compared to the previous year was mainly due to the increase in salary-related expenses of the company's development
- iii. The increase in non-operating income and expenses compared to the previous year was mainly attributable to the influence of "Share of profit of subsidiaries, associates and joint ventures accounted for using equity method" and "other gains".
- iv. The increase in other comprehensive income compared to the previous year was mainly due to the influence of "Share of profit of subsidiaries, associates and joint ventures accounted for using equity method"

(2) Consolidated statement of comprehensive income

Unit: thousand NT dollars

| Item | 2019 | 2018 | Increase (decrease) percentage |
|-----------------------------------|-----------|-----------|--------------------------------|
| Operating revenue | 6,457,362 | 6,345,031 | 1.77% |
| Gross profit | 1,236,055 | 1,199,165 | 3.08% |
| Net operating income | 464,039 | 438,119 | 5.92% |
| Non-operating income and expenses | 282,786 | 210,381 | 34.42% |
| Profit before tax | 746,825 | 648,500 | 15.16% |
| Profit after tax | 622,274 | 548,423 | 13.47% |
| Other comprehensive income (loss) | 23,915 | (48,389) | 149.42% |
| Total comprehensive income | 646,189 | 500,034 | 29.23% |

- i. The increase in operating revenue, gross profit and net operating income compared to the previous year were mainly due to the increase in sales of hemodialysis and surgery products.

- ii. The increase in non-operating income and expenses compared to the previous year was mainly due to the influence of "Share of profit of subsidiaries, associates and joint ventures accounted for using equity method" and "other gains".
 - iii. The increase in other comprehensive income compared to the previous year was mainly due to the influence of "Share of profit of subsidiaries, associates and joint ventures accounted for using equity method" and "the unrealized gains from investments in equity instruments measured at fair value through other comprehensive income"
2. Status of budget implementation: this is not applicable since the Company did not prepare any financial forecast.

3. Status of cash flows

(1) Individual statement of cash flows

Unit: thousand NT dollars

| Item | 2019 | Description |
|--|-----------|--|
| Beginning cash balance | 908,375 | The balance of the 2018 final account. |
| Net cash flows from operating activities | 236,990 | Mainly resulting from the current year profit from operations. |
| Net cash used in investment activities | (455,737) | Mainly resulting from increase in the investment under the equity method. |
| Net cash flows from financing activities | 59,568 | Mainly resulting from increase in the short-term borrowings and cash dividends distribution. |
| Cash balance at the end of the year | 749,196 | The balance of the 2019 final account. |

(2) Consolidated statement of cash flows

Unit: thousand NT dollars

| Item | 2019 | Description |
|--|-----------|--|
| Beginning cash balance | 3,100,081 | The balance of the 2018 final account. |
| Net cash flows from operating activities | 1,194,496 | Mainly resulting from the current year profit from operations and decrease in inventory, other receivables, notes receivable and other payables. |
| Net cash used in investment activities | (542,220) | Mainly resulting from acquisition of financial assets at amortized cost and subsidiaries. |
| Net cash used in financing activities | (884,934) | Mainly resulting from cash dividends distribution, repayments of long-term borrowings. |
| Impact of changes in exchange rates | (38,647) | Effect of Exchange rate changes. |
| Cash balance at the end of the year | 2,828,776 | The balance of the 2019 final account. |

4. Analysis and comparison of profitability

(1) Analysis of individual profitability

| Item | 2019 | 2018 | Description |
|--|------|------|--|
| Return on assets (%) | 6.2 | 5.7 | The increase in profit after tax in 2019 mainly resulting from the increase in non-operating income and expenses due to “Share of profit of subsidiaries, associates and joint ventures accounted for using equity method” and “other gains”. |
| Return on equity(%) | 7.5 | 6.8 | The increase in profit after tax in 2019 mainly resulting from the increase in non-operating income and expenses due to “Share of profit of subsidiaries, associates and joint ventures accounted for using equity method” and “other gains”. |
| Ratio of before-tax profit to the paid-in capital(%) | 46.7 | 41.6 | The increase in profit before tax in 2019 mainly resulting from the increase in non-operating income and expenses due to “Share of profit of subsidiaries, associates and joint ventures accounted for using equity method” and “other gains”. |
| Net profit margin (%) | 13.0 | 12.1 | The increase in profit after tax in 2019 mainly resulting from the increase in non-operating income and expenses due to “Share of profit of subsidiaries, associates and joint ventures accounted for using equity method” and “other gains”. |
| Basic after-tax earnings per share (NT\$) (note) | 4.02 | 3.53 | The increase in profit after tax in 2019 mainly resulting from the increase in non-operating income and expenses due to “Share of profit of subsidiaries, associates and joint ventures accounted for using equity method” and “other gains”. |

Note: analysis made according to the net profit after tax with weighted-average shares outstanding. °

(2) Analysis of consolidated profitability

| Item | 2019 | 2018 | Description |
|--|------|------|--|
| Return on assets (%) | 4.6 | 3.9 | The increase in profit after tax in 2019 mainly resulting from the increase in net operating income, and the increase in non-operating income and expenses due to “Share of profit of subsidiaries, associates and joint ventures accounted for using equity method” and “other gains”. |
| Return on equity(%) | 7.3 | 6.7 | The increase in profit after tax in 2019 mainly resulting from the increase in net operating income, and the increase in non-operating income and expenses due to “Share of profit of subsidiaries, associates and joint ventures accounted for using equity method” and “other gains”. |
| Ratio of before-tax profit to the paid-in capital(%) | 58.3 | 50.6 | The increase in profit before tax in 2019 mainly resulting from the increase in net operating income, and the increase in non-operating income and expenses due to “Share of profit of subsidiaries, associates and joint ventures accounted for using equity method” and “other gains”. |
| Net profit margin (%) | 9.6 | 8.6 | The increase in profit after tax in 2019 mainly resulting from the increase in net operating income, and the increase in non-operating income and expenses due to “Share of profit of subsidiaries, associates and joint ventures accounted for using equity method” and “other gains”. |

| Item | 2019 | 2018 | Description |
|--|------|------|---|
| Basic after-tax earnings per share (NT\$) (note) | 4.02 | 3.53 | The increase in profit after tax in 2019 mainly resulting from the increase in net operating income, and the increase in non-operating income and expenses due to “Share of profit of subsidiaries, associates and joint ventures accounted for using equity method” and “other gains”. |

Note: analysis made according to the net profit after tax with weighted-average outstanding shares

5. R&D status

As the Company is not in the manufacturing industry, it has not set up a dedicated R&D division. Instead, its respective business divisions are responsible for expanding the business scopes through agencies and sales distributors of medical related sectors.

II. The 2020 business plan

1. Management guidelines

- (1) Reinforce investment deployment: The Company plans to further develop the medical market in Taiwan and actively seek for medical business partners. The Company plans to expand sources of profit by integrating the resources throughout the supply chain in the medical market and enhancing channel distribution via investments, while at the same time, actively expand to the dialysis market in Southeast Asia through penetrating the manufacturing field of relevant products via dialysis solution manufacturer in Malaysia.
- (2) Brand strategy: Promote the privately-owned brand of the “ULTRACLEAN” Series of home appliances, and cooperate with Korean leading bio-tech manufacturer, Caregen Co., Ltd. (hereafter referred to as “Caregen”) to promote DR CYJ hair-growth brand products.
- (3) Develop long-term care in communities: in line with the government's 10-year long-term care plan, the Company plans to establish an integrated long-term care network by actively planning and establishing a long-term care association and expanding service of community-based long-term care. In addition, the Company also aims to strengthen a tiered service and healthcare model which provides both medical and caring services to satisfy members of the public with caring needs.
- (4) Develop medical-related real estate and equipment lease service: by integrating the professional traits of asset management, the Company will continue to develop medical-related real estate and equipment lease services to maximize the synergies for its affiliates.
- (5) Hedge currency risk: Reduce the currency risk by using foreign currency hedge instruments in the environment where the global stock and currency markets are facing critical volatility.

2.Expected sales of major products

In 2020, the Company will strive to increase the market share of hemodialysis and surgical products, introduce the relevant medical consumables and equipment, and integrate the resources of the Company and its affiliates to improve the overall operational efficiency, including aesthetic medicine, medical logistics, long-term care, medical real estate, medical-related equipment lease service, and other items, while actively looking for strategic partners in Taiwan and overseas and expanding the sales business area of the Company.

III. Future corporate development strategies

In response to the changes of the market environment, while striving to increase the market share of hemodialysis and surgical products, the Company plans to continuously introduce the relevant medical consumables and equipment, cultivate the medical market channels, integrate the resources of its affiliates, use diversified extension of strategic alliances and strengthen competitiveness, and continue to provide comprehensive health service for the health care industry in the spirit of “Dedication, Discipline, Innovation, Proactive”.

The Company's affiliate, Dynamic Medical Technologies Inc. ("DMT"; TWSE code: 4138) is focused on trading, repair and maintenance of aesthetic lasers and light-based equipment in Taiwan, fillers for injections, and cosmetic surgery-grade skincare products. DMT will strive to achieve its mission of providing exquisite beauty by continuing to focus on developing and introducing the latest and safest cosmetic surgery products and provide comprehensive skin and body cosmetic surgery-level products.

Subsequent revenues will mostly come from Picoway laser, Ultherapy skin tightening and lifting, Fotona 4D lifting, Hyadermis hyaluronic acid filler, AestheFill collagen filler, ANIMERS hyaluronic acid filler, Viveve treatment system, Fotona laser vaginal tightening and body sculpting series, CoolTech fat freezing equipment, and DR CYJ hair products.

The Company's affiliate, Arich Enterprise Co., Ltd. ("Arich"; TWSE code: 4173) is focused on pharmaceutical sales and logistics in Taiwan. Arich will actively seek for partnerships with pharmaceutical companies to strengthen the operational effectiveness of GDP logistics fleet and expand the basis of pharmaceutical distribution and logistics. Concurrently, Arich will also collaborate with international pharmaceutical firms to increase the market share of vaccines, continue to introduce new drug and health supplements and health care-related products, enhance interactions with customers, and to provide more well-rounded and professional service.

Besides building the hardware and facilities for advanced nursing homes and healthcare management and care simulation training centers, Asia Best Healthcare ("ABH"), an affiliate of the Company, is also dedicated to planning multi-faceted group activities to strengthen mental caring and companionship, so that long-term care is more than just physical caring. In addition, in line with the 10-year long-term care plan, ABH is actively setting up a long-term care association, expanding the points of service in communities, and building an integrated long-term care network. By integrating a daycare center and clinic that jointly cater to the health-related needs of the public and strengthening a tiered care and service model, ABH aims to provide continuous subsequent caring and housing to satisfy the public's healthcare needs. In addition, ABH is also expanding the service locations of long-term care and daycare centers and aspires to become the best healthcare and medical center throughout Asia.

The Company has also invested in EG Healthcare Inc., has cultivated deeply in the Philippines for fifteen years, and because the domestic market demand for medical care in the Philippines has been growing steadily and its medical equipment industry has not yet

flourished, the Company will continue to expand the local business of hemodialysis and relevant medical products, provide management consultation and healthcare education and training to improve the quality of its healthcare services, integrate the resources of the Company and its affiliates to develop different medical divisions and products, and use the experience learned in the Philippines to train the staff to become professionals for the manpower needed in Southeast Asia in the future, to lay the foundation for the competitive advantage of sustainable development in Southeast Asia market.

Excelsior Asset Management Co., Ltd., an affiliate of the Company, will continue to acquire real estate that meet the operational needs of medical institutions or long-term care facilities. To achieve the goal of maximizing synergies from related companies, it also seeks to form stable long-term lease contracts with medical institutions or long-term care facilities, on top of gradually expanding to encompass lease services with medical supplies and equipment.

IV. The influences of the external competitive environment, regulatory environment and overall business environment

According to the research report of the Industrial Economics & Knowledge Center (IEK) of ITRI, the global population aged 65 years or older is expected to peak in 2011-2029. The National Development Council also announced that the proportion of the elderly in Taiwan exceeded 15% of the total population in 2019, and that Taiwan has become an “aged society” as defined by the World Health Organization (WHO). According to the information released by the Ministry of the Interior, as of the end of 2019, the number of elderly people (65 years or older) in Taiwan reached 3,607,127, for an increase of 173,610 compared to that at the end of 2018, and accounting for 15.286% of the total population (23,603,121); it is estimated that by 2026, the elderly population in Taiwan will reach 20%, making Taiwan a super-aged society. The drastic rise of elderly population has made it necessary for young and middle-aged people to seriously face the retired life and health care of their own and their elders, and plan in advance for the elderly health care to meet the needs of the future market. Therefore, in line with the “Ten-Year Long-Term Care Program”, “Long-Term Care Service Network Program”, and the “Long-Term Care Capacity Improvement Program” promoted by the Government, the Company will build a complete long-term health care system in stages.

With the increase in Taiwan’s national income and economic growth in recent years, people are paying more attention to their health, and as the result of population aging and the increase in the number of patients with chronic diseases such as obesity, diabetes, and hypertension, the demand for medical care and related products has increased significantly. Driven by the dynamic adjustment and growth trend of medical supply and demand structure, the Company can bring greater development opportunities to the medical industry.

Fu Hui-Tung, Chairperson

Chang, Ming-Cheng, General Manager

Chou Cheng-Hsiao, Accounting Chief

Appendix 4 : Audit Committee's Review Report

Excelsior Medical Co., Ltd.

Audit Committee's Review Report

The Board of Directors has prepared the Company's 2019 Business Report, Financial Statements, and proposal for earning distribution. The CPA firm of KPMG has audit Excelsior Medical Co., Ltd. Financial Statements and has issued an audit report relating to the Financial Statements.

The Business Report, Financial Statements, and earning distribution proposal have been reviewed and determined to be correct and accurate by the Audit Committee members of Excelsior Medical Co., Ltd.. According to Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Law, we hereby submit this report.

For your adoption.

To

The 2020 Annual Shareholders' Meeting

Excelsior Medical Co., Ltd.

Chairman of the Audit Committee: Chan Tzu-Sheng

March 12, 2020

Appendix 5 : Regulations Governing Procedure for Board of Directors Meetings

Excelsior Medical Co., Ltd. **Regulations Governing Procedure for Board of Directors Meetings**

Amended in the Board of Directors' meeting held on December 06, 2017

Article 1 : To establish a good governance system, supervision capabilities and management mechanism of the Company's Board of Directors, these regulations are established to follow in accordance with Article 2 of the "Regulations Governing Procedure for Board of Directors Meetings of Public Companies".

Article 2 : The Company's Board meetings shall be convened at least quarterly. A notice of the reason for convening a Board meeting shall be given to each Director seven days before the meeting day; but may be held at anytime in case of urgent circumstances. An electronic form of notice may be sent under the preceding paragraph .
The matters described under Paragraph 1, Article 15 of this regulation shall be set out in the meeting notice and may not be raised by an extraordinary motion, except in an emergency or for valid reason.

Article 3 : The Company's Board meetings shall be convened by the Chairman of the Board, who shall act as chairman of the meeting. However, the first Board meeting of each term after an election of Directors shall be convened by the Director who received the highest number of votes from the shareholder's meeting, who will act as the chairman of the meeting. In the event that there is more than one Director who has the power to convene such meeting, they shall decide by themselves as to who shall act as the chairman of the meeting.

In the case that the Chairman of the Board is unable to perform his or her duty due to absence or other reason, the Vice Chairman shall be the deputy. If there is no Vice Chairman or he or she is unable to perform his or her duty due to absence or other reason, a Executive Director shall be appointed by the Chairman. If there is no Executive Director, a Director shall be appointed. If no such designation is made by the chairman, Executive Director or Directors shall select one person from among themselves to serve as chair.

Article 4 : When a board meeting is held, an attendance book shall be provided for signing-in by attending directors, which shall be made available for future reference.

Directors shall attend board meetings in person. A director unable to attend in person may appoint another director to attend the meeting in his or her place in accordance with this Corporation's articles of incorporation. Attendance by videoconference will be deemed attendance in person.

A director who appoints another director to attend a board meeting shall in each instance issue a proxy form stating the scope of authorization with respect to the

reasons for convening the meeting.

The proxy referred to in paragraph 2 may be the appointed proxy of only one person.

Article 5 : By the Article 20 in the Company Rule, if a videoconference is called for a Board meeting, the Directors attend via videoconference is deemed to be attendance in person.

Article 6 : The Board meeting shall be held during office hours, and the venue shall be in the local area of the office or convenient for Directors' attendance and shall be a suitable time and place to hold a Board meeting.

Article 7 : When the Board meeting is convened, the General Manager's Office shall prepare relevant information for Directors' reference. Personnel of the relevant departments or subsidiaries may attend the meeting depends on the content of the meeting. Accountants, lawyers or other professionals may be invited to attend the meeting to make statements when necessary, but shall leave the meeting when discussion or voting take place. A meeting shall be called to order by the Chairman when the scheduled meeting time is up and the majority of the Directors are present. If half of the Directors are not present at the schedule meeting time, the chairman may announce the postponement of the meeting no more than twice. If the number of the Directors still not reach the standard after the second postponement, the Chairman may convene a new meeting in accordance with the procedure under Paragraph 2, Article 2.

The "All Directors" referred in the previous Article and under Subparagraph 2, Paragraph 2, Article 16 is refer to the actual number of persons current onboard.

Article 8 : The Chairman may declare an end to discussion of a proposal if he or she thinks it's ready for a vote and may have the proposal vote.

The resolution shall be approved when the Chairman consult the opinion of the Directors present at the meeting and no objection is raised. If a objection is raised, shall be set out to vote.

Voting shall be perform with one of the following methods. If a objection is raised for the method, the decision shall be made according to a majority vote.

- i. Vote by show of hands or voting machine.
- ii. Vote by roll-call.
- iii. Vote by ballots.
- iv. Other voting method provided by the Board.

"Directors present at the meeting" referred in Paragraph 2 does not include Directors who may not exercise their voting rights stated under Paragraph 1, Article 10.

Article 9 : The meeting shall be proceeded with the agenda listed in the meeting notice; however, it may be changed if obtain approval by over half of the Directors present

at the meeting.

The Chairman shall not initiate a meeting to adjourn unless obtain approval by over half of the Directors present at the meeting.

During the Board meeting, if the number of Directors present at the meeting is no more than half of the Directors attending the meeting, upon a motion being proposed by a Director present in the meeting, the Chairman shall declare suspension of the meeting and rules under Paragraph 3, Article 7 may apply.

Article 10 : For the proposals, if a Director or the legal person he or she represents is an interested party, the Director shall explain the importance of his or her interest at the Board meeting. If it's detrimental to the interest of the Company, the Director may state his or her opinion but shall not participate in the discussion and voting. The Director shall not be present when discussion and voting take place and cannot vote on behalf of other Directors.

By the proposal of the Board, for those Directors without voting rights stated in previous paragraph, shall refer to rules under Paragraph 3, Article 206 of the Company Law, that Paragraph 2, Article 180 may apply.

Article 11 : By the proposal of the Board, unless stated in the Securities Exchange Act and Company Law, over half of the Directors shall present in the meeting and obtain approval by half of the presenting Directors.

In the case of an amendment or substitute of a proposal, the Chairman shall decide the voting order with the original proposal. However, if one of the proposal is approved, the others shall be over-ruled and no need to vote again.

If a vote on a proposal requires monitoring and counting personnel, the Chairman shall appoint such personnel. Monitoring personnel shall be appointed within the Directors.

Results of the votes shall be recorded and announced on the spot.

Article 12 : The General Manager's Office is the assigned unit to handle administrative matters of the Board meeting. The unit shall draft the meeting agenda of the Board meeting and provide sufficient meeting related information and sent with the meeting notice. If the Board considers the information is not sufficient, shall request further information from the unit. If the Board considers the meeting agenda is not sufficient, the meeting may be postponed with the approval of the Board.

Article 13 : Proceedings of a board meeting shall be recorded in their entirety in audio or video, and the recording shall be retained for a minimum of 5 years. The record may be retained in electronic form.

If any litigation arises with respect to a resolution of a board meeting before the end of the retention period of the preceding paragraph, the relevant audio or video

record shall be retained until the conclusion of the litigation.

Where a board meeting is held by videoconference, the audio or video documentation of the meeting constitutes part of the meeting minutes and shall be retained for the duration of the existence of this Corporation.

Article 14 : The agenda of the regular Board meeting shall include at least the following:

1. Matters to be reported:
 - i. Meeting minutes from the last meeting and execution status.
 - ii. Important financial and business reports.
 - iii. Internal audit report.
 - iv. Other important issue.
2. Discussion:
 - i. Items for continued discussion from the last meeting.
 - ii. Items for discussion at this meeting.
3. Extraordinary motions

Article 15 : The Following issues shall be proposed for discussion in the Board meeting:

1. Company's Business Plan
2. Annual Financial Reports and quarterly reviewed Financial Reports.
3. Adoption or amendment of an internal control system pursuant to Article 14-1 of the Securities and Exchange Act.
4. Adoption or amendment, pursuant to Article 36-1 of the Securities and Exchange Act, of any handling procedures for material financial or business transactions, such as the acquisition or disposal of assets, derivatives trading, loans of funds to others, and endorsements or guarantees for others.
5. The offering, issuance, or private placement of any equity-type securities.
6. The appointment or discharge of a financial, accounting, or internal audit officer.
7. A donation to a related party or a major donation to a non-related party, provided that a public-interest donation of disaster relief that is made for a major natural disaster may be submitted to the following board of directors meeting for retroactive recognition.
8. Any matter that, under Article 14-3 of the Securities and Exchange Act or any other law, regulation, or bylaw, must be approved by resolution at a shareholders meeting or board meeting, or any material matter as may be prescribed by the competent authority.

The term "related party" in subparagraph 7 of the preceding paragraph means a related party as defined in the Regulations Governing the Preparation of Financial Reports by Securities Issuers. The term "major donation to a non-related party" means an individual donation, or cumulative donations within a 1-year period to a single recipient, at an amount of NTD100 million or more, or at an amount equal to

or greater than 1 percent of net operating revenue or 5 percent of paid-in capital as stated in the CPA-attested financial report for the most recent year.

Within a one-year period in previous subparagraph is based on the date of this Board meeting, counting back one-year period. For those donations approved in previous meeting may not be included.

At least one independent Director shall attend the meeting in person. For the proposal in the Board meeting in subparagraph 1, shall have all independent Directors attending. If an independent Directors cannot attend the meeting in person, shall appoint other independent Director as deputy. If a independent Director have have objections or reservations, shall record in the Board's meeting minute. if an independent Director intends to express an objection or reservation but is unable to attend the meeting in person, then unless there is a legitimate reason to do otherwise, that director shall issue a written opinion in advance, which shall be recorded in the board meeting minutes.

If the Board do not accept or amend the from the Remuneration Committee advise, over two thirds of the Board Directors shall attend the meeting and over half of the presenting Directors shall agree. Then shall decide based on the considerations and explanation that whether remuneration is better than the advise which given by the Remuneration Committee.

If the Remuneration approved by the Board is better than the advise which given by the Remuneration Committee, shall be not only recorded the difference and the reason in the meeting minutes but also publicly announced and filed on the website of the Market Observation Post System designated by the Financial Supervisory Commission, within 2 days from the approval date of the meeting.

Article 16 : The Board meeting shall have meeting minutes with specific matters as below:

1. The meeting session (or year) and the time and place of meeting.
2. Name of the Chairman.
3. The directors' attendance at the meeting, including the names and the number of directors in attendance, excused, and absent.
4. The names and titles of those attending the meeting as non-voting participants.
5. The name of the minute taker.
6. The matters reported at the meeting.
7. Discussion: the resolutions of the proposals; summary of the comments made by Directors, experts, and others; the name of any Director that is an interested party as referred to in paragraph 1 Article 10; the explanation of the important aspects of the interest, the reasons why for abstain or not, and whether the Director has abstained; objections or reservations with records or written statements; and written opinions issued by independent Directors in accordance

with Paragraph 4, Article 15 .

8. Extraordinary Motions: Name of the person submitting a proposal; how a proposal is resolved and the resolution; summary statement by Directors, experts and others; name of any Director that is an interested party as referred to in paragraph 1 Article 10; the explanation of the important aspects of the interest, the reasons why for abstain or not, and whether the Director has abstained; objections or reservations with records or written statements.

9. Other Matters:

The proposal of the following matters, shall record in the meeting minutes and make public announcement within 2 days after the approval of the Board through the information filing websites assigned by the Competent Authority.

i. If any objection or reservation by independent Director with a record or written statement.

ii. If there is an audit committee team in the Company and did not approve the matter but at least two-thirds of all of the Directors approved.

The attendance book is considered a part of the meeting minutes and shall kept in safety while the company existing.

Meeting minutes shall be signed or sealed by the Chairman and the person who records the minutes. Copies shall be distributed to all Directors within twenty days of the meeting. The minutes shall be considered as important files of the Company and be kept in safety while the company existing.

Preparation and distribution of the minutes in the first paragraph may be done electronically.

Article 17 : Besides the matters in Paragraph 1 of Article 15 shall be raised at the Board meeting for discussion, the Chairman is authorised to execute the matters by the regulations of Company Act as below:

1. Authorization list of the Company.

2. By rules, systems, and regulations of the Company.

3. Assigned the Director and supervisors of the investment company.

4. The record date for capital increase or reduction and cash dividend payment date.

Article 18 : The regulations of the Company's Board meeting shall be applied in content, procedure, matter recorded in meeting minutes, public announcement and other matters, unless stated in other Laws or Regulations.

Article 19 : If there is Executive Director meeting in the Company, meeting rules applied with Paragraph 2 Article 2, Article 5 to Article 14, Article 16 and Article 18 in this regulation. If the meeting is regularly convened within seven days, a notice may be sent to all Executive Director two days before.

Article 20 : Establishment and amendment of this regulation shall be subject to consent of the Board and raised to report at a Shareholders' Meeting. Any amendment in the future shall be proposed for approval by the Board of Directors.

Appendix 6 : Codes of Ethical Conduct

Excelsior Medical Co., Ltd. **Codes of Ethical Conduct**

Amended in the Board of Directors' meeting held on November 07, 2019

- Article 1 Purpose and coverage
Codes of ethical conduct, these Guidelines are adopted for the purpose of encouraging directors, and managerial officers to act in line with ethical standards, and to help interested parties better understand the ethical standards of such companies.
This standard applies to directors and managers of the company.
- Article 2 duties in good faith
The directors, and managerial officers of the company should take a proactive, conscientious and responsible attitude, abandon standardism, pay attention to teamwork, and abide by the principles of good faith.
- Article 3 Prevention of conflicts of interest
The director or managerial officer of the company shall perform their duties in an objective and efficient manner, they shall not obtain improper benefits for either themselves or their spouse, parents, children, or relatives within the second degree of kinship.
The company shall pay special attention to loans of funds, provisions of guarantees, and major asset transactions or the purchase (or sale) of goods involving the affiliated enterprise at which a director, or managerial officer works. The company shall establish a policy aimed at preventing conflicts of interest, and shall offer appropriate means for directors, and managerial officers to voluntarily explain whether there is any potential conflict between them and the company.
- Article 4 Minimizing incentives to pursue personal gain
1. The company shall prevent its directors or managerial officers from engaging in any of the following activities:
(1) Seeking an opportunity to pursue personal gain or Obtain personal gain by using company property or information or taking advantage of their positions.
(2) Competing with the company.
2. When the company has an opportunity for profit, it is the responsibility of the directors and managerial officers to maximize the reasonable and proper benefits that can be obtained by the company.
- Article 5 Confidentiality
The directors and managerial officers of the company shall be bound by the obligation to maintain the confidentiality of any information regarding the company itself or its suppliers and customers, except when authorized or required by law to disclose such information. Confidential information includes any undisclosed information that, if exploited by a competitor or disclosed, could result in damage to the company or the suppliers and customers.

Article 6 Fair trade

The directors and managerial officers shall treat all suppliers and customers, competitors, and employees fairly, and may not obtain improper benefits through manipulation, nondisclosure, or misuse of the information learned by virtue of their positions, or through misrepresentation of important matters, or through other unfair trading practices.

Article 7 Prohibition of improper benefit

The directors and managerial officers of the company shall not behave on the improper benefit such as request, contract, deliver or accept any form of gift, entertainment, kickback, bribe, however, if the gift or entertainment is permitted by social etiquette or company regulations, this is not the case.

Article 8 Safeguarding and proper use of company assets

The directors and managerial officers have the responsibility to safeguard company assets and to ensure that they can be effectively and lawfully used for official business purposes.

Article 9 Legal compliance

The directors and managerial officers of the company should abide by all relevant laws, regulations and policies that regulate the company's activities, such as the company Act and securities and Exchange Act.

Article 10 Encouraging reporting on illegal or unethical activities

The company shall raise awareness of ethics internally and encourage employees to report to a company managerial officer, chief internal auditor, or other appropriate individual upon suspicion or discovery of any activity in violation of a law or regulation or the code of ethical conduct. To encourage employees to report illegal conduct, the company shall establish a concrete whistle-blowing system and make employees aware that the company will use its best efforts to ensure the safety of informants.

Article 11 Disciplinary measures

The Directors, and managerial officers of the company violate the Code of ethical conduct, the company shall deal with it in accordance with the relevant regulations, and immediately disclose the violation date, cause of violation, violation of the code and handling situation of the person in violation at the public information observatory.

When punished for violating the provisions of this Code, the violating person may file an appeal in accordance with the relevant regulations.

Article 11 Disciplinary measures

The Directors and managerial officers of the company violates the code of ethical conduct, the company shall handle the matter in accordance with the disciplinary measures prescribed in the code, and shall without delay disclose on the Market Observation Post System (MOPS) the date of the violation by the violator, reasons for the violation, the provisions of the code violated, and the disciplinary actions taken.

When punished for violating the provisions of this Code, the violating person may

file an appeal in accordance with the relevant regulations.

Article 12 Procedures for exemption

The code of ethical conduct adopted by a company must require that any exemption for directors or managerial officers from compliance with the code be adopted by a resolution of the board of directors, and that information on the date on which the board of directors adopted the resolution for exemption, objections or reservations of independent directors, and the period of, reasons for, and principles behind the application of the exemption be disclosed without delay on the MOPS, in order that the shareholders may evaluate the appropriateness of the board resolution to forestall any arbitrary or dubious exemption from the code, and to safeguard the interests of the company by ensuring appropriate mechanisms for controlling any circumstance under which such an exemption occurs.

Article 13 Method of disclosure

The company shall disclose the code of ethical conduct it has adopted, and any amendments to it, on its company website, in its annual reports and prospectuses and on the MOPS.

Article 14 Enforcement

The company's code of ethical conduct shall be implemented after adoption by the Board of Directors, and submitted to a shareholders meeting. The same shall apply in case of any version.

Appendix 7 : Financial Reports

Independent Auditors' Report

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

Opinion

We have audited the financial statements of Excelsior Medical Co., Ltd.(“the Company”), which comprise the balance sheets as of December 31, 2019 and 2018, the statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the 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 financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2019 and 2018, and its financial performance and its cash flows for the year then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

We conducted our audit of the 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. Furthermore, we conducted our audit of the financial statements as of and for the year ended December 31, 2018 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. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company 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 report 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 financial statements of the current period. These matters were addressed in the context of our audit of the 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)(f) for accounting policies of account receivable allowance provision.

Description of key audit matter:

The management of the Company 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 Company's disclosure for impairment of receivables.

Other Matter

We did not audit the financial statements of certain subsidiaries, associates and joint ventures, which represented investment in other entities accounted for using the equity method of the Company. Those statements were audited by other auditors, whose reports has been furnished to us, and our opinion, insofar as it relates to the amounts included for such entities, is based solely on the report of other auditors. The investments in such entities accounted for using the equity method were NT\$101,609 thousand and NT\$380,142 thousand, constituting 1% and 5% of the total assets at December 31, 2019 and 2018, respectively, and the related share of profit of subsidiaries, associates and joint ventures accounted for using the equity method amounted to NT\$19,784 thousand and NT\$26,130 thousand, constituting 3% and 5% of total profit before tax for the years then ended, respectively.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company'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 Company 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 Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 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 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 Company' 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 Company' 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 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 Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the 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 investment in other entities accounted for using the equity method to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the 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 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 12, 2020

Notes to Readers

The accompanying parent company only financial statements are intended only to present the statement of financial position, financial performance and its 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 parent company only financial statements are those generally accepted and applied in the Republic of China.

The independent auditors' report and the accompanying parent company only 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 parent company only financial statements, the Chinese version shall prevail.

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

BALANCE SHEETS

DECEMBER 31, 2019 AND 2018

(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

| | 2019.12.31 | | 2018.12.31 | |
|---|---------------------|------------|---------------------|------------|
| | Amount | % | Amount | % |
| ASSETS | | | | |
| Current assets: | | | | |
| 1100 Cash and cash equivalents (Note 6)(a)) | \$ 749,196 | 9 | 908,375 | 11 |
| 1110 Current financial assets at fair value through profit or loss (Note 6)(b)) | - | - | 15,147 | - |
| 1151 Notes receivable (Notes 6)(d)) | 69,446 | 1 | 80,070 | 1 |
| 1170 Accounts receivable due from related parties (Notes 6)(d) and (7)) | 316,921 | 4 | 334,000 | 4 |
| 1180 Other receivables (Notes 6)(d) and (7)) | 625,171 | 7 | 572,016 | 7 |
| 1200 Inventories (Note 6)(e)) | 5,492 | - | 3,660 | - |
| 130X Other current assets, others | 536,676 | 6 | 605,506 | 8 |
| 1470 | 16,701 | - | 17,360 | - |
| | 2,319,603 | 27 | 2,536,134 | 31 |
| Non-current assets: | | | | |
| 1517 Non-current financial assets at fair value through other comprehensive income (Note 6)(c)) | 305,256 | 4 | 345,814 | 4 |
| 1550 Investments accounted for using equity method (Note 6)(f)) | 5,241,076 | 66 | 4,916,518 | 60 |
| 1600 Property, plant and equipment (Notes 6)(f) and (8)) | 180,050 | 2 | 185,825 | 2 |
| 1755 Right-of-use assets (Note 6)(g)) | 12,886 | - | - | - |
| 1760 Investment property (Note 6)(k)) | - | - | 194,209 | 2 |
| 1780 Intangible assets (Note 6)(l)) | 697 | - | 1,325 | - |
| 1840 Deferred tax assets (Note 6)(s)) | 64,862 | 1 | 42,710 | 1 |
| 1975 Net defined benefit asset (Note 6)(p)) | 3,184 | - | - | - |
| 1980 Other non-current financial assets (Note 8)) | 8,758 | - | 10,862 | - |
| 1990 Other non-current assets, others | 8,229 | - | 7,071 | - |
| | 6,124,998 | 73 | 5,704,334 | 69 |
| TOTAL ASSETS | \$ 8,444,601 | 100 | \$ 8,240,468 | 100 |
| LIABILITIES AND EQUITY | | | | |
| Current liabilities: | | | | |
| Short-term borrowings (Note 6)(m)) | 2100 | | 2100 | |
| Notes payable | 2150 | | 2150 | |
| Accounts payable (Note 7)) | 2170 | | 2170 | |
| Other payables (Notes 7)) | 2200 | | 2200 | |
| Current tax liabilities | 2230 | | 2230 | |
| Current lease liabilities (Note 6)(p)) | 2280 | | 2280 | |
| Other current liabilities, others (Notes 6)(o) and (7)) | 2399 | | 2399 | |
| | 1,381,462 | 17 | 944,271 | 11 |
| Non-current liabilities: | | | | |
| Deferred tax liabilities (Note 6)(s)) | 2570 | | 2570 | |
| Long-term accounts payable to a related party (Notes 7)) | 2622 | | 2622 | |
| Net defined benefit liability (Note 6)(f)) | 2640 | | 2640 | |
| Non-current lease liabilities (Notes 6)(p)) | 2580 | | 2580 | |
| Other non-current liabilities, others (Notes 6)(o) and (7)) | 2670 | | 2670 | |
| Total liabilities | 1,498,260 | 18 | 1,433,627 | 17 |
| Equity (Note 6)(h)): | | | | |
| Share capital | 3100 | | 3100 | |
| Capital surplus | 3200 | | 3200 | |
| Retained earnings | 3300 | | 3300 | |
| Other equity | 3400 | | 3400 | |
| Total equity | 6,946,341 | 82 | 6,806,841 | 83 |
| TOTAL LIABILITIES AND EQUITY | \$ 8,444,601 | 100 | \$ 8,240,468 | 100 |

(ENGLISH TRANSLATION OF FINANCIAL STATEMENTS ORIGINALLY ISSUED IN CHINESE)

EXCELSIOR MEDICAL CO., LTD.

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

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

| | | For the Years Ended December 31, | | | |
|------|--|----------------------------------|------------|-----------------|------------|
| | | 2019 | | 2018 | |
| | | Amount | % | Amount | % |
| 4000 | Operating revenue (Notes (6)(w) and (7)) | \$ 3,964,690 | 100 | 3,733,339 | 100 |
| 5000 | Operating costs (Note (6)(e)) | 3,330,609 | 84 | 3,130,077 | 84 |
| | Gross profit from operations | 634,081 | 16 | 603,262 | 16 |
| 5910 | Less: Unrealized profit from sales | 91,697 | 2 | 125,043 | 3 |
| 5920 | Add: Realized profit from sales | 89,355 | 2 | 125,102 | 3 |
| | | 631,739 | 16 | 603,321 | 16 |
| | Operating expenses: | | | | |
| 6100 | Selling expenses | 208,502 | 5 | 192,106 | 5 |
| 6200 | Administrative expenses | 165,637 | 4 | 130,868 | 3 |
| 6450 | Expected credit (gain) loss (Note (6)(d)) | (5,703) | - | 741 | - |
| | | 368,436 | 9 | 323,715 | 8 |
| | Net operating income | 263,303 | 7 | 279,606 | 8 |
| | Non-operating income and expenses: | | | | |
| 7010 | Other income (Notes (6)(y) and (7)) | 7,851 | - | 6,433 | - |
| 7020 | Other gains and losses (Notes (6)(y) and (7)) | 51,115 | 1 | 14,325 | - |
| 7050 | Finance costs (Note (6)(y)) | (5,461) | - | (5,511) | - |
| 7060 | Share of profit of subsidiaries, associates and joint ventures accounted for using equity method (Note (6)(f)) | 281,954 | 7 | 238,526 | 6 |
| | | 335,459 | 8 | 253,773 | 6 |
| 7900 | Profit before tax | 598,762 | 15 | 533,379 | 14 |
| 7950 | Less: Tax expense (Note (6)(s)) | 84,007 | 2 | 81,817 | 2 |
| | Profit | 514,755 | 13 | 451,562 | 12 |
| | Other comprehensive income (loss): | | | | |
| | Items that will not be reclassified subsequently to profit and loss | | | | |
| 8310 | Gains (losses) on remeasurements of defined benefit plans | 3,456 | - | (932) | - |
| 8316 | Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income | 9,375 | - | (6,738) | - |
| 8330 | Share of other comprehensive income of subsidiaries, associates and joint ventures accounted for using equity method, components of other comprehensive income that will not be reclassified to profit or loss | 39,007 | 1 | (38,633) | (1) |
| 8349 | Less: Income tax related to components of other comprehensive income that will not be reclassified to profit or loss | (2,836) | - | (12,839) | - |
| | Total items that will not be reclassified subsequently to profit and loss | 54,674 | 1 | (33,464) | (1) |
| 8360 | Items that will be reclassified to profit or loss | | | | |
| 8361 | Exchange differences on translation | (56,139) | (1) | (6,585) | - |
| 8380 | Share of other comprehensive income of subsidiaries, associates and joint ventures accounted for using equity method, components of other comprehensive income that will be reclassified to profit or loss | (1,456) | - | 2,562 | - |
| 8399 | Less: Income tax related to components of other comprehensive income that will be reclassified to profit or loss | (11,228) | - | (3,506) | - |
| | Total items that will be reclassified subsequently to profit and loss | (46,367) | (1) | (517) | - |
| | Other comprehensive income, net | 8,307 | - | (33,981) | (1) |
| 8500 | Total comprehensive income for the year | \$ 523,062 | 13 | 417,581 | 11 |
| | Earnings per share (Note (6)(v)) | | | | |
| 9750 | Basic earnings per share (NT dollars) | \$ | 4.02 | \$ | 3.53 |
| 9850 | Diluted earnings per share (NT dollars) | \$ | 3.99 | \$ | 3.50 |

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

STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

| | Share capital | | | | Retained earnings | | | Total other equity interest | | |
|---|-----------------|--|-----------------|---------------|-------------------|----------------------------------|---|---|-----------|--------------|
| | Ordinary shares | Certificate of entitlement to new shares from convertible bond | 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 | Others | Total equity |
| Balance at January 1, 2018 | 1,277,653 | 619 | 2,804,995 | 641,978 | 115,078 | 1,860,321 | (61,019) | 97,379 | (212,359) | 6,524,847 |
| Profit for the year | - | - | - | - | - | 451,562 | - | - | - | 451,562 |
| Other comprehensive income (loss) for the year | - | - | - | - | - | (6,117) | (517) | (27,347) | - | (33,981) |
| Total comprehensive income (loss) for the year | - | - | - | - | - | 445,445 | (517) | (27,347) | - | 417,581 |
| Appropriation and distribution of retained earnings: | | | | | | | | | | |
| Legal reserve appropriated | - | - | - | 39,905 | - | (39,905) | - | - | - | - |
| Special reserve appropriated | - | - | - | - | 147,754 | (147,754) | - | - | - | - |
| Cash dividends of ordinary share | - | - | (264) | - | - | (357,917) | - | - | - | (357,917) |
| Changes in equity of associates and joint ventures accounted for using equity method | - | - | - | - | - | (954) | - | - | - | (1,218) |
| Conversion of convertible bonds | - | 3,216 | 8,079 | - | - | - | - | - | - | 11,295 |
| Conversion of certificates of bonds-to-share | - | (3,835) | (106) | - | - | - | - | - | - | - |
| Changes in ownership interests in subsidiaries | - | - | - | - | - | - | - | - | 212,359 | 212,353 |
| Disposal of investments in equity instruments designated at fair value through other comprehensive income | - | - | - | - | - | 35,325 | - | (35,325) | - | - |
| Balance at December 31, 2018 | 1,281,490 | - | 2,812,704 | 681,883 | 262,832 | 1,794,561 | (61,536) | 34,907 | - | 6,806,841 |
| Effects of retrospective application | - | - | - | - | - | (1,632) | - | - | - | (1,632) |
| Equity at beginning of period after adjustments | 1,281,490 | - | 2,812,704 | 681,883 | 262,832 | 1,792,929 | (61,536) | 34,907 | - | 6,805,209 |
| Profit for the year | - | - | - | - | - | 514,755 | - | - | - | 514,755 |
| Other comprehensive income (loss) for the year | - | - | (176) | - | - | (3,431) | (46,367) | 51,243 | - | 8,307 |
| Total comprehensive income (loss) for the year | - | - | - | - | - | 511,324 | (46,367) | 51,243 | - | 523,062 |
| Appropriation and distribution of retained earnings: | | | | | | | | | | |
| Legal reserve appropriated | - | - | - | 45,156 | - | (45,156) | - | - | - | - |
| Special reserve reversed | - | - | - | - | (236,203) | 236,203 | - | - | - | (384,447) |
| Cash dividends of ordinary share | - | - | - | - | - | (384,447) | - | - | - | (1,762) |
| Changes in equity of associates and joint ventures accounted for using equity method | - | - | - | - | - | (1,586) | - | - | - | 957 |
| Changes in ownership interests in subsidiaries | - | - | - | - | - | - | - | - | - | 3,322 |
| Employee stock options | - | - | - | - | - | - | - | - | - | - |
| Disposal of investments in equity instruments designated at fair value through other comprehensive income | - | - | - | - | - | 34,596 | - | (34,596) | - | - |
| Balance at December 31, 2019 | 1,281,490 | - | 2,816,807 | 727,039 | 26,629 | 2,150,725 | (107,903) | 51,554 | - | 6,946,341 |

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

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

| | For the Years Ended December 31, | |
|--|----------------------------------|------------------|
| | 2019 | 2018 |
| Cash flows from operating activities: | | |
| Profit before tax | \$ 598,762 | 533,379 |
| Adjustments: | | |
| Adjustments to reconcile profit (loss): | | |
| Depreciation expense | 26,206 | 24,064 |
| Amortization expense | 1,813 | 1,685 |
| Expected credit (gain) loss | (5,703) | 741 |
| Net gain on financial assets or liabilities at fair value through profit or loss | (53) | (307) |
| Interest expense | 5,461 | 5,511 |
| Interest income | (4,408) | (3,827) |
| Dividend income | (3,443) | (2,606) |
| Share-based payments | 3,322 | - |
| Share of profit of subsidiaries, associates and joint ventures accounted for using equity method | (281,954) | (238,526) |
| Loss on disposal of property, plant and equipment | - | 319 |
| Gain on disposal of subsidiaries | - | (373) |
| Reversal of impairment gain on non-financial assets | (64) | - |
| Impairment loss on non-financial assets | - | 838 |
| Unrealized profit from sales | 91,697 | 125,043 |
| Realized profit from sales | (89,355) | (125,102) |
| Others | (50,903) | - |
| Total adjustments to reconcile profit | (307,384) | (212,540) |
| Changes in operating assets and liabilities: | | |
| Changes in operating assets: | | |
| Notes receivable | 10,624 | 18,111 |
| Accounts receivable | 22,782 | (17,529) |
| Accounts receivable due from related parties | (53,155) | 46,463 |
| Other receivables | (2,021) | 2,542 |
| Inventories | 56,450 | (7,517) |
| Other current assets | (6,079) | (101) |
| Total changes in operating assets | 28,601 | 41,969 |
| Changes in operating liabilities: | | |
| Financial liabilities held for trading | - | (1,441) |
| Notes payable | 4,180 | (1,438) |
| Accounts payable | (19,332) | (15,749) |
| Other payables | 1,181 | (3,409) |
| Other current liabilities | (1,909) | (2,634) |
| Net defined benefit liability | (745) | (884) |
| Deferred credits | (2,740) | (5,729) |
| Total changes in operating liabilities | (19,365) | (31,284) |
| Total changes in operating assets and liabilities | 9,236 | 10,685 |
| Total adjustments | (298,148) | (201,855) |
| Cash inflow generated from operations | 300,614 | 331,524 |
| Interest received | 4,597 | 2,933 |
| Income taxes paid | (68,221) | (54,528) |
| Net cash flows from operating activities | 236,990 | 279,929 |

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

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

| | For the Years Ended December 31, | |
|---|---|------------------|
| | 2019 | 2018 |
| 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 | 57,295 | 56,312 |
| Proceeds from disposal of financial assets at fair value through profit or loss | 15,200 | 30,263 |
| Acquisition of investments accounted for using equity method | (626,469) | - |
| Proceeds from disposal of investments accounted for using equity method | - | 106,599 |
| Acquisition of property, plant and equipment | (1,415) | (6,389) |
| Proceeds from disposal of property, plant and equipment | - | 22 |
| Acquisition of intangible assets | (196) | (907) |
| Decrease (increase) in other financial assets | 2,103 | (1,750) |
| Increase in other non-current assets | (2,145) | (878) |
| Dividends received | 107,252 | 80,043 |
| Net cash flows (used in) from investing activities | (455,737) | 263,315 |
| Cash flows from financing activities: | | |
| Increase in short-term borrowings | 450,000 | - |
| Decrease in guarantee deposits received | - | (500) |
| Increase in other payables to related parties | 3,684 | 5,462 |
| Cash dividends paid | (384,447) | (357,917) |
| Interest paid | (5,097) | (5,462) |
| Payment of lease liabilities | (4,572) | - |
| Net cash flows from (used in) financing activities | 59,568 | (358,417) |
| Net (decrease) increase in cash and cash equivalents | (159,179) | 184,827 |
| Cash and cash equivalents at beginning of period | 908,375 | 723,548 |
| Cash and cash equivalents at end of period | \$ 749,196 | 908,375 |

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, 2019 and 2018, 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, 2019 and 2018, 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, 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. Furthermore, we conducted our audit of the consolidated financial statements as of and for the year ended December 31, 2018 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. 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 for 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, 2019, the total assets of these subsidiaries were NT\$231,936 thousand, constituting 2% of consolidated total assets. The total operating revenues of these subsidiaries for the year ended December 31, 2019 were NT\$95,717 thousand, constituting 1% of consolidated total operating revenues. 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, 2019 and 2018, the carrying amounts of these investments were NT\$101,609 thousand and NT\$215,973 thousand, constituting 1% and 2% 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, 2019 and 2018, amounted to NT\$19,784 thousand and NT\$17,967 thousand, were constituting 3% and 4% 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, 2019 and 2018, 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 12, 2020

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 SHEET
DECEMBER 31, 2019 AND 2018
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

| | 2019.12.31 | | 2018.12.31 | |
|--|----------------------|------------|----------------------|------------|
| | Amount | % | Amount | % |
| ASSETS | | | | |
| Current assets: | | | | |
| 1100 Cash and cash equivalents (Note (6)(a)) | \$ 2,828,776 | 21 | 3,100,081 | 22 |
| 1110 Current financial assets at fair value through profit or loss (Note (6)(b)) | - | - | 15,168 | - |
| 1136 Current financial assets at amortized cost (Note (6)(d)) | 524,614 | 4 | 233,664 | 2 |
| 1151 Notes receivable (Notes (6)(e), (7) and (8)) | 267,181 | 2 | 382,138 | 3 |
| 1152 Other notes receivable (Notes (6)(e), (7) and (8)) | 225,191 | 2 | 360,254 | 3 |
| 1170 Accounts receivable (Notes (6)(e) and (7)) | 1,294,654 | 9 | 1,223,123 | 9 |
| 1200 Other receivables (Notes (6)(e) and (7)) | 2,461,811 | 18 | 3,405,421 | 24 |
| 130X Inventories (Note (6)(f)) | 853,185 | 6 | 1,008,284 | 7 |
| 1476 Other current financial assets (Note (8)) | 59,308 | - | 74,853 | - |
| 1479 Other current assets, others | 99,965 | 1 | 136,292 | 1 |
| | <u>8,614,685</u> | <u>63</u> | <u>9,939,278</u> | <u>71</u> |
| Non-current assets: | | | | |
| 1517 Non-current financial assets at fair value through other comprehensive income (Note (6)(c)) | 690,085 | 5 | 714,418 | 5 |
| 1550 Investments accounted for using equity method (Note (6)(g)) | 2,468,562 | 17 | 2,418,116 | 17 |
| 1600 Property, plant and equipment (Notes (6)(f) and (8)) | 560,863 | 4 | 286,345 | 2 |
| 1755 Right-of-use assets (Note (6)(m)) | 238,971 | 2 | - | - |
| 1760 Investment property, net (Note (6)(n)) | 788,628 | 6 | 194,209 | 2 |
| 1780 Intangible assets (Note (6)(o)) | 31,967 | - | 39,585 | - |
| 1840 Deferred tax assets (Note (6)(z)) | 219,928 | 2 | 198,713 | 2 |
| 1930 Long-term notes and accounts receivable (Note (6)(e)) | 18,378 | - | 27,591 | - |
| 1975 Net defined benefit asset (Note (6)(y)) | 6,033 | - | 2,592 | - |
| 1980 Other non-current financial assets (Note (8)) | 203,172 | 1 | 134,384 | 1 |
| 1990 Other non-current assets, others | 23,712 | - | 25,639 | - |
| | <u>5,150,299</u> | <u>37</u> | <u>4,041,592</u> | <u>29</u> |
| | <u>\$ 13,764,984</u> | <u>100</u> | <u>\$ 13,980,870</u> | <u>100</u> |
| TOTAL ASSETS | | | | |
| | | | | |
| LIABILITIES AND EQUITY | | | | |
| Current liabilities: | | | | |
| 2100 Short-term borrowings (Note (6)(p)) | \$ 1,212,967 | 9 | 1,110,000 | 8 |
| 2130 Current contract liabilities (Note (7)) | 320,562 | 2 | 316,539 | 2 |
| 2150 Notes payable | 6,171 | - | 2,204 | - |
| 2170 Accounts payable (Note (7)) | 1,053,107 | 8 | 1,012,475 | 7 |
| 2200 Other payables (Notes (6)(r) and (7)) | 1,809,771 | 13 | 2,498,680 | 18 |
| 2230 Current tax liabilities | 67,448 | - | 59,089 | - |
| 2280 Current lease liabilities (Note (6)(v)) | 77,418 | 1 | - | - |
| 2322 Long-term borrowings, current portion (Note (6)(u)) | 8,055 | - | - | - |
| 2399 Other current liabilities, others (Notes (6)(s), (t), (s) and (7)) | 273,603 | 2 | 106,989 | 1 |
| | <u>4,829,102</u> | <u>35</u> | <u>5,105,976</u> | <u>36</u> |
| Non-current liabilities: | | | | |
| 2540 Long-term borrowings (Note (6)(u)) | 644 | - | - | - |
| 2570 Deferred tax liabilities (Note (6)(z)) | 115,790 | 1 | 105,553 | 1 |
| 2622 Long-term accounts payable to a related party (Notes (7) and (9)) | - | - | 393,109 | 3 |
| 2640 Net defined benefit liability (Note (6)(y)) | 17,152 | - | 21,911 | - |
| 2580 Non-current lease liabilities (Note (6)(v)) | 163,791 | 1 | - | - |
| 2670 Other non-current liabilities, others (Notes (6)(t) and (7)) | 6,653 | - | 11,918 | - |
| | <u>303,970</u> | <u>2</u> | <u>532,491</u> | <u>4</u> |
| | <u>5,133,072</u> | <u>37</u> | <u>5,638,467</u> | <u>40</u> |
| Total liabilities | | | | |
| | | | | |
| Equity attributable to owners of parent (Note (6)(a)): | | | | |
| 3100 Share capital | 1,281,490 | 9 | 1,281,490 | 9 |
| 3200 Capital surplus | 2,816,807 | 21 | 2,812,704 | 20 |
| 3300 Retained earnings | 2,904,393 | 21 | 2,739,276 | 20 |
| 3400 Other equity | (56,349) | - | (26,629) | - |
| | <u>6,946,341</u> | <u>51</u> | <u>6,806,841</u> | <u>49</u> |
| Total equity attributable to owners of parent | | | | |
| 36XX Non-controlling interests (Notes (6)(t) and (aa)) | 1,685,571 | 12 | 1,535,562 | 11 |
| | <u>8,631,912</u> | <u>63</u> | <u>8,342,403</u> | <u>60</u> |
| Total equity | | | | |
| | <u>\$ 13,764,984</u> | <u>100</u> | <u>\$ 13,980,870</u> | <u>100</u> |
| TOTAL LIABILITIES AND EQUITY | | | | |

(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, 2019 AND 2018

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

| | | For the Years Ended December 31, | | | |
|------|--|----------------------------------|-----|-----------|-----|
| | | 2019 | | 2018 | |
| | | Amount | % | Amount | % |
| 4000 | Operating revenue (Notes (6)(ad) and (7)) | \$ 6,457,362 | 100 | 6,345,031 | 100 |
| 5000 | Operating costs (Note (6)(f)) | 5,218,965 | 81 | 5,145,925 | 81 |
| | Gross profit from operations | 1,238,397 | 19 | 1,199,106 | 19 |
| 5910 | Less: Unrealized profit from sales | 91,697 | 1 | 125,043 | 2 |
| 5920 | Add: Realized profit from sales | 89,355 | 1 | 125,102 | 2 |
| | | 1,236,055 | 19 | 1,199,165 | 19 |
| | Operating expenses: | | | | |
| 6100 | Selling expenses (Note (7)) | 463,877 | 7 | 489,605 | 8 |
| 6200 | Administrative expenses (Note (7)) | 304,073 | 5 | 259,316 | 4 |
| 6450 | Expected credit loss (Note (6)(e)) | 4,066 | - | 12,125 | - |
| | | 772,016 | 12 | 761,046 | 12 |
| | | 464,039 | 7 | 438,119 | 7 |
| | Net operating income | | | | |
| | Non-operating income and expenses: | | | | |
| 7010 | Other income (Notes (6)(af) and (7)) | 71,283 | 1 | 46,850 | 1 |
| 7020 | Other gains and losses (Notes (6)(af) and (7)) | 45,006 | 1 | 25,961 | - |
| 7050 | Finance costs (Note (6)(af)) | (23,820) | - | (22,045) | - |
| 7060 | Share of profit of associates and joint ventures accounted for using equity method (Note (6)(g)) | 190,317 | 3 | 159,615 | 3 |
| | | 282,786 | 5 | 210,381 | 4 |
| 7900 | Profit before tax | 746,825 | 12 | 648,500 | 11 |
| 7950 | Less: Tax expense (Note (6)(z)) | 124,551 | 2 | 100,077 | 2 |
| | Profit | 622,274 | 10 | 548,423 | 9 |
| | 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 | 10,391 | - | (169) | - |
| 8316 | Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income | 26,307 | - | (47,201) | (1) |
| 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 | 33,302 | 1 | (5,122) | - |
| 8349 | Less: Income tax related to components of other comprehensive income that will not be reclassified to profit or loss | (4,774) | - | (15,377) | - |
| | Total items that will not be reclassified subsequently to profit and loss | 74,774 | 1 | (37,115) | (1) |
| 8360 | Items that will be reclassified to profit or loss | | | | |
| 8361 | Exchange differences on translation | (94,348) | (1) | (57,498) | (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 | 31,315 | - | 44,325 | 1 |
| 8399 | Less: Income tax related to components of other comprehensive income that will be reclassified to profit or loss | (12,174) | - | (1,899) | - |
| | Total items that will be reclassified subsequently to profit and loss | (50,859) | (1) | (11,274) | - |
| | Other comprehensive income, net | 23,915 | - | (48,389) | (1) |
| 8500 | Total comprehensive income | \$ 646,189 | 10 | 500,034 | 8 |
| | Profit attributable to: | | | | |
| 8610 | Owners of parent | \$ 514,755 | 8 | 451,562 | 7 |
| 8620 | Non-controlling interests | 107,519 | 2 | 96,861 | 2 |
| | | \$ 622,274 | 10 | 548,423 | 9 |
| | Comprehensive income attributable to: | | | | |
| 8710 | Owners of parent | \$ 523,062 | 8 | 417,581 | 7 |
| 8720 | Non-controlling interests | 123,127 | 2 | 82,453 | 1 |
| | | \$ 646,189 | 10 | 500,034 | 8 |
| | Earnings per share (Note (6)(ac)) | | | | |
| 9750 | Basic earnings per share (NT dollars) | \$ 4.02 | | 3.53 | |
| 9850 | Diluted earnings per share (NT dollars) | \$ 3.99 | | 3.50 | |

(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, 2019 AND 2018
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

| | Equity attributable to owners of parent | | | | | | | | | | Total equity | |
|---|---|--|-----------------|---------------|-----------------|----------------------------------|---|---|-----------|---|---------------------------|-----------|
| | Total other equity interest | | | | | | | | | | | |
| | Share capital | | | | | Retained earnings | | | | | | |
| | Ordinary shares | Certificate of entitlement to new shares from convertible bond | 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 | Others | Equity attributable to owners of parent | Non-controlling interests | |
| Balance at January 1, 2018 | 1,277,655 | 619 | 2,804,995 | 641,978 | 115,078 | 1,860,321 | (61,019) | 97,579 | (212,359) | 6,524,847 | 1,697,734 | 8,222,581 |
| Profit for the year | - | - | - | - | - | 451,562 | - | - | - | 451,562 | 96,861 | 548,423 |
| Other comprehensive income (loss) for the year | - | - | - | - | - | (6,117) | (517) | (27,347) | - | (33,981) | (14,408) | (48,389) |
| Total comprehensive income (loss) for the year | - | - | - | - | - | 445,445 | (517) | (27,347) | - | 417,581 | 82,453 | 500,034 |
| Appropriation and distribution of retained earnings: | | | | | | | | | | | | |
| Legal reserve appropriated | - | - | - | 39,905 | - | (39,905) | - | - | - | - | - | - |
| Special reserve appropriated | - | - | - | - | 147,754 | (147,754) | - | - | - | - | - | - |
| Cash dividends of ordinary share | - | - | - | - | - | (357,917) | - | - | - | (357,917) | - | (357,917) |
| Changes in equity of associates and joint ventures accounted for using equity method | - | - | (264) | - | - | (954) | - | - | - | (1,218) | - | (1,218) |
| Conversion of convertible bonds | - | 3,216 | 8,079 | - | - | - | - | - | - | 11,295 | - | 11,295 |
| Conversion of certificates of bonds-to-share | 3,835 | (3,835) | - | - | - | - | - | - | 212,359 | 212,253 | (170,943) | 41,310 |
| Changes in ownership interests in subsidiaries | - | - | (106) | - | - | - | - | - | - | - | (73,682) | (73,682) |
| Changes in non-controlling interests | - | - | - | - | - | - | - | - | - | - | - | - |
| Disposal of investments in equity instruments designated at fair value through other comprehensive income | - | - | - | - | - | 35,325 | - | (35,325) | - | - | - | - |
| Balance at December 31, 2018 | 1,281,490 | - | 2,812,704 | 681,883 | 262,832 | 1,794,561 | (61,536) | 34,907 | - | 6,806,841 | 1,535,562 | 8,342,403 |
| Effects of retrospective application | - | - | - | - | - | (1,632) | - | - | - | (1,632) | - | (1,632) |
| Equity at beginning of period after adjustments | 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 at 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 |

(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, 2019 AND 2018
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

| | For the Years Ended December 31, | |
|---|---|------------------|
| | 2019 | 2018 |
| Cash flows from operating activities: | | |
| Profit before tax | \$ 746,825 | 648,500 |
| Adjustments: | | |
| Adjustments to reconcile profit (loss): | | |
| Depreciation expense | 154,601 | 73,720 |
| Amortization expense | 5,640 | 6,547 |
| Expected credit loss | 4,066 | 12,125 |
| Net (gain) loss on financial assets or liabilities at fair value through profit or loss | (32) | 380 |
| Interest expense | 23,820 | 22,045 |
| Interest income | (44,638) | (28,867) |
| Dividend income | (15,424) | (14,681) |
| Share-based payments | 3,322 | - |
| Share of profit of associates and joint ventures accounted for using equity method | (190,317) | (159,615) |
| Gain on disposal of property, plan and equipment | (906) | (525) |
| Loss on disposal of investments | - | 2,780 |
| Gain on disposal of subsidiaries | (13,167) | - |
| Impairment loss / Reversal of impairment gain on non-financial assets | 16,224 | (6,490) |
| Unrealized profit from sales | 91,697 | 125,043 |
| Realized profit from sales | (89,355) | (125,102) |
| Others | (53,676) | (248) |
| Total adjustments to reconcile profit | (108,145) | (92,888) |
| Changes in operating assets and liabilities: | | |
| Changes in operating assets: | | |
| Notes receivable | 115,047 | (19,282) |
| Accounts receivable | (34,980) | 209,570 |
| Other receivables and notes | 1,085,152 | 182,201 |
| Inventories | 149,014 | 65,661 |
| Net defined benefit asset | (3,441) | (237) |
| Other current assets | 53,528 | (15,966) |
| Other operating assets | 9,213 | 15,007 |
| Total changes in operating assets | 1,373,533 | 436,954 |
| Changes in operating liabilities: | | |
| Financial liabilities held for trading | - | (1,441) |
| Contract liabilities | (39,767) | 33,318 |
| Notes payable | (4,293) | 162 |
| Accounts payable | 24,795 | (14,819) |
| Other payables | (712,503) | (762,368) |
| Other current liabilities | (18,736) | 12,352 |
| Net defined benefit liability | 5,633 | 162 |
| Other operating liabilities | (12,878) | (5,181) |
| Total changes in operating liabilities | (757,749) | (737,815) |
| Total changes in operating assets and liabilities | 615,784 | (300,861) |
| Total adjustments | 507,639 | (393,749) |
| Cash inflow generated from operations | 1,254,464 | 254,751 |
| Interest received | 42,287 | 32,011 |
| Income taxes paid | (102,255) | (94,328) |
| Net cash flows from operating activities | 1,194,496 | 192,434 |

| | For the Years Ended December 31, | |
|---|---|--------------------|
| | 2019 | 2018 |
| Cash flows from operating 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 | 57,295 | 56,312 |
| Acquisition of financial assets at amortized cost | (406,787) | (1,027,056) |
| Proceeds from disposal of financial assets at amortized cost | 113,666 | 1,716,236 |
| Proceeds from disposal of financial assets at fair value through profit or loss | 15,200 | 30,263 |
| Acquisition of investments accounted for using equity method | - | (25,262) |
| Proceeds from disposal of investments accounted for using equity method | - | 128,402 |
| Net cash flow from acquisition of subsidiaries | (359,957) | - |
| Net cash flow from disposal of subsidiaries | 1,859 | - |
| Proceeds from capital reduction of investments accounted for using equity method | - | 84,953 |
| Acquisition of property, plant and equipment | (51,275) | (33,040) |
| Proceeds from disposal of property, plant and equipment | 2,740 | 1,321 |
| Increase in refundable deposits | (58,031) | (2,540) |
| Decrease in refundable deposits | 3,188 | 413,965 |
| Acquisition of intangible assets | (727) | (3,189) |
| Decrease in other financial assets | 9,345 | 4,682 |
| Increase in other non-current assets | (1,685) | - |
| Decrease in other non-current assets | - | 15,835 |
| Dividends received | 140,311 | 94,961 |
| Net cash flows (used in) from investing activities | (542,220) | 1,455,843 |
| Cash flows from financing activities: | | |
| Increase in short-term borrowings | 74,867 | - |
| Decrease in short-term borrowings | - | (50,000) |
| Repayments of bonds | - | (300,000) |
| Repayments of long-term borrowings | (398,607) | - |
| Increase in guarantee deposits received | 6 | - |
| Decrease in guarantee deposits received | - | (622) |
| Cash dividends paid | (384,447) | (357,917) |
| Acquisition of ownership interests in subsidiaries | - | (203,787) |
| Payment of lease liabilities | (71,225) | - |
| Interest paid | (19,361) | (15,724) |
| Change in non-controlling interests | (86,167) | (73,682) |
| Net cash flows used in financing activities | (884,934) | (1,001,732) |
| Effect of exchange rate changes on cash and cash equivalents | (38,647) | (20,356) |
| Net (decrease) increase in cash and cash equivalents | (271,305) | 626,189 |
| Cash and cash equivalents at beginning of period | 3,100,081 | 2,473,892 |
| Cash and cash equivalents at end of period | \$ 2,828,776 | 3,100,081 |

Appendix 8 : Comparison Table of Amendments to the “Articles of Incorporation”

Excelsior Medical Co., Ltd.
Comparison Table of Amendments to the Articles of Incorporation

| Amended Article | After Amendment | Before Amendment | Reason for amendment |
|-----------------|---|--|------------------------|
| Article 25 | <p>If the Company has any annual profit, it shall allocate an amount no less than 1% for employee compensation and no more than 5% as director remuneration. However, in the circumstance where the Company has accumulated loss, an allowance for the loss shall be set aside in advance.</p> <p>The preceding employee compensation shall be distributed by stock or cash, and the recipients shall cover the employees of the subordinate companies meeting the terms set up by the Board of Directors. The preceding director remuneration shall be paid by cash only.</p> <p>The preceding two issues shall be resolved by the Board of Directors, and reported to the Board of Shareholders.</p> | <p>If the Company has any annual profit (<u>referring to the net profit before deducting employee compensation and director remuneration from before-tax profit</u>), it shall allocate an amount no less than 1% for employee compensation and no more than 5% as director remuneration. However, in the circumstance where the Company has accumulated loss (<u>including adjustment of undistributed earnings</u>), an allowance for the loss shall be set aside in advance.</p> <p>The preceding employee compensation shall be distributed by stock or cash, and the recipients shall cover the employees of the subordinate companies meeting the terms set up by the Board of Directors. The preceding director remuneration shall be paid by cash only.</p> <p>The preceding two issues shall be resolved by the Board of Directors, and reported to the Board of Shareholders.</p> | Modified with the act. |
| Article 25-1 | <p>If the Company has any <u>surplus, the tax in its financial statements will be paid first</u>, it shall first use the profit to cover accumulated loss, followed by setting 10% aside as the legal reserve. However, it is not limited to the situation where the legal reserve already reaches the Company's total paid-in capital. Furthermore, a special reserve shall be allocated or reversed in accordance with <u>operational requirements</u>, statutory laws and regulations or competent authorities' stipulations. Afterwards, the Board of Directors shall draft a profits distribution proposal for the remaining earnings along with the beginning undistributed earnings <u>cumulative earnings available for distribution</u> and put it forth to the shareholders' meeting for resolution of shareholder dividend and bonus distribution. The Company authorizes the Board of Directors to distribute a portion or all of dividends, bonuses or legal reserve and capital surplus in cash by resolution adopted by a majority in a meeting attended by two-thirds or more of the Directors, and the distribution shall then be reported to the shareholders' meeting.</p> | <p>If the Company has any <u>current period after-tax profit left in its financial statements</u>, it shall first use the profit to cover accumulated loss (<u>including adjustment of undistributed earnings</u>), followed by setting 10% aside as the legal reserve. However, it is not limited to the situation where the legal reserve already reaches the Company's total paid-in capital. Furthermore, a special reserve shall be allocated or reversed in accordance with statutory laws and regulations or competent authorities' stipulations. Afterwards, the Board of Directors shall draft a profits distribution proposal for the remaining earnings along with the beginning undistributed earnings (<u>including adjustment of undistributed earnings</u>) and put it forth to the shareholders' meeting for resolution of shareholder dividend and bonus distribution.</p> <p>The Company authorizes the Board of Directors to distribute a portion or all of dividends, bonuses or legal reserve and capital surplus in cash by resolution adopted by a majority in a meeting attended by two-thirds or more of the Directors, and the distribution shall then be reported to the shareholders' meeting.</p> | Modified with the act. |
| Article 26 | <p>The Company sets up its dividend policy in conjunction with its current and future development plan and by taking the investment environment, capital requirements and local and foreign competition status into account, whereas the Company also concurrently considers shareholders' interests. The annual dividend</p> | <p>The Company sets up its dividend policy in conjunction with its current and future development plan and by taking the investment environment, capital requirements and local and foreign competition status into account, whereas the Company also concurrently considers shareholders' interests. With which, after</p> | Modified with the act. |

| Amended Article | After Amendment | Before Amendment | Reason for amendment |
|-----------------|--|---|----------------------|
| | payable to shareholders from the cumulative distributable surplus shall be not less than 20% of current year after-tax profit. The shareholder dividend and bonus can be distributed by either cash or stock, in which the cash dividend shall be no less than 20% of the total dividend amount. | recovering its accumulated loss <u>(including adjustment of undistributed earnings) from the current year after-tax profit and setting aside a 10% legal reserve, the Company shall allocate an amount no less than 20% of the remaining amount for the shareholder dividend and bonus.</u> The shareholder dividend and bonus can be distributed by either cash or stock, in which the cash dividend shall be no less than 20% of the total dividend amount. | |

Appendix 9 : Comparison Table of Amendments to the “Operational Procedures for Acquisition and Disposal of Assets”

Excelsior Medical Co., Ltd.

Comparison Table of Amendments to the Operational Procedures for Acquisition and Disposal of Assets

| Amended Article | After Amendment | Before Amendment | Reason for amendment |
|-----------------|---|--|--|
| Article 3 | <p>(Paragraph 3)</p> <p>3.The Scope of Investment and Amount of the Company and its Subsidiaries in accordance with the Procedure</p> <p>II. Total portfolio investment in securities shall (excl. Bond Fund) not exceed <u>80%</u> of the total assets, The overseas reinvested subsidiaries of the company ’s 100% holders are 100% of the total assets. <u>The total investment in securities is calculated based on the original investment cost.</u></p> | <p>(Paragraph 3)</p> <p>3.The Scope of Investment and Amount of the Company and its Subsidiaries in accordance with the Procedure</p> <p>II. Total portfolio investment in securities shall (excl. Bond Fund) not exceed <u>70%</u> of the total assets, The overseas reinvested subsidiaries of the company ’s 100% holders are 100% of the total assets. (The rest are the same and skipped)</p> | <p>Accordance with business operations and operating policies.</p> |

Appendix 10 : List of Release of the prohibition on directors from participation in competitive businesses.

Excelsior Medical Co., Ltd.

List of Releasing of the prohibition on directors from participation in competition businesses

| Title and Name | Company Name and Concurrent Position |
|------------------------------|---|
| Chairman : Fu Hui-Tung | Chairman of Excelsior Asset Management Co.Ltd. |
| Vice Chairman : Kao Shen | Director of National Pharmaceutical Logistics Corp., Ltd. Director of Renal Laboratories Sdn. Bhd. Director of Medi-Chem System Sdn. Bhd. Director of Renal Management Sdn. Bhd |
| Director : Wang Ming-Ting | Director of Excelsior Asset Management Co. Ltd. General Manager of Excelsior Asset Management Co. Ltd. |
| Director : Fu Jo-Hsuan | Director of Xuan Hui Investment Co., Ltd Director of Dynamic Medical Technologies (HK) Inc. Director of Excelsior Asset Management Co. Ltd. Director of Renal Laboratories Sdn. Bhd. Director of Medi-Chem System Sdn. Bhd. |

Appendix 11 : The Impact of Stock Dividend Issuance on Business Performance, EPS and Shareholders Return Rate

| Description | | 2020(forecast) | |
|---|--|------------------------------|--------------|
| Opening paid-in capital | | NT\$1,411,489,700 | |
| Status of current year dividend distribution (Note 1) | Cash dividend per share (note 2) | NT\$3.3 | |
| | Per-share stock dividend from capital increase by earnings recapitalization | 0 shares | |
| | Per-share stock dividend from capital increase by capital surplus | 0 shares | |
| Change in business performance | Profit from operations | N/A (Note 3) | |
| | Increase (decrease) ratio of profit from operations from the same period of the previous year | N/A (Note 3) | |
| | Net profit after tax | N/A (Note 3) | |
| | Increase (decrease) ratio of net profit after tax from the same period of the previous year | N/A (Note 3) | |
| | EPS (retroactive adjustment) | N/A (Note 3) | |
| | Increase (decrease) ratio of EPS from the same period of the previous year. | N/A (Note 3) | |
| | Annual average ROI (annual average P/E ratio) | N/A (Note 3) | |
| Pro forma EPS and P/E | If the capital increase by earnings recapitalization is totally distributed as the cash dividend | Pro forma EPS | N/A (Note 3) |
| | | Pro forma annual average ROI | N/A (Note 3) |
| | If the capital increase by capital surplus is not processed | Pro forma EPS | N/A (Note 3) |
| | | Pro forma annual average ROI | N/A (Note 3) |
| | If the capital surplus is not processed, and the capital increase by earnings recapitalization is distributed as the cash dividend | Pro forma EPS | N/A (Note 3) |
| | | Pro forma annual average ROI | N/A (Note 3) |

Note 1: As adopted by the Company's Board of Directors on March 12, 2020.

Note 2: In case of any change in the per-share cash dividend as a result of the fact that any holder of the convertible corporate bond issued by the Company applies for conversion or repurchase of the Company's shares, or the treasury stock is transferred or deleted, or carries out a cash capital increase, which further affects the number of the Company's outstanding shares, Chairman shall be authorized to adjust the shareholder's cash dividend rate according to the distribution amount adopted for this proposal and the number of the Company's actual outstanding shares.

Note 3: According to the "Regulations Governing the Publication of Financial Forecasts of Public Companies", the Company is not required to release its 2020 financial forecast, so such information is not available.

Appendix 12 : The Shareholding situation of Directors

1. Shares required to be held by the Company's current directors and supervisors are as follows:
- | | |
|--|--------------------|
| The Company's common stock shares | 141,148,970 shares |
| The ratio of the shares required to be held by the entire body of directors (note) | 7.5% |
| The shares required to be held by the entire body of directors (note) | 8,468,938 shares |

Note: According to Article 2 of the "Rules and Review Procedures for Director and Supervisor Share Ownership Ratios at Public Companies", the amount of the total registered shares held by the entire body of directors and supervisors shall not be less than the regulated ratio of the amount of the total shares issued by the Company. However, if the amount of the total shares held by the entire body of directors or supervisors is less than the amount of the maximum shares required by the previous rank, the total amount of the maximum shares of the previous rank shall prevail.

Also, according to the preceding Rules of the same Article, the shares held by the independent directors elected by the Company shall not be included in the total amount referred to in the preceding paragraph. If the number of the elected independent directors is more than two, the ratio of the shares held by entire body of directors, excluding the independent directors, can be reduced to 80% of the shareholding ratio calculated according to the preceding paragraph. Furthermore, as Excelsior has established the audit committee that satisfies the requirements of the securities and Exchange Act, the minimum shareholding requirements for supervisors do not apply.

2. The shares held by the Company's directors and supervisors and their shareholding ratios are as below:

| Title | Name | As of 4/20/2020 – the date suspending share ownership transfer | |
|---|---|--|--------------------|
| | | Shares | Shareholding ratio |
| Director | Fu Hui-Tung | 469,993 | 0.33% |
| Director | Wang Ming-Ting | 63,428 | 0.04% |
| Director | Hsieh Yen-Sheng | 641,200 | 0.46% |
| Director | Excelsior Group Holdings Co., Ltd. Institutional representatives: Chen Tun-Ling, Kao Shen | 14,914,833 | 10.57% |
| Director | Fu Jo-Hsuan | 100,000 | 0.07% |
| Independent director | Chan Tzu-Sheng | 408 | 0% |
| Independent director | Chang Wu-Yi | 0 | 0% |
| Independent director | Kuo Yu-Chia | 0 | 0% |
| Total shares held by directors and their total shareholding ratio | | 14,941,096 | 11.47% |

