



2021 ANNUAL REPORT

+ Excelsior Medical Co., Ltd.

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VENUE FOR TRADING THE COMPANY'S LISTED OVERSEAS SECURITIES AND INQUIRY METHOD

For such overseas securities : None.
Company Website : <http://www.excelsiormedical.com.tw>

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I . Report to Shareholders

Dear Shareholders,

First of all, I would like to thank you for sparing the time to attend the Company's annual shareholders' meeting. It allows our management team to elaborate on our 2021 business performance and the outlook, in person. I hereby represent our management team and the entire staff to express our sincere welcome to you. Your opinions and comments will be highly appreciated.

The COVID-19 pandemic that has spread rapidly across the globe in the past two years has had a severe impact on the global economy. Due to the proper control of the pandemic, its effect on Taiwan's economy was relatively insignificant. However, the unlimited Quantitative Easing (QE) policy that the Federal Reserve System in the US took in order to save the stock markets and foreign exchange markets caused a huge amount of funds to outflow to other countries, including Taiwan, which led to large fluctuations in Taiwan's stock market and foreign exchange market. The Company is a larger medical products and systematic integration provider in Taiwan. Due to the attributes of related business, compared with other industries, The Company were less affected by the change of the overall economy. The Company will take this favorable opportunity to maintain our competitive advantage in the future.

The Company's 2021 operating results and 2022 business plan are reported as follows:

I. Report on the 2021 operating results

1. 2021 operating results

(1) Individual statement of comprehensive income

Unit: NT dollars in thousands

Item	2021	2020	Increase (decrease) percentage
Operating revenue	4,373,194	4,199,740	4.13%
Gross profit	719,410	685,656	4.92%
Net operating income	344,234	319,114	7.87%
Non-operating income and expenses	371,835	353,895	5.07%
Profit before tax	716,069	673,009	6.40%
Profit after tax	607,149	571,670	6.21%
Other comprehensive income (loss)	(28,494)	(58,374)	(51.19%)
Total comprehensive income	578,655	513,296	12.73%

- 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 surgery products and home appliances, and the increase in gross profit was due to the depreciation of import foreign exchange rate.

- 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”.
- iii. The decrease in other comprehensive loss and the increase in the total comprehensive income compared to the previous year were mainly due to the influence of “Exchange differences on translation”.

(2) Consolidated statement of comprehensive income

Unit: NT dollars in thousands

Item	2021	2020	Increase (decrease) percentage
Operating revenue	6,573,152	6,675,494	(1.53%)
Gross profit	1,372,619	1,306,498	5.06%
Net operating income	595,026	529,070	12.47%
Non-operating income and expenses	278,710	300,313	(7.19%)
Profit before tax	873,736	829,383	5.35%
Profit after tax	722,289	669,086	7.95%
Other comprehensive income (loss)	(35,162)	(28,296)	24.26%
Total comprehensive income	687,127	640,790	7.23%

- i. The decrease in operating revenue compared to the previous year was mainly due to the decrease in sales and promotion of pharmaceutical products; however, the overall gross profit margin increased due to the depreciation of import foreign exchange rate and the growth in sales of high-margin daily beauty products and services, resulting in the increase in gross profit and net operating income compared with the previous year.
 - ii. The decrease in non-operating income and expenses compared to the previous year was mainly due to the influence of interest income and “Share of profit of associates and joint ventures accounted for using equity method”.
 - iii. The increase in other comprehensive loss compared to the previous year was mainly due to the influence of “Unrealized gains (losses) 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: NT dollars in thousands

Item	2021	Description
Beginning cash balance	439,605	The balance of the 2020 final account.
Net cash flows from operating activities	278,146	Mainly resulting from the current year profit from operations, and the increase in accounts receivable.
Net cash flows from investment activities	137,193	Mainly resulting from the increase in dividends received.
Net cash used in from financing activities	(346,967)	Mainly resulting from the cash dividends distribution.
Cash balance at the end of the year	507,977	The balance of the 2021 final account.

(2) Consolidated statement of cash flows

Unit: NT dollars in thousands

Item	2021	Description
Beginning cash balance	2,618,464	The balance of the 2020 final account.
Net cash flows from operating activities	945,049	Mainly resulting from the current year profit from operations and the increase in other payables.
Net cash flows from investment activities	144,125	Mainly resulting from proceeds from disposal of financial assets at amortized cost.
Net cash used in from financing activities	(593,908)	Mainly resulting from the cash dividends distribution.
Impact of changes in exchange rates	(41,466)	Effect of Exchange rate changes.
Cash balance at the end of the year	3,072,264	The balance of the 2021 final account.

4. Analysis and comparison of profitability

(1) Analysis of individual profitability

Item	2021	2020	Description
Return on assets (%)	6.9	6.7	The increase in profit after tax in 2021 was mainly resulting from the increase in operating revenue and the increase in "Share of profit of subsidiaries, associates and joint ventures accounted for using equity method".
Return on equity(%)	7.9	7.9	The return on equity in these two years was nearly the same.
Ratio of before-tax profit to the paid-in capital(%)	50.7	47.7	The increase in profit before tax in 2021 was mainly resulting from the increase in operating revenue and the increase in "Share of profit of subsidiaries, associates and joint ventures accounted for using equity method".
Net profit margin (%)	13.9	13.6	The increase in profit after tax in 2021 was mainly resulting from the increase in operating revenue and the increase in "Share of profit of subsidiaries, associates and joint ventures accounted for using equity method".
Basic after-tax earnings per share (NT\$) (note)	4.30	4.06	The increase in profit after tax in 2021 was mainly resulting from the increase in operating revenue and the increase in "Share of profit of subsidiaries, associates and joint ventures accounted for using equity method".

Note: According to the net profit after tax with weighted-average shares outstanding.

(2) Analysis of consolidated profitability

Item	2021	2020	Description
Return on assets (%)	5.0	4.9	The increase in profit after tax in 2021 was mainly resulting from the depreciation of import foreign exchange rate and the growth in sales of high-margin daily beauty products and services.
Return on equity(%)	7.5	7.3	The increase in profit after tax in 2021 was mainly resulting from the depreciation of import foreign exchange rate and the growth in sales of high-margin daily beauty products and services.
Ratio of before-tax profit to the paid-in capital(%)	61.9	58.8	The increase in profit before tax in 2021 was mainly resulting from the depreciation of import foreign exchange rate and the growth in sales of high-margin daily beauty products and services.
Net profit margin (%)	11.0	10.0	The increase in profit after tax in 2021 was mainly resulting from the depreciation of import foreign exchange rate and the growth in sales of high-margin daily beauty products and services.
Basic after-tax earnings per share (NT\$) (note)	4.30	4.06	The increase in profit after tax in 2021 was mainly resulting from the depreciation of import foreign exchange rate and the growth in sales of high-margin daily beauty products and services.

Note: According to the net profit after tax with weighted-average shares outstanding.

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 care-related sectors.

II. The 2022 business plan

- (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, and plan to advance the manufacturing market via dialysis solution plant in Malaysia.
- (2) Brand strategy: Promote the privately-owned brand of the "ULTRACLEAN" Cubic Air, the Series of healthy 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 corporation and expanding of community-based long-term care service locations. In addition, the Company also aims to strengthen a tiered service and healthcare model which provides both medical and caring services to satisfy the public with caring needs.
- (4) Develop medical real estate and equipment lease service: by integrating the professional traits of asset management company, the Company will continue to develop medical real estate and equipment lease services to maximize the synergies for its affiliates.
- (5) Hedge currency risk: As the global stock and foreign exchange markets are facing critical volatility, a large amount of funds flows into Taiwan, making the appreciation of the new Taiwan dollar and benefitting import industry. The company will reduce the currency risk by using foreign currency hedge instruments in the environment.

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 to achieve the goal of building a holistic healthcare holding company, and continue to provide comprehensive health service for the healthcare industry in the spirit of "Dedication, Discipline, Innovation, and Proactive."

In prospect, the Company and our affiliates will continue to work toward diversified development, including the introduction of new generation dialysis machine, health care home appliances (including larger home appliances and air purifiers), and aesthetic medical such as Picoway picosecond laser, Neuronox, Animers, Hyadermis hyaluronic acid filler, AestheFill collagen filler, Prima Laser and DR CYJ hair product.

In terms of pharmaceutical logistics, besides striving to collaborate with international principals to actively obtain products, this year will apply for GMP and GDP certification for medical devices to enhance our professional logistics services. As for long-term care system 2.0, the Company was expand long-term care service locations by integrating medical services, caregivers and home-based services 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 by investing in a dialysis solution plant in Malaysia, and cooperate with the group's policy to expand the dialysis market in Southeast Asia.

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 16% of the total population in 2021, it is estimated that it will enter the “aged society” defined by the international definition in 2025. According to the information released by the Ministry of the Interior, as of the end of 2021, the number of elderly people (65 years or older) in Taiwan reached 3,939,033, for an increase of 151,718 compared to that at the end of 2020, and accounting for 16.85% of the total population (23,375,314) . 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, Chairman

II . Company Profile

1. Date of Incorporation

March 15, 1988

2. Company History

March 1988	Enfield Medical Supply Ltd. was established and elected Hui-Tung Fu as the first chairman. The Company engaged in the sale of hemodialysis medical devices, wound and ostomy medical products.
March 1989	In responding to business expansion, Enfield Medical Supply Ltd. was changed to Enfield Medical Co., Ltd.
February 1992	Established Taichung office to expand the sales channels, and built a maintenance team in central Taiwan.
May 1996	Established Kaohsiung office to expand the sales channels, and built a maintenance team in southern Taiwan.
January 1997	Completed intranet structure, and the management of operation entered into e-commerce.
October 1997	The IT department completed Internet structure and integrated the Internet and the Intranet. IT department began to replace out-of-date components and servers to solve the millennium bug crisis.
June 1998	The Company entered globalization era, joint venture with RTS Worldwide Holding Inc, a subsidiary company of Baxter International, and planed to establish "Jiate Excesior Co., Ltd." to expand and manage hemodialysis related business.
July 1998	The Company was approved as a public company by Securities and Futures Commission, Ministry of Finance to improve management performance.
November 1999	Built internal resources to integrate, JDE information management system.
April 2000	Joint venture with Bexcom Co.,Ltd., Heye Investment Co.,Ltd., Chiayi Investment Co.,Ltd., established Bestchain Online Business Co., Ltd., and entered into the medical health e-commerce field.
February 2001	The company was approved as "biotechnology stock" by Taipei Exchange, stock code is 4104 which officially qualified to list stock.
June 2001	Public trading could commence on June 8, 2001 pursuant to authorization from Taipei Exchange.

March 2003	Invested in Excelsior Healthcare Co., Limited, an overseas holding company in the British Virgin Islands, engaged in the investment and operation of the medical industry in Asia and overseas. The company established EG Healthcare, Inc. to develop medical-related industries in the Philippines.
October 2003	Purchased Zhonghe Office to establish the Group headquarter.
April 2004	Invested in Dynamic Medical Technologies Inc., and entered into the aesthetic medical field.
March 2005	Purchased all shares of Jiate Excesior Co., Ltd. invested by RTS Worldwide Holding Inc., which is the subsidiary of Baxter International, and obtained channels of the entire hemodialysis of that company.
January 2006	1.Upgraded internal resource to integrate ERP system for effectiveness. 2.To streamline the affiliates, Bestchain Healthtaiwan Co., Ltd. and Chiayi Applied Technology Co., Ltd. merged, and the former is the surviving company.
January 2007	The Company sold 51% shares of its subsidiary Jiate Excesior Co., Ltd. to Fresenius Medical Care Hong Kong Co., Ltd. joint venture to expand hemodialysis business.
May 2007	The subsidiary, Dynamic Medical Technologies Inc., invested in Great China Technology Development Limited into the international aesthetic medical field.
December 2007	The Company's stock terminated the trading of its shares on Taipei Exchange and listed on the Taiwan Stock Exchange on December 31, 2007.
September 2008	Invested Asia Best Healthcare Co., Ltd. to expand the long-term care business in Greater China Area.
November 2008	Signed a share exchange agreement with Jiuyu Investment Co., Ltd. and issued new shares due to acquisition of 51% shares of Arich Enterprise Co., Ltd. held by Jiuyu Investment Co., Ltd.
June 2009	The Company's name was formally changed from "Enfield Medical Co., Ltd." to "Excelsior Medical Co., Ltd."

December 2010	The subsidiary, Dynamic Medical Technologies Inc., terminated the trading of its shares on TPEX emerging stock market and listed on Taipei Exchange on December 29, 2010.
February 2011	Established the subsidiary, Excelsior Medical (HK) Co., Limited, to invest medical industry in China region.
May 2011	Yujia Medical Service Co., Ltd. was established as a joint venture through Excelsior Medical (HK) Co., Limited to develop medical industry in China region.
December 2011	Established Remuneration Committee to implement corporate governance and integrity codes.
November 2012	<p>1.The Company originally invested in Asia Best Healthcare Co., Ltd. through Excelsior Healthcare Co., Limited. Due to expansion of business in Greater China Area, the investment framework was restructured and shares of Asia Best Healthcare Co., Ltd. were transferred from Excelsior Healthcare Co., Limited to Excelsior Medical (HK) Co., Limited.</p> <p>2.Excelsior Medical (HK) Co., Limited carried out capital injection, and the shares were purchased by Excelsior Healthcare Co., Limited. After the capital injection of Excelsior Medical (HK) Co., Limited, the Company and Excelsior Healthcare Co., Limited hold its shares respectively.</p>
October 2013	The subsidiary, Arich Enterprise Co., Ltd., terminated the trading of its shares on TPEX emerging stock market and listed on Taipei Exchange on October 31, 2013.
October 2014	The Company and the subsidiary Dynamic Medical Technologies Inc. invested Caregen Co., Ltd. shares in October 2014 to develop proprietary, patented peptide technology for hair growth, hair care treatment and to promote products from DR.CYJ brand.
October 2015	The Company established Shinkong Excelsior Asset Management Co., Ltd. as a joint venture. The parties combined their respective advantageous resources to develop real estate business in medical-related industries.

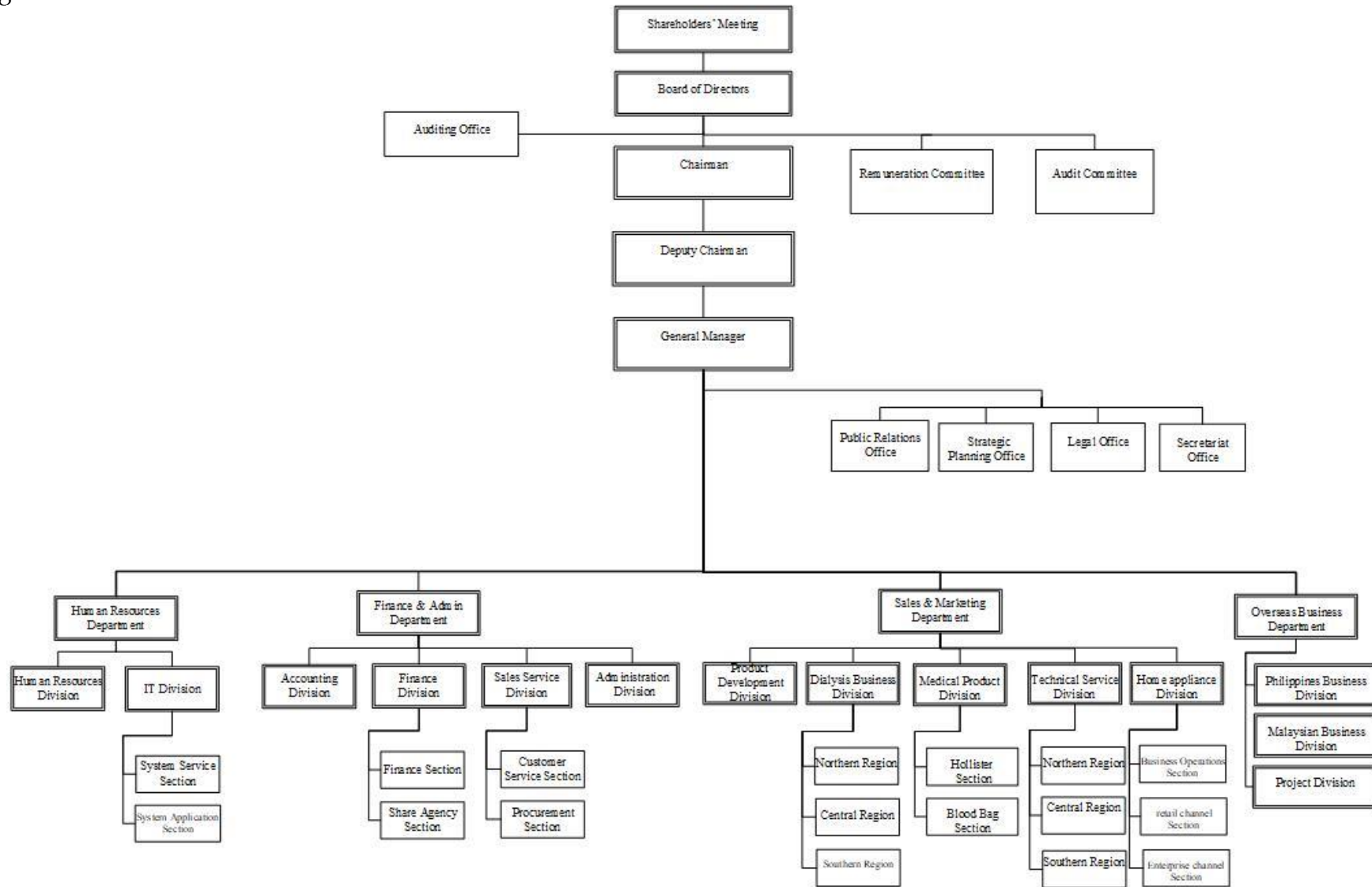
June 2016	Established Audit Committee to strengthen the corporate governance system.
July 2017	The Company merged with its subsidiary Animation Medical Technologies Ltd. to integrate group resource. The Company was the surviving company, and to further develop the field of agency and maintenance of water treatment equipment.
December 2017	The Company acquired 100% of SinoExcelsior Investment Inc.(Its original name is Yujia Medical Service Co., Ltd.) from Sinopharm Group Co.,Ltd. through Excelsior Medical (HK) Co., Limited upon the completion of this transation in order to expand to madical industries in China region.
November 2018	<ol style="list-style-type: none"> 1.The Subsidiary, SinoExcelsior Investment Inc., adjusted its operation strategy to reduce capital and change its company name and business content. It was approved to change its registered Chinese name. 2.The Subsidiary, Excelsior Healthcare Co., Limited established Excelsior Investment (Malatsia) Co., Ltd. to develop the Southeast Asia market. 3.Acquired 70% shares in RENAL LABORATORIES SDN. BHD. and MEDI CHEM SYSTEMS SDN. BHD. through the subsidiary, Excelsior Investment (Malatsia) Co., Ltd., By investing in dialysate manufacturer in Malaysia, the Company looks to expand into the hemodialysis market and enter into dialysis-related products manufacturing in Southeast Asia.
June 2019	Elections for the 12th board of directors (including independent directors) in the shareholders' meeting.
August 2019	The Company acquired 51% of the shares of Shinkong Excelsior Medical Asset Management Co., Ltd., increasing the Company's shareholding ratio from 49% to 100%, and the name of the subsidiary was changed to Excelsior Asset Management Co., Ltd.
October 2019	In October 2019, SinoExcelsior Investment Inc. adjusted management strategies and disposed its entire shares in Beijing Sinoexcelsior Investment Management Co., Ltd. and Shanghai Wanli Medical Cosmetology Clinic Co., Ltd., a 100% owned subsidiary of Beijing Sinoexcelsior.

January 2020	Issued 13 million shares for capital injection. Shares were issued at NT\$45 per share, and NT\$585,000,000 was raised. After the capital injection, share capital was NT\$1,411,489,700.
April 2020	Arich Enterprise Co., Ltd. issued 30 million shares for capital injection. Shares were issued at NT\$15 per share, and NT\$450,000,000 was raised. After the capital injection, share capital was NT\$745,743,550.
May 2020	The Company acquired normal saline permit license and outsourced manufacturing to ASTAR CHEMICAL & PHAR CO., LTD..
December 2020	The Company acquired import certificate of NIKKISO's new model DBB-EXA ES hemodialysis machine approved by Ministry of Health and Welfare. The new model DBB-EXA ES hemodialysis machine added new functions, including online hemodialysis powder infusion and data output communication interface. In addition to meeting current medical requirements, also enhance the product's sales strength by adding various functions.
January 2021	The Subsidiaries, Dynamic Medical Technologies Inc. and Arich Enterprise Co., Ltd. moved to the same building in favor of the Group overall planning.
April 2022	Acquired 49% shares in NephroCare Limited and Cardinal Medical Services Ltd. through the subsidiary, Excelsior Medical (HK) Co., Limited. The joint venture between the two parties further expanded the operation of hemodialysis-related business.

III. Corporate Governance Report

1. Organization

(1) Organizational chart



(2) Department operations

Department		Responsibilities
Board of Directors		Decision-making over business strategies, reviewing legally stipulated regulations, laws and bylaws, reviewing budgets and other functional authorities pursuant to laws and the Shareholders' Meeting.
Remuneration committee		Evaluate the remuneration policies of directors, supervisors, and managers, and to propose recommendations to the Board of Directors for references.
Audit committee		Composed of all independent directors, the Audit Committee assists the Board of Directors in supervising the quality and integrity in respect of implementation of relevant accounting, auditing, and financial reporting procedures and control over the Company's finance.
Auditing office		In charge of investigating and evaluating the implementation of the Company's internal control system and to assess operational efficiency, and to provide recommendations for improvement.
Chairman		Convene Board of Directors and supervise the General Manager to execute resolutions from the Board meetings.
General manager		Implements policies and decisions from the Board of Directors and operational strategies; in charge of integrating the Company's departments to expand businesses and to establish internal management system.
General Manager's Office	Public Relations Office	Acts as the Company's spokesperson and channel of communications with external entities.
	Strategic Planning Office	In charge of promoting corporate image and market planning.
	Legal Office	In charge of reviewing and signing contracts and other relevant matters.
	Secretariat Office	In charge of receiving visitors, handle matters and agenda related to various inter-departmental meetings, and tasks assigned by the Chairman and General Manager.
Human Resources Department	Human Resources Division	In charge of human resources management matters related to staff recruitment, employee development, compensation management, employee benefits and employee relations.
	IT Division	In charge of planning the information technology and management over relevant equipment.

Department		Responsibilities
Finance & Admin Department	Accounting Division	Responsible of accounting, tax, and supervision of subsidiaries.
	Finance Division	Cashier, finance planning and stock affair.
	Sales service Division	Responsible for procurement and customer service.
	Administration Division	Responsible for document management, stamp the document, general procurement, building and equipment maintenance.
Sales & Marketing Department	Product Development Division	In charge of new product development and introduction.
	Dialysis Business Division	In charge of planning, market research, and sales and purchase planning related to dialysis, Covidien, and medical products.
	Medical Product Division	In charge of promoting blood bag and wound and ostomy products.
	Technical Service Division	After-sale repair and maintenance of medical devices.
	Home Appliance Division	Planning, market research, and sales and purchase planning related to healthcare home appliances and other consumer products.
Overseas Business Department	Philippines Business Division	In charge of planning and investments in overseas markets.
	Malaysia Business Division	
	Project Division	

2. Directors and Management Team

(1) Directors

A. Directors

April 23, 2022 Unit: shares

Title	Nationality/ Place of Incorporation	Name	Gender Age	Date Elected	Term (Years)	Date First Elected	Shareholding when Elected		Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience (Education)	Other Position	Executives, Directors or Supervisors Who are Spouses or within Two Degrees of Kinship			Remark (s) (Note)
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation	
Chairman	TW	Fu Hui-Tung	M 60-70	2019/06	3	2001/4	436,763	0.34%	469,993	0.33%	1,645	0.00%	3,819,438	2.71%	Master of Business Administration, University of Southern Queensland, Australia Laboratory Department, Central Taiwan University of Science and Technology (originally known as Department of Radiological Technology, ChungTai Junior College)	Chairman of Dynamic Medical Technologies Inc. Chairman of Arich Enterprise Co., Ltd. Director of Excelsior Beauty Co., Ltd. Chairman of Excelsior Group Holdings Co., Ltd. Chairman of Xuan Hui Investment Co., Ltd. Director of Bestchain Healthtaiwan Co., Ltd. Director of Visionfront Corporation Chairman of Excelsior Healthcare Co., Ltd. Chairman of Excelsior Medical (HK) Co., Limited Chairman of Excelsior Asset Management Co., Ltd. Chairman of Asia Best Healthcare Co., Ltd. Director of SinoExcelsior Investment Incorporation Chairman of Excelsior Investment (Malaysia) Co., Ltd Director of Excelsior Group Holdings Ltd. Director of CYJ International Co., Ltd. Director of Excelsior Health Foundation	Director	Fu Jo-Hsuan	Father and son	None
Director	TW	Excelsior Group Holdings Co., Ltd.	-	2019/06	3	1998/4	13,860,296	10.82%	14,914,833	10.57%	-	-	-	-	N/A	None	None	None	None	None
Representative of juristic-person director	TW	Excelsior Group Holdings Co., Ltd. Representative: Chen Tun-Ling	M 60-70	2019/06	3	2001/4	507,861	0.40%	546,500	0.39%	4,304	0.00%	-	-	Department of Medicine, Taipei Medical University Physician and Nephrologist Director of Feng Yuan Chen General Hospital Director of Shinshen Hospital Director of Jia Ping Clinic Director of Taiwan Society of Nephrology Director of Taiwan Society of Nephrology Public Affairs Committee	Nephrologist (Director) of Jia Ming Clinic Honorary President of Taiwan Society of Dialysis Medical Technologists Nephrologist of Kaohsiung Yuoshen Hospital	None	None	None	None

Title	Nationality/ Place of Incorporation	Name	Gender Age	Date Elected	Term (Years)	Date First Elected	Shareholding when Elected		Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience (Education)	Other Position	Executives, Directors or Supervisors Who are Spouses or within Two Degrees of Kinship			Remark (s) (Note)
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation	
Representative of juristic-person director	TW	Excelsior Group Holdings Co., Ltd. Representative; Chang Hsien-Cheng	M 60-70	2021/05	3	2014/9	—	—	15,000	0.01%	—	—	—	—	Bachelor of Business Administration, National Chung Hsing University Chairman of Jia-yao Drugs Co., Ltd. General Manager of Bailijia logistics Co., Ltd. General Manager of Bestchain Healthtaiwan Co., Ltd. General Manager of Arich Enterprise Co., Ltd.	Director of Arich Enterprise Co., Ltd. Chairman of Bestchain Healthtaiwan Co., Ltd. Director of Arich Best Chain Co., Ltd.	None	None	None	None
Director	TW	Wang Ming-Ting	M 70-80	2019/06	3	1998/05	47,792	0.04%	63,428	0.04%	—	—	—	—	Master of Business Administration, University of Southern Queensland, Australia Department of Accounting and Statistics, National Taichung College of Business Section Manager of Accounting Section and Examination Section, Taiwan Land Development Investment Trust Corporation Specialist of Bank of Communications	Director of Dynamic Medical Technologies Inc. Supervisor of Bestchain Healthtaiwan Co., Ltd. Director of Excelsior Investment Co., Ltd. Director of Excelsior Group Holdings Co., Ltd. Director of Excelsior Asset Management Co., Ltd. General Manager of Excelsior Asset Management Co., Ltd. Supervisor of Excelsior Beauty Co., Ltd. Supervisor of CYJ International Taiwan Inc. Director of Join Fun Co., Ltd. Chairman of Arich Best Chain Co., Ltd. Director of Excelsior Health Foundation Supervisor of Chia En Long-term Care Corporation	None	None	None	None
Director	TW	Hsieh Yen-Sheng	M 70-80	2019/06	3	2013/06	595,865	0.46%	641,200	0.45%	184,372	0.13%	—	—	Master of Business Administration, University of Southern Queensland, Australia Department of Industrial Engineering, Chung Yuan Christian University	Chairman of Pu Yu Investment Co., Ltd. Director of Unimicron Technology Corp. Independent Director of Yufo Electronics Co. Ltd. Director of Quan Ren Zhong Yuan Yu Cheng Investment Co., Ltd. Director of Goldred Nanobiotech Co., Ltd. Supervisor of Cheznous Hotel Co., Ltd.	None	None	None	None
Director	TW	Fu Jo-Hsuan	M 40-50	2019/06	3	2016/06	—	—	100,000	0.07%	—	—	—	—	Bachelor of Business Administration, Department of Information Management, National Central University Senior Advisor of Abeam Consulting Ltd. General Manager of Dynamic Medical Technologies Inc.	Chairman of Excelsior Investment Co., Ltd. Director of Excelsior Group Holdings Co., Ltd. General Manager of Excelsior Renal Service Co., Ltd. (Hong Kong) General Manager of Jiate Excelsior Co., Ltd. Director of Bestchain Healthtaiwan Co., Ltd. Director of Dynamic Medical Technologies Inc. Director of Excelsior Beauty Co., Ltd. Director of Excelsior Asset Management Co., Ltd. Director of SinoExcelsior Investment Inc. Director of Renal Laboratories Sdn. Bhd. Director of Medi-Chem Systems Sdn. Bhd. Director of Dynamic Medical Technologies (Hong Kong) Ltd. Chairman of CYJ International Taiwan Inc. Director of Medytox Taiwan Inc. Director of Excelsior Long-term Care Corporation Director of Chia En Long-term Care Corporation Director of Excelsior Health Foundation General Manager of NephroCare Limited General Manager of Cardinal Medical Services Ltd.	Chairman	Fu Hui-Tung	Father and son	None

Title	Nationality/ Place of Incorporation	Name	Gender Age	Date Elected	Term (Years)	Date First Elected	Shareholding when Elected		Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience (Education)	Other Position	Executives, Directors or Supervisors Who are Spouses or within Two Degrees of Kinship			Remark (s) (Note)	
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation		
Independent Director	TW	Chan Tzu-Sheng	M 70-80	2019/06	3	2008/06	380	0.00%	408	0.00%	—	—	—	—	Department of Accounting and Statistics, Tamsui Institute of Business Administration Assistant Manager, Taiwan Cooperative Bank	None	None	None	None	None	
Independent Director	TW	Chang Wu-I	M 70-80	2019/06	3	2012/06	—	—	—	—	—	—	—	—	Researcher of International Tax Planning, Law School, Harvard University Master of Finance, National Chengchi University Bachelor of Economics, National Chung Hsing University Partner of Taxation Department, KPMG Taiwan Chairperson of KPMG Taiwan	Independent Director of Aerowin Technology Corp.	None	None	None	None	None
Independent Director	TW	Kuo Yu-Chia	M 50-60	2019/06	3	2016/06	—	—	—	—	—	—	—	—	Bachelor of Laws, National Taiwan University Master of Laws, George Washington University	Director of Teleport Access Services, Inc. Chairman of Kai Sen Investment Co. Ltd. Chairman of Kai Sen Management Consulting Co., Ltd. Director of Excellent Water Appraisal & Co.	None	None	None	None	None

Note: Where the Chairman of the Board of Directors and the President or person of an equivalent post (the highest level manager) of a company are the same person, spouses, or relatives within the first degree of kinship, the reason for, reasonableness, necessity thereof, and the measures adopted in response thereto (such as increasing the number of independent director seats, and more than half of all directors must not concurrently serve as employees or managers) must be disclosed.

B. Major shareholders of the institutional shareholders

April 23, 2022

Name of Institutional Shareholders	Major Shareholders	%
Excelsior Group Holdings Co., Ltd.	Fu Hui-Tung	35.74 %
	Liao Mei-Hui	16.75 %
	Excelsior Investment Co., Ltd.	16.41 %
	EXCELSIOR GROUP HOLDINGS LTD.	12.89 %
	Xuan Hui Investment Co., Ltd.	10.89 %
	Wei Xiang Investment Co., Ltd.	1.31 %
	Chou Wen-Lan	1.10 %
	Li Ming-Chuan	1.06 %
	Yen Kun-Piao	0.94 %
	Fu Pi-Yun	0.75 %

C. Major shareholders of the Company's major institutional shareholders

April 23, 2022

Name of Institutional Shareholders	Major Shareholders	%
Excelsior Investment Co., Ltd.	Excelsior Group Holdings Co., Ltd.	31.20 %
	Xuan Hui Investment Co., Ltd.	22.86 %
	Wang Wei-Pin	21.90 %
	Long Bon International Industrial Co., Ltd.	8.00 %
	Wei Xiang Investment Co., Ltd.	6.73 %
	REIJU Construction Co Ltd.	2.00 %
	Hsueh Fu-Chuan	1.63 %
	Tsai Wen-Ching	1.06 %
	Liang Ming-Shu	1.06 %
	Wu Sheng-Zhong	1.06 %
EXCELSIOR GROUP HOLDINGS LTD.	Fu Hui-Tung	60.00 %
	Wang Wei-Pin	40.00 %
Xuan Hui Investment Co., Ltd.	Fu Hui-Tung	69.20 %
	Fu Jo-Hsuan	30.76 %
	Wang Ming-Ting	0.02 %
	Liao Mei-Hui	0.02 %
Wei Xiang Investment Co., Ltd.	Wang Wei-Pin	55.00 %
	Wang Chun-Hsiang	30.00 %
	Not Available (Note)	15.00 %

Note: Only provide the partial shareholders because of non-public company.

D. Professional qualifications and independence analysis of directors

Name (Note 1) \ Condition	Professional Qualifications and Experiences	Independence Analysis	Number of Companies Concurrently Serve as An Independent Director
Chairman Fu Hui-Tung	Please refer to "2.(1).A Director" in the annual report for professional qualifications and experiences of the Board members. (Page 21-23)	Not applicable.	None
Director Chen, Tun-Ling			None
Director Chang,Hsien-Cheng			None
Director Wang Ming-Ting			None
Director Hsieh Yen-Sheng			1
Director Fu Jo-Hsuan			None
Independent Director Chan Tzu-Sheng			All independent directors are in compliance with the relevant provisions of Article 3 of the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies"
Independent Director Chang Wu-I	1		
Independent Director Kuo Yu-Chia	None		

Note 1: None of the Board members is under any of the circumstances in Article 30 of the Company Act.

Note 2: 1. Not a governmental, juridical person or its representative as defined in Article 27 of the Company Law.

2. Not serving concurrently as an independent director on more than three other public companies in total.

3. During the two years before being elected and during the term of office, meet any of the following situations:

(1) Not an employee of the Company or any of its affiliates.

(2) Not a director or supervisor of the Company or any of its affiliates. Not applicable in cases where the person is an independent director appointed in accordance with the laws and regulations of the local country by, and concurrently serving as such at, a company and its parent or subsidiary or a subsidiary of the same parent.

(3) Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate of 1% or more of the total number of outstanding shares of the Company or ranking in the top 10 in holdings.

(4) A spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship, of a managerial officer under subparagraph 1 or any of the persons in the preceding two subparagraphs.

(5) Not a director, supervisor, or employee of a corporate shareholder that directly holds 5% or more of the total number of issued shares of the company, or that ranks among the top five in shareholdings, or that designates its representative to serve as a director or supervisor of the company under Article 27, paragraph 1 or 2 of the Company Act. But not applicable in cases where the person is an independent director appointed in accordance with the laws and regulations of the local country by, and concurrently serving as such at, a company and its parent or subsidiary or a subsidiary of the same parent.

- (6) Not a director, supervisor, or employee of that other company that the company's director seats or voting shares and those of any other company are controlled by the same person. But not applicable in cases where the person is an independent director appointed in accordance with the laws and regulations of the local country by, and concurrently serving as such at, a company and its parent or subsidiary or a subsidiary of the same parent.
- (7) Not a director (or governor), supervisor, or employee of that other company or institution that a chairperson, general manager, or person holding an equivalent position of the company and a person in any of those positions at another company or institution are the same person or are spouses. But not applicable in cases where the person is an independent director appointed in accordance with the laws and regulations of the local country by, and concurrently serving as such at, a company and its parent or subsidiary or a subsidiary of the same parent.
- (8) Not a director, supervisor, officer, or shareholder holding 5% or more of the shares, of a specified company or institution which has a financial or business relationship with the Company. But not applicable in cases where the person holds 20 percent or more and no more than 50 percent of the total number of issued shares of the Company or is an independent director appointed in accordance with the laws and regulations of the local country by, and concurrently serving as such at, a company and its parent or subsidiary or a subsidiary of the same parent.
- (9) Not a professional individual who, or an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, company, or institution that, provides auditing services to the company or any affiliate of the company, or that provides commercial, legal, financial, accounting or related services to the company or any affiliate of the company for which the provider in the past 2 years has received cumulative compensation exceeding NT\$500,000, or a spouse thereof; provided, this restriction does not apply to a member of the remuneration committee, public tender offer review committee, or special committee for merger/consolidation and acquisition, who exercises powers pursuant to the Act or to the Business Mergers and Acquisitions Act or related laws or regulations.

E. Diversity and independence of the Board of Directors

(1) Diversity of the Board of Directors

Article 3 of the "Election Procedures for Board Directors" stipulated by the board of directors clearly states that the members of the board of directors should generally possess the knowledge, skills and qualities necessary for the performance of their duties ,and should have as the following:

1. Ability to make operational judgments.
2. Ability to perform accounting and financial analysis.
3. Ability to conduct operational management.
4. Ability to conduct crisis management.
5. Knowledge of the industry.
6. An international market perspective.
7. Ability to lead.
8. Ability to make policy decisions.

The following table demonstrates the implementation of the diversity policy for Board members:

Diversification Name	Basic composition									Experience in industry				Professional Knowledge					
	Country	Gender	Employed by the Company	Age				Terms Years of Independent Director			Medical	Finance	Accounting	Law	Medical	Finance	Accounting	Law	Business management
				40 50	50 60	60 70	70 80	3 6 years	6 9 years	9 years or above									
Fu Hui-Tung	TW	M			V					V				V					V
Chen Tun-Ling	TW	M			V					V				V					
Chang Hsien-Cheng	TW	M			V					V				V					V
Wang Ming-Ting	TW	M	V				V			V	V			V	V				V
Hsieh Yen-Sheng	TW	M					V												V
Fu Jo-Hsuan	TW	M		V						V				V					V
Chan Tzu-Sheng	TW	M					V				V				V				
Chang Wu-I	TW	M					V					V				V			V
Kuo Yu-Chia	TW	M			V			V					V					V	V

(2) Independence of the Board of Directors

The current board of directors of the company consists of nine directors, the Company had three independent directors accounting for 33%, and the attendance rate of independent directors in the current board of directors has reached 94%, two external directors accounting for 22%, and directors without the company manager position accounted for more than one-half of the number of directors. The members of Board of Directors are nominated via rigorous selection processes, which considers background diversity, professional competence and experience. As such, the Board of Directors possesses independence qualification.

(3) Management team

April 23, 2022 Unit: shares

Title	Nationality	Name	Gender	Date Effective	Shareholding		Spouse & Minor Shareholding		Shareholding		Experience (Education)	Other Position	Managers who are Spouses or Within Two Degrees of Kinship			Remarks (Note)
					Shares	%	Shares	%	Shares	%			Title	Name	Relation	
General Manager	TW	Chang Ming-Cheng	M	2019/01/01	155,036	0.11%	—	—	—	—	Bachelor of Science in Department of Medical Technology, college of Medicine, National Taiwan University Bachelor of Business Administration, University of Ottawa Product manager of B. BRAUN TAIWAN CO., LTD. Deputy General Manager of Excelsior Medical Co., Ltd. General Manager of EG Healthcare, Inc. General Manager of Jiata Excelsior Co., Ltd.	Director of Excelsior Renal Service Co., Ltd. (Hong Kong) Director of Jiata Excelsior Co., Ltd. Director of Dynamic Medical Technologies Inc. Director of Arich Enterprise Co., Ltd. Director of Visionfront Corporation Director of Renal Laboratories Sdn. Bhd. Director of Medi-Chem System Sdn. Bhd Director of Bestsmile Co., Ltd. Director of Arich Best Chain Co., Ltd. Director of Excelsior Health Foundation Director of NephroCare Limited Director of Cardinal Medical Services Ltd.	None	None	None	None
Deputy General Manager	TW	Wang Ming-Ting	M	2000/10/01	63,428	0.04%	—	—	—	—	Master of Business Administration, University of Southern Queensland, Australia Department of Accounting and Statistics, National Taichung College of Business Section Manager of Accounting Section and Examination Section, Taiwan Land Development Investment Trust Corporation Specialist of Bank of Communications	Director of Dynamic Medical Technologies Inc. Supervisor of Bestchain Healthtaiwan Co., Ltd. Director of Excelsior Investment Co., Ltd. Director of Excelsior Group Holdings Co., Ltd. Director of Excelsior Asset Management Co., Ltd. General Manager of Excelsior Asset Management Co., Ltd. Supervisor of Excelsior Beauty Co., Ltd. Supervisor of CYJ International Taiwan Inc. Director of Join Fun Co., Ltd. Chairman of Arich Best Chain Co., Ltd. Director of Excelsior Health Foundation Supervisor of Chia En Long-term Care Corporation	None	None	None	None
CFO	TW	Chou Cheng-Hsiao	M	2011/08/03	47,912	0.03%	—	—	—	—	Bachelor of Accountancy, National Chengchi University Assist Manager of Audit Department, Deloitte & Touche Taiwan Accounting Division manager of Excelsior Medical Co., Ltd.	Supervisor of Bestsmile Co., Ltd. Director of Visionfront Corporation Supervisor of SinoExcelsior Investment Inc. Supervisor of Arich Best Chain Co., Ltd. Supervisor of Excelsior Asset Management Co., Ltd. Supervisor of Asia Best Life Care Technology Co., Ltd. Director of Excelsior Health Foundation Supervisor of Anxin Best Life Care Co., Ltd.	None	None	None	None

Note: Where the chairperson of the board of directors and the general manager or person of an equivalent post (the highest level manager) of a company are the same person, spouses, or relatives within the first degree of kinship, an explanation shall be given of the reason for, reasonableness, necessity thereof, and the measures adopted in response thereto. For example, increase the number of independent directors, and a majority of the directors may not serve concurrently as an employee or managerial officer.

(4) Remuneration of directors, general managers and deputy general managers

A. Remuneration of directors and independent directors

Unit: NT\$ thousands

Title	Name	Remuneration								Total Remuneration (A+B+C+D) and as % of Net Income (Note 10)		Relevant Remuneration Received by Directors Who are Also Employees								Total Remuneration (A+B+C+D+E+F+G and as % of Net Income (Note 10))		Remuneration from ventures other than subsidiaries or from the parent company (Note 11)			
		Base Compensation (A) (Note 2)		Severance Pay (B)		Directors Compensation(C) (Note 3)		Allowances (D) (Note 4)				Salary, Bonuses, and Allowances (E) (Note 5)		Severance Pay (F)		Employee Compensation (G) (Note 6)									
		The Company	All Companies in the Consolidated Financial Statements (Note 7)	The Company	All Companies in the Consolidated Financial Statements (Note 7)	The Company	All Companies in the Consolidated Financial Statements (Note 7)	The Company	All Companies in the Consolidated Financial Statements (Note 7)	The Company	All Companies in the Consolidated Financial Statements (Note 7)	The Company	All Companies in the Consolidated Financial Statements (Note 7)	The Company		All Companies in the Consolidated Financial Statements (Note 7)		The Company	All Companies in the Consolidated Financial Statements (Note 7)						
		Cash	Stock			Cash	Stock																		
Chairman	Fu Hui-Tung																								
Director	Excelsior Group Holdings Co., Ltd.																								
Representative of juristic-person director	Excelsior Group Holdings Co., Ltd. Representative: Chen Tun-Ling																								
Representative of juristic-person director	Excelsior Group Holdings Co., Ltd. Representative: Kao Shen (Note 12)	4,785	4,916	45	45	16,813	21,881	296	482	21,939	27,324	3,249	4,438	108	180	1,000	0	1,000	0	26,296	32,942	4.33%	5.43%	16,581	
Representative of juristic-person director	Excelsior Group Holdings Co., Ltd. Representative: Chang Hsien-Cheng (Note 12)																								
Director	Wang Ming-Ting																								
Director	Hsieh Yen-Sheng																								
Director	Fu Jo-Hsuan																								
Independent Director	Chan Tzu-Sheng	0	320	0	0	2,541	2,794	272	320	2,813	3,434	0	0	0	0	0	0	0	0	2,813	3,434	0.46%	0.57%	0	
Independent Director	Chang Wu-I																								
Independent Director	Kuo Yu-Chia																								

1. Please describe the policy, system, standard, and structure of remuneration to independent directors, and the correlation between duties, risk, and time input with the amount of remuneration: Compensations for the Company's Independent Directors are set in accordance with the Company's Articles of Incorporation, remuneration policy and procedures, and in reference to the Company's current operational scale and business conditions, and paid after approval from the Remuneration Committee and a resolutions from the Board of Directors. °

2. In addition to the above remuneration, director remuneration shall be disclosed as follows when received from companies included in the consolidated financial statements in the most recent year to compensate directors for their services, such as being independent contractors : None.

Remuneration grading table of directors and independent directors

Range of Remuneration	Name of Directors			
	Total of (A+B+C+D)		Total of (A+B+C+D+E+F+G)	
	The Company (Note 8)	Companies in the Consolidated Financial Statements (Note 9)(H)	The Company (Note 8)	Companies in the Consolidated Financial Statements (Note 9)(H)
Less than NT\$ 1,000,000	Excelsior Group Holdings Co., Ltd., Excelsior Group Holdings Co., Ltd. Representative: Chang Hsien-Cheng, Wang Ming-Ting, Excelsior Group Holdings Co., Ltd. representatives: Chen Tun-Ling, Hsieh Yen-Sheng, Chan Tzu-Sheng, Chang Wu-I, Kuo Yu- Chia	Excelsior Group Holdings Co., Ltd., Excelsior Group Holdings Co., Ltd. Representative: Chang Hsien-Cheng, Excelsior Group Holdings Co., Ltd. representatives: Chen Tun-Ling, Hsieh Yen-Sheng, Kuo Yu-Chia	Excelsior Group Holdings Co., Ltd., Excelsior Group Holdings Co., Ltd. Representative: Chang Hsien-Cheng, Excelsior Group Holdings Co., Ltd. representatives: Chen Tun-Ling, Hsieh Yen-Sheng, Chan Tzu-Sheng, Chang Wu-I, Kuo Yu-Chia	Excelsior Group Holdings Co., Ltd., Excelsior Group Holdings Co., Ltd. Representative: Chang Hsien-Cheng, Excelsior Group Holdings Co., Ltd. representatives: Chen Tun-Ling, Hsieh Yen-Sheng, Kuo Yu-Chia
NT\$1,000,000 ~ NT\$1,999,999	Excelsior Group Holdings Co., Ltd. representatives: Kao Shen,	Excelsior Group Holdings Co., Ltd. representatives: Kao Shen, Wang Ming-Ting, Chan Tzu-Sheng, Chang Wu-I	Excelsior Group Holdings Co., Ltd. representatives: Kao Shen	Excelsior Group Holdings Co., Ltd. representatives: Kao Shen, Chan Tzu-Sheng, Chang Wu-I
NT\$2,000,000 ~ NT\$3,499,999				
NT\$3,500,000 ~ NT\$4,999,999				
NT\$5,000,000 ~ NT\$9,999,999	Fu Jo-Hsuan	Fu Jo-Hsuan	Fu Jo-Hsuan, Wang Ming-Ting	Fu Jo-Hsuan, Wang Ming-Ting
NT\$10,000,000 ~ NT\$14,999,999	Fu Hui-Tung	Fu Hui-Tung	Fu Hui-Tung	Fu Hui-Tung
NT\$15,000,000 ~ NT\$29,999,999				
NT\$30,000,000 ~ NT\$49,999,999				
NT\$50,000,000 ~ NT\$99,999,999				
Greater than or equal to NT\$100,000,000				
Total	11	11	11	11

Note 1: The Directors' names should be listed separately (if a corporate shareholder, the corporate name and the representative's name should be listed separately), and the payments should be consolidated for disclosure. The amount of cash payment is disclosed in a summary. If the director is also the general manager or deputy general manager, this table and the following table (3-1) or (2-2) shall be filled in.

Note 2: The Director's remuneration for the most recent year (including salary, job allowances, Retirement Pension, various bonuses and incentives).

Note 3: The latest amount of Director's remuneration as passed by the board of directors.

Note 4: The latest annual business execution expenses of the Director (including transportation costs, special expenses, various subsidies, dormitory expenses, car expenses and other physical provisions). In case of the provision of expenses for housing, cars and other means of transportation or exclusive personal expenses, please disclose the nature and cost of the assets provided, the actual or fair market price of the rent, gasoline and other payments. If a driver is provided, please indicate the Company's relevant remuneration to the driver, but the amount should not be included in the remuneration.

Note 5: The latest salary, job allowances, Retirement Pension, various bonuses, incentives, car expenses, special expenses, various subsidies, dormitory expenses, car expenses and other physical provisions for the Director's other jobs (including the positions of General Manager, Deputy General Manager, Manager and other positions). In case of the provision of expenses for housing, cars and other means of transportation or exclusive personal expenses, please disclose the nature and cost of the assets provided, the actual or fair market price of the rent, gasoline and other payments.

If a driver is provided, please indicate the Company's relevant remuneration to the driver, but the amount should not be included in the remuneration. According to IFRS 2's recognition of remuneration in "Share-Based Payments", the remuneration shall include employee stock options, restricted-right employee shares and share subscription from participation in cash capital increase.

Note 6: If a Director receives employee remuneration (including stock and cash) on his/her other job(s) (including the positions of General Manager, Deputy Manager, Manager and other positions) in the latest year, please disclose the amount of employee remuneration as passed by the board of directors in the latest year. If the amount cannot be estimated, it should be calculated based on the percentage of the actual amount distributed last year, and Appendix 1-3 should be filled out.

Note 7: The total remuneration paid by all the companies (including the Company) in the consolidated report to the Company's Director.

Note 8: The total remuneration paid by the Company to each Director; the Director's name should be disclosed in the respective tier.

Note 9: The total remuneration paid by all the companies (including the Company) in the consolidated report to each of the Company's Directors should be disclosed, and the Director's name s should be disclosed in the respective tier.

Note 10: Net profit after tax refers to the net after-tax profit for the latest year. If the International Financial Reporting Standards have been adopted, then it is the net after-tax profit of the individual company or the respective financial statement.

Note 11: a. In this field the amount of remuneration paid to the Director by the Company's re-invested businesses other than the subsidiaries should be clearly indicated.

b.If the Director receives remuneration from the Company's re-invested businesses other than the subsidiaries, such remuneration should be incorporated into column I of the Remuneration Tiers Table, and the name of the field should be changed to "All re-invested businesses".

c.Remuneration refers to the compensation, reward (including that for an employee, director or supervisor) and business execution expenses received by the Company's Director for acting as a director, supervisor or manager of the Company's invested businesses other than the subsidiaries.

Note 12: On May 28, 2011, Excelsior Group Holdings Co., Ltd. reassigned Chang Hsien-Cheng to replace Kao Shen as the legal representative of the company.

* The contents of the remuneration disclosed in this table are different from those in the Income Tax Law. Therefore, this statement is for the purpose of disclosure but not for taxation.

B. Remuneration of the general manager and deputy general manager

Title	Name	Salary(A) (Note 2)		Severance Pay (B)		Bonuses and Allowances (C) (Note 3)		Employee Compensation (D) (Note 4)				Total Compensation and (A+B+C+D) as a % of Net Income (Note 8)		Remuneration from Ventures other than Subsidiaries or from the Parent Company (Note 9)
		The Company	All Companies in the Consolidated Financial Statements	The Company	All Companies in the Consolidated Financial Statements	The Company	All Companies in the Consolidated Financial Statements	The Company		All Companies in the Consolidated Financial Statements (Note 5)		The Company	All Companies in the Consolidated Financial Statements	
								Cash	Stock	Cash	Stock			
General Manager	Chang Ming- Cheng	7,226	8,341	216	288	1,362	1,435	4,000	0	4,000	0	12,804	14,064	0
Deputy General Manager	Wang Ming- Ting											2.11%	2.32%	

Remuneration Grading Table of the General Manager and Deputy General Manager

Range of Remuneration	Name of General Manager and Deputy General Manager	
	The Company(Note 6)	All Companies in the Consolidated Financial Statements (Note 7)(E)
Less than NT\$ 1,000,000		
NT\$1,000,000 ~ NT\$1,999,999		
NT\$2,000,000 ~ NT\$3,499,999		
NT\$3,500,000 ~ NT\$4,999,999	Wang Ming-Ting	
NT\$5,000,000 ~ NT\$9,999,999	Chang Ming-Cheng	Chang Ming-Cheng, Wang Ming-Ting
NT\$10,000,000 ~ NT\$14,999,999		
NT\$15,000,000 ~ NT\$29,999,999		
NT\$30,000,000 ~ NT\$49,999,999		
NT\$50,000,000 ~ NT\$99,999,999		
Greater than or equal to NT\$100,000,000		
Total	2	2

- Note 1: The General Managers and Deputy General Managers' names should be listed separately, and the payments should be consolidated for disclosure. If the Directors are also General Managers or Deputy General Managers, this table and the table above (1-1) or (1-2) shall be filled in.
- Note 2: The latest amount of the General Manager's and the Deputy General Managers' remunerations (including salary, job allowances and severance payment).
- Note 3: The latest annual business execution expenses of the General Manager and the Deputy General Managers (including transportation costs, special expenses, various subsidies, dormitory expenses, car expenses and other physical provisions). In case of the provision of expenses for housing, cars and other means of transportation or exclusive personal expenses, please disclose the nature and cost of the assets provided, the actual or fair market price of the rent, gasoline and other payments. If a driver is provided, please indicate the Company's relevant remuneration to the driver, but the amount should not be included in the remuneration. According to IFRS 2's recognition of remuneration in "Share-Based Payments", the remuneration shall also include employee stock options, restricted-right employee shares and share subscription from participation in cash capital increase.
- Note 4: The employee remuneration (including stock and cash) distributed to the General Manager or Deputy General Manager as passed by the board of directors in the latest year. If the amount cannot be estimated, it should be calculated based on the percentage of the actual amount distributed last year, and Appendix 1-3 should be filled out. Net profit after tax refers to the net after-tax profit for the latest year. If the International Financial Reporting Standards have been adopted, then it is the net after-tax profit of the individual company or the respective financial statement.
- Note 5: The total remuneration paid by all the companies (including the Company) in the consolidated report to the Company's General Manager and Deputy General Managers.
- Note 6: The total remuneration paid by the Company to each General Manager and Deputy General Manager; the General Manager's and the Deputy General Managers' names are to be disclosed in the respective tiers
- Note 7: The total remuneration paid by all the companies (including the Company) in the consolidated report to each of the Company's General Manager and Deputy General Managers should be disclosed, and the General Manager's and the Deputy General Managers' names should be disclosed in the respective tier.
- Note 8: Net profit after tax refers to the net after-tax profit for the latest year. If the International Financial Reporting Standards have been adopted, then it is the net after-tax profit of the individual company or the respective financial statement.
- Note 9: a. In this field the amount of remuneration paid to the General Manager or the Deputy General Managers by the Company's re-invested businesses other than the subsidiaries should be clearly indicated.
b. If the General Manager and Deputy General Managers receive remuneration from the Company's re-invested businesses other than the subsidiaries, such remuneration should be incorporated into column D of the Remuneration Tiers Table, and the name of the field should be changed to "All re-invested businesses".
c. Remuneration refers to the compensation, reward (including that for an employee, director or supervisor) and business execution expenses received by the Company's General Manager or Deputy General Manager for acting as a director, supervisor or manager of the Company's re-invested businesses other than the subsidiaries.
- * The contents of the remuneration disclosed in this table are different from those in the Income Tax Law. Therefore, this statement is for the purpose of disclosure but not for taxation.

C.General Manager and Deputy General Manager

Unit: NT\$ thousands

Title		Name	Stock	Cash	Total	Ratio of Total Amount to Net Income (%)
Manager	General Manager	Chang Ming-Cheng	0	5,403	5,403	0.89%
	Deputy General Manager	Wang Ming-Ting				
	CFO	Chou Cheng-Hsiao				

Note : The latest amount of the manager's employee remuneration as passed by the board of directors (including shares and cash) in the latest year. Net profit after tax refers to the net after-tax profit for the latest year. If the International Financial Reporting Standards have been adopted, then it is the net after-tax profit of the individual company or the respective financial statement.

(5) Performance assessment and remuneration policy of directors and managers

According to the Article 25 of the Company's Articles of Incorporation, the Company should contribute no less than 1% of the profit as employee compensation and no more than 5% as director remuneration when there is profit for the year. According to the Company's Remuneration Committee Charter, the payment principles for directors and managers' remuneration are as follows:

- A. Performance assessments and compensation levels of directors and managers shall take into account the general pay levels in the industry. Also to be evaluated are the reasonableness of the correlation between the individual's performance and this Company's operational performance and future risk exposure.
- B. Reasonableness shall be taken into account when the contents and amounts of the compensation of the directors and managers are set. It is not advisable for decisions on the compensation of the directors and managers to run contrary to financial performance to a material extent. It is not advisable for said compensation to be higher than that in the preceding year in the event of a material decline in profits or of long-term losses.

3. Implementation of Corporate Governance

(1) Board of directors

A total of 8 meetings (A) of the Board of Directors were held in the previous period. The attendance of directors were as follows:

Title	Name	Attendance in Person (B)	By Proxy	Attendance Rate (%) 【 B / A 】	Remarks
Chairman	Fu Hui-Tung	8	0	100%	
Director	Excelsior Group Holdings Co., Ltd. Representative:Chen Tun-Ling	8	0	100%	
Director	Excelsior Group Holdings Co., Ltd. Representative:Kao Shen	3	0	100%	On May 28, 2011, Excelsior Group Holdings Co., Ltd. reassigned Chang
Director	Excelsior Group Holdings Co., Ltd. Representative: Chang Hsien-Cheng	5	0	100%	Hsien-Cheng to replace Kao Shen as the legal representative of the company.
Director	Wang Ming-Ting	8	0	100%	
Director	Hsieh Yen-Sheng	8	0	100%	
Director	Fu Jo-Hsuan	8	0	100%	
Independent director	Chan Tzu-Sheng	8	0	100%	
Independent director	Chang Wu-I	7	1	87.5%	
Independent director	Kuo Yu-Chia	8	0	100%	

Other mentionable items:

1.If any of the following circumstances occur, the dates of the meetings, sessions, contents of motion, all independent directors' opinions and the company's response should be specified:

- (1)Matters referred to in Article 14-3 of the Securities and Exchange Act: The Article 14-3 of the Securities and Exchange Act is not be applicable because the Company has established the Audit Committee. Please refer to the "Audit Committee" on page 38 of the Annual Report.
- (2)Except for the matters listed in the preceding paragraph, other resolutions from the Board of Directors in which an Independent Director has a dissenting or qualified opinion that has been recorded or documented: None.Please see page 77 for important resolutions from the Board of Directors in the most recent year as well as the current year up to the date of publication of the Annual Report.

2.If there are directors' avoidance of motions in conflict of interest, the directors' names, contents of motion, causes for avoidance and voting should be specified:

- (1) The 13th Meeting of the 12th term on January 21, 2021
 - i. Reviewing and approving of the 2th employees' compensations for managers in 2019. Resolution was approved without dissidence by the chairman and all other Directors in attendance (including Independent Directors). (Vice Chairman Kao Shen and Director Wang Ming-Ting recused themselves from the voting to prevent conflicts of interest).
 - ii. Reviewing of year-end bonus for managers in 2020. Resolution was approved without dissidence by the chairman and all other Directors in attendance (including Independent Directors). (Vice Chairman Kao Shen and Director Wang Ming-Ting recused themselves from the voting to prevent conflicts of interest).

- (2) The 17th Meeting of the 12th term on August 06, 2021
- i. Reviewing and approving of the directors' remuneration in 2020. Except for individual directors who recused themselves due to their interests, resolution was approved by the chairman (by the acting chairman when the chairman recuses) and all other Directors in attendance (including Independent Directors).
- (3) The 20th Meeting of the 12th term on December 24, 2021
- i. The Company to provide contract performance guarantee for transacting counterparty Bestchain Healthtaiwan Co., Ltd. The chairman authorized Director Wang Ming-Ting to be the acting chairman. After the stakeholders (Chairman Fu Hui-Tung, Vice Chairman Chang Hsien-Cheng and Director Fu Jo-Hsuan) left the meeting, the resolution was approved without dissidence by the acting chairman and all other Directors in attendance (including Independent Directors).
 - ii. The Company to provide endorsements/guarantees for financing credit extension of NT\$200 million from Taipei Branch of Taiwan Cooperative Bank on behalf of Bestchain Healthtaiwan Co., Ltd. The chairman authorized Director Wang Ming-Ting to be the acting chairman. After the stakeholders (Chairman Fu Hui-Tung, Vice Chairman Chang Hsien-Cheng and Director Fu Jo-Hsuan) left the meeting, the resolution was approved without dissidence by the acting chairman and all other Directors in attendance (including Independent Directors).
 - iii. Reviewing and approving of the employees' compensations for managers in 2020. After the stakeholders (Director Wang Ming-Ting) left the meeting, the resolution was approved without dissidence by the chairman and all other Directors in attendance (including Independent Directors).
 - iv. Reviewing of year-end bonus for managers in 2021. After the stakeholders (Director Wang Ming-Ting) left the meeting, the resolution was approved without dissidence by the chairman and all other Directors in attendance (including Independent Directors).

Except for the preceding resolutions, no other motions in conflict of interest.

3. Implementation of the Board of Directors

Evaluation Cycles	Evaluation Periods	Scope of Evaluation	Method of Evaluation	Evaluation Content
Once a year.	2021/1/1-2021/12/31	Cover the evaluation of the board as a whole, individual directors and functional committees.	Including the overall operation of the board of directors, individual directors and functional committees, and the participation, awareness of the duties and continuing education of directors to be evaluated.	(1)Evaluating the performance of the board of directors: Including participation in the operation of the company, the quality of the board of directors' decision making, composition and structure of the board of directors, election and continuing education of the directors and internal control. (2)Evaluating the performance of individual directors: Including alignment of the goals and missions of the company, awareness of the duties of a director, participation in the

				<p>operation of the company, management of internal relationship and communication, the director's professionalism and continuing education and internal control.</p> <p>(3) Evaluating the performance of functional committees: Including participation in the operation of the company, awareness of the duties of the functional committee, improvement of quality of decisions made by the functional committee, makeup of the functional committee and election of its members and internal control.</p>
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4. Measures taken to strengthen the functionality of the Board of Directors in the current year and most recent year

- (1) The Company has completed the performance evaluation of the Board of Directors and functional committees, and the self-evaluation of the Board of Directors for 2021, and results of which have been submitted to the Board of Directors.
- (2) The Company has amended the "Regulations Governing Procedure for Board of Directors Meetings" on March 12, 2020 to specify the handling procedures for motions that present conflicts of interest to the Directors, thereby strengthening corporate governance.
- (3) The Company has amended the "Regulations Governing the Evaluation of the Performance of the Board of Directors," "Rules Governing the Scope of Powers of Independent Directors," "Audit Committee Charter" and "Remuneration Committee Charter" on March 12, 2021 to specify the performance evaluation content of the Board of Directors and members.
- (4) The Company has amended the "Election Procedures for Board Directors" on March 11, 2022 to specify the criteria for the selection and appointment of directors are clearly defined, and the overall configuration of the board of directors is considered.

(2) Audit committee

A total of 8 Audit Committee meetings (A) were held in the previous period. The attendance of the independent directors was as follows :

Title	Name	Attendance in Person (B)	By Proxy	Attendance Rate (%) 【 B / A 】	Remarks
Independent director	Chan Tzu-Sheng	8	0	100%	
Independent director	Chang Wu-Yi	7	1	87.5%	
Independent director	Kuo Yu-Chia	8	0	100%	

Other mentionable items:

1. If any of the following circumstances, the dates of the meetings, sessions, contents of motion, Audit Committee's resolutions and the Company's response to the Audit Committee's opinion should be specified:

(1) For items listed in Article 14-5 of the Securities and Exchange Act: Please see the below table.

(2) Except the items in the preceding issues, other resolutions which was not approved by the Audit Committee but approved by two-thirds of all Board of Directors members: None.

For items listed in Article 14-5 of the Securities and Exchange Act

Audit committee Session and Date	Content	Resolution of the Audit Committee	The Company's Response to the Opinions of the Audit Committee
The 10th meeting of the 2st term 2021.01.21	1.Proposal of amendment of "Assets Acquisition or Disposition Procedures." 2.Proposal of endorsements for transacting counterparty Bestchain Healthtaiwan Co., Ltd. 3.The Company to provide endorsements/guarantees for financing credit extension of NT\$10 million from Taipei Branch of Taiwan Cooperative Bank on behalf of Bestsmile Co., Ltd.. 4.The Company to provide endorsements/guarantees for financing credit extension of NT\$100 million from Corporate Banking Division of Standard Chartered Bank (Taiwan) Limited on behalf of Bestchain Healthtaiwan Co., Ltd. 5.The Company to provide endorsements/guarantees for new financing credit of NT\$210 million from Corporate Banking Division of Cathay United Bank on behalf of Excelsior Asset Management Co., Ltd. 6.The Company to provide endorsements/guarantees for new financing credit of NT\$170 million from Nanjing East Road Branch of Hua Nan Bank on behalf of Excelsior Asset Management Co., Ltd.	Approved by the Audit Committee and submitted to the Board of Directors for approval.	All motions were unanimously approved by all attending Directors without dissidence.
The 11th meeting of the 2st term 2021.03.12	1.Preparation 2020 Internal Control System Statement of the Company. 2.The Company's 2020 Financial Statements. 3.The Company's 2020 earnings distribution proposal. 4.Proposal of amendment of "Rules of Procedure for Shareholders' Meetings." 5.Proposal of amendment of "Rules for Performance Evaluation of Board of Directors", "Rules Governing the Scope of Powers of Independent Directors", "Audit Committee Charter" and "Remuneration Committee	Approved by the Audit Committee and submitted to the Board of Directors for	All motions were unanimously approved by all attending Directors without dissidence.

		<p>Charter.”</p> <p>6.Proposal of amendment of “Internal Control System” and “Internal Audit System.”</p> <p>7.Proposal of amendment of the Company’s “approved authority level.”</p> <p>8.The Company to provide contract performance guarantee for transacting counterparty Bestchain Healthtaiwan Co., Ltd.</p> <p>9.The Company to provide endorsements/guarantees for financing credit extension of NT\$100 million from CitiBank Taiwan on behalf of Bestchain Healthtaiwan Co., Ltd.</p> <p>10.The Company to provide endorsements/guarantees for new financing credit of NT\$370 million from Taipei Branch of Taiwan Cooperative Bank on behalf of Excelsior Asset Management Co., Ltd.</p>	approval.	
The 12th meeting of the 2st term	2021.05.07	<p>1.Proposal of the evaluation results for the independence and suitability of the Company’s CPA.</p> <p>2.The 2021 Q1 consolidated financial report.</p> <p>3.Proposal of amendment of “Internal Audit System.”</p> <p>4.The Company to provide contract performance guarantee for transacting counterparty Bestchain Healthtaiwan Co., Ltd.</p>	Approved by the Audit Committee and submitted to the Board of Directors for approval.	All motions were unanimously approved by all attending Directors without dissidence.
The 13th meeting of the 2st term	2021.06.29	<p>1.Adjust the audit items of the audit period from May to June in the company's audit plan in 2011.</p> <p>2.The Company to provide contract performance guarantee for transacting counterparty Excelsior Renal Service Co., Ltd. (Hong Kong) and Bestchain Healthtaiwan Co., Ltd.</p>	Approved by the Audit Committee and submitted to the Board of Directors for approval.	All motions were unanimously approved by all attending Directors without dissidence.
The 14th meeting of the 2st term	2021.08.06	<p>1.Routine review of the 2021 CPA audit fee.</p> <p>2.The 2021 Q2 consolidated financial report.</p> <p>3.Proposal of amendment of the Company’s “approved authority level.”</p> <p>4.The Company to provide contract performance guarantee for transacting counterparty Bestchain Healthtaiwan Co., Ltd.</p> <p>5.The Company to provide endorsements/guarantees for new financing credit of NT\$150 million from Corporate Banking Division of Industrial Finance II Regional Center of Cathay United Bank on behalf of Excelsior Asset Management Co., Ltd.</p> <p>6.The Company to provide endorsements/guarantees for new financing credit of USD\$2.5million from Citibank on behalf of Renal Laboratories Sdn. Bhd..</p> <p>7.The Company to provide endorsements/guarantees for new financing credit of USD\$0.5million from Citibank on behalf of Medi-Chem Systems Sdn. Bhd..</p> <p>8.The Company to provide endorsements/guarantees for new financing credit of NT\$100 million from Corporate Banking Division of Industrial Finance II Regional Center of Cathay United Bank on behalf of Bestchain Healthtaiwan Co., Ltd.</p> <p>9.The Company to provide endorsements/guarantees for financing credit extension of NT\$100 million from Xinzhuang Branch of Bank SinoPac on behalf of Bestchain Healthtaiwan Co., Ltd.</p>	Approved by the Audit Committee and submitted to the Board of Directors for approval.	All motions were unanimously approved by all attending Directors without dissidence.

The 15th meeting of the 2st term	2021.11.05	<ol style="list-style-type: none"> 1.The 2021 Q3 consolidated financial report. 2.To establish the Company's 2022 audit plan. 3.The Company's 2022 budget report. 4.Proposal of amendment of "Internal Control System" , "Internal Audit System" and management regulations. 5.The company and affiliated companies jointly leased Taichung office and its decoration project from Taiwan Sanyo Electric Co., Ltd. 6.The Company to provide contract performance guarantee for transacting counterparty Bestchain Healthtaiwan Co., Ltd. 7.The Company to provide endorsements/guarantees for financing credit extension of NT\$100 million from Nanjing East Road Branch of Hua Nan Bank on behalf of Bestchain Healthtaiwan Co., Ltd. 8.The Company cancel to provide endorsements/guarantees for financing credit extension of NT\$100 million from Xinzhuang Branch of Bank SinoPac on behalf of Bestchain Healthtaiwan Co., Ltd. 	Approved by the Audit Committee and submitted to the Board of Directors for approval.	All motions were unanimously approved by all attending Directors without dissidence.
The 16th meeting of the 2st term	2021.11.15	<ol style="list-style-type: none"> 1.The company intends to acquired 49% shares in NephroCare Limited and Cardinal Medical Services Ltd. through the subsidiary, Excelsior Medical (HK) Co., Limited. 2.The company intends to provide endorsement/guarantees for Excelsior Medical (HK) Co., Limited. to obtain equity investment from Fresenius Medical Care Hong Kong Limited and Asia Renal Care, Ltd. 	Approved by the Audit Committee and submitted to the Board of Directors for approval.	All motions were unanimously approved by all attending Directors without dissidence.
The 17th meeting of the 2st term	2021.12.24	<ol style="list-style-type: none"> 1.The Company to provide contract performance guarantee for transacting counterparty Bestchain Healthtaiwan Co., Ltd. 2.The Company to provide endorsements/guarantees for new financing credit of NT\$370 million from Taipei Branch of Taiwan Cooperative Bank on behalf of Excelsior Asset Management Co., Ltd. 3.The Company to provide endorsements/guarantees for new financing credit of NT\$50 million from Nanjing East Road Branch of Hua Nan Bank on behalf of Excelsior Asset Management Co., Ltd. 4.The Company to provide endorsements/guarantees for new financing credit of peso \$50 million from Manila Branch of Cathay United Bank on behalf of EG Healthcare, Inc. 5.The Company to provide endorsements/guarantees for financing credit extension of NT\$10 million from Taipei Branch of Taiwan Cooperative Bank on behalf of Bestsmile Co., Ltd.. 6.The Company to provide endorsements/guarantees for financing credit extension of NT\$200 million from Taipei Branch of Taiwan Cooperative Bank on behalf of Bestchain Healthtaiwan Co., Ltd. 	Approved by the Audit Committee and submitted to the Board of Directors for approval.	All motions were unanimously approved by all attending Directors without dissidence.

2. If there are independent directors' avoidance of motions in conflict of interest, the directors' names, contents of motion, causes for avoidance and voting should be specified: None.
3. Communications between the independent directors, the Company's chief internal auditor and CPAs (e.g. the items, methods and results of audits of corporate finance or operations, etc.): the Company convenes at least one Audit Committee meeting in each quarter, in which Independent Directors can directly communicate with the Company's finance and accounting supervisor, audit supervisor, and CPA in regards to the Company's financial and business status. When reviewing financial reports, the Independent Directors can further discuss with CPA as well as receive explanations from finance and accounting supervisors. Please see the Company's website on the Shareholders section for relevant communications in 2021.

(3) The state of the Company's implementation of corporate governance, any variance from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies, and the reason for any such variance

Evaluation Item	Implementation status			Deviations from the "Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies" and Reasons
	Yes	No	Explanation	
A. Does the Company establish and disclose the Corporate Governance Best Practice Principles based on "Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies?"	V		<p>1. To formulate a positive corporate governance system and to comply with the indicators of the corporate governance evaluation, the Company's Board of Directors has enacted the "Corporate Governance Best Practice Principles" in reference to the regulations from the "Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies" collectively formulated by the Taiwan Stock Exchange and the Taipei Exchange (GreTai Securities Market) and in line with the Company's current practices on May 7, 2015.</p> <p>2. The Company has implemented the relevant standards in the "Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies" and its own "Corporate Governance Best Practice Principles" in day-to-day operations, and regularly reviews the status of implementing corporate governance and improves accordingly. There is no significant variance found in relevant implementations. Principles and standards on corporate governance have been disclosed on the Governance Section of the Company's website (http://www.excelsiormedical.com.tw/) and the Market Observation Post System (MOPS).</p>	Comply

Evaluation Item	Implementation status			Deviations from the “Corporate Governance Best- Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Explanation	
B. Shareholding structure & shareholders’ rights				
a. Does the Company establish an internal procedure for handling shareholder proposals, inquiries, disputes, and litigations? Are such matters handled according to the internal procedure?	V		Spokesperson and deputy spokesperson have been set up at the Company, Dynamic Medical Technologies Inc. (hereinafter “DMT”) and Arich Enterprise Co., Ltd. (hereinafter “Arich”) to answer suggestions from the shareholders. No disputes have occurred up to the date of publication of the Report.	Comply
b. Does the Company maintain a register of major shareholders with controlling power as well as a register of persons exercising ultimate control over those major shareholders?	V		The Company, DMT, and Arich maintain a register of major shareholders with controlling power as well as register of persons exercising ultimate control over those major shareholders via the reporting on shares and pledges from insiders as well as the shareholders' register provided by the Taiwan Depository & Clearing Corporation.	Comply
c. Does the Company establish and enforce risk control and firewall systems with its affiliates?	V		On top of implementations in accordance with various procedures, the Company also enforce risk control mechanism through appointing legal representatives to participate in the decision-making and management of various affiliated businesses.	Comply

Evaluation Item	Implementation status			Deviations from the “Corporate Governance Best- Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Explanation	
d. Does the Company stipulate internal rules that prohibit company insiders from trading securities using information not disclosed to the market?	V		The Company and DMT have both established “Procedures for Handling Material Inside Information” and disclosure of the handling of all material inside information is carried out accordingly. Arich has established the “Procedures for Ethical Management and Guidelines for Conduct” to specify the prohibition of relevant matters. In addition, to facilitate compliance with relevant regulations, “Handbook on Guidelines for Equity Transaction from Company Insiders” is distributed to all newly appointed Directors, Supervisors, and managers of the Company.	Comply
C. Composition and responsibilities of the Board of Directors a. Has the Board of Directors formulate diversity policies, specific management objectives and implemented them?	V		The current board of directors of the company consists of nine directors, the Company had three independent directors accounting for 33%, two external directors accounting for 22%, and directors without the company managers accounted for more than one-half of the number of directors, and the attendance rate of independent directors in the current board of directors has reached 94%. The board of directors should generally possess the knowledge, skills and qualities necessary for the performance of their duties ,and should have as the following :	Comply

Evaluation Item	Implementation status			Deviations from the “Corporate Governance Best- Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Explanation	
			<ol style="list-style-type: none"> 1. Ability to make operational judgments. 2. Ability to perform accounting and financial analysis. 3. Ability to conduct operational management. 4. Ability to conduct crisis management. 5. Knowledge of the industry. 6. An international market perspective. 7. Ability to lead. 8. Ability to make policy decisions. <p>The nomination of directors of the Company adopts the candidate nomination system, considers background diversity, professional competence and experience. To sum up, the board of directors of the company should have its independence.</p> <p>In addition, DMT and Arich have also set up three seats of Independent Directors each, and all companies’ relevant practices are in line with applicable laws.</p>	

Evaluation Item	Implementation status			Deviations from the “Corporate Governance Best- Practice Principles for TWSE/TPEX Listed Companies” and Reasons																																																																																																																																																																																														
	Yes	No	Explanation																																																																																																																																																																																															
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Evaluation Item	Implementation status			Deviations from the “Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Explanation	
b. In addition to the Remuneration Committee and Audit Committee set according to law, has the Company voluntarily set up other functional committees?		V	The Company has established the Remuneration Committee in December 2011 and the Audit Committee in June 2016. DMT has established the Remuneration Committee in December 2011 and the Audit committee in June 2012, while Arich has established the Remuneration Committee in December 2011 and Audit Committee in June 2012.	Other functional committees have not been set up, and all other corporate governance functions are carried out by each respective department based on their roles and functions.
c. Does the Company formulate rules and procedures for the Board of Directors to regularly perform assessments of the Board of Directors in each year, and submits the results of such assessments to the Board meeting, and to use them as reference toward compensations for individual Board members and nominations for re-elections?	V		The Company has established the “Regulations Governing the Evaluation of the Performance of the Board of Directors” and will regularly evaluate the performance of the Board in each year. Each Director will assess aspects including operations, culture, internal and external relationship management, and self-assessment of Directors, and results will be statistically compiled and submitted to the Board. The internal evaluation (Board of Directors, Audit Committee, Remuneration Committee, and Directors) for 2021 has been completed and results of which have been submitted to the Board of Directors on March 11, 2022.	Comply
d. Does the Company regularly evaluate the independence of the CPA engaged by the Company?	V		The Company has established the “Corporate Governance Best Practice Principles” and regularly evaluates the independence and suitability (Note 1) of the CPA based on the “Evaluation of the CPA’s Suitability and Independence” in each year. A Statement of Independence is also required of the CPA, and the evaluation results are also submitted to the Board of Directors.	Comply

Evaluation Item	Implementation status			Deviations from the “Corporate Governance Best- Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Explanation	
D. Does the TWSE/TPEX listed company have an adequate number of corporate governance personnel with appropriate qualifications based on the size of the company, business situations and management needs, and to appoint a chief corporate governance officer as the most senior officer to be in charge of corporate governance affairs (including but not limited to furnishing information required for business execution by directors and supervisors, handling matters relating to Board meetings and Shareholders' Meetings according to laws, and producing minutes of Board meetings and Shareholders' Meetings)?	V		The Company's General Manager's Office, and DMT's and Arich's Finance and Accounting Divisions serve as concurrent units to be in charge of corporate governance. They are responsible for providing timely information to shareholders on the MOPS or the Company's website, furnishing information required for business execution by Directors, handling matters related to Board Meetings and Shareholders' Meetings according to laws, and producing minutes of Board meetings and Shareholders' Meetings and more.	Partially comply

Evaluation Item	Implementation status			Deviations from the “Corporate Governance Best- Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Explanation	
E. Has the company established a channel to communicate with stakeholders (including but not limited to the shareholders, employees, customers and suppliers), and set up a stakeholder section on the Company’s website, and appropriately responded to the important corporate social responsibility issues that are essential to stakeholders?	V		The Company, DMT, and Arich have all established spokesperson system respectively, and have set up designated channels of communication and specified contact information including telephone number and email on the Shareholders section of respective Company websites.	Comply
F. Has the Company commissioned a professional stock affair agency to manage Shareholders’ Meetings and other relevant affairs?	V		The Company, DMT, and Arich have all appointed President Securities Corporation as the professional stock affair agency to manage Shareholders’ Meetings and other relevant affairs.	Comply
G. Information disclosure a. Does the Company establish a website to disclose information on financial operations and corporate governance?	V		The Company, DMT, and Arich have all set up dedicated websites to disclose financial business and corporate governance information. The website of the Company is: http://www.excelsiormedical.com.tw	Comply

Evaluation Item	Implementation status			Deviations from the “Corporate Governance Best- Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Explanation	
b. Does the Company adopt other means of information disclosure (such as establishing an English language website, delegating a professional to collect and disclose Company information, implement a spokesperson system, and disclosing the process of investor conferences on the Company website)?	V		The Company, DMT, and Arich have all set up dedicated personnel to be in charge of collecting and disclosing Company information, have implemented spokesperson system, and regularly held investor conferences. The above disclosure is on the company website to improve the transparency of company information.	Comply
c. Does the Company publish and file its annual financial report within two months after the end of a fiscal year, and publish and file its financial reports for the first, second and third quarters as well as its operating status for each month before the specified deadline?	V		The Company, DMT, and Arich all publish and file annual financial report within three months after the end of a fiscal year, and publish and file financial reports for the first, second and third quarters as well as the operating status for each month before the specified deadline.	Partially comply

Evaluation Item	Implementation status			Deviations from the “Corporate Governance Best- Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Explanation	
H. Does the Company have other important information on the implementation of corporate governance (including but not limited to rights and interests of employees, employee care, investor relations, supplier relations, rights of stakeholders, continuing education of Directors and Supervisors, implementation status of risk management policies and risk measurement standards, implementation status of customer policies, and purchase of liability insurance for Directors and Supervisors)?	V		<p>1. Rights and interest of employees: On top of establishing the legally stipulated Employee Welfare Committee and Supervisory Committee of Labor Retirement Reserve to coordinate employee benefits and the planning, appropriations, safekeeping, usage, and related legal standards related to pension reserve as well as to serve as channels of communication with the Company, all measures to protect and implement employees' rights and benefits are carried out pursuant to legal standards.</p> <p>2. Employee care: the Group is focused on the safety and physical and mental well-being of our employees. In terms of office design and furnishing, besides taking earthquake prevention, fire prevention, and soundproof into consideration to provide the most comfortable and safest environment to our employees, access control, security system, and surveillance cameras are also implemented on all entrances and exits on each floor. Moreover, we focus on sanitation and cleanliness of the office environment is emphasized and regularly carry out cleaning and disinfectant procedures. Air purifiers are also placed at each office to enhance the quality of workplace environment. Moreover, free health checkup is provided to each employee in each year in order to assist employees to be more aware of and to improve their health conditions. Whenever employees are faced with either difficulties, stress, or setbacks during their personal lives or at work</p>	Comply

Evaluation Item	Implementation status			Deviations from the “Corporate Governance Best- Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Explanation	
			<p>and require assistance or wish to report, the Company also arranges their immediate supervisors and the Human Resources Personnel as channels of communication to assist in problem-solving.</p> <p>3. Investor relations: to protect the rights and interests of shareholders and for investors and the public to better understand the operating status of the Group, besides complying with applicable laws in disclosing relevant information on the MOPS, the Company, DMT, and Arich have further established the "Investors" section on respective company websites, and regularly update various share and financial information which the investors can query.</p> <p>4. Supplier relations: the Group maintains positive interactions with all suppliers and appoints professional personnel to participate in product training and promotions with suppliers to learn about relevant knowledge on products and equipment. These engagements help to enhance quality, build partnerships, and create win-win for both parties.</p> <p>5. Rights and interests of stakeholders: The websites of the Company, DMT and Arich have all established service mailbox and points of contact on the Investors section. Besides designating spokesperson and deputy spokesperson, the stock affair agency President Securities Corporation is also responsible for handling inquiries and</p>	

Evaluation Item	Implementation status			Deviations from the “Corporate Governance Best- Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Explanation	
			<p>suggestions from shareholders and stakeholders of the Company. When an inquiry concerns a legal issue, a lawyer is appointed by the Company or a legal personnel will handle appropriately to maintain the rights and interests of stakeholders.</p> <p>6. Continuous studies from Directors, Supervisors, and managers: The Company, DMT, and Arich provide applicable legal information and courses on professional knowledge organized by relevant units to Directors and managers from time to time, and the required continuous studies have been fulfilled in accordance with "Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE Listed and TPEX Listed Companies". The summary of continuous studies for 2021 please see Note 2.</p> <p>7. Implementation status of risk management policies and risk measurement standards: various management methods and regulations have been enacted based on the specific industry characteristics of the Company, and risk management and measurement are carried out accordingly.</p> <p>8. Implementation status of customer policies: The Company maintains positive relations and interactions with customers in order to maintain long-term, stable partnership, thereby creating win-win synergies for both the Company and our customers.</p>	

Evaluation Item	Implementation status			Deviations from the “Corporate Governance Best- Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Explanation	
			9. Purchase of liability insurance for Directors and Supervisors (1) The Company has purchased liability insurance for each Director, Supervisor, and important staff, and the insured terms are from November 2021 to November 2022, and the total insured amount is US\$10 million. (2) DMT has purchased liability insurance for each Director, Supervisor, and important staff, and the insured terms are from February 2022 to February 2023, and the total insured amount is US\$3 million. (3) Arich has purchased liability insurance for each Director, Supervisor, and important staff, and the insured terms are from December 2021 to December 2022, and the total insured amount is US\$3 million.	
I. Please provide information on the status of improvement regarding the results of Corporate Governance evaluation published by the TWSE Corporate Governance Center in the most recent year, and specify priorities and measures to improve those items that have not been improved yet: The Company will strengthen disclosure of relevant information on the Company's website to comply with standards of corporate governance. Other items that have not been improved yet will be gradually improved and implemented based on the Company's plans.				

Excelsior Medical Co., Ltd.

Evaluation of the Independence and Competence of CPAs

Evaluation Indicators		Yes	No
Effect on independence from self-interest (refers to acquiring financial interests from an audit client or has a conflict of interest with audit client through other interests or relationships with the client)			
The certified public accountant (CPA) doesn't hold securities from the Company or its related companies.		v	
The Company doesn't have a direct or indirect material financial interest with the CPA.		v	
The Company doesn't have a material and intimate business relationship with the CPA.		v	
The Company doesn't have a potential employment relationship with the CPA.		v	
Effect on independence from self-review (Refers to reports or judgments submitted by the CPA for non-auditing services which constitute important basis in the audit or review process of financial information; or if a member of the audit service team had once served as the Company's director, supervisor, or a position in the Company with significant influence over the audited case)			
The original data isn't prepared by the CPA used toward material or significant items for assurance engagement.		v	
The CPA audit service team members haven't served or had served within the past two years as the Company's directors, supervisors, managers, or other positions that could seriously impact the audit.		v	
The non-audit services performed by the CPA or its firm directly don't affect a material item of the audit.		v	
Effect of advocacy on independence (refers to when a member of the audit team acts as an advocate in support of the audit client's position or opinion, resulting in the CPA's objectivity being challenged)			
The CPA hasn't advocated or mediated shares or other securities issued by the Company.		v	
Except for legally authorized business, the CPA hasn't made defense on behalf of the Company for legal cases or other disputes with any other third party.		v	
Effect of familiarity on independence (refers to a close relationship with either the director, supervisor, or manager of the audit client, influencing a CPA or a member of the audit service team to be excessively concerned or sympathize with the audit client's interest)			
A member of the audit service team isn't a family member or relative of the Company's director, supervisor, or manager, or any other person in a position that could materially impact the audit.		v	
The CPA, who is a former partner from the firm, hasn't joined the Company as a director, supervisor, manager, or in a key position to exert material influence over the audit within one year of disassociating from the firm.		v	
The CPA hasn't accepted gifts of material value or preferential treatment from the Company's director, supervisors, managers, or substantial shareholders.		v	
Effect on independence from threat. (refers to actual or perceived pressures, including attempts to exercise undue influence over members of the audit team and causing the members to be deterred from acting objectively or to clarify professional doubt)			
The CPA and its firm hasn't been threatened with litigation by the Company.		v	
The CPA hasn't provided audit assurance for the same company for seven consecutive years.		v	
The CPA hasn't been threatened with dismissal from a client engagement.		v	
The Company hasn't put pressure of reducing fees on any CPA to inappropriately contract the extent of the audit work performed.		v	
The CPA has issued a Statement of Independence?		v	
Evaluation results	All of the aforementioned evaluation indicators comply with independence and competence.		

Note 2 : Directors' training status:

Company	Title	Name	Date	Organizer	Course Name	Hours
Excelsior Medical Co., Ltd	Chairman	Fu Hui-Tung	2021/10/13	Securities and Futures Institute	Relevant Norms and Operational Practices of the Audit Committee	3
			2021/10/13	Securities and Futures Institute	The Impact of the New Labor Incident Law on Enterprise Risks and Countermeasures	3
	Director	Wang Ming-Ting	2021/09/01	Financial Supervisory Commission	The 13th Taipei Corporate Governance Forum	6
	Director	Hsieh Yen-Sheng	2021/09/01	Financial Supervisory Commission	The 13th Taipei Corporate Governance Forum	3
			2021/10/13	Securities and Futures Institute	The 2021 Insider equity transaction regulations compliance propaganda instructions	3
	juristic-person director representative	Excelsior Group Holdings Co., Ltd. Representative:Chen Tun-Ling	2021/10/22	Securities and Futures Institute	The 2021 Insider equity transaction regulations compliance propaganda instructions	3
			2021/11/03	Securities and Futures Institute	The 2021 Seminar on preventing insider trading	3
	juristic-person director representative	Excelsior Group Holdings Co., Ltd. Representative:Chang Hsien-Cheng	2021/09/01	Financial Supervisory Commission	The 13th Taipei Corporate Governance Forum	6
			2021/10/22	Securities and Futures Institute	The 2021 Insider equity transaction regulations compliance propaganda instructions	3
			2021/11/09	Securities and Futures Institute	The 2021 Seminar on preventing insider trading	3
	Director	Fu Jo-Hsuan	2021/08/31	Taipei Exchange	The 2021 sustainability through ESG - Decoding the Sustainability DNA of SMEs	2
			2021/09/01	Taipei Exchange	The 2021 sustainability through ESG - All aspects of sustainable investment started	2
			2021/10/13	Securities and Futures Institute	The 2021 Insider equity transaction regulations compliance propaganda instructions	3
	Independent Director	Chan Tzu-Sheng	2021/09/01	Financial Supervisory Commission	The 13th Taipei Corporate Governance Forum	6
	Independent Director	Chang Wu-I	2021/09/01	Financial Supervisory Commission	The 13th Taipei Corporate Governance Forum	6
Independent Director	Kuo Yu-Chia	2021/09/01	Financial Supervisory Commission	The 13th Taipei Corporate Governance Forum	6	

Company	Title	Name	Date	Organizer	Course Name	Hours
Dynamic Medical Technologies Inc.	Chairman	Fu Hui-Tung	2021/10/13	Securities and Futures Institute	Relevant Norms and Operational Practices of the Audit Committee	3
			2021/10/13	Securities and Futures Institute	The Impact of the New Labor Incident Law on Enterprise Risks and Countermeasures	3
	Director	Wang Ming-Ting	2021/09/01	Financial Supervisory Commission	The 13th Taipei Corporate Governance Forum	6
	Director	Fu Jo-Hsuan	2021/08/31	Taipei Exchange	The 2021 sustainability through ESG - Decoding the Sustainability DNA of SMEs	2
			2021/09/01	Taipei Exchange	The 2021 sustainability through ESG - All aspects of sustainable investment started	2
			2021/10/13	Securities and Futures Institute	The 2021 Insider equity transaction regulations compliance propaganda instructions	3
	Juristic-person director representative	Excelsior Medical Co., Ltd. Representative: Huang Chieh-Ching	2021/08/31	Taipei Exchange	The 2021 sustainability through ESG - Decoding the Sustainability DNA of SMEs	2
			2021/09/01	Taipei Exchange	The 2021 sustainability through ESG - All aspects of sustainable investment started	2
			2021/10/27	Securities and Futures Institute	The 2021 Insider equity transaction regulations compliance propaganda instructions	3
	Juristic-person director representative	Excelsior Medical Co., Ltd. Representative: Chang Ming-Cheng	2021/11/03	Accounting Research and Development Foundation	Analysis of Corporate Governance Evaluation and Board Performance Evaluation	3
			2021/11/10	Accounting Research and Development Foundation	TCFD and SASB highlight link between ESG metrics and corporate financial disclosures	3
	Juristic-person director representative	Excelsior Medical Co., Ltd. Representative: Xue Fu-Quan	2021/09/01	Financial Supervisory Commission	The 13th Taipei Corporate Governance Forum	6
	Independent Director	Liao Yi-Hsing	2021/09/01	Financial Supervisory Commission	The 13th Taipei Corporate Governance Forum	6
	Independent Director	Shih Mei-Hui	2021/08/02	The National Federation of CPA Associations of the R.O.C.	In the first half of 2021, The latest tax laws and practical analysis	3
			2021/09/07	The National Federation of CPA Associations of the R.O.C.	A new chapter in virtual currency and money laundering prevention	7

Company	Title	Name	Date	Organizer	Course Name	Hours
	Independent Director	Yang Yu-Ming	2021/08/31	Taipei Exchange	The 2021 sustainability through ESG - Decoding the Sustainability DNA of SMEs	2
			2021/09/01	Taipei Exchange	The 2021 sustainability through ESG - All aspects of sustainable investment started	2
			2021/10/18	Taipei Exchange	Insider Equity Promotion and Briefing Session of OTC /Emerging Companies	3
Arich Enterprise Co., Ltd.	Juristic-person Chairman representative	Excelsior Medical Co., Ltd. Representative: Fu Hui-Tung	2021/10/13	Securities and Futures Institute	Relevant Norms and Operational Practices of the Audit Committee	3
			2021/10/13	Securities and Futures Institute	The Impact of the New Labor Incident Law on Enterprise Risks and Countermeasures	3
	Juristic-person director representative	Excelsior Medical Co., Ltd. Representative: Chang Hsien-Cheng	2021/09/01	Financial Supervisory Commission	The 13th Taipei Corporate Governance Forum	6
			2021/10/22	Securities and Futures Institute	The 2021 Insider equity transaction regulations compliance propaganda instructions	3
			2021/11/09	Securities and Futures Institute	The 2021 Seminar on preventing insider trading	3
	Juristic-person director representative	Excelsior Medical Co., Ltd. Representative: Chang Ming-Cheng	2021/11/03	Accounting Research and Development Foundation	Analysis of Corporate Governance Evaluation and Board Performance Evaluation	3
			2021/11/10	Accounting Research and Development Foundation	TCFD and SASB highlight link between ESG metrics and corporate financial disclosures	3
	Juristic-person director representative	Excelsior Investment Co., Ltd. Representative: Xue Fu-Quan	2021/09/01	Financial Supervisory Commission	The 13th Taipei Corporate Governance Forum	6
	Juristic-person director representative	Xuan Hui Investment Co., Ltd. Representative: Su Wen-Lynn	2021/09/01	Financial Supervisory Commission	The 13th Taipei Corporate Governance Forum	6
			2021/10/18	Taipei Exchange	Insider Equity Promotion and Briefing Session of OTC /Emerging Companies	3
			2021/12/10	Securities and Futures Institute	Global Risk Perception - Opportunities and Challenges in the Next Decade	3

Company	Title	Name	Date	Organizer	Course Name	Hours
	Juristic-person director representative	Lin Feng Co., Ltd. Representative: Dang Tian-Jian	2021/09/01	Financial Supervisory Commission	The 13th Taipei Corporate Governance Forum	6
	Independent Director	Wang Chang-Sheng	2021/10/15	Securities and Futures Institute	Transaction analysis and case study of related persons of directors and supervisors	3
			2021/10/15	Securities and Futures Institute	Early Warning and Type Analysis of Enterprise Financial Crisis	3
	Independent Director	Hsu Shui-Sheng	2021/11/23 to 2021/11/24	Securities and Futures Institute	Practical Workshop for Directors and Supervisors (Independent) and Corporate Governance Supervisors	12
	Independent Director	Dong De-Tai	2021/11/23 to 2021/11/24	Securities and Futures Institute	Practical Workshop for Directors and Supervisors (Independent) and Corporate Governance Supervisors	12

Note 2 : Managers' training records:

Company	Title	Name	Date	Organizer	Course Name	Hours
Excelsior Medical Co., Ltd	President	Chang Ming-Cheng	2021/11/03	Accounting Research and Development Foundation	Analysis of Corporate Governance Evaluation and Board Performance Evaluation	3
			2021/11/10	Accounting Research and Development Foundation	TCFD and SASB highlight link between ESG metrics and corporate financial disclosures	3
	Vice General Manager	Wang Ming-Ting	2021/09/01	Financial Supervisory Commission	The 13th Taipei Corporate Governance Forum	6
	Accounting Chief	Chou Cheng-Hsiao	2021/10/21 to 2021/10/22	Accounting Research and Development Foundation	Continuous Training Course for Principal Accounting Officers of Issuers, Securities Firms, and Securities Exchanges	12

(4) Composition, responsibilities, and operation of the Remuneration Committee

The Remuneration Committee assists the Board in discharging its responsibilities relating to the Company's compensation and benefits policies, plans and programs, and the evaluation of the directors' and executives' compensation.

A. Members of the Remuneration Committee

Name and identity (Note 1)		Condition	Professional Qualifications and Experiences	Independence Analysis	Number of Companies Concurrently Serve as an Remuneration Committee Member
Independent Director	Chan Tzu-Sheng		Please refer to "2.(1).A Director" in the annual report for professional qualifications and experiences of Independent Director. (Page 19)	In compliance with the relevant provisions of Article 6 of the " Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Taiwan Stock Exchange or the Taipei Exchange "	None
Independent Director	Chang Wu-I				None
Other	Shih Mei-Hui		With professional accounting experience, currently working as an accountant in Yide United Certified Public Accountants. Had served as manager of Deloitte & Touche and CFO of Chinese United Semiconductor Equipment Manufacturing Inc.		None

Note 1: None of the Board members is under any of the circumstances in Article 30 of the Company Act.

Note 2: During the two years before being elected and during the term of office, meet any of the following situations:

- (1) Not an employee of the Company or any of its affiliates.
- (2) Not a director or supervisor of the Company or any of its affiliates. Not applicable in cases where the person is an independent director appointed in accordance with the laws and regulations of the local country by, and concurrently serving as such at, a company and its parent or subsidiary or a subsidiary of the same parent.
- (3) Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate of 1% or more of the total number of outstanding shares of the Company or ranking in the top 10 in holdings.
- (4) A spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship, of a managerial officer under subparagraph 1 or any of the persons in the preceding two subparagraphs.
- (5) Not a director, supervisor, or employee of a corporate shareholder that directly holds 5% or more of the total number of issued shares of the company, or that ranks among the top five in shareholdings, or that designates its representative to serve as a director or supervisor of the company under Article 27, paragraph 1 or 2 of the Company Act. But not applicable in cases where the person is an independent director appointed in accordance with the laws and regulations of the local country by, and concurrently serving as such at, a company and its parent or subsidiary or a subsidiary of the same parent.
- (6) Not a director, supervisor, or employee of that other company that the company's director seats or voting shares and those of any other company are controlled by the same person. But not applicable in cases where the person is an independent director appointed in accordance with the laws and regulations of the local country by, and concurrently serving as such at, a company and its parent or subsidiary or a subsidiary of the same parent.
- (7) Not a director (or governor), supervisor, or employee of that other company or institution that a chairperson, general manager, or person holding an equivalent position of the company and a person in any of those positions at another company or institution are the same person or are spouses. But not applicable in cases where the person is an independent director appointed in accordance with the laws and regulations of the local country by, and concurrently serving as such at, a company and its parent or subsidiary or a subsidiary of the same parent.
- (8) Not a director, supervisor, officer, or shareholder holding 5% or more of the shares, of a specified company or institution which has a financial or business relationship with the Company. But not applicable in cases where the person holds 20 percent or more and no more than 50 percent of the total number of issued shares of the Company or is an independent director appointed in accordance with the laws and regulations of the local country by, and concurrently serving as such at, a company and its parent or subsidiary or a subsidiary of the same parent.
- (9) Not a professional individual who, or an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, company, or institution that, provides auditing services to the company or any affiliate of the company, or that provides commercial, legal, financial, accounting or related services to the company or any affiliate of the company for which the provider in the past 2 years has received cumulative compensation exceeding NT\$500,000, or a spouse thereof; provided, this restriction does not apply to a member of the remuneration committee, public tender offer review committee, or special committee for merger/consolidation and acquisition, who exercises powers pursuant to the Act or to the Business Mergers and Acquisitions Act or related laws or regulations.

B. Members of the Remuneration Committee

a. There are three members in the Remuneration Committee

b. The term of office for current members runs from 03 July 2019 through 17 June 2022 As of publication of the Annual Report, there had been a total of four meetings (A) of the Remuneration Committee over the past fiscal year. Member attendance is detailed as below:

Title	Name	Attendance in Person(B)	By Proxy	Attendance Rate (B/A)	Remark
Convener	Chan Tzu-Sheng	4	0	100%	
Committee Member	Chang Wu-I	4	0	100%	
Committee Member	Shih Mei-Hui	4	0	100%	

Other mentionable items:

(a) If the board of directors declines to adopt or modifies a recommendation of the remuneration committee, it should specify the date of the meeting, session, content of the motion, resolution by the board of directors, and the Company's response to the remuneration committee's opinion (eg., the remuneration passed by the Board of Directors exceeds the recommendation of the remuneration committee, the circumstances and cause for the difference shall be specified):
None.

(b) Resolutions of the remuneration committee objected to by members or expressed reservations and recorded or declared in writing, the date of the meeting, session, content of the motion, all members' opinions and the response to members' opinion should be specified: None.

(c) Operations of the Remuneration Committee in the most recent year:

Remuneration Committee Session and Date	Content	Resolution	The Company's handling of the opinion of the remuneration committee members
The 6th Meeting in the 4st term 2021.01.21	1.The second distribution of employees' compensations for managers in 2019. 2.The distribution of year-end bonus for managers in 2020.	Approved by the Remuneration Committee.	All motions were unanimously approved by all attending directors without dissidence.
The 7th Meeting in the 4st term 2021.03.12	1.The distribution of employees' compensations for managers and Directors' remuneration for 2020.	Approved by the Remuneration Committee.	All motions were unanimously approved by all attending directors without dissidence.
The 8th Meeting in the 4st term 2021.08.06	1. The distribution of directors' remuneration in 2020.	Approved by the Remuneration Committee.	All motions were unanimously approved by all attending directors without dissidence.
The 9th Meeting in the 4st term 2021.12.24	1.The distribution of employees' compensations for managers in 2020. 2. The distribution of year-end bonus for managers in 2021.	Approved by the Remuneration Committee.	All motions were unanimously approved by all attending directors without dissidence.

(5) Fulfillment of SDGs

Evaluation Item	Implementation Status			Deviations from the “Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Explanation	
A. Has the company established exclusively (or concurrently) dedicated first-line managers authorized by the board to be in charge of proposing the corporate social responsibility policies and reporting to the board?	V		The Group has not yet to establish an exclusively dedicated unit, but relevant matters are jointly carried out by the General Manager’s Office, the Finance and Accounting Division, the Employee Welfare Committee and the Excelsior Health Foundation.	Partially Comply
B. Has the company conducted risk assessments of environmental, social and corporate governance issues pertaining to company operations based on the materiality principle and establish the relevant risk management policies or strategies?	V		To prevent risk-related losses, the Company has established relevant management policies based on our business philosophies and materiality principle. The policies include fulfilling corporate social responsibilities, focusing on rights and interests of stakeholders, being committed to topics related to environment, social and governance, and to identify, evaluate, treat, monitor, and regularly track potential risks to the Company.	Comply
C. Environmental issues a. Has the company established proper environmental management systems based on the characteristics of their industries?	V		The Company is not a manufacturer and is therefore not applicable for ISO 14001 or other similar environmental management system certification. Nevertheless, the Company is dedicated to promoting environmental protection activities and strongly promotes water and power conservation to reduce damages and burdens to	Comply

Evaluation Item	Implementation Status			Deviations from the “Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Explanation	
b. Does the company endeavor to utilize all resources more efficiently and use renewable materials which have low impact on the environment?	V		the environment. Products related to the Group do not generate waste, and the remaining garbage disposal is carried out in line with relevant regulations from the management committee of the office building. In addition, Arich has established the “Employee Safety and Health Manual” as management guidelines for the workplace environment. The Group views promoting energy and power-saving products while reducing redundant packaging as a priority. Internally, we also promote energy and water conservation to reduce the harms and burden on the environment.	Comply
c. Does the company evaluate the potential risks and opportunities in climate change with regard to the present and future of its business, and take appropriate action to counter climate change issues?	V		Global climate change has led to frequent abnormal weather conditions. The Company determines the potential risks from climate change on the Company, and develops response policies and action plans accordingly to reduce climate risks on business operations.	Comply
d. Did the company take inventory of its greenhouse gas emissions, water consumption, and total weight of waste in the last two years, and implement policies on energy efficiency and carbon dioxide	V		The Company has established the “Company Energy Conservation and Carbon Reduction Management Procedures” and advocates that the temperature of air conditioner shall not be lower than 25 degree Celsius. Staff shall appropriately turn off the air conditioners and lights at office	Comply

Evaluation Item	Implementation Status			Deviations from the “Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Explanation	
reduction, greenhouse gas reduction, water reduction, or waste management?			areas that are either unmanned or with very few people; in addition, the replacement of lights shall be mostly for energy-saving LED lighting, and energy conservation and recycling are also promoted from time to time. The Company’s carbon dioxide emissions, already announced on the MOPS, were 337,896kg in 2020 and 374,873kg in 2021. In addition, the total water consumption shared by the office building was 28,981 cubic meters in 2020 and 19,972 cubic meters in 2021 and the total weight of waste shared by the office building was 22,710kg in both 2020 and 2021. In the future, we will continue to promote energy conservation, carbon reduction and greenhouse gas reduction policies as our goals.	
D. Social issues a. Has the company established appropriate management policies and procedures according to relevant regulations and the International Bill of Human Rights?	V		The Group complies with applicable laws and standards, including the Labor Standards Act and Act of Gender Equality in Employment. In addition, the Company has also established the “Employee Work Rules” to provide employees a friendly work environment through equal recruitment principles and mutually-respectful work attitude.	Comply

Evaluation Item	Implementation Status			Deviations from the “Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Explanation	
b. Has the company had reasonable employee benefit measures (including salaries, leave, and other benefits), and reflected business performance or results in employee compensations?	V		The Company has already established and implemented various employee benefit measures. Please refer to the description of “Chapter V. Business Overview-5. Labor Relations.” In addition, according to the Article 25 of the Company’s Articles of Incorporation, the Company should contribute no less than 1% of the profit as employee compensation when there is profit for the year. Employee compensation amount in 2021 was NT\$38,706,470.	Comply
c. Does the company provide a healthy and safe working environment and organize training on health and safety for its employees on a regular basis?	V		The Group views great importance to the safety of employees’ work environment and has participated in the annual publicity work of fire drill organized by the office building management committee. In addition, the Employee Welfare Committee has also been set up to organize various benefit measures, including annual employee health check and provides various allowances. Moreover, labor insurance, national health insurance, and group insurance are also filed in line with the law to protect employees' rights and interests.	Comply
d. Does the company provide its employees with career development and training sessions?	V		The Group regularly organizes “teaching by experience” training to effectively enhance employees’ occupational competences and to develop their professional skills.	Comply

Evaluation Item	Implementation Status			Deviations from the “Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Explanation	
e. Does the company comply with relevant regulations and international standards in relation to customer health and safety, customer privacy, and marketing and labeling of products and services, and establish consumer right protection policy and grievance procedure?	V		The Company has established the “Handling Procedures for Reporting Illegal, Unethical and Dishonest Conduct” to fulfill corporate social responsibility in practice and to protect the privacy and rights of customers. The Procedures also include after-sale customer service and maintenance warranty. In addition, special areas for product registration and inquiry on maintenance progress are also available on the Company’s website, and a 0800 toll-free hotline is set up, where professional customer service personnel will be available to answer all queries. Furthermore, the Group is non-manufacturing, so there is no research and development or production procedures.	Comply
f. Does the company implement supplier management policies, requiring suppliers to follow relevant regulations on issues such as environmental protection, occupational health and safety, or labor and human rights? If so, describe the results.	V		Most of the Company’s major suppliers are medical principals in Europe, the United States, and Japan. Therefore, the Company always practices due care in evaluating whether the products comply with domestic and foreign legal requirements before purchases are made. In addition, during signing of contracts, based on the requirement in the “Ethical Corporate Management Best Practice Principles,” contracts shall clearly specify compliance with ethical corporate management policy and both shall strive to enhance the corporate social responsibilities.	Comply

Evaluation Item	Implementation Status			Deviations from the “Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Explanation	
E. Does the company refer to internationally accepted reporting standards or guidelines to compile reports that disclose non-financial information of the company, such as corporate social responsibility reports? Has the reports above obtained assurance from a third-party verification organization?		V	The Company has not yet compiled reports that disclose non-financial information such as the Corporate Social Responsibility (CSR) Report in reference to internationally accepted reporting standards or guidelines. However, the Company will continue to fulfill corporate social responsibilities and to establish relevant policies in accordance with laws and international trends.	Not yet met.
F. If the Company has established its own corporate social responsibility principles in accordance with “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies,” please state the difference between actual practice and principles. The Company has established “Corporate Social Responsibility Best Practice Principles” and will actively fulfill corporate social responsibilities in practice to meet international trends for balanced environmental, social, and governance developments. The overall business activities of the Group are carried out in accordance with the regulations from “Sustainable Development Best Practice Principles.”				
G. Other important information that helps to understand the status of sustainable development practices: In addition to committing to core business development, the Company also pays great attention to social welfare and adheres the spirit of giving back to society. In 2021, we continued to carry out various donation activities, such as donating to Tainan Sin-Lau Hospital of Sin-Lau Medical Foundation, Camillian Saint Mary’s Hospital Luodong of the Presbyterian Church in Taiwan, Taiwan Society of Nephrology, Taiwan Wound Ostomy and Continence Nursing Association, Taiwan Clinical Dialysis Association and blood centers throughout Taiwan. Moreover, Excelsior Health Foundation organized winter relief for underprivileged Groups and Solitary elders in Nantou and handle home-based, community-based long-term health care institutions and community bases. By collaborating with domestic and foreign medical groups or academic institutions to train professionals in the medical/healthcare industry.				

(6) Fulfillment of ethical corporate management

Evaluation Item	Implementation Status			Deviations from the "Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies" and Reasons
	Yes	No	Explanation	
A. Establishment of ethical corporate management policies and programs				
a. Has the company established ethical corporate management policy approved by the board of directors and stated the ethical corporate management policy and practices in its regulations and external documents, as well as the commitment from the board of directors and executives to actively implement the policies?	V		The Company and DMT have both established "Ethical Corporate Management Best Practice Principles." Alternatively, Arich has established the "Procedures for Ethical Management and Guidelines for Conduct." All aforesaid principles and procedures have been approved by the Board of Directors, and the Auditing Office is in charge of establishing the ethical management policy and preventive actions as well as supervising their implementation, and regularly reports relevant progress to the Board.	Comply
b. Has the company established mechanisms in place to assess the risk of unethical conduct, and regularly analyze and assess business activities with higher risk of unethical conduct within the scope of business? Has the company implemented programs to prevent unethical conduct based on the above and ensure the programs cover at least the matters described in Paragraph 2, Article 7 of the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies?	V		In order to prevent unethical conduct, the Company has established the "Handling Procedures for Reporting Illegal and Unethical Conduct," enacted specific and effective reward and disciplinary system, and utilized the procedures to carry out relevant audits, analysis, and assessments.	Comply

Evaluation Item	Implementation Status			Deviations from the “Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Explanation	
c. Has the company clearly established operating procedures, code of conduct, disciplinary actions, and appeal procedures in the programs against unethical conduct? Did the company carry out the implementation and regularly review and revise them?	V		The “Ethical Corporate Management Best Practice Principles” specifies prevention against various unreasonable transfer of interest, and appropriately organizes educational training and advocacy for directors, managers, and substantial business controllers. In addition, the Company has established the “Handling Procedures for Reporting Illegal and Unethical Conduct” and implement it.	Comply
B. Fulfill ethical corporate management a. Has the company evaluated business partners’ ethical records and included ethics-related clauses in business contracts?	V		The Group has established evaluation system for all transacting customers and suppliers. To fulfill ethical corporate management, when signing contracts with counterparties, rights and obligations of both parties are specified in detail along with compliance with the “Ethical Corporate Management Best Practice Principles.”	Comply

Evaluation Item	Implementation Status			Deviations from the "Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies" and Reasons
	Yes	No	Explanation	
b. Has the company set up a unit responsible for ethical corporate management on a full-time basis under the Board of Directors which reports the ethical corporate management policy and programs against unethical conduct regularly (at least once a year) to the Board of Directors while overseeing such operations?	V		Arich has specified its Finance and Administration Division to be in charge of establishing an ethical business management policy and preventive programs, and for internal auditors to be in charge of supervising relevant implementation and to prepare and submit audit reports to the Board of Directors. Though the other companies have not yet established dedicated units to promote ethical corporate management policy, corporate social responsibilities are fulfilled by all departments based on their respective duties and obligations, and the internal auditors are responsible for supervising relevant implementations.	Partially Comply
c. Has the company established policies to prevent conflicts of interest and provide appropriate communication channels, and implement it?	V		The Company has established the "Handling Procedures for Reporting Illegal and Unethical Conduct," and internal personnel can report to their direct supervisors as well as submit whistle-blowing reports to responsible units in case of matters concerning conflict of interests.	Comply
d. Has the company established effective accounting and internal control systems in place to implement ethical corporate management? Has the internal audit unit followed the results of unethical conduct risk assessments and devised audit plans to audit the systems accordingly to prevent unethical conduct, or has it hired a CPA to perform the audits?	V		To ensure the implementation of ethical corporate management, the Group has established effective accounting and internal control systems and its compliance is regularly audited by the internal auditors.	Comply

Evaluation Item	Implementation Status			Deviations from the “Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Explanation	
e. Does the company regularly hold internal and external educational trainings on ethical corporate management?	V		The Group irregularly promotes major policies including ethical corporate management in annual important meetings. The Company’s sales unit organized educational training related to ethical corporate management to 20 people, for 10 person-hour in 2021.	Comply
C. Operation of the whistle-blowing channel a. Has the company established both a reward/punishment system, set up convenient whistle-blowing channels and designated appropriate personnel for follow-up?	V		The Company has established the “Handling Procedures for Reporting Illegal and Unethical Conduct” and the Company’s stakeholders such as shareholders and investors can report to the spokesperson and deputy spokesperson for matters related to violation of ethical corporate management and Codes of Ethical Conduct; customers, suppliers, and contractors can report to the CFO and audit supervisor, while Company employees can report to the HR department. After investigations, if the incident was found to be true, disciplinary actions will be taken based on the severity of the violation.	Comply

Evaluation Item	Implementation Status			Deviations from the “Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Explanation	
b. Has the company established standard operating procedures for investigating accusation cases, as well as follow-up actions and relevant post-investigation confidentiality measures?	V		In case Company employees discover unethical conduct such as a breach of ethics, unlawful act, or breach of fiduciary duty from any director, manager, employee, or person with substantial control, the employee shall submit substantial information on the incident and submit a whistle-blowing report to the unit responsible for receiving such reports. An investigation report will be submitted to the Board of Directors after investigation has been completed, and the Board of Directors shall determine the method of disciplinary action and listen to any appeals from the subject of the investigation.	Comply
c. Has the company provided proper whistleblower protection?	V		The Company shall keep the identity of whistleblowers and the content of reported cases confidential.	Comply
D. Strengthening information disclosure Has the company disclosed its ethical corporate management policies and the results of its implementation on the company’s website and MOPS?	V		The Company, DMT and Arich have established corporate websites that disclose information on corporate culture, management objectives, and ethical corporate management.	Comply

Evaluation Item	Implementation Status			Deviations from the “Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Explanation	
<p>E. If the company has established the ethical corporate management policies based on the “Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies,” please describe any discrepancy between the policies and their implementation.</p> <p>The Company, DMT and Arich have established “Ethical Corporate Management Best Practice Principles” based on the “Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies,” and have implemented it indeed, so there are no difference.</p>				
<p>F. Other important information to facilitate a better understanding of the company’s ethical corporate management policies (e.g., review and amend its policies).</p> <p>a. As the basis for implementing ethical corporate management in practice, the Group adheres to the Company Act, the Securities and Exchange Act, the Business Entity Accounting Act, relevant policies for TWSE/TPEX listed companies and other business laws and bylaws pursuant to business conduct.</p> <p>b. The Company, DMT and Arich have established “Procedures for Handling Material Inside Information” and disclosure of the handling of all material inside information is carried out accordingly. The following is a summary of the Procedures:</p> <p>(a) Designate an exclusive unit to be in charge of handling matters related to material inside information, and all documents related to material information comply with the Company’s internal approval processes.</p> <p>(b) The company’s directors, managers and employees shall exercise the due care and fiduciary duty of a good administrator and act in good faith when performing their duties, and shall sign confidentiality agreements. No director, manager, or employee with knowledge of material inside information of this company may divulge the information to others.</p> <p>(c) Any organization or person outside of the Company that is involved in any corporate action of the Company relating to a merger or acquisition, major memorandum of understanding, strategic alliance, other business partnership plans, or the signing of a major contract shall be required to sign a confidentiality agreement, and may not disclose to another party any material inside information of the Company thus acquired.</p> <p>(d) External disclosure of material inside information shall comply with the following principles: (i) the information disclosed shall be accurate, complete, and timely; (ii) there shall be a well-founded basis for the information disclosure; and (iii) the information shall be disclosed fairly.</p>				

Evaluation Item	Implementation Status			Deviations from the “Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Explanation	
<p>(e) Any disclosure of the Company’s material inside information, except as otherwise provided by law or regulation, shall be made by the Company’s spokesperson, or by a deputy spokesperson acting in a confirmed sequential order. When necessary, the disclosure may be made directly by the chairman of the Company. The Company’s spokesperson or deputy spokesperson shall communicate to outside parties only information within the scope authorized by the Company, and no personnel of the Company other than those serving as the Company’s chairman, spokesperson, or deputy spokesperson may disclose any material inside information of the Company to outside parties without authorization.</p>				

- (7) The Company shall disclose how to search for its corporate governance best practice principles or related regulations.
Information on Corporate Governance is available under the Investor section at the Company’s website (<http://www.excelsiormedical.com.tw>.) Organization and operations of the internal audit, Articles of Incorporation, Regulations Governing the Acquisition and Disposal of Assets, and Regulations Making of Endorsements/Guarantees are disclosed and available for investors and other related parties to query.
Please see the Market Observation Post System (MOPS) for corporate governance policies and related standards and procedures from DMT and Arich. (<http://mops.twse.com.tw/mops/web/index>)
- (8) Other important information that will provide a better understanding of the state of the Company’s implementation of corporate governance may also be disclosed.
The Company, DMT and Arich have all established three seats of independent directors respectively, and all supervise the operations of corporate governance in practice through setting an Audit committee and Remuneration Committee. Material information and various matters to be declared by TWSE/TPEX listed companies are all announced on a timely basis, and on top of fulfilling the corporate governance system in practice, three companies also strive to achieve various indicators on the TWSE/TPEX listed companies information assessment.

(9) Internal control systems

A. Statement of internal control system

Excelsior Medical Co., Ltd.
Statement of Internal Control System

Date: March 11, 2022

Based on the findings of self-assessment, the Company states the following with regard to its internal control system during the year 2021:

- I. The Company fully understands that the establishment, implementation, and maintenance of Internal Control System (ICS) are the responsibilities of the Company's Board of Directors and managers, and have established the said system accordingly. The internal control system is designed to provide reasonable assurance for the effectiveness and efficiency of the operations (including profitability, performance and protection of assets), reliability, timeliness, and transparency of reporting, and compliance with applicable laws and regulations.
- II. All ICS are bound by natural limitations and regardless of the robustness of designs, effective ICS can only provide reasonable assurance for the three objectives listed above. Efficacy of the ICS will also change with the changing environment or context. However, the ICS of the Company has self-monitoring mechanisms in place, and the Company will take corrective action against any defects identified.
- III. The Company will refer to the Regulations Governing Establishment of Internal Control Systems by Public Companies (hereinafter referred to as "ICS Regulations") to identify assessment items for determining the effectiveness of ICS as well as the performance of design and implementation of the system. Based on the process of control, the assessment items specified in the Regulations divide the internal control system into five constituent elements: 1. control environment; 2. risk assessment; 3. control activities; 4. information and communications; and 5. monitoring activities. Each constituent element includes a certain number of items. For more information on such items, refer to the Regulations.
- IV. The Company has evaluated the design and operating effectiveness of its internal control system according to the aforesaid Regulations.
- V. Based on the findings of the evaluation mentioned in the preceding paragraph, the Company believes that as of December 31, 2021 its internal control system (including its supervision and management of subsidiaries), encompassing internal controls for knowledge of the degree of achievement of operational effectiveness and efficiency objectives, reliability of reporting, and compliance with applicable laws and regulations, is effectively designed and operating, and reasonably assures the achievement of the above-stated objectives.
- VI. This statement will constitute the main content of the Company's Annual Report and the Prospectus and will be disclosed to the public. Any falsehood or concealment with regard to the above contents will entail legal liability under Articles 20, 32, 171 and 174 of the Securities and Exchange Act.

This statement has been approved on March 11, 2022, by the Board and out of the nine (9) Board members in attendance, none had objected to the statement and all consented to the content expressed herein.

EXCELSIOR MEDICAL CO., LTD.

Chairman : Fu Hui-Tung

General Manager : Chang Ming-Cheng

B. If CPA has been hired to carry out a special audit of the internal control system, the company shall furnish the CPA audit report: None.

(10) Conviction of corporate or employees' wrongdoings, Company's punishment on employee for violation of internal control, major faults and improvements during from last year up to the time of report publication: None.

(11) Major resolutions of the shareholders meeting and board of directors meeting from last year up to the time of report publication:

A. Major resolutions of the shareholders meeting

Classification	Date	Major Resolutions	Resolution of the Shareholders Meeting	Implementation Status
Shareholders' Meeting	2021.06.22	1. Adoption of the Company's 2020 financial statements.	Voting results: 78,000,783 ballots in favor; 98.71% (including 11,376,170 ballots submitted through e-voting); 50,303 ballots against; 0.06% (including 50,303 ballots submitted through e-voting); 969,204 ballots forfeit/did not vote; 1.23% (including 953,444 ballots submitted through e-voting); 0 void ballots; 0%. Ballots in favor have exceeded one-half of all voting rights, and the motion is passed without amendment.	Approved by resolution of the Shareholders' Meeting.
		2. Adoption of the proposal for distribution of 2020 profits.	Voting results: 78,121,427 ballots in favor; 98.86% (including 11,496,814 ballots submitted through e-voting); 52,303 ballots against; 0.07% (including 52,303 ballots submitted through e-voting); 846,560 ballots forfeit/did not vote; 1.07% (including 830,800 ballots submitted through e-voting); 0 void ballots; 0%. Ballots in favor have exceeded one-half of all voting rights, and the motion is passed without amendment.	The Shareholders' Meeting approved the distribution of NT\$494,021,395 of cash dividends, or NT\$3.5 per share. The distribution was completed on August 27, 2021.
		3. Amending part of the articles of the Company's "Rules of Procedure for Shareholders' Meetings".	Voting results: 78,119,220 ballots in favor; 98.86% (including 11,494,607 ballots submitted through e-voting); 52,511 ballots against; 0.07% (including 52,511 ballots submitted through e-voting); 848,559 ballots forfeit/did not vote; 1.07% (including 832,799 ballots submitted through e-voting); 0 void ballots; 0%. Ballots in favor have exceeded one-half of all voting rights, and the motion is passed without amendment.	Approved by resolution of the Shareholders' Meeting.
		4. Amending part of the articles of the Company's "Operational Procedures for Loaning of Company Funds".	Voting results: 78,052,780 ballots in favor; 98.78% (including 11,428,167 ballots submitted through e-voting); 119,876 ballots against; 0.15% (including 119,876 ballots submitted through e-voting); 847,634 ballots forfeit/did not vote; 1.07% (including 831,874 ballots submitted through e-voting); 0 void ballots; 0%. Ballots in favor have exceeded one-half of all voting rights, and the motion is passed without amendment.	Approved by resolution of the Shareholders' Meeting.
		5. Amending part of the articles of the Company's "Operational Procedures for Acquisition and Disposal of Assets".	Voting results: 74,544,881 ballots in favor; 94.34% (including 7,920,268 ballots submitted through e-voting); 3,628,850 ballots against; 4.59% (including 3,628,850 ballots submitted through e-voting); 846,559 ballots forfeit/did not vote; 1.07% (including 830,799 ballots submitted through e-voting); 0 void ballots; 0%. Ballots in favor have exceeded one-half of all voting rights, and the motion is passed without amendment.	Approved by resolution of the Shareholders' Meeting.
		6. Release the prohibition on directors from participation in competition businesses.	Voting results: 77,043,085 ballots in favor; 97.50% (including 10,418,472 ballots submitted through e-voting); 1,132,548 ballots against; 1.43% (including 1,132,548 ballots submitted through e-voting); 844,657 ballots forfeit/did not vote; 1.07% (including 828,897 ballots submitted through e-voting); 0 void ballots; 0%. Ballots in favor have exceeded two-thirds of all voting rights, and the motion is passed without amendment.	Approved by resolution of the Shareholders' Meeting.

B. Major resolutions of the Board of Directors' Meetings from last year up to the time of report publication

The Company has convened ten Board of Directors meetings in 2021 up to the time of annual report publication. Major resolutions have been listed in the following:

Board of Directors' Meetings		Content	Opinion of the Independent Director	Dissenting Opinion or Qualified Opinion of Independent Directors	Company's handling of the opinions of the Independent Directors	Resolution Result
The 13th Meeting in the 12th term	2021.1.21	<ol style="list-style-type: none"> 1. Proposal of amendment of "Assets Acquisition or Disposition Procedures". 2. Proposal of endorsements for transacting counterparty Bestchain Healthtaiwan Co., Ltd. 3. The Company to provide endorsements/guarantees for financing credit extension of NT\$10 million from Taipei Branch of Taiwan Cooperative Bank on behalf of Bestsmile Co., Ltd. 4. The Company to provide endorsements/guarantees for financing credit extension of NT\$100 million from Commercial Banking Office of Standard Chartered Bank on behalf of Bestchain Healthtaiwan Co., Ltd. 5. The Company to provide endorsements/guarantees for new financing credit of NT\$210 million from Corporate Banking Division of Cathay United Bank on behalf of Excelsior Asset Management Co., Ltd. 6. The Company to provide endorsements/guarantees for new financing credit of NT\$170 million from Nanjing East Road Branch of Hua Nan Bank on behalf of Excelsior Asset Management Co., Ltd. 7. The Company's application for credit extension due to expiration of the syndicated credit line from Zhonghe Branch of First Bank. 8. The second distribution of employees' compensations for managers in 2019. 9. The distribution of year-end bonus for managers in 2020. 	Motions approved without amendment.	None	N/A	All motions were unanimously approved by all attending Directors without dissidence.

Board of Directors' Meetings		Content	Opinion of the Independent Director	Dissenting Opinion or Qualified Opinion of Independent Directors	Company's handling of the opinions of the Independent Directors	Resolution Result
The 14th Meeting in the 12th term	2021.3.12	<ol style="list-style-type: none"> 1. Preparation 2020 Internal Control System Statement of the Company. 2. The distribution of employees' compensations for managers and directors' remuneration for 2020. 3. The Company's 2020 Financial Statements. 4. The Company's 2020 earnings distribution proposal. 5. Proposal of amendment of "Rules of Procedure for Shareholders Meetings". 6. Proposal of amendment of "Rules for Performance Evaluation of Board of Directors," "Rules Governing the Scope of Powers of Independent Directors," "Audit Committee Charter" and "Remuneration Committee Charter." 7. Proposal of amendment of "Internal Control System" and "Internal Audit System." 8. Proposal of amendment of the Company's "approved authority level." 9. The releasing the prohibition on some of the Company's Directors from participation in competitive business. 10. The releasing the prohibition on the Company's managers from participation in competitive business. 11. The motion to convene the Company's 2021 Annual General Shareholders' meeting and to establish related matters including accepting shareholders' proposals. 12. The Company to provide contract performance guarantee for transacting counterparty Bestchain Healthtaiwan Co., Ltd. 13. The Company to provide endorsements/guarantees for financing credit extension of NT\$100 million from CitiBank Taiwan on behalf of Bestchain Healthtaiwan Co., Ltd. 14. The Company to provide endorsements/guarantees for new financing credit of NT\$370 million from Taipei Branch of Taiwan Cooperative Bank on behalf of Excelsior Asset Management Co., Ltd. 15. The Company's application for credit extension due to expiration of the syndicated credit line from Citibank Taiwan. 	Motions approved without amendment.	None	N/A	All motions were unanimously approved by all attending Directors without dissidence.

Board of Directors' Meetings		Content	Opinion of the Independent Director	Dissenting Opinion or Qualified Opinion of Independent Directors	Company's handling of the opinions of the Independent Directors	Resolution Result
The 15th Meeting in the 12th term	2021.5.7	<ol style="list-style-type: none"> 1. Proposal of the evaluation results for the independence and suitability of the Company's CPA. 2. The 2021 Q1 consolidated financial report. 3. Proposal of amendment of "Internal Audit System." 4. The Company to provide contract performance guarantee for transacting counterparty Bestchain Healthtaiwan Co., Ltd. 	Motions approved without amendment.	None	N/A	All motions were unanimously approved by all attending Directors without dissidence.
The 16th Meeting in the 12th term	2021.6.29	<ol style="list-style-type: none"> 1. Adjust the audit items of the audit period from May to June in the company's audit plan in 2011. 2. The motion to re-determined convene the Company's 2021 Annual General Shareholders' meeting. 3. The Company to provide contract performance guarantee for transacting counterparty Excelsior Renal Service Co., Ltd. (Hong Kong) and Bestchain Healthtaiwan Co., Ltd. 4. The Company's application for credit extension due to expiration of the syndicated credit line from Regional Centers North District 2 of Cathay United Bank. 5. The Company's Elect the vice chairman. 6. Proposal of the appointment of deputy spokesperson. 	Motions approved without amendment.	None	N/A	All motions were unanimously approved by all attending Directors without dissidence.
The 17th Meeting in the 12th term	2021.8.6	<ol style="list-style-type: none"> 1. Routine review of the 2021 CPA audit fee. 2. The 2021 Q2 consolidated financial report. 3. Proposal of amendment of the Company's "approved authority level." 4. The Company to provide contract performance guarantee for transacting counterparty Bestchain Healthtaiwan Co., Ltd. 5. The Company to provide endorsements/guarantees for new financing credit of NT\$150 million from Corporate Banking Division of Industrial Finance II Regional Center of Cathay United Bank on behalf of Excelsior Asset Management Co., Ltd. 6. The Company to provide endorsements/guarantees for new financing credit of USD\$2.5million from Citibank on behalf of Renal Laboratories Sdn. Bhd. 	Motions approved without amendment.	None	N/A	All motions were unanimously approved by all attending Directors without dissidence.

Board of Directors' Meetings		Content	Opinion of the Independent Director	Dissenting Opinion or Qualified Opinion of Independent Directors	Company's handling of the opinions of the Independent Directors	Resolution Result
		<p>7. The Company to provide endorsements/guarantees for new financing credit of USD\$0.5million from Citibank on behalf of Medi-Chem Systems Sdn. Bhd.</p> <p>8. The Company to provide endorsements/guarantees for new financing credit of NT\$100 million from Corporate Banking Division of Industrial Finance II Regional Center of Cathay United Bank on behalf of Bestchain Healthtaiwan Co., Ltd.</p> <p>9. The Company to provide endorsements/guarantees for financing credit extension of NT\$100 million from Xinzhuang Branch of Bank SinoPac on behalf of Bestchain Healthtaiwan Co., Ltd.</p> <p>10. The Company's application for credit extension due to expiration of the syndicated credit line from Taipei Branch of Taiwan Cooperative Bank.</p> <p>11. The Company's application for credit extension due to expiration of the syndicated credit line from Nanjing East Road Branch of Hua Nan Bank.</p> <p>12. The distribution of Directors' remuneration in 2020.</p>				
The 18th Meeting in the 12th term	2021.11.5	<p>1. The 2021 Q3 consolidated financial report.</p> <p>2. To establish the Company's 2022 audit plan.</p> <p>3. The Company's 2022 budget report.</p> <p>4. Proposal of amendment of "Internal Control System" , "Internal Audit System" and management regulations.</p> <p>5. The company and affiliated companies jointly leased Taichung office and its decoration project from Taiwan Sanyo Electric Co., Ltd.</p> <p>6. The Company to provide contract performance guarantee for transacting counterparty Bestchain Healthtaiwan Co., Ltd.</p> <p>7. The Company to provide endorsements/guarantees for financing credit extension of NT\$100 million from Nanjing East Road Branch of Hua Nan Bank on behalf of Bestchain Healthtaiwan Co., Ltd.</p> <p>8. The Company cancel to provide endorsements/guarantees for financing credit extension of NT\$100 million from Xinzhuang Branch of Bank SinoPac on behalf of Bestchain Healthtaiwan Co., Ltd.</p>	Motions approved without amendment.	None	N/A	All motions were unanimously approved by all attending Directors without dissidence.

Board of Directors' Meetings		Content	Opinion of the Independent Director	Dissenting Opinion or Qualified Opinion of Independent Directors	Company's handling of the opinions of the Independent Directors	Resolution Result
The 19th Meeting in the 12th term	2021.11.15	<ol style="list-style-type: none"> 1. The company intends to acquired 49% shares in NephroCare Limited and Cardinal Medical Services Ltd. through the subsidiary, Excelsior Medical (HK) Co., Limited. 2. The company intends to provide endorsement/guarantees for Excelsior Medical (HK) Co., Limited. to obtain equity investment from Fresenius Medical Care Hong Kong Limited and Asia Renal Care, Ltd. 	Motions approved without amendment.	None	N/A	All motions were unanimously approved by all attending Directors without dissidence.
The 20th Meeting in the 12th term	2021.12.24	<ol style="list-style-type: none"> 1. The Company to provide contract performance guarantee for transacting counterparty Bestchain Healthtaiwan Co., Ltd. 2. The Company to provide endorsements/guarantees for new financing credit of NT\$370 million from Taipei Branch of Taiwan Cooperative Bank on behalf of Excelsior Asset Management Co., Ltd. 3. The Company to provide endorsements/guarantees for new financing credit of NT\$50 million from Nanjing East Road Branch of Hua Nan Bank on behalf of Excelsior Asset Management Co., Ltd. 4. The Company to provide endorsements/guarantees for new financing credit of peso \$50 million from Manila Branch of Cathay United Bank on behalf of EG Healthcare, Inc. 5. The Company to provide endorsements/guarantees for financing credit extension of NT\$10 million from Taipei Branch of Taiwan Cooperative Bank on behalf of Bestsmile Co., Ltd. 6. The Company to provide endorsements/guarantees for financing credit extension of NT\$200 million from Taipei Branch of Taiwan Cooperative Bank on behalf of Bestchain Healthtaiwan Co., Ltd. 7. The Company's application for credit extension due to expiration of the syndicated credit line from Zhonghe Branch of First Bank. 8. The distribution of employees' compensations for managers in 2020. 9. The distribution of year-end bonus for managers in 2021. 	Motions approved without amendment.	None	N/A	All motions were unanimously approved by all attending Directors without dissidence.

Board of Directors' Meetings	Content	Opinion of the Independent Director	Dissenting Opinion or Qualified Opinion of Independent Directors	Company's handling of the opinions of the Independent Directors	Resolution Result
The 21th Meeting in the 12th term	2022.3.11 1. Proposal of the preparation of 2021 Internal Control System Statement of the Company. 2. The distribution of employees' compensations for managers and directors' remuneration for 2021. 3. The Company's 2021 Financial Statements. 4. The Company's 2021 earnings distribution proposal. 5. Proposal of the Company's issuing new shares for capital increase by earnings recapitalization. 6. Proposal of amendment of "Articles of Incorporation." 7. Proposal of amendment of "Operational Procedures for Acquisition and Disposal of Assets." 8. Proposal of amendment of "Operational Procedures for Endorsements and Guarantees." 9. Proposal of amendment of "Corporate Governance Best Practice Principles", "Procedures for Handling Material Inside Information", "Internal Control System." 10. Proposal of amendment of "Procedures for Election of Directors." 11. Proposal of amendment of the Company's "approved authority level." 12. The Company's Elect the 13th-term directors (including independent directors). 13. The releasing the prohibition on the Company's managers from participation in competitive business. 14. The motion to convene the Company's 2022 Annual General Shareholders' meeting and to establish related matters including accepting shareholders' proposals and nomination. 15. The Company to provide endorsements/guarantees for new financing credit of usd \$1 million from Manila Branch of First Commercial Bank on behalf of EG Healthcare, Inc. 16. The Company to provide contract performance guarantee for transacting counterparty Bestchain Healthtaiwan Co., Ltd. 17. The Company cancel to provide endorsements/guarantees for financing credit extension of NT\$100 million from Nanjing East Road Branch of Hua Nan Bank on behalf of Bestchain Healthtaiwan Co., Ltd.	Motions approved without amendment.	None	N/A	All motions were unanimously approved by all attending Directors without dissidence.

Board of Directors' Meetings		Content	Opinion of the Independent Director	Dissenting Opinion or Qualified Opinion of Independent Directors	Company's handling of the opinions of the Independent Directors	Resolution Result
The 22th Meeting in the 12th term	2022.5.6	<ol style="list-style-type: none"> 1. Proposal of the evaluation results for the independence and suitability of the Company's CPA. 2. The 2022 Q1 consolidated financial report. 3. Proposal of the nomination of candidates for the 13th term of directors (including independent directors). 4. Proposal of reviewed the nomination of candidates for the 13th term of directors (including independent directors) of the company's shareholders meeting. 5. Proposal of release the prohibition on directors from participation in competition businesses. 6. Proposal of amendment of "Rules of Procedure for Shareholders' Meetings." 7. Proposal of amendment of "Corporate Governance Best Practice Principles." 8. The new items to be discussed at the Company's 2022 Annual General Shareholders' meeting. 9. Proposal of the appointment of spokesperson and deputy spokesperson. 10. Proposal of the audit report and the daily administrative management such as the salary and duty of the auditors authorizes the members of the board of directors. 11. The Company to provide endorsements/guarantees for financing credit extension of NT\$100 million from CitiBank Taiwan on behalf of Bestchain Healthtaiwan Co., Ltd. 12. The Company cancel to provide endorsements/guarantees for financing credit extension of NT\$10 million from Taipei Branch of Taiwan Cooperative Bank on behalf of Bestsmile Co., Ltd. 13. The Company's application for credit extension due to expiration of the syndicated credit line from Citibank Taiwan. 14. Proposal of amendment of "Managers' performance appraisal and compensation guidelines." 	Motions approved without amendment.	None	N/A	All motions were unanimously approved by all attending Directors without dissidence.

(12) Where, during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report, a director or supervisor has expressed a dissenting opinion with respect to a resolution approved by the board of directors, and said dissenting opinion has been recorded or prepared as a written declaration, disclose the principal content thereof: None.

(13) A summary of resignations and dismissals, during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report, of the Company's chairman, general manager, principal accounting officer, principal financial officer, chief internal auditor, and principal research and development officer: None.

4. Information on Fees to CPA

Unit: NT\$ thousands

Name of Accounting Firm	Name of CPA	Audit Period	Audit fee	Non-audit fee (Note)	Total	Remarks
KPMG International	Wu Tsao-Jen	2021.01.01-2021.12.31	3,450	415	3,865	None
	Lin Wan-Wan					

Note: Non-audit fees were NT\$415 in thousands, and included the following items:

- (1) Review of transfer pricing; (2) salary information checklist; (3) verification of direct tax deductions for business tax for concurrent businesspersons; (4) business registration.

5. Replacement of CPA: Not Applicable.

6. The Company's Chairman, Chief Executive Officer, Chief Financial Officer, and managers in charge of its finance and accounting operations did not hold any positions in the Company's independent auditing firm or its affiliates in the past year: None.

7. Any Transfer of Equity Interests and/or Pledge of or Change in Equity Interests by a Director, Supervisor, Managerial Officer; or Shareholder with a Stake of More than 10 Percent during the Most Recent Fiscal Year or during the Current Fiscal Year up to the Date of Publication of the Annual Report:

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

Unit: shares

Title	Name	2021		As of May 6, 2022	
		Holding Increase (Decrease)	Pledged Holding Increase (Decrease)	Holding Increase (Decrease)	Pledged Holding Increase (Decrease)
Chairman	Fu Hui-Tung	0	0	0	0
Director and major shareholder	Excelsior Group Holdings Co., Ltd.	0	0	0	0
Juristic-person director representative	Excelsior Group Holdings Co., Ltd. Representative: Chen Tun-Ling	0	0	0	0
Juristic-person director representative	Excelsior Group Holdings Co., Ltd. Representative: Chang Hsien-Cheng	0	0	15,000	0
Director and vice general manager	Wang Ming-Ting	0	0	0	0
Director	Hsieh Yen-Sheng	0	0	0	0
Director	Fu Jo-Hsuan	0	0	0	0
Independent Director	Chan Tzu-Sheng	0	0	0	0
Independent Director	Chang Wu-I	0	0	0	0
Independent Director	Kuo Yu-Chia	0	0	0	0
General Manager	Chang Ming-Cheng	0	0	0	0
CFO	Chou Cheng-Hsiao	0	0	0	0
Major shareholder	Excelsior Investment Co., Ltd.	0	0	0	0

Note 1: Shareholders with more than 10% of the Company's shares shall be listed as major shareholders.

(2) Information on equity transfer or equity pledge: None.

8. Information on Relationship between any of the Top Ten Shareholders

As of April 23,2022(Last Record Date)

Name	Current Shareholding		Spouse's/minor's Shareholding		Shareholding by Nominee Arrangement		Name and Relationship Between the Company's Top Ten Shareholders, or Spouses or Relatives Within Two Degrees		Remarks
	Shares	%	Shares	%	Shares	%	Name	Relation	
Excelsior Investment Co., Ltd	15,773,454	11.18%	0	0	0	0	1. Excelsior Group Holdings Co., Ltd. And Xuan Hui Investment Co., Ltd. 2. Bestchain Healthtaiwan Co., Ltd	1. Investment company to Excelsior Investment Co., Ltd. accounted for using equity method. 2. Investee of Bestchain Healthtaiwan Co., Ltd. accounted for using equity method.	
Chairman : FU JO-HSUAN	100,000	0.07%	0	0	0	0	1. Excelsior Group Holdings Co., Ltd. 2. Bestchain Healthtaiwan Co., Ltd	1. Serves as a Director of Excelsior Group Holdings Co., Ltd. 2. Serves as a Director of Bestchain Healthtaiwan Co., Ltd.	
Excelsior Group Holdings Co., Ltd	14,914,833	10.57%	0	0	0	0	1. Excelsior Investment Co., Ltd 2. Bestchain Healthtaiwan Co., Ltd 3. Xuan Hui Investment Co., Ltd.	1. Investee of Excelsior Investment Co., Ltd. accounted for using equity method. 2. Investee of Bestchain Healthtaiwan Co., Ltd. accounted for using equity method. 3. The same chairman as that of Xuan Hui Investment Co., Ltd.	
Chairman : FU HUI-TUNG	469,993	0.33%	1,645	0.00%	3,819,438 (Note 4)	2.71% (Note 4)	1. Bestchain Healthtaiwan Co., Ltd 2. Xuan Hui Investment Co., Ltd.	1. Serves as a Director of Bestchain Healthtaiwan Co., Ltd. 2. Serves as the Chairman of Xuan Hui Investment Co., Ltd.	
Bestchain Healthtaiwan Co., Ltd	13,865,245	9.82%	0	0	0	0	1. Excelsior Group Holdings Co., Ltd. And Excelsior Investment Co., Ltd 2. Xuan Hui Investment Co., Ltd.	1. Investment company to Bestchain Healthtaiwan Co., Ltd. accounted for using equity method. 2. Investment company to Bestchain Healthtaiwan Co., Ltd. accounted for using cost method.	
Chairman : CHANG HSIEN-CHENG	15,000	0.01%	0	0	0	0	None	None	
Arich Investment Co., Ltd.	4,200,000	2.98%	0	0	0	0	None	None	
Chairman : CHANG CHUN-JEN	533	0.00%	0	0	0	0	None	None	

Name	Current Shareholding		Spouse's/minor's Shareholding		Shareholding by Nominee Arrangement		Name and Relationship Between the Company's Top Ten Shareholders, or Spouses or Relatives Within Two Degrees		Remarks
	Shares	%	Shares	%	Shares	%	Name	Relation	
Xuan Hui Investment Co., Ltd.	3,819,438	2.71%	0	0	0	0	1.Excelsior Group Holdings Co., Ltd. 2.Excelsior Investment Co., Ltd. 3.Bestchain Healthtaiwan Co., Ltd.	1. The same chairman as that of Excelsior Group Holdings Co., Ltd. 2. Investee of Excelsior Investment Co., Ltd. accounted for using equity method. 3. Investee of Bestchain Healthtaiwan Co., Ltd. accounted for using cost method.	
Chairman : FU HUI-TUNG	469,993	0.33%	1,645	0.00%	3,819,438 (Note 4)	2.71% (Note 4)	1.Excelsior Group Holdings Co., Ltd 2.Bestchain Healthtaiwan Co., Ltd	1. Serves as the Chairman of Excelsior Group Holdings Co., Ltd. 2. Serves as a Director of Bestchain Healthtaiwan Co., Ltd.	
LIN CHUN-YAO	1,500,000	1.06%	0	0	0	0	None	None	
City Bank trusteeship of DFA securities account	992,706	0.70%	0	0	0	0	None	None	
J.P. Morgan Securities Co., Ltd. Investment Account	915,780	0.65%	0	0	0	0	None	None	
Taiwan Bank trusteeship of ING pension fund securities account	796,301	0.56%	0	0	0	0	None	None	
Standard Chartered Managed Digital Emerging Market Small Core Capital Overseas	789,000	0.56%	0	0	0	0	None	None	

Note 1: List out the top ten shareholders. For institutional shareholders, list out the names of the institutional shareholders and also the names of the representatives separately.

Note 2: The calculation of the proportion of shares in holding is based on the holding of shares by the person, spouse, children who are minors, or in the name of a third party.

Note 3: List out the shareholders who are institutions and natural persons, and disclose their relation in accordance with the Criteria for the Compilation of Financial statements by Securities Issuers.

Note 4: Xuan Hui Investment Co., Ltd. holds 3,819,438 shares, with a shareholding ratio of 2.71%.

9. The number of shares of the same invested company held by the Company, the Company's directors, supervisors, and executive officers, and the businesses controlled directly or indirectly by the Company, and the consolidated shareholding ratio.

Ownership of Shares in Affiliated Enterprises

March 31, 2022 / Unit: shares, %

Affiliated Enterprises (Note 1)	Ownership by the Company		Direct or Indirect Ownership by Directors/Supervisors/Managers		Total Ownership	
	Shares	%	Shares	%	Shares	%
Jiate Excelsior Co., Ltd.	1,607,200	49.0%	0	0.0%	1,607,200	49.0%
Bestchain Healthtaiwan Co., Ltd	45,265,215	44.7%	22,887,933	22.6%	68,153,148	67.3%
Arich Enterprise Co., Ltd.	29,829,742	40.0%	591,000	0.8%	30,420,742	40.8%
Dynamic Medical Technologies Inc.	11,550,425	38.5%	0	0.0%	11,550,425	38.5%
Excelsior Healthcare Co., Limited	39,411,623	100.0%	0	0.0%	39,411,623	100.0%
Bestsmile Co., Ltd.	1,150,874	98.0%	291	0.0%	1,151,165	98.0%
Visionfront Corporation	2,434,870	44.5%	32,500	0.6%	2,467,370	45.1%
Sunrise Health Care Company	2,085,547	24.0%	0	0.0%	2,085,547	24.0%
Excelsior Medical (HK) Co., Ltd.	53,154,741	64.4%	29,439,829	35.6%	82,594,570	100.0%
Excelsior Beauty Co., Ltd.	11,534,804	41.0%	15,154,496	53.9%	26,689,300	94.9%
Excelsior Asset Management Co., Ltd.	82,292,300	100.0%	0	0.0%	82,292,300	100.0%
Medifly Co., Ltd.	3,615,976	28.7%	0	0.0%	3,615,976	28.7%
Dynamic Medical Technologies (Hong Kong) Ltd.	0	0.0%	79,021,783	100.0%	79,021,783	100.0%
Guangzhou Dynamic Inc.	Note 2	0.0%	Note 2	100.0%	Note 2	100.0%
CYJ INTERNATIONAL COMPANY LIMITED	0	0.0%	2,150,000	50.0%	2,150,000	50.0%
Medytox Taiwan Inc.	0	0.0%	1,800,000	40.0%	1,800,000	40.0%
EG Healthcare Inc.	0	0.0%	9,427,489	99.9%	9,427,489	99.9%
Excelsior Renal Service Co., Limited	0	0.0%	73,375,728	49.0%	73,375,728	49.0%
Excelsior Investment (Malaysia) Co., Ltd.	0	0.0%	6,341,416	100.0%	6,341,416	100.0%
Renal Laboratories Sdn. Bhd.	0	0.0%	16,773,586	70.0%	16,773,586	70.0%
Medi-Chem Systems Sdn. Bhd.	0	0.0%	350,000	70.0%	350,000	70.0%
Renal Management Sdn. Bhd	0	0.0%	200,000	100.0%	200,000	100.0%
Sino Excelsior Investment Incorporation	Note 2	0.0%	Note 2	100.0%	Note 2	100.0%
Asia Best Healthcare Co., Ltd.	0	0.0%	352,054	51.3%	352,054	51.3%
CYJ International Taiwan Inc.	0	0.0%	9,792,000	80.0%	9,792,000	80.0%

Note 1: This table is based on the Company's investments accounted for using equity method.

Note 2: The invested company has not issued shares, so there are no shares held.

IV. Capital Overview

1. Source of Capital

(1) Source of capital

Year /Month	Issue Price	Authorized capital stock		Paid-in capital		Remarks		
		Shares	Amount (NT\$ in thousands)	Shares	Amount (NT\$ in thousands)	Source of Capital	Capital Increase by Assets Other than Cash	Other
1988.01	10	500,000	5,000	500,000	5,000	Capital at establishment	None	
1990.04	10	2,500,000	25,000	2,500,000	25,000	Capital increase by cash	None	
1991.06	10	6,500,000	65,000	6,500,000	65,000	Capital increase by cash	None	
1993.11	10	11,500,000	115,000	11,500,000	115,000	Capital increase by cash	None	
1993.11	10	12,000,000	120,000	12,000,000	120,000	Capital increase by earnings	None	
1997.02	10	16,000,000	160,000	16,000,000	160,000	Capital increase by cash	None	
1997.05	35	19,990,000	199,900	19,990,000	199,900	Capital increase by cash	None	
1998.07	10	60,000,000	600,000	30,000,000	300,000	Capital increase by cash	None	
2001.06	10	60,000,000	600,000	36,000,000	360,000	Capital increase by earnings and employees' share compensation	None	1998.07.17(87),TCZ(1) No. 59134
2002.07	10	70,000,000	700,000	43,058,057	430,580	Capital increase by earnings , employees' share compensation and conversion of convertible bonds	None	Convertible bonds of NTD 4,000,000 were converted into 64,834 ordinary shares.
2003.01	10	70,000,000	700,000	43,073,660	430,737	Conversion of convertible bonds	None	Convertible bonds of NTD 900,000 were converted into 15,603 ordinary shares.
2003.01	50	70,000,000	700,000	53,073,660	530,737	Capital increase by cash	None	2002.11.29,TCZ(1) No. 0910162126
2003.02	10	70,000,000	700,000	53,074,050	530,741	Conversion price adjustment and issuance of additional shares	None	Convertible bonds were adjusted and issued into more 390 ordinary shares.
2003.06	10	100,000,000	1,000,000	62,316,544	623,165	Capital increase by earnings and employees' share compensation	None	2003.04.17,TCZ(1) No. 0920113020
2004.05	10	100,000,000	1,000,000	62,470,676	624,707	Conversion of convertible bonds	None	Convertible bonds of USD 200,000 were converted into 154,132 ordinary shares.
2004.09	10	103,000,000	1,030,000	68,047,942	680,479	Capital increase by earnings and employees' share compensation	None	2004.07.15, JGZYZ No.0930131436
2005.04	10	103,000,000	1,030,000	68,257,948	682,579	Conversion of convertible bonds	None	Convertible bonds of USD 200,000 were converted into 210,006 ordinary shares.
2005.09	10	112,650,000	1,126,500	70,671,307	706,713	Capital increase by earnings and employees' share compensation	None	2005.07.26, JGZYZ No. 0940128764
2006.04	10	112,650,000	1,126,500	72,161,419	721,614	Conversion of convertible bonds	None	Convertible bonds of USD 1,370,000 were converted into 1,490,112 ordinary shares.

Year /Month	Issue Price	Authorized capital stock		Paid-in capital		Remarks		
		Shares	Amount (NT\$ in thousands)	Shares	Amount (NT\$ in thousands)	Source of Capital	Capital Increase by Assets Other than Cash	Other
2006.07	10	112,650,000	1,126,500	72,324,569	723,246	Conversion of convertible bonds	None	Convertible bonds of USD 150,000 were converted into 163,150 ordinary shares.
2006.08	10	112,650,000	1,126,500	77,993,569	779,936	Capital increase by earnings and employees' share compensation	None	2006.06.30, JGZYZ No. 0950127700
2006.10	10	112,650,000	1,126,500	78,047,952	780,479	Conversion of convertible bonds	None	Convertible bonds of USD 50,000 were converted into 54,383 ordinary shares.
2007.01	10	112,650,000	1,126,500	91,987,264	919,873	Conversion of convertible bonds	None	Convertible bonds of USD 11,880,000 were converted into 13,939,312 ordinary shares.
2007.04	10	112,650,000	1,126,500	100,141,997	1,001,420	Conversion of convertible bonds	None	Convertible bonds of USD 6,950,000 were converted into 8,154,733 ordinary shares.
2007.10	10	112,650,000	1,126,500	80,113,597	801,136	Capital reduction by cash	None	2007.10.29, JGZYZ No. 0960052676
2009.01	10	112,650,000	1,126,500	84,866,099	848,661	Issue new shares to acquire ordinary shares of Arich	Stocks of other companies	2008.12.22, JGZYZ No. 0970067548
2009.10	10	200,000,000	2,000,000	89,108,471	891,085	Conversion of convertible bonds	None	Convertible bonds of NTD 207,200,000 were converted into 4,242,372 ordinary shares.
2010.01	10	200,000,000	2,000,000	92,991,295	929,913	Conversion of convertible bonds	None	Convertible bonds of NTD 185,600,000 were converted into 3,882,824 ordinary shares.
2010.04	10	200,000,000	2,000,000	94,618,899	946,189	Conversion of convertible bonds	None	Convertible bonds of NTD 77,800,000 were converted into 1,627,604 ordinary shares.
2010.08	10	200,000,000	2,000,000	95,026,841	950,268	Conversion of convertible bonds	None	Convertible bonds of NTD 19,500,000 were converted into 407,942 ordinary shares.
2010.10	10	200,000,000	2,000,000	95,233,952	952,340	Conversion of convertible bonds	None	Convertible bonds of NTD 9,900,000 were converted into 207,111 ordinary shares.
2010.11	78	200,000,000	2,000,000	102,983,952	1,029,840	Capital increase by cash	None	2010.10.19, JGZYZ No. 0990055485

Year /Month	Issue Price	Authorized capital stock		Paid-in capital		Remarks		
		Shares	Amount (NT\$ in thousands)	Shares	Amount (NT\$ in thousands)	Source of Capital	Capital Increase by Assets Other than Cash	Other
2012.10	10	200,000,000	2,000,000	113,252,348	1,132,523	Capital increase by earnings	None	2012.08.20, JGZFFZ No. 1010036655
2014.10	10	200,000,000	2,000,000	112,952,348	1,129,523	Cancellation of treasury shares	None	2014.10.03, JSSZ No. 10301207220
2015.09	10	200,000,000	2,000,000	120,452,348	1,204,523	Capital increase by cash	None	2015.06.16, JGZFFZ No. 1040021860
2016.01	10	200,000,000	2,000,000	121,780,560	1,217,806	Conversion of convertible bonds	None	Convertible bonds of NTD 52,200,000 were converted into 1,328,212 ordinary shares.
2016.05	10	200,000,000	2,000,000	125,569,358	1,255,694	Conversion of convertible bonds	None	Convertible bonds of NTD 148,900,000 were converted into 3,788,798 ordinary shares.
2016.08	10	200,000,000	2,000,000	127,205,487	1,272,055	Conversion of convertible bonds	None	Convertible bonds of NTD 64,300,000 were converted into 1,636,129 ordinary shares.
2016.11	10	200,000,000	2,000,000	127,581,485	1,275,815	Conversion of convertible bonds	None	Convertible bonds of NTD 14,100,000 were converted into 375,998 ordinary shares.
2017.03	10	200,000,000	2,000,000	127,626,817	1,276,268	Conversion of convertible bonds	None	Convertible bonds of NTD 1,700,000 were converted into 45,332 ordinary shares.
2017.08	10	200,000,000	2,000,000	127,765,483	1,277,655	Conversion of convertible bonds	None	Convertible bonds of NTD 5,200,000 were converted into 138,666 ordinary shares.
2018.02	10	200,000,000	2,000,000	127,827,385	1,278,274	Conversion of convertible bonds	None	Convertible bonds of NTD 2,200,000 were converted into 61,902 ordinary shares.
2018.05	10	200,000,000	2,000,000	127,990,578	1,279,906	Conversion of convertible bonds	None	Convertible bonds of NTD 5,800,000 were converted into 163,193 ordinary shares.
2018.07	10	200,000,000	2,000,000	128,134,077	1,281,341	Conversion of convertible bonds	None	Convertible bonds of NTD 5,100,000 were converted into 143,499 ordinary shares.
2018.11	10	200,000,000	2,000,000	128,148,970	1,281,490	Conversion of convertible bonds	None	Convertible bonds of NTD 500,000 were converted into 14,893 ordinary shares.
2020.01	10	200,000,000	2,000,000	141,148,970	1,411,490	Capital increase by cash	None	2019.12.11, JGZFFZ No. 1080339288

(2) Type of stock

April 24, 2021

Type of Stock	Authorized Capital			Remarks
	Outstanding shares (Note)	Unissued Shares	Total Shares	
Common Stock	141,148,970	58,851,030	200,000,000	

Note: Outstanding shares issued by the Company are publicly traded on TWSE.

(3) Shelf-registration : None.

2. Shareholder Structure

As of April 23, 2022 Unit: shares.

Item	Government Agencies	Financial Institutions	Other Institutions	Domestic Natural Persons	Foreign Institutions and Natural Persons	Total
Number of Shareholders	—	—	219	28,583	112	28,914
Shareholding (shares)	—	—	60,060,569	69,704,186	11,384,215	141,148,970
Percentage (%)	—	—	42.55	49.38	8.07	100.00

3. Distribution of Shares Ownership

Common Stock

As of April 23, 2022 Unit: shares.

Class of Shareholding	Number of Shareholders	Number of Shares Held	Shareholding Percentage(%)
1 ~ 999	14,530	1,101,298	0.78
1,000 ~ 5,000	11,625	22,589,363	16.01
5,001 ~ 10,000	1,506	11,165,280	7.91
10,001 ~ 15,000	474	5,745,734	4.07
15,001 ~ 20,000	224	4,055,180	2.87
20,001 ~ 30,000	227	5,522,076	3.91
30,001 ~ 40,000	81	2,841,894	2.01
40,001 ~ 50,000	53	2,439,457	1.73
50,001 ~ 100,000	108	7,605,230	5.39
100,001 ~ 200,000	35	5,086,125	3.60
200,001 ~ 400,000	24	6,473,318	4.59
400,001 ~ 600,000	13	6,360,441	4.51
600,001 ~ 800,000	6	4,182,118	2.96
800,001 ~ 1,000,000	2	1,908,486	1.35
Over 1,000,001	6	54,072,970	38.31
Total	28,914	141,148,970	100.00

Note: Preferred Shares: None.

4. List of Major Shareholders

List all shareholders with a stake of 5 percent or greater, and all shareholders who rank in the top 10 in shareholding percentage, and specify the number of shares and stake held by each shareholder on the list.

As of April 23, 2022 Unit: shares.

Name	Shares	Number of shares held	Shareholding percentage(%)
Excelsior Investment Co., Ltd.		15,773,454	11.18%
Excelsior Group Holdings Co., Ltd.		14,914,833	10.57%
Bestchain Healthtaiwan Co., Ltd.		13,865,245	9.82%
Arich Investment Co., Ltd.		4,200,000	2.98%
Xuan Hui Investment Co., Ltd.		3,819,438	2.71%
Lin,Jun-Yao		1,500,000	1.06%
City Bank trusteeship of DFA securities account		992,706	0.70%
J.P. Morgan Securities Co., Ltd. Investment Account		915,780	0.65%
Taiwan Bank trusteeship of ING pension fund securities account		796,301	0.56%
Standard Chartered Managed Digital Emerging Market Small Core Capital Overseas		789,000	0.56%

5. Market Prices, Net Worth, Earnings and Dividends Per Share

Unit: NT\$

Item		Year	2020	2021	As of May 6, 2022(Note 6)
Market Price per Share	Highest		63.80	59.60	71.20
	Lowest		46.00	54.10	56.80
	Average		55.68	56.70	62.29
Net Worth per Share	Before Distribution		53.78	54.82	53.58
	After Distribution		50.28	(Note 1)	(Note 2)
Earnings per Share	Weighted Average Shares (thousand shares)		140,652	141,149	141,149
	Earnings Per Share	Before Adjustment	4.06	4.30	1.19
		After Adjustment	4.06	(Note 1)	(Note 2)
Dividends per Share	Cash Dividends		3.5	3.5	(Note 2)
	Stock dividends	Dividends from Retained Earnings	0	(Note 1)	(Note 2)
		Dividends from Capital Surplus	0	0	(Note 2)
	Accumulated Undistributed Dividends		0	0	0
Return on Investment Analysis	Price / Earning Ratio (Note 3)		13.71	13.19	(Note 2)
	Price / Dividend Ratio (Note 4)		15.91	16.20	(Note 2)
	Cash Dividend yield rate (%) (Note 5)		6.29	6.17	(Note 2)

Note 1 : The cash dividend of per share is proposed to be distributed NT\$3.5 by the Board of Directors on March 11, 2022. The stock dividend of per share is proposed to be distributed NT\$0.50000003, it will take effect after the resolution of the 2022 Annual General Shareholders' meeting is passed.

Note 2 : The earnings had not yet been finalized.

Note 3 : Price / Earning Ratio = Average closing price per price / Earnings per Share

Note 4 : Price / Dividend Ratio = Average closing price per price / Cash dividend per Share

Note 5 : Cash Dividend yield rate = Cash dividends per share / Average closing price per price

Note 6 : Listed net worth per share and earnings per share are according to the report review by CPA in the lastest quarter of the date of the publication of this annual report. Other columns show information for the current year as of the date publication of the annual report.

6. Dividend Policy and Implementation Status

(1) Dividend policy

According to Article 26 of the company's Articles of Incorporation, The dividend policy as follows:

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 payable to shareholders from the cumulative distributable earnings shall be not less than 20% of current year after-tax profit. The shareholder dividend can be distributed by either cash or stock, in which the cash dividend shall be no less than 20% of the total dividend amount.

(2) Proposed distribution of dividend

Year \ Item	Cash dividends	Stock dividends
2017	2.79329813	None
2018	3.0000	None
2019	3.3000	None
2020	3.5000	None
2021(Note)	3.5000	0.050000003 shares

Note: The cash dividend of per share is proposed to be distributed NT\$3.5 by the Board of Directors on March 11, 2022. The stock dividend of per share is proposed to be distributed NT\$0.50000003, it will take effect after the resolution of the 2022 Annual General Shareholders' meeting is passed.

(3) The material change in the expected dividend policy: None.

7. Impact of the Proposed Stock Dividends in Shareholders Meeting on Business Performances and EPS

Not applicable.

8. Employee Compensation and Directors' Remuneration

- (1) Scope of employee compensation and directors' remuneration referred to in the Articles of Incorporation:

The Company should contribute no less than 1% of the profit as employee compensation and no higher than 5% as directors' remuneration when there is profit for the year. However, if the Company has accumulated deficits, the profit should be reserved to offset the deficits.

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

Both the employee compensation and directors' remuneration should be approved by the Board of Directors and reported during the shareholders' meeting.

- (2) The basis for estimating the remuneration to employees and directors for calculating the number of shares to be distributed as remuneration to employees, and the accounting treatment of the discrepancy, if any, between the actual distributed amount and the estimated figure, for the current period:

As adopted by the Company's Board of Directors on March 11, 2022, 5% of the Company's 2021 profits in an amount of NT\$38,706,470, shall be distributed to employees as their compensation, whereas 2.5% of the profits in an amount of NT\$19,353,235 shall be distributed to directors as their remuneration. The preceding amounts shall be distributed in cash.

If the amount of the annual individual financial report is still changed after the date of publication, there is a difference between the actual allotment amount and the estimated amount, it is classified as the profit and loss of the following year.

- (3) Distribution of compensation approved by the Board of Directors

The 2021 Distribution report of employees' compensations for managers and directors remuneration approved by the Company's Board of Directors on March 11, 2022. Approved appropriations were as follows:

A. The bonus to employees and remuneration to Directors

Item	Amount(NT\$ in thousands)
Directors' Remuneration	19,353
Employee Compensation in Cash	38,706
Employee Compensation in Stock	None

The aforementioned amounts of employees compensations for managers and directors' remuneration approved by the Company's Board of Directors are totally the same with that accrued expenses in the 2021 financial Statements.

- B. Ratio of recommended employee stock bonus to capitalization of earnings:

Not applicable.

- (4) Information for employee compensation and directors' remuneration in previous fiscal year:

On March 11, 2021, the Board of Directors of Company approved of employees' and Directors' remuneration in 2020 of NT\$36,379 in thousands and NT\$18,189 in thousands respectively. There is no difference between the amounts recognized in the 2020 individual financial statements.

9. Buyback of Treasury Stocks:

None.

10. Issuance of Corporate Bonds:

None.

11. Issuance of preferred shares, global depository receipts (GDR), employee stock option and employee restricted stock:

None.

12. Issuance of New Shares Acquisition or Exchange of other Companies' Shares

None.

13. Status of Capital Utilization Plan

- (1) Finance plans:

For the period as of the quarter preceding the date of publication of the annual report, with respect to each uncompleted public issue or private placement of securities, and to such issues and placements that were completed in the most recent 3 years but have not yet fully yielded the planned benefits, the annual report shall provide a detailed description of the plan for each such public issue and private placement: Not applicable.

- (2) Implementation Plans: Not applicable.

V. Business Overview

1. Business Scope

(1) Major business scope

A. The Group's primary business content

The Group operates in the following businesses:

- a. Sales, repair and maintenance, lease of medical devices and medical management consultancy.
- c. Sales, lease and maintenance of aesthetic medical devices, sales of body shaping devices, aesthetic consumables, and hair care products.
- d. Sales, promotions, distribution and logistics services of medicine.

B. Percentage of sales revenue

Unit: NT\$ thousands

Major Product Categories	2021	Percentage of Sales Revenue
Surgical consumables	1,612,322	24.53%
Dialyzers, blood tubing set and A.V. fistula needles	1,174,366	17.86%
Erythropoietin (EPO), concentrated solution and powders	847,315	12.89%
Medicine	720,218	10.96%
Aesthetic medical consumables and spare parts	613,434	9.33%
Blood bags ,wound and ostomy products	206,373	3.14%
Aesthetic medical devices	177,466	2.70%
Home appliances	160,457	2.44%
Medical devices	106,972	1.63%
Others	954,229	14.52%
Total	6,573,152	100.00%

C. Current products and services

- a. Dialyzers
- b. Blood tubing set and A.V. fistula needles
- c. Hemodialysis concentrated solution and powders and normal saline
- d. Disinfectant for hemodialysis machine
- e. Hemodialysis machine and RO central system
- f. Erythropoietin (EPO) and anticoagulant etc.
- g. Healthcare home appliances including air purifiers
- h. Blood bags and related products
- i. Wound and ostomy products
- j. Agency sales of surgical products and consumables
- k. Plasmapheresis machine
- l. Self-pay medicine related to hemodialysis patients
- m. Aesthetic medical devices
- n. Aesthetic consumables

- o. Aesthetic medical dermal fillers
- p. Cosmetic neurotoxins
- q. Body shaping devices
- r. Gynecological energy-based devices
- s. Maintenance of aesthetic medical devices
- t. Hair care and body shaping services
- u. Sales and promotions of medicine related to OB/GYN, family medicine, urology, dermatology, ophthalmology, and psychiatry
- v. Sales and promotions of medicine related to hair growth, digestive system, quit smoking, and ginkgo
- w. Sales and promotions of oral hygiene, daily consumer products and beauty products
- x. Comprehensive integrated distribution services including customer service, tender/bidding, information flow, cash flow and logistics

D. New products (services) to be developed

- a. Medical consumables and devices related to wound caring
- b. Medical consumables and devices related to blood banks
- c. New home appliances products of own brand "ULTRACLEAN"
- d. Agency and distribution of products from foreign renowned home appliances brands
- e. New hemodialysis consumables products of own brand "FASFLO"
- f. Sales of products and services related to hair growth and hair care products
- g. Skin care products
- h. Develop in-house licensed prescription/non-prescription drugs
- i. R&D of daily health consumer products
- j. Develop new pharmaceutical distribution and logistics business
- k. Agency and distribution of medical products from foreign renowned brands

(2) Industry overview

A. Current status and development of the industry

● **Medical device sector**

The Company is a comprehensive medical devices provider. Our major businesses include trading of medical products used in hemodialysis treatment, surgeries and diagnosis, air purifiers, blood bags, and wound and ostomy products. Below is a summary of the domestic medical device industry and the hemodialysis industry that is the Company's major products:

a. Overview and development in the medical device industry

Medical devices can broadly mean various products, and in the boundaries defined by Industrial Technology Research Institute's Industrial Economics & Knowledge Center (IEK), could encompass diagnostic and monitoring devices, assistive and repair devices, surgical and treatment devices, in vitro diagnostic devices (IVD), and other relevant medical products. Technologies involved in manufacturing medical devices include electronics, electrical engineering, biotechnology, biochemistry, medical engineering, measurement and chemical

engineering. In addition, research and development (R&D) require extensive time, and product assurance and clinical testing are also required, creating high barrier to entry. In terms of the market, the medical device industry is significantly influenced by government policies; and in particular, policies on health insurance benefits will directly impact the market demand. Hence, the demand for medical devices mostly comes from regions with developed countries such as North America, Europe, and Japan. Additionally, since safety specification requirements and medical insurance benefit systems also vary from country to country, market penetration is very difficult. Nevertheless, after a product has been introduced to the market, thanks to patent and certification protection and the longer product life cycle, profits can be higher compared to other industries.

b. Overview and development in the hemodialysis industry

Hemodialysis, or more commonly known as kidney dialysis in Taiwan, is a critical life-supporting treatment for patients with chronic kidney disease. When a terminally ill kidney disease patient fails to filter wastes and water from his/her body due to gradual or complete loss of kidney functions, the patient would have to rely on hemodialysis machine to pump blood out to expose the wastes and excess to the dialysate through the hemodialysis machine. This process cleanses the blood and removes water to reduce symptoms of toxin overload. It is common for patients to receive three times of hemodialysis treatment in every week.

The first hemodialysis treatment in Taiwan began in 1963. Early the cost of hemodialysis machines was high, leading to staggering medical expenses. And the social insurance system was not yet complete; therefore, this high-tech medical treatment was not accessible to most of the unfortunate end-stage renal failure patients. Starting from 1984, the qualification for hemodialysis under labor insurance scheme gradually eased and hemodialysis treatment became increasingly common in Taiwan. The number of hemodialysis treatment patients rapidly grew, and according to statistics from the National Kidney Foundation R.O.C., as of the fourth quarter (Q4) in 2021, the cumulative number of patients receiving hemodialysis and peritoneal dialysis in Taiwan had reached more than 93,000 persons, and the demand for the hemodialysis market continues to grow. Benefiting from the gradual introduction of social insurance schemes including public employee insurance, labor insurance, and the National Health Insurance system that commenced in 1995, the medical expenses associated with hemodialysis for end-stage renal failure patients were greatly reduced, allowing them to receive long-term hemodialysis treatment. Taiwan's hemodialysis market is gradually prospering; as the technology and quality of hemodialysis both become more mature, the survival rates of patients are also increasing accordingly. In addition, entities in hemodialysis treatment as well as the number of hemodialysis machines are also continuing to grow. The hemodialysis industry in Taiwan began to learn the operations and management model over hemodialysis centers from developed nations. In order to enhance operational effectiveness and patient satisfaction for treatment, in addition to supplying the hardware facilities of hemodialysis centers, comprehensive medical devices providers also began to provide softwares

including personnel training, cost analysis, and medical quality analysis and more. Additionally, in recent years, certain end-stage renal failure patients are also opting for peritoneal dialysis treatment. Nevertheless, after a few years of receiving peritoneal dialysis treatment, most peritoneal dialysis patients still need to switch over to hemodialysis treatment to extend their lives.

● **Aesthetic medical sector**

Thanks to the development of technology, many more effective aesthetic medical devices with little downtime are launching. In addition, with the increase of aging population and acceptance of advanced aesthetic medical treatments from the public, the global aesthetic medical industry remains a booming industry. The demand from the Taiwanese aesthetic medical market comes from the pursuit of the latest technology and non-invasive treatment. The popularization and transparency of aesthetic medical information has led consumers to pay attention to the safety and cost performance ratio of the aesthetic medical treatments.

However, the COVID-19 epidemic in 2020 had a great impact on the global aesthetic medical supply chain, including upstream suppliers and downstream end-consumers. The global aesthetic medical market is dominated by European and American principals. However, these areas are where COVID-19 spread out seriously. In that case, the manufacture and exportation of aesthetic medical devices or spare parts are all delay. On the other hand, end-consumers also defer their consumption. The COVID-19 epidemic is expected to gradually ease in 2022, and it's expected that another wave of demand peaks for aesthetic medical treatments will be created after the epidemic.

● **Pharmaceutical sales and distribution and logistics sector**

The Group is a pharmaceutical channel distributor and most of our businesses concern the sales, promotions, and distribution logistics services of pharmaceutical products in Taiwan. In terms of pharmaceutical sales and promotions, we mostly sell pharmaceutical products to medical institutions, clinics, pharmacies, chain drugstores and supermarkets based on the individual needs of such institutions. In terms of distribution and logistics, besides providing warehousing and shipping of medicine that comply with applicable pharmaceutical regulations, we also provide well-rounded services including customer services, acting for pharmaceutical principals to tender hospital offers, information flow, cash flow, and logistics services. The following is a description of the market overview of the industry:

a. Pharmaceutical sales and distribution logistics

As the coverage of national health insurance (NHI) in Taiwan has nearly reached 100% and approximately a quarter of NHI's total expenditures covers medicine, the National Health Insurance Administration has in effect become the biggest buyer of prescription drugs in Taiwan. Statistics from IQVIA indicated that, most of the revenues from Taiwan's pharmaceutical market came from hospitals, clinics, and pharmacies. In recent years, the National Health Insurance Administration (NHIA) has been actively launching the "2nd Generation NHI", by encouraging hospitals to transfer patients to clinics and to

release chronic illness prescription refill slip. In addition, due to pressures from financial loss, the NHIA has also been encouraging the public to practice self-pay for minor ailments. In 2019, the hierarchy of medical care will be implemented, in which 2% of the patients will be transferred to clinics so that clinics could acquire more patients. Nevertheless, the clinics could potentially lose the patients, if patients are switched from brand-name drugs at hospitals to locally-produced generic drugs at the clinics. Since clinics do not have restrictions on the number of medicine, doctors could be asked to prescribe both brand and generic drugs of the same ingredients, so that the market shares of both clinics and pharmacies could both grow in the future.

Though Taiwan's pharmaceutical market continues to grow, but as the prices of NHI medicine continue to be reduced in each year, major global pharmaceutical principals have continued to outsource their sales and promotions and distribution logistics in consideration of costs and maintaining profit margins. To target the increasingly active global pharmaceutical market, and seeing that the international market has extended the quality management of medicine from manufacturing processes to logistics and distribution, the Ministry of Health and Welfare in Taiwan has also emphasized on the reinforced control over medicine distribution and logistics. A phased GDP compliance inspection has commenced since July 1, 2016, and subjects of which include local medicine manufacturers in Taiwan, logistics service providers that label and package medicine, and pharmaceutical retailers that hold medicine licenses. In particular, inspections for those with elevated risks, such as businesses with licenses for cold-chain medicine and restricted medicine will be prioritized.

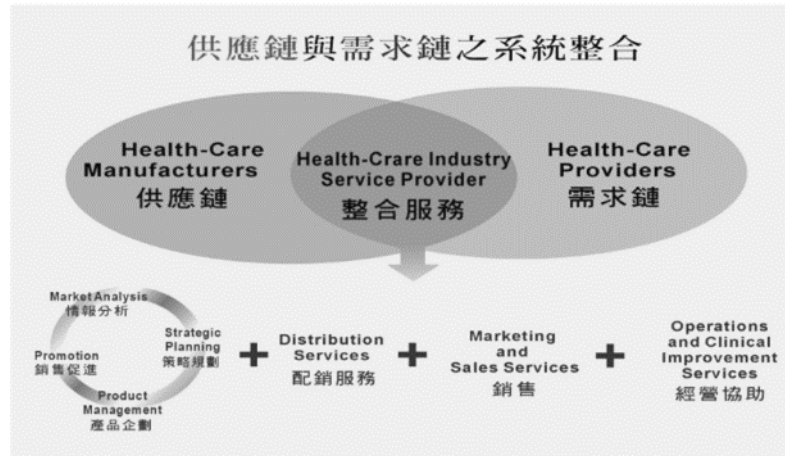
b. Industry development

The global pharmaceutical market was approximately valued at US\$1.4 trillion in 2020. Data from The Industrial Economics & Knowledge Center (IEK) from the Industrial Technology Research Institute (ITRI) indicated that due to new medicine launch and market needs, the market will grow steadily at a compound annual growth rate (CAGR) of 7.2% from 2021 to 2026, and is expected to reach US\$1.8 trillion by 2025. In 2019, the top 10 pharmaceutical markets account for 70% of the market share, and the ranking of such markets have largely remain unchanged. The largest five continue to be the US, China, Japan, Germany, and UK. In terms of CAGR over the next five years, the US market is expected to be 3.2%, China approximately 9.3%, Japan 2.6%, and UK dominating over the other five nations in Western Europe at 4.4% and the others between 2.1% to 2.8%. Brazil is expected to reach 4% and Canada at around 2.6%. In terms of treatment field, the market is still headed by cancer treatment, followed by diabetes and respiratory diseases. Rapidly growing fields from 2019 to 2023 are diabetes and anticoagulants, followed by cancer, autoimmunity, and immune diseases. From the field of clinical trial products, cancer, central nervous system, and cardiovascular are the top three respectively.

B. Correlations throughout the industry chain

● Medical device sector

As an integrated medical and healthcare channel provider, the Company's primary operations are carried out using an "integrated resources" model to provide various services to customers on top of healthcare products. The Company also serves as a healthcare management consultant to medical institutions, and has established a healthcare-related channel system using a "healthcare management" model. The correlations throughout this channel system is shown in the following diagram:

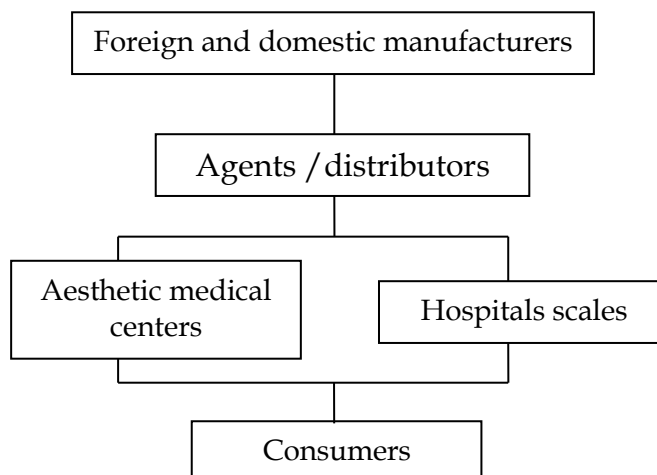


● Aesthetic medical sector

Most of the energy-based devices and dermal fillers in the aesthetic medical industry are developed by European and the American manufacturers. However, in recent years, Korean companies have begun to produce similar aesthetic medical products by imitating European and American companies, and won market shares through offering lower prices. The aesthetic medical market has therefore been divided into high-end and low-priced market segmentations. As more and more competitive products enter the market, strong brand marketing has also become mainstream in recent years to increase the popularity of products or treatments, and drive product sales by increasing consumer demand. In addition, brand marketing is also a differentiated model for distinguishing high-priced and low-priced products.

The following lists the upper, middle and lower reaches of the industry:

The relationship between the upper, middle and lower reaches of aesthetic devices and dermal fillers



● **Pharmaceutical sales and distribution and logistics sector**

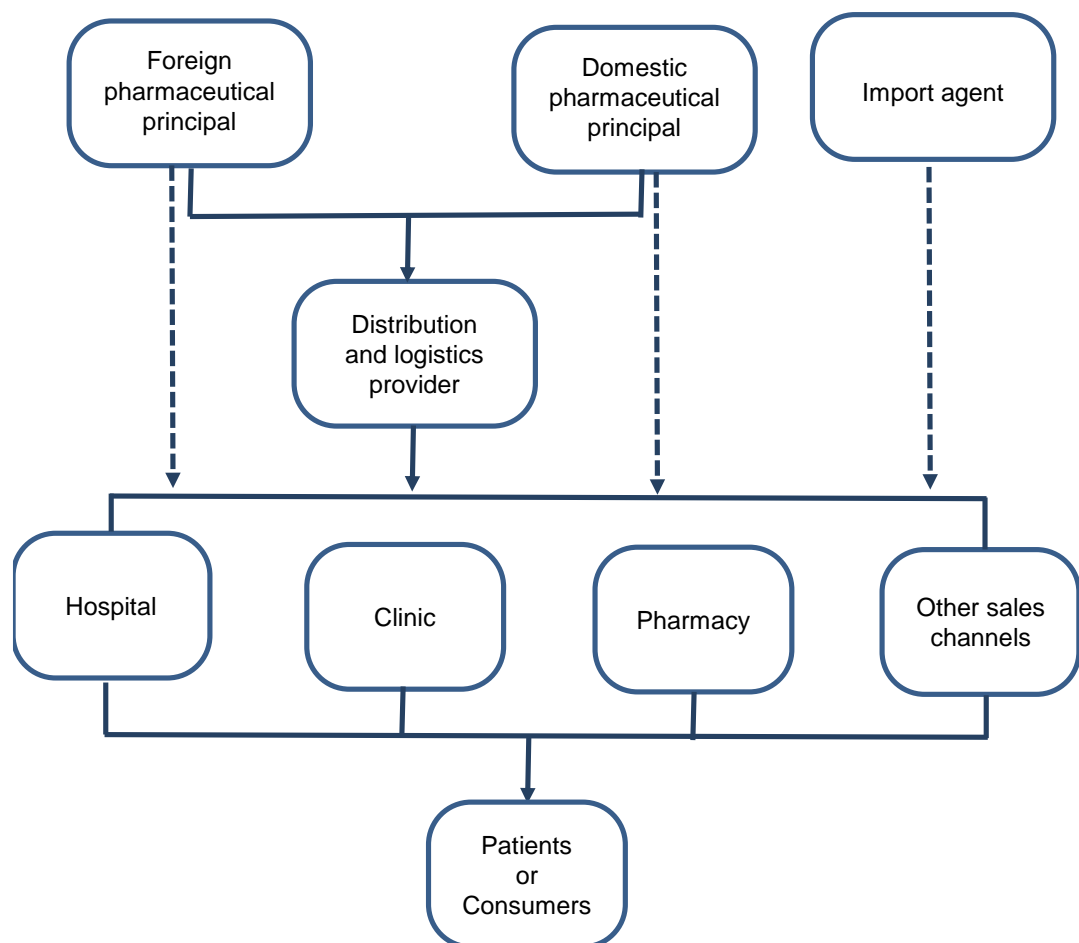
The industry structure of Taiwan's pharmaceutical market can be divided into upstream suppliers (medicine permit holders) such as local or foreign pharmaceutical principals or agents, midstream distributors or logistics providers, and downstream medical institutions. The Group is a pharmaceutical sales and distribution and logistics provider, which is in the midstream of the industry.

In terms of medicine sales and promotions, the pharmaceutical channel distributors will directly sell various pharmaceutical products based on the demand from medical institutions. Key operations include raising the image of pharmaceutical products, providing professional education related to treatment, disseminating the clinical use, effects, side effects and other clinical matters related to the medicine, organizing medical conferences and other promotional activities, and effectively and efficiently delivering various medicine from thousands of suppliers to distribution points located throughout Taiwan.

From the pharmaceutical channel distributors' standpoint, there may be pharmaceutical manufacturers who provide distribution and logistics services, but since medical institutions ranging from hospitals, clinics, to pharmacies, have very diverse demands (for instance, mid to large-scale hospitals usually procure medicine through tender, demand from clinics vary from department to department, while pharmacies usually have sparse medicine needs), these services are usually provided to areas close to their sites of operation. Since pharmaceutical manufacturers need to focus on R&D, manufacturing, and marketing of pharmaceutical products, they cannot cater to individual demands from all medical institutions. Therefore, pharmaceutical channel distributors provide comprehensively-planned services ranging from inventory management, value-added processing, logistics and delivery, customer complaint, and transportation and shipping within Taiwan. Pharmaceutical channel distributors are critical in supporting pharmaceutical manufacturers in selling their medicine to various medical institutions.

For the pharmaceutical principals, collaborating with channel distributors can enhance the supply chain's efficiency, thereby allowing them to focus on the R&D, manufacturing, and marketing of pharmaceutical products. Alternatively, by having medical institutions dealing with channel distributors and setting them as suppliers, the pharmaceutical supply can be more stabilized and helps medical institutions to save more on costs. This industry structure helps to integrate various channels, and links the resources throughout the supply chain, thereby helping each end of the industry to achieve optimized cost management.

The relationship between the upper, middle and lower reaches of pharmaceutical market



C. Products development trends

● **Medical device sector**

a. Hemodialysis Products

The soaring material prices around the world have led to significant cost increase in imported medical consumables. With the exception of hemodialysis machines and dialyzers, most of the medical consumables can be made in Taiwan without relying on imports. However, the medical and healthcare industry still favor imported products. Therefore, we have opted for OEM from overseas suppliers for our own brand, and collaborated with locally produced products in sales package in marketing our products to achieve a competitive edge.

b. Surgical consumables and devices

As surgical treatments around the world advance toward minimally invasive surgeries, thereby reducing surgical treatment wounds and decreasing patients' recovery time, agent for Covidien, which we sell and include surgical consumables ranging from surgical suture, auto suture, endoscopic surgical instruments, energy-based devices, radiofrequency ablation therapeutic devices, bipolar electrosurgical devices (Ligasure), to cordless ultrasonic dissection devices (Sonicision), is expected to continue to grow.

c. Healthcare home appliances products

As various pollutants exist in people's day-to-day lives, ranging from secondhand smoke, industrial, to car exhaust, making people more prone to including allergies and respiratory diseases, the Company has launched our own "ULTRACLEAN" brand products, and is committed to advocate for using air purifiers along with air circulators, and have launched a line of trendy products that perfectly match home aesthetics, so that consumers can simultaneously enjoy both health and quality of life.

● **Aesthetic medical sector**

a. Aesthetic medical devices

According to Medical Insight's Asia-Pacific Aesthetic Market Study, total Asia-Pacific sales of all aesthetic products reached nearly \$2.9 billion in recent year and are expected to increase by 9.6% annual growth rate in the next five years. Those show some of the most stable growth among Asia-Pacific markets compare to other areas.

The most popular aesthetic medical treatments in the Asia-Pacific market are dermatological treatments, including facial and body rejuvenation, pigmentations and vein treatments, and skin tightening treatments. Among all treatment options, non-invasive aesthetic medical treatments remain the top choice for consumers.

b. Dermal fillers

As the public's demand and acceptance for minimally-invasive treatments grow, dermal fillers have become the fastest growing area in aesthetic medical treatments. According to Medical Insight's analysis reports on the global dermal fillers market study, the total global market for all fillers (excluding cosmetic neurotoxins) approached USD\$2.7 billion in recent year. The dermal fillers market is expected to have an annual growth rate of 16.4% in the next five years, and its total sales are expected to reach US\$5.7 billion by 2025.

● **Pharmaceutical sales and distribution and logistics sector**

a. Pharmaceutical sales and promotions

With the emphasis on national health education and access to medical information, the general public has become more aware of self-medication. The non-prescription drugs market (e.g. comprehensive cold medicine, pain relief, hair growth products, quit smoking, deep scalp treatment, stomach medicine and antacids, skin creams, circulation supplements, eye drops etc.) has shown high levels of growth in each year. In the future, as the NHI's budget narrows and the government encourages the public to practice self-medication, the ratio of non-prescription drugs expenses will continue to show significant growth.

b. Pharmaceutical distribution and logistics

To ensure the public's safety and quality in medicine use, the pharmaceutical distribution and logistics industry is highly professional and concentrated. On top of building vast and complex pharmaceutical logistics supply chain system to understand the demands from downstream domestic medical channels and changes in upstream pharmaceutical suppliers, all distribution and logistics companies also need to receive permits, including the PIC/S GMP GDP from Ministry of Health and Welfare, international ISO certification, and pass rigorous audits from pharmaceutical principals.

D. Product market competition

● **Medical device sector**

a. Hemodialysis Products

As the hemodialysis is a mature industry, competition is intense both at home and abroad. The Company has achieved a competitive edge since we have acquired sales channels and adopted diversified agency or distributor strategies. Major products are separately described in the following:

- (a) Dialyzers: the Company is an agent distributor for mostly AsahiKasei and FMC. Besides marketing the own brand Fasflo dialyzers, manufactured by AsahiKasei, we also sell numerous other brands in the market.
- (b) Hemodialysis machine: we focus on Japanese-based Nikkiso brand, and we have also strengthened our market competitiveness by acquiring the FMC brand machine from our partner Fresenius.
- (c) Blood tubing set and A.V. fistula needles: focused on supplying the market and creating market segmentation by outsourcing the own brand Fasflo manufactured by Sunder Biomedical in Taiwan.
- (d) Dialysates, powders and normal saline: created own brand Renabio and outsourced (OEM) to a renowned pharmaceutical manufacturer in Taiwan to expand the market, and achieve more effectiveness.
- (e) Erythropoietin (EPO): competition is divided between long-term and short-term EPO, and the Company is presently an agent for Kyowa Kirin long-term product. The comprehensive product line makes it more competitive than the others.

b. Surgical consumables and devices

- (a) Outstanding cooperation with Covidien has prompted us to scale the market, and Covidien provides a comprehensive range of surgical products ranging from surgical suture, auto suture, endoscopic surgical instruments, energy-based devices, radiofrequency ablation therapeutic devices, bipolar electrosurgical devices (Ligasure), to cordless ultrasonic dissection devices (Sonicision).
- (b) Blood bags: we sell Japan's JMS brand and supply blood bags to blood centers throughout Taiwan and certain biotech companies for storing cord blood, approximately 40% of the market share.
- (c) Wound and ostomy: we sell Hollister brand and supply wound and ostomy medical products to patients in various hospitals around Taiwan.

c. Healthcare home appliances products

Launched a new line of ULTRACLEAN "Cubic Air" air purifiers, as well as own-brand products. To strengthen the competitive strength from product diversification, we also sell Japan's Doshisa ,Recolte, Toffy, and Sweden's Electrolux.

● Aesthetic medical sector

a. Aesthetic medical devices

Most of Taiwan's aesthetic medical devices are imported from overseas manufacturers. Most of the imports came from leading aesthetic medical laser brands from Europe and the USA. In recent years certain Korean and Chinese manufactured devices have also been imported to the Taiwan market, aiming lower-middle market segmentation. This situation has led to the end-user treatment price chaos, so we need to enhance consumers' awareness of brand, quality, legal products, and safety in order to maintain the high-quality of Taiwan aesthetic medical market.

The Group sells advanced devices mostly that have received FDA approval. In the past ten years, more and more mature and younger generations have received aesthetic medical treatments, and the overall aesthetic medical market in the Asia-Pacific region has shown steady growth. With the popularization and transparency of aesthetic medical information, consumer awareness is on the rise, consumers are no longer chasing low-priced treatments, and more attention is paid to "safety" and "efficacy", and the latest technology products that meet the market are also well received by Taiwanese consumers. Adhering to the core spirit of the past, we insist on representing the most competitive and safe high-standard aesthetic medical products in the world.

b. Dermal fillers

Major players in the global dermal filler industry include Allergan, Galderma, and MerzAesthetics, while Taiwan's major player is SciVision Biotech Inc. which distributed by the Group (hyaluronic dermal fillers: Hyadermis and Animers), indicating that Taiwan's R&D capability for certain dermal fillers are on par with international level. In addition, since collagen stimulators (more commonly known as "baby face shots" in Taiwan) are more naturalistic anti-aging treatments, they have come to be much loved by end-users in recent years. Products in this category currently launched in the Taiwanese market include Sculptra , Ellanse and AestheFill (products distributed by the Group). Currently, the aesthetic medical dermal filler market is still growing. The Group adopts an integrated marketing strategy for dermal fillers and aesthetic medical devices, thereby expanding the overall market demand and provides more choices for the aesthetic medical market.

● Pharmaceutical sales and distribution and logistics sector

a. Industry competitors

(a) Pharmaceutical sales and promotions

Since there are many different types of medicine, each requiring different sales knowledge and vastly different channels, industry competitors have each sought for different niches. The similarities between different competitors are low, and likelihood of complete substitution is also low. Nevertheless, there are over 10,000 types of NHI-benefit medicine and over 1,000 industry competitors in Taiwan. Competitors are many with distinct selling points. There is no market monopoly or oligopoly; therefore, the in-depth knowledge and professionalism in a single department has become a key factor to stand out among competition.

(b)Pharmaceutical distribution and logistics

Since the targets of medicine sales are doctors/physicians at hospitals or clinics and pharmacists, the level of professionalism required and the hours of training for its sales reps are much higher than that of general industries. This is because medicine have patents, professionalism, and exclusive channels. Since the Company has long-term, stable professional training program, our employees are highly qualified and cohesive, we have a relatively high competitive edge. In case other companies wish to expand to this industry, besides acquiring distribution/agency from pharmaceutical principals, they will also need to recruit talented and experienced personnel and team. Therefore, this industry is relatively difficult to enter.

b. Potential market entrants

(a)Pharmaceutical sales and promotions

Since the pharmaceutical logistics and warehousing environment and channels experience require extremely high entry barriers, operating an international pharmaceutical management and channel service requires significant capital investments in order to build top-notch information technology facilities and automated equipment, to recruit and train professional personnel, and to continuously provide on-the-job employee training concerning local and foreign laws and quality management. As such, currently, the pharmaceutical logistics channel industry in Taiwan is concentrated in the market. In addition, to respond to demands from different medicine suppliers, diverse service systems and characteristics have been devised by different distributors. Substitution is low, and distribution and logistics companies need to form tight partnerships with pharmaceutical principals to be able to provide quality supply chain services.

(b)Pharmaceutical distribution and logistics

To comply applicable permits, including the PIC/S GMP GDP from Ministry of Health and Welfare, international ISO certification, and pass rigorous audits from pharmaceutical principals, a pharmaceutical distribution and logistics center needs to build adequate warehousing space for medicine storage and to flexibly adjust in line with market sales. This will allow them to make timely deliveries to the patients in medical institutions, clinics, and pharmacies. Furthermore, pharmaceutical distribution and logistics services also include integrations of participation in tendering processes at hospitals, price negotiation, low-temperature control, clinical and experimental medicine management, restricted medicine management, information flow, cash flow, logistics, and intelligence process flows. Therefore, it is difficult for the general provider to cross over to this industry without sufficient related experiences and economies of scale.

(3) Technology and R&D overview

● **Medical device sector**

Though the Company is not a manufacturer, we separately plan R&D strategies based on products with National Health Insurance (NHI) coverage benefits and those without. Fields and businesses that are covered by NHI will plan and adjust future products based on the conditions and status of National Health Insurance Administration's insurance benefit policy. In terms of the self-pay medical market, we maintain positive interactions with international principals and actively introduce and market the latest medical devices.

● **Aesthetic medical sector**

Though the Group is not a manufacturer, we do have several educators and product specialists who are dedicated to developing product strategies and providing technical guidance. In addition, operational assistants are also available to help clients to increase the use of consumables.

● **Pharmaceutical sales and distribution and logistics sector**

The major businesses that the Group is focused on sales and promotions of medicine and professional pharmaceutical supply chain management services. We are focused on acquiring more agency to new products from principals and achieving innovations in distribution, logistics and warehousing management services and supply chain delivery services. The Group has set up product and business development departments that focus on new medicine developments from pharmaceutical principals, and actively evaluate and compete for distribution as well as the creation of new businesses.

In terms of pharmaceutical logistics management, on top of sending employees to participate in professional courses organized by the government and associations, we also receive on-site audits from international quality management experts and professional consulting advice from principals for multiple times in a year. We are aligned with international pharmaceutical management standards and maintain world-class quality standards. Moreover, we also continuously reform and enhance the service quality and benefits we provide to the principals and medical institutions through new systems, new equipment and new processes devised by inter-departmental service R&D programs.

(4) Short-term and long-term business plans

● **Medical device sector**

A. Short-term business development

In terms of hemodialysis, we will maintain the existing channels and scales of hemodialysis centers and increase the market shares of relevant devices and consumables, and acquired 49% equity of NephroCare Limited and Cardinal Medical Services Ltd. to expanded the hemodialysis access. In addition, we will actively pursue for agency of medical products needed by other medical fields to develop diversified product marketing and sales.

B. Long-term business development

Externally, the Company will integrate medical resources, introduce competitive new products related to medical and healthcare, increase number of strategic partners, continue to expand medical channels, and to expand to the rest of Asia from our base in Taiwan to solidify a long-term, profitable basis. Internally, we will simplify the organizational structure to reduce various administrative and marketing costs and increase operation performance.

● **Aesthetic medical sector**

A. Short-term business development

a. AestheFill brand operation

The Group actively expands product portfolio, and has launched AestheFill in the second quarter of 2020. AestheFill is a attractive product of Regen Biotech, Inc. from Korea. It is a dermal filler with a new form of stimulation to proliferate from body collagen, which can safely and naturally stimulate the regeneration and newborn of body collagen. The Group will continue to promote it to keep attention and increase share of voice.

b. Hya-Dermis brand operation

The Group is actively committed to the brand promotions and product sales of Hya-Dermis. By utilizing patented CHAP™ (Cross-linked Hyaluronic Acid Platform), the effects of Hya-Dermis are long-lasting and can support more shapely, contoured features. Since users can select suitable molecule sizes based on their intended injection area, Hya-Dermis has wider applications and offers a wider selection of choices to customers. In particular, the lidocaine-containing hyaluronic acid filler, "LA series", can effectively enhance the comfort levels of treatment, and the comprehensive lineup can also fully cater to diverse customer needs. Besides continuing to enhance product characteristics to better meet market demands, the Group will also strengthen the marketing to end-users to increase product awareness and treatment adoption.

c. Animers brand operation

Another one of the Group's newcomers, the locally-produced gel-type hyaluronic acid dermal filler "Animers" was launched in the third quarter of 2020. We are the exclusive agent for Animers in Taiwan. This product targets gel-type hyaluronic acid market, and its specific selling points are silky smooth injection process and soft skin texture. To offer diverse options to customers, we will penetrate the market with this new brand and product features in the future, along with its sister brand, Hya-Dermis. The two aforementioned consumables will serve to expand the Group's existing product portfolio and customer groups, thereby enhancing our growth.

d. "Neuronox" cosmetic neurotoxins brand operation

The "Neuronox" cosmetic neurotoxins, which was distributed by The Group as an agent, had completed the new drug inspection and registration in 2021 and was launched in January 2022. "Neuronox" cosmetic neurotoxins is developed from orthodox American strains and is of high quality. It is expected that its cost-effective product advantage will definitely attract high market attention, and can expand the existing product line of the Group to provide more product portfolio.

e. Laser brand operation

The Group currently sells Picoway picosecond laser from Candela Medical in the United States. It is presently the most advanced high-end pigmentation removal device satisfies the aesthetic medical needs of high-end customers with advantages that include enhanced treatment results, minimized side effects and short downtime. This model was launched in Taiwan two new therapeutic hand grips in the first quarter of 2022, thereby enhancing the picosecond laser market.

f. DR CYJ brand operation

Non-medical and medical-like hair growth markets represent at least NT\$10 billion of business opportunities each year in Taiwan, and grows at 10-20% per year. To compete for this NT\$10 billion blue ocean hair growth market, the Group and listed biotechnology Korean company Caregen Co., Ltd. (KOSDAQ: 214370) have formed a joint venture of CYJ International Taiwan Inc., which markets a revolutionary hair growth product, "DR CYJ" and scalp treatment services in online platforms and 16 physical channels. The product has gained enormous success in the women's hair growth market. To provide diverse choices for consumers in their pursuit for beauty, the Group gradually extends treatments and products to skin care, face wash, and hair styling products. Daily beauty and skincare treatments have also been added to physical channels. The Group has also successively planned various physical channels to introduce high-end facial beauty equipment Hydra Facial beauty device. To make facial and body treatments more comprehensive and to provide superior services to consumers, the Group has also introduced the 10th generation body shaping device from the high-end French brand, LPG.

g. Total solution treatment of body shaping

The muscle toning device "StarFormer" from the well-known European manufacturer, Fotona has received medical device license in December 2021. Using the unique high intensity Tesla magnetic stimulation (HITS™) technology, StarFormer changes the operation mode every 20 seconds to stay the muscle fresh and to enhance the result of muscle toning ,and to lead a new trend in the muscle toning market.

The Group provides body shaping total solution services for customers through our comprehensive body shaping product lines. Our body shaping treatment total solution includes "LPG" from France, "Cooltech" cryolipolysis device from Spain and "StarFormer muscle toning device" which is scheduled to be launched in 2022, which applied body shaping devices with physical measures, cold body shaping and magnetic stimulation, respectively. These advanced devices make the Group able to provide customers with a total solution of body shaping covering both inside and outside of the body.

In summary, the Group's short-term goals are focused on expanding sales from product portfolio, and will be dedicated to trending aesthetic medical products and consumables with high growth and high margin in order to increase our profit margin. In addition, the Group will stabilize revenues and achieve business development by actively developing revenues from aesthetic medical consumables and other non-aesthetic medical products. By utilizing our strengths in repairs and maintenance teams, we will also strengthen customer service.

B. Long-term business development

a. Market leader in aesthetic medical products

As a market pioneer, the Group will continue to develop and introduce products that meet the latest and safest aesthetic medical trends to provide a comprehensive range of skin and slimming aesthetic medical products. We will expand our product range and contents to achieve the goal of becoming a leader in aesthetic medical market in Taiwan.

b. One-stop aesthetic treatment provider

The Group is actively developing e-commerce channels. Scalp and skin beauty products are sold through lively and diverse marketing strategies that meet customer needs. In addition, to provide head-to-toe “beauty services” for customers, we will actively integrate resources for beauty treatment services from Excelsior Beauty Clinics and DR CYJ and provide one-stop “beauty” experiences to customers.

In summary, the Group’s long-term development plan is focused on continuing to introduce competitive aesthetic medical consumables and products with new technologies and trends. We will develop and expand the channels for hair growth treatment and enhance the Group’s overall competitiveness and professional image in the Asian aesthetic medical market.

● **Pharmaceutical sales and distribution and logistics sector**

A. Short-term business development

Pharmaceutical sales and promotions

a. Prescription drugs

Consolidate existing medicine for internal medicine, family medicine, dermatology, and ophthalmology, such as high blood pressure, anti-infection, anti-allergic, and gastrointestinal medications. Continue to promote psychiatric, central nervous system drugs and hepatitis B drugs, such as the promotion of antidepressant, antibipolar and schizophrenia treatments. Expand the self-pay market for influenza antiviral treatment.

b. Non-prescription drugs

Refine operation of non-prescription drugs by expanding product lines at existing channels for hair growth products, scalp care, quit smoking, oral care, analgesics, cold medicine, stomach and antacids, circulation supplement, dermatological treatment and more.

Pharmaceutical distribution and logistics

a. Reinforce the Group own national cold chain and temperature-regulated delivery fleet. To ensure the quality and safety of temperature-sensitive products, temperature control and inspection will be conducted from purchasing, storage, packaging, tallying, to delivery to the medical institutions.

b. Besides serving the existing pharmaceutical principals and CDC, the Group will also adopt differentiated strategies to segment the market. Needs from various major hospitals will be aligned with the pharmaceutical principals in

order to develop more competitive value chain services. The Group will strive to acquire distribution and logistics services from domestic and foreign pharmaceutical principals and clinical medicine companies.

B. Long-term business development

Pharmaceutical sales and promotions

Besides expanding the product lines to become more well-rounded, we will actively seek for strategic partners and plan to horizontally expand into other related specialist fields. Concurrently, by relying on the long-term development with the Excelsior Group, we will seek agency and investment, and channel sales and promotions of related pharmaceutical products. The Group will introduce international high-quality medicine and medical supplies to local niche markets to achieve special synergistic, competitive strengths.

Pharmaceutical distribution and logistics

- a. Build and expand high-quality, high-efficiency, and high-satisfaction international-scale temperature-controlled logistics center; sign long-term contracts with pharmaceutical principals and develop more partners; connect the medical service systems with major hospitals throughout Taiwan to expand the value chain and to provide even more quality services.
- b. Continue to invest toward developing automated IT and warehousing management system; maintain leading strengths and service standards by providing customized information and effective delivery; and provide even better information and more satisfying logistics services for pharmaceutical and medical device suppliers.
- c. Form strategic cooperation with local transportation companies to build an integrated logistics service with professional division of work and synergies in business. The Group will mutually expand and optimize the efficiency and quality of distribution and logistics services in Taiwan in order to enhance operational performance.

2. Market and Sales Overview

(1) Market analysis

A. Major products and service regions

Unit: NTD\$ thousands

Region \ Year	2020		2021	
	Sales amount	%	Sales amount	%
Domestic Sales	6,351,482	95%	6,273,083	95%
Export	324,012	5%	300,069	5%
Total	6,675,494	100%	6,573,152	100%

B. Market share

● **Medical device sector**

- a. Below are separate descriptions of the product market shares for sales and marketing of hemodialysis products that the Company sells, which are distributed to hemodialysis centers, hospitals and clinics throughout Taiwan:

Product Category	Product Brands	Market Share
Dialyzer	Asahikasei, FMC, Nikkiso	approximatrly 30%
Blood tubing set	FASFLO, Sunder	
A.V. fistula needle	FASFLO	
Dialysate	CHI SHENG	
Transducer Protector	Sunder	
Hemodialysis machine	Nikkiso, FMC	

- b. Below are the sales ratio for the Company's operating sites, including department stores and hypermarkets throughout Taiwan and online shopping:

Product Category	Product Brands	Sales Ratio
Home air purifiers	Fasflo ULTRACLEAN and agency brand	5%
DOSHISHA	Agency brand	25%
Electrolux	Distribution brand	50%

- c. Pursuant to request from Taiwan Blood Services Foundation, blood bags are in special specifications, and we represent JMS brand with the following market share:

Product Category	Product Brands	Market Share
Blood bags	JMS	approximatrly 40%

- d. The major products from the range of surgical consumables that the Company sells on behalf of Covidien are auto suture and energy-based devices. Currently, nearly all medical institutions with operating rooms in Taiwan are our customers:

Product Category	Product Brands	Market Share
Auto suture and energy-based devices	Covidien	approximatrly 60%

● **Aesthetic medical sector**

Major operating revenues of the Group come from agency and distribution of aesthetic medical devices, and from providing maintenance services of such aesthetic medical devices. The Group also sells aesthetic consumables and spare parts of aesthetic medical devices, dermal filler and cosmeceuticals. Presently,

peer information on industry competitors and production and sales information on similar industries in Taiwan does not exist. In addition, most of the Group's sales are within Asia, hence, according to the statistical data on the average Asian aesthetic medical market at approximately US\$2.7 billion from Medical Insight Inc., we have estimated that the Group's market share in Asia in 2021 was approximately 1.3%.

● **Pharmaceutical sales and distribution and logistics sector**

Currently, we serve customers throughout Taiwan and the outlying islands including Penghu, Kinmen, and Mazu. Our customers include medical centers, regional hospitals, local hospitals, clinics, pharmacies, and hypermarkets. Based on data from IQVIA, in terms of promotions for specialized areas, the Group owns the No. 1 market share in marketing and promotions for specialized divisions such as erectile dysfunction, while our hair growth and quit smoking products have also achieved market leadership positions.

C. Future supply and demand of the market and its potential

● **Medical device sector**

a. Medical device market

In perspective of supply, major production regions for medical devices worldwide include America, Europe, and East Asia. In terms of country, the United States, Japan, and Germany are the key players in global medical devices industry. Since the aforementioned three countries have been developing this industry for many years and both scaled their businesses as well as continue to invest in R&D in each year to innovate products to satisfy the latest medical needs, as well as having achieved various product patents and certifications around the world, they can maintain their market leader positions in terms of supply in the precision medical devices market.

As for demand, most of the need for medical devices come from developed countries, and there is a high positive correlation between the medical and healthcare needs and income. As the economy grows, gross domestic product (GDP) increases and social medical insurance becomes more comprehensive, the percentage of medical expense on the national income also increases accordingly. Therefore, developed countries would have the highest need for healthcare.

The Industrial Economics & Knowledge Center (IEK) from the Industrial Technology Research Institute (ITRI) has also indicated in its research report on healthcare industry development that, as we approach an aging society, the need to care for patients with chronic illnesses and related medical expenses will increase year-by-year. The global populations aged 65+ will reach a peak between 2011 to 2029, and this will rapidly change the structure of the population pyramid, leading the percentage of overall medical and healthcare expenditure on the GDP to grow in each year.

As the baby boom population, born after the World War II, begin to face the loss of physiological functions and require caring in the form of medical resources, and human lifespan is prolonged from the advancement of modern

technology, thereby leading to substantial needs for medical devices and related healthcare products, the medical device industry is expected to show robust growth in line with aging societies and the gradual awareness for health around the world.

b. Taiwan's hemodialysis market

In terms of supply, according to the Total hemodialysis Out-Patient Professional Medical Service Quality Report from the National Health Insurance Administration and Taiwan Society of Nephrology, in the fourth quarter of 2021, there were 701 medical institutions that provided hemodialysis treatment, in which 303 were located in northern Taiwan, 202 in southern Taiwan, and 196 in central Taiwan. In terms of the scale of medical institutions, 21 of which were medical centers, 68 were regional hospitals, 172 were district hospitals, and 440 were primary clinics. As a whole, hemodialysis treatment at medical institutions in Taiwan shows a steady upward trend.

From a demand perspective, research data from IEK indicates that the number of Taiwanese hemodialysis patients will grow by 3 to 5% annually. In addition, securities researcher report also indicates that due to factors that include the drug-use habits in the Taiwanese population, Taiwan has the world's highest ratio of hemodialysis patients as well as the highest annual increase. Coupled with the aging society, it is expected that the number of hemodialysis patients will continue to grow at a compound annual rate of 2% to 3% in recent years. Thanks to the implementation of the National Health Insurance system, medical expenses for hemodialysis treatment for end-stage renal failure patients have largely decreased, and such patients can have access to long-term treatment. As the technology and quality of hemodialysis both continue to mature and the patients' survival rates continue to grow accordingly; combined with the understanding and emphasis of the public for end-stage renal failure and how patients' lives can be extended through hemodialysis technology, the number of patients have also grown in each year. Statistical data from the National Kidney Foundation R.O.C. indicates that, as the fourth quarter of 2021, there are as many as 93,000 hemodialysis patients in Taiwan. The annual growth rate of hemodialysis patients in the past five years has been approximately 2%, showing that the number of hemodialysis patients in Taiwan continues to show steady annual growth.

● **Aesthetic medical sector**

As for supply, most of the aesthetic medical devices and dermal fillers in Taiwan are mostly imported from Europe and the United States. In terms of demand, the market demand for aesthetic laser is highly positively correlated with income. The aforementioned demand can be classified as aesthetic medical treatments primed for anti-ageing from a more senior population, and those in pursuit of facial contour. The COVID-19 epidemic impact global aesthetic medical supply chain in terms of devices supply and treatment volume. However, the COVID-19 epidemic is expected to gradually ease in 2022, and it's expected that another wave of demand peaks for aesthetic medical treatments will be created after the epidemic.

● **Pharmaceutical sales and distribution and logistics sector**

a. Pharmaceutical sales and promotions

- (a) Estimates based on data from IQVIA have indicated that, the CAGR of pharmaceutical market in Taiwan can be maintained at steady 3-5%. Moreover, since Taiwan has reached an aging society and citizens' average life expectancy is over 80 years old, medicine use for chronic illnesses will gradually increase, making the pharmaceutical market in Taiwan a steadily growing market.
- (b) Since the approval and launch of new medicine from major international pharmaceutical principals are often slow, coupled with patents from numerous best-selling medicine expiring, it has become necessary for many international principals to cut down on HR costs and operating expenses to effectively control costs in dealing with price competitions from generic drugs. Furthermore, as the expenditure of NHI medicine are reduced, many of the international pharmaceutical principals that operate in Taiwan are choosing to outsource their sales and promotions in the future. The possibility of collaborating with specialized channel distributors with high coverage is also increasing accordingly. In other words, having a specialized, long-term operated professional team is the critical factor to achieving specialized treatment fields. Besides creating the maximum value and benefits in the industry, it also makes the Group the most competitive, unique, and difficult to imitate or replace.

b. Pharmaceutical distribution and logistics

- (a) Drastic changes in business models of pharmaceutical principals; increasingly reliant on outsourcing

Since the approval and launch of new medicine from major international pharmaceutical principals are often slow, coupled with patents from numerous best-selling medicine expiring, it has become necessary for many international principals to cut down on costs in dealing with price competitions from generic drugs. In addition, under Taiwan's National Health Insurance system, the National Health Insurance Administration has come to dramatically reduce medicine expenditure every other year, leading major foreign pharmaceutical principals to continuously dispose of their production facilities and warehouse in Taiwan. The principals have come to utilize external resources and strengths by outsourcing both pharmaceutical storage and management and delivery to large-scale professional logistics distributors to significantly reduce their own operating costs and to enjoy quality services under a professional division of work system. Having established a trend of outsourcing distribution and logistics management, the multinational pharmaceutical principals can better focus on their core competences. Their reliance on distribution and logistics companies capable of accepting and integrating logistics and distribution services and have mapped out comprehensive, high-coverage channels, will only continue to grow. Providers capable of meeting compliant standards will also become more concentrated.

(b) Sustainable development of the National Health Insurance system

To promote the sustainable development of the NHI system, besides amending relevant benefits system, the National Health Insurance Administration has also reduced the expenditure of NHI medicine and materials/supplies. This has already impacted the revenues of medical institutions, and to reduce operating costs and enhance service quality, more and more hospitals have opted to outsource non-core businesses. Following this trend, hospitals will have even higher demands and form more partnerships with providers capable of integrating the pharmaceutical supply chain.

D. Competitive niches, favorable and unfavorable factors for future development and countermeasures

a. Competitive niche

● **Medical device sector**

Through establishing a comprehensive channel system using healthcare management model and building positive, symbiotic relations with both domestic and foreign medical manufacturers, the Company can solidify its position between the demand side and the supply chain and is in a better position to acquire quality products at lower price. As a whole, the Company has a more competitive niche over the industry competitors.

● **Aesthetic medical sector**

Having built mutual-beneficial relations with both domestic and foreign aesthetic medical suppliers for many years, the Group has a firm presence in the supply and demand chains. Since we provide many products and services, including aesthetic medical devices, dermal fillers, aesthetic consumables, hair growth products, and repairs and maintenance of aesthetic medical devices, we can provide more diverse and competitive products and services to customers.

All engineers in our excellent repair and maintenance team have received equipment repairs and maintenance training from both principals and the Group. In addition, the Group has a complete range of parts and components, and all service calls can be completed within 48 hours. On top of positive reviews from customers regarding our quality and speed of repair/maintenance, we have also gained many accolades from the principals.

Equipped with a marketing and education/training team, most of our training concerns specifications and operation, advertising and promotions. We also organize various education and training courses for beauty consultants and nurses, and collaborate with the principals to instruct doctors to use aesthetic medical devices. In addition, we also cooperate with major medical centers throughout Taiwan to train doctors' professional skills in laser treatment.

All in all, the Group's core abilities lie in leading market trends, enhancing marketing services, providing quick repair/maintenance services, and sparing no effort in operational consultation. We provide continuous service to support customers' market competitiveness, and have a better competitive edge over our industry competitors.

● **Pharmaceutical sales and distribution and logistics sector**

(a) Strong pharmaceutical sales network

The Group's pharmaceutical sales network is extensive in both breadth and depth. Our customers include medical institutions of varying hierarchy, clinics, chain drugstores, single-store pharmacies, and hypermarkets (currently, we have nearly 10,000 customers and cover almost 12,000 sites), enabling us to provide strong channel coverage and specialized promotional teams of international service standards for principals.

To maintain competitive strength and quality customer service, all members of the sales team use the latest technological tools (e.g. tablet computers and cloud-based sales management system). Besides comprehensively providing real-time marketing information, the customer relations management (CRM) system also provides real-time updates on professional knowledge including international medical conferences, clinical reports, product information, and new medical knowledge to doctors and pharmacists, thereby enhancing our service speed and efficiency.

(b) High barriers to entry in professional fields

The Group has been deeply involved in the treatment of erectile dysfunction in family medicine and urology for many years. Due to the professional and experienced sales capabilities of the management team, this core expertise is not easy for competitors to copy, and they have maintained a leading edge for many years. Coupled with the reinforcement of peripheral products, the products are more complete and competitive.

(c) The Group's highly integrated medical channel operations help to create synergies

Having years of experience in marketing and sales, our Marketing and Sales team works closely with various departments, including New Product Development, verification and Registration, Customer Service, Tender, Channel Development, Legal Compliance, and IT. We also actively participate in medical conferences in each year to understand the latest pharmaceutical development and seize new trends and opportunities in product development. In addition, by utilizing the Excelsior Group's strong resources in Taiwan's medical market, our expansions into various medical channels in Taiwan have been very competitive.

(d) High customer satisfaction

Having achieved high customer satisfaction over the years, our market shares have often trumped products in the same categories, which helped us to win positive recognition from the pharmaceutical principals. In addition, to give back to the community, we also strove to provide healthcare education to communities as well as continuing education for medical professionals, winning many praises from National Pharmacist Pharmacy.

(e) Service quality meets international standards

Partners of the Group are all renowned major international pharmaceutical principals. Due to their rigorous requirements for pharmaceutical storage and delivery, audits from international quality management experts would be carried out by the pharmaceutical principals in each year. Relevant evaluation on service performance is also conducted. Our

service performance and audit results have both satisfied our partners, indicating that besides meeting local service requirements, our service quality are also on a par with international standards.

b. Favorable factors affecting the Group's development prospects

- (a) Government actively supporting biotech industry, and medical industry has a favorable prospect

The "Three-Year Spring Plan of the Economy Development Vision 2015," approved by the Executive Yuan in 2006, has listed the biotechnology industry as a "key development manufacturing industry". The "Biotech and New Pharmaceutical Development Act," announced in 2007, encourages private investment in an effort to focus on developing the biotech industry. It is expected to drive economic transformation in the future. Fundamentally speaking, the government's proactive attitude will help to develop industries related to medical and healthcare.

- (b) Increases in GDP, changes in lifestyle, and the aging society

In recent years, the national GDP in Taiwan has continuously increased in line with economic growth. The public is increasingly focused on healthcare, leading to significant increase in the demand for medical devices and products from related healthcare businesses. Statistical data from the Ministry of the Interior, Executive Yuan has indicated that, as of December 2021, 3.93 million of Taiwan's population was aged 65 or more. This new historical record accounts for 16% of the total population. It can be anticipated that the increasing severity of the aging population issue in Taiwan will expand the demand for domestic and foreign medical products, leading to even better development opportunities for healthcare related industries.

- (c) Sound financial structure helps business expansion

After going through public issuance processes, the Company and the Group are now aligned with the capital market and our shares are now either listed on the TWSE or the TPEX. These efforts indicate our operation efforts are obvious, and that our shareholding structure is robust. With sound management and indications of industry value, we can further cultivate the medical business in the future.

- (d) Effective resource integration

The Company's management philosophy is to build a comprehensive healthcare holding enterprise, and we are in substance an integrated channel distributors. Hence, the Company has adopted diverse agency means to acquire distribution rights of quality products through investments, and in line with diverse marketing and management and consulting services provided to medical institutions, we have extended our core business and cultivated the market channels, allowing us to effectively provide comprehensive services to our customers. In the future, we will guide high-quality medical services around the world to enter multinational markets.

- (e) Talent employee development, better benefits system, and building strong employee cohesion

On top of continuously building our market competitiveness, we also strive toward developing talent employee. Through diverse training methods including new employee training, professional skills training, management skills training, and team-building, we have developed employees' professional skills, leadership skills, innovative thinking, and management capabilities. Furthermore, to reward employees and to build teamwork, we also regularly organize activities such as annual employee travels and Excelsior Family Day to show teamwork among employees and to foster employee cohesion

c. Unfavorable factors affecting the Group's development prospects

- (a) Risk of exchange rate fluctuations

The foreign exchange market experienced dramatic fluctuations in line with global economic changes in 2021. The Company is in an industry with foreign exchange needs, and holds different currencies due to different procurement sources. Therefore, we hold an appropriate portfolio of foreign exchange to seek for the greatest hedging possibility. Relevant countermeasures are as follows:

- i. Purchase forward foreign exchange based on business needs.
- ii. Building consensus with suppliers to mutually share foreign exchange risks; in case the fluctuation in foreign exchange increases, we will renegotiate product prices with suppliers, or to transact with the contracted, fixed exchange rate.
- iii. Adding price differentials due to foreign exchange into the price quotation system to protect the Company's interest.
- iv. The finance department will adjust foreign exchange positions based on fluctuations in foreign exchange.
- v. The hedging of foreign currencies are alternatives to one another, and can be procured using Euros, USD, and JPY, the Company will adjust our procurement portfolio based on their relations to NTD.

- (b) High product concentration and reliance

Currently, the medical market in Taiwan mostly relies on imports, and we sign distribution contracts with overseas suppliers. In case changes to distribution rights occur, the Company's operations will be affected. Countermeasures to which are as follow:

- i. Win over overseas quality suppliers through our sales performance, and to form a buyer's market through our solid channel strengths, so that overseas suppliers will not easily consider changing distributors from a revenue perspective.
- ii. Form cooperation with upstream suppliers to jointly operate and expand the market through profit-sharing.
- iii. Co-host academic courses with foreign manufacturers, conduct clinical research with medical centers, and establish an Asia-Pacific Teaching Center so that manufacturers will be more reliant on the Company and would need to assist us to develop regional markets.

- (c) NHI adopts global budget payment system and shrinks profitability from the medical industry

Though financial challenges for the National Health Insurance Administration were somewhat alleviated due to supplementary premium, but the medical institutions are still faced with pressures related to point values for NHI benefits, leading to unstable revenues in each specialization. This practice will impact the medical industries in Taiwan, and relevant countermeasures are listed as follows:

- i. Reduce the ratio of NHI benefit products and introduce self-pay products such as healthcare home appliances and long-term care.
- ii. Practice market segmentation through providing more luxurious and professional self-pay aesthetic medical services, and to expand the market to other overseas Chinese markets.
- iii. In response to expected patent expiration of pharmaceutical products, on top of searching for new items to strengthen our product portfolio, by relying on our unique specialization marketing, we can also effectively, vertically integrate the resources from specialized products from upstream pharmaceutical principals with the demand from downstream end-users. This will also help the Group to practice effective cost control.

(2) Important uses of the main products and the production process

- A. Major products in the medical industry include hemodialysis, healthcare home appliances, medical devices, blood bags, wound and ostomy and surgical consumables. Below are descriptions of their important uses:
 - a. Hemodialysis products: a kidney disease patient cannot filter water and unwanted nitrogen, creatinine, and uric acid from the human body. By using the hemodialysis machine and dialyzer to filter blood, the patient can regain short-term physical functions.
 - b. Healthcare home appliances: used to improve the air quality in the day-to-day lives.
 - c. Blood bags: used to store blood.
 - d. Wound and Ostomy: after gastrectomy, patients use ostomy in place of the anus or urethra in excrement.
 - e. Surgical consumables: medical devices and consumables used on patients in surgeries.
- B. Major products from aesthetic medical industry are energy-based devices and consumables, which can convey beauty to the users once operated by professional doctors, so that users can achieve physical and mental well-being.
- C. Major products from pharmaceutical sales, distribution and logistics industry are sales and promotions of prescription drugs, non-prescription drugs, and healthcare consumer products, which are coordinated with customer service, tender processes, information, cash flow, and warehousing and inventory logistics, thereby constructing a well-rounded supply chain integration service.
- D. The Company and the Group are not manufacturers, and do not have production line processes.

(3) Supply of key material

Neither the company nor the group is a manufacturer, so it is not applicable.

(4) Customers that accounted for more than 10% of the total sales in any of the last two years

A. Major customers' information

Unit: NT\$ thousands

Item	2020				2021				As of March 31, 2022				Description of Changes in the Last Two Years
	Name	Amount	Percent age of Net Sales (%)	Relations hip with Issuer	Name	Amount	Percent age of Net Sales (%)	Relationshi p with Issuer	Name	Amount	Percentag e of Net Sales (%)	Relations hip with Issuer	
1	Bestchain Healthtaiwan Co., Ltd.	1,789,712	30	Associate	Bestchain Healthtaiwan Co., Ltd.	1,948,018	34	Associate	Bestchain Healthtaiwan Co., Ltd.	480,371	32	Associate	—
2	Excelsior Renal Service Co., Limited	762,596	13	Associate	Excelsior Renal Service Co., Limited	777,052	14	Associate	Excelsior Renal Service Co., Limited	188,872	13	Associate	—
	Others	3,386,432	57		Others	2,968,293	52		Others	821,917	55		
	Net Sales	5,938,740	100		Net Sales	5,693,363	100		Net Sales	1,491,160	100		

B. Major suppliers' information

Unit: NT\$ thousands

Item	2020				2021				As of March 31, 2022				Description of Changes in the Last Two Years
	Name	Amount	Percent age of Net purchases (%)	Relationship with Issuer	Name	Amount	Percent age of Net purchases (%)	Relationship with Issuer	Name	Amount	Percentage of Net purchases (%)	Relationship with Issuer	
1	MEDTRONIC (TAIWAN) LTD.	1,493,651	30	None	MEDTRONIC (TAIWAN) LTD.	1,675,199	34	None	MEDTRONIC (TAIWAN) LTD.	406,152	31	None	—
2	PFIZER LIMITED	711,502	14	None	Viartis Pharmaceutical Company Limited	402,884	8	None	Viartis Pharmaceutical Company Limited	111,283	9	None	The original purchase target was PFIZER LIMITED, because of the organizational adjustment of the supplier company, part of the business was transferred to Viartis Pharmaceutical Company Limited.
	Others	2,738,540	56		Others	2,784,263	58		Others	780,982	60		—
	Net purchases	4,943,693	100		Net purchases	4,862,346	100		Net purchases	1,298,417	100		—

(5) Production volume and value in the last two years: Not applicable.

(6) Sales volume and value in the last two years

Unit: NT\$ thousands

Major Products	Year		2020				2021			
	Sales Volume and Value		Domestic Sales		Exports		Domestic Sales		Exports	
	Volume	Value	Volume	Value	Volume	Value	Volume	Value		
Surgical consumables	2,379,034	1,475,340	0	0	2,337,274	1,612,322	0	0		
Dialyzers, blood tubing set and A.V. fistula needles	11,207,111	1,068,129	198,836	10,171	11,135,391	1,151,041	374,151	23,325		
Erythropoietin (EPO), concentrated solution and powders	4,328,042	753,510	1,006,219	131,399	3,972,094	737,849	941,533	109,466		
Medicine	2,819,781	1,108,050	2,053	283	2,587,512	719,332	6,953	886		
Aesthetic medical consumables and spare parts		510,179		54,982		570,910		42,524		
Blood bags ,wound and ostomy product	589,363	178,281	0	0	598,562	206,373	0	0		
Aesthetic medical devices	121	217,954	42	17,005	161	173,194	4	4,272		
Home appliances	37,652	119,381	0	0	41,962	160,457	0	0		
Medical devices	1,054	105,878	68	19,609	845	78,872	119	28,100		
Others		814,780		90,563	0	862,733	0	91,496		
Total	21,362,158	6,351,482	1,207,218	324,012	20,673,801	6,273,083	1,322,760	300,069		

3. Employees

(1) The following table summarizes the company's workforce as of the printing date of the annual report

Year		2020	2021	As of March 31, 2022
Number of employees	Manager level and above	93	105	105
	Staff level	664	659	679
Total		757	764	784
Average age		35.48	34.96	34.01
Average years of service		6.91	7.20	7.03
Education background	Ph.D	0.26%	0.13%	0.13%
	Master	4.49%	5.50%	5.48%
	Bachelor	76.75%	77.22%	78.06%
	Senior High School	11.76%	11.78%	11.10%
	Below Senior High School	6.74%	5.37%	5.23%

(2) Certification of employees whose jobs are related to the release of the company's financial information

Certified Internal Auditor (CIA) : 1 person.

4. Disbursements for Environmental Protection

Total losses (including damage awards) and fines for environmental pollution during the most recent years and up to the date of publication of the Annual Report, and the measures (including corrective measures) and possible expenditures to be made in the future: None.

Relevant information in response to the EU Restriction of Hazardous Substances (RoHS): Not applicable.

5. Labor Relations

(1) Employees' welfare policies, continuing education, training, retirement system and its implementation, as well as employment negotiations, and employees' rights and interests

A. Company benefits and measures

- a. Labor insurance: carried out in accordance with regulations from the Labor Standards Act.
- b. National health insurance (NHI): carried out in accordance with regulations from the National Health Insurance Act.
- c. Group insurance: The Company covers full group insurance, which includes employees' regular life insurance, accident insurance, hospital medical insurance and occupational injury insurance.
- d. Employee health examination: To ensure the health and safety of our employees, the Company regularly organizes free health checkup in every year to assist employees to understand the subtle changes in their bodies.
- e. Employee compensations: Pursuant to the Company's Articles of Incorporation, in case profits are made in a year, the Board of Directors will propose no less than 1 percent of the profits as compensations for employees. The compensations will be approved by the Board of Directors meeting and submitted to the Shareholders' Meeting.
- f. Year-end bonus: To be appropriated based on the Company's operational performance of the year. The bonus will be appropriated before Lunar New Year and calculated based on the period of an employee's employment with the Company. Targets of bonus will be current employees at the time of distribution.
- g. Employee benefits system and status (using the Company as an example)
 - (a) 1% was appropriated from the Company's total capital when it was founded.
 - (b) 0.075% is appropriated from the Company's total monthly operating revenue.
 - (c) 0.5% is appropriated from the monthly pay of each employee.
 - (d) Benefits are used toward: benefits and subsidies (marriage, childbirth, employee's birthday, funeral/disease subsidies, and emergency relief and more), activities (employee travels, birthday parties, club activities, and arts and cultural activities etc.), other benefits such as Dragon Boat Festival, Mid-Autumn Festival, and year-end party and more.

B. Continuous education and training

a. New recruits

(a)The HR Office will walk the new recruits through work rules, provide a company overview, and introduce them to the office environment and acquaint them with coworkers on their first day at the Company.

(b)New employee training courses are regularly held by the HR Office, and the courses include: an introduction to the Company's organization and departments/responsibilities, various internal management procedures, Employee Welfare Committee, IT system, network environment, and NOTES system.

b. On-the-job training: annual training budget is prepared for all employees, and on-the-job training is coordinated by the HR Office on a quarterly basis.

c. Professional training: 1 or 2 sessions of professional training for Company products are provided by product supplier in each year.

d. The Group organizes "teaching by experience" internal training via the HR Office on a monthly basis. In addition, the Group also provides additional continuous studies courses to employees based on business needs

C. Retirement system and measures

Retirement system and measures: pursuant to regulations from the Labor Standards Act, 2% is appropriated from the total wage of employees applicable for the pension scheme on a monthly basis, and deposited at dedicated accounts at CTC pursuant to legal regulations. Starting from July 1, 2005, retirement system is implemented in compliance with applicable regulations from the Labor Pension Act.

D. Employment negotiations

We have always persisted in a mission to care for our employees. We adopt bilateral communications for policy advocacy, employee opinion and employee coaching, and we also regularly organize employment meeting as a channel of bilateral communications. This helps the Company to achieve mutual cooperation, quality improvements, employee competency enhancements, employment conditions improvements, as well as to protect employees' rights and interests, enhance employees' benefits, to look after their daily lives, and to assist the government to implement policies.

E. Measures for protecting employees' rights

On top of establishing the legally stipulated Employee Welfare Committee and Supervisory Committee of Labor Retirement Reserve to coordinate employee benefits and the planning, appropriations, safekeeping, usage, and related legal standards related to pension reserve as well as to serve as channels of communication with the Company, all measures to protect and implement employees' rights and benefits are carried out pursuant to legal standards.

F. Employee code of conduct or ethics

The Company has formulated Employee Work Rules and Information Technology Security Policy as the basis for compliance during employees' day-to-day work and conduct. Employees shall abide by the following Ethical Corporate Management Best Practice Principles:

- a. When engaging in commercial activities, employees shall not directly or indirectly offer, promise to offer, request or accept any improper benefits, including rebates, commissions, facilitation fees, or otherwise offer or accept improper benefits to or from customers, agents, contractors, suppliers, public servants, or other stakeholders. However, this is not limited to actions that comply with local regulations.
- b. When making or offering donations and sponsorship, employees shall comply with relevant laws and regulations and internal operational procedures and shall not surreptitiously engage in bribery.
- c. When directly or indirectly offering a donation to political parties or organizations or individuals participating in political activities, employees shall comply with the Political Donations Act and the Company's own relevant internal operational procedures, and shall not make such donations in exchange for commercial gains or business advantages.
- d. Employees shall not directly or indirectly offer or accept any unreasonable presents, hospitality or other improper benefits to establish business relationship or influence commercial transactions.

G. Protective measures of employees' work environment and employee safety, and implementations

To fulfill corporate social responsibility and to protect the safety of our employees, and seeking the provision of a safe, healthy, and comfortable work environment as our goal, the Company is fully committed to advocating for occupational safety and health policy to foster a positive awareness in our employees and to maintain their physical and mental health.

The following relevant measures have been implemented:

- a. Strengthen occupational training to reduce potential workplace hazards and decrease occurrences of occupational hazards.
 - b. File labor insurance, national health insurance, and group insurance for employees and to establish an Employee Welfare Committee. Organize employee health checkup in every year
 - c. Participate in annual advocacy for fire drill practice organized by the Company's office building committee to implement various disaster prevention and contingency responses.
 - d. Impose strict access control to ensure the personal safety of staff.
 - e. According to § 22 of the Occupational Safety and Health Law, employers provide working workers with the most basic health checkup protection. Since 2022, the company has entrusted the nursing personnel of Xin Tai General Hospital to provide on-site services, such as post-health check report evaluation interview, Health consultations and lectures, etc., are for physicians to visit twice a year for 2 hours each time, and for nursing personnel twice a month for 2 hours each time.
- (2) Losses arising from labor disputes in the most recent year up to the publication date of this Annual Report and disclosure of potential current and future losses and countermeasures therefrom: None.

6. Important Contracts

All important contracts that could affect shareholder rights as of the date of printing of the annual report, including supply and sales contracts, technical cooperation contracts, engineering contracts, long-term loan contracts and others.

(1) The Company

Nature of contract	Counterparty	Terms of contract	Content	Restrictive clauses
Procurement and agency / distribution contract	AA Company	2022/01/01~2022/12/31	Hemodialysis machine	None
Procurement and agency / distribution contract	AB Company	2019/11/01~2022/10/31	Hemodialysis and disinfectant solution	Restricted to sales in Taiwan
Procurement and agency / distribution contract	AC Company	2020/04/01~2025/03/31	Licensed distribution of dialyzers	Restricted to sales in Taiwan
Procurement and agency / distribution contract	AD Company	2020/10/01~2022/09/30	Agency for long-lasting Erythropoietin (EPO)	Restricted to sales in channels from hemodialysis clinics (with exception of package sales in hospitals)
Procurement and agency / distribution contract	AE Company	2020/10/01~2022/09/30	Cinacalcet	Restricted to sales in channels from hemodialysis clinics (with exception of package sales in hospitals)
Procurement and agency / distribution contract	AF Company	2020/01/01~2022/12/31	Hemodialysis blood tubing set and A.V. fistula needles	Restricted to sales in Taiwan
Procurement and agency / distribution contract	AG Company	2020/01/01~2022/12/31	Blood bags	Exclusive distribution in Taiwan
Procurement and agency / distribution contract	AH Company	2022/05/01~2023/04/30	Surgical devices and consumables	None
Agency / Distribution contract	AI Company	2016/01/01~2023/12/31	Hemodialysis blood tubing set	Exclusive distribution in Taiwan
Commissioned manufacturing Contract	AJ Company	2015/01/01~2024/12/31	Production of hemodialysis concentrated solution	Including warehousing and logistics
Supply Agreements	AK Company	2022/01/01~2022/12/31	Blood bag distribution contract	None
Supply Agreements	AL Company	2021/07/01~2023/12/31	Long- lasting Erythropoietin (EPO)	None
Package contract	AM Company	2020/12/01~2025/11/30	Hemodialysis consumables and devices	None
Package contract	AN Company	2017/01/01~2022/12/31	Hemodialysis consumables and devices	None
Package contract	AO Company	2019/03/01~2025/02/28	Hemodialysis consumables and devices	None
Package contract	AP Company	2020/12/01~2023/11/30	Hemodialysis consumables and devices	None
Lease contract	AQ Company	2018/01/01~2022/12/31	Lease for hemodialysis devices	None
Share purchase agreement	AS Company	2021/11	Acquired 49% shares in two overseas companies through the subsidiary, Excelsior Medical (HK) Co., Limited.	The joint venture agreement and the supply agreements must be signed at the same time.

Nature of contract	Counterparty	Terms of contract	Content	Restrictive clauses
Joint venture agreement	AR Company	2022/04	Nominate two directors and general managers.	None
Supply Agreements	AT Company	2022/04	Dialyzers, hemodialysis machine and hemodialysis consumables	Distribution channel limited to hemodialysis centers within Joint venture companies.

(2) Dynamic

Nature of contract	Counterparty	Terms of contract	Content	Restrictive clauses
Procurement and agency / distribution contract	BA Company	June 19, 2018; contract shall continue in effect unless breach of contract or the contract has been terminated by either one of the parties.	Aesthetic medical devices	Restricted to sales in Taiwan
Procurement and agency / distribution contract	BB Company	March 27, 2020; contract shall continue in effect until it has been terminated by either one of the parties.	Aesthetic medical devices	Restricted to sales in Taiwan
Procurement and agency / distribution contract	BC Company	2020/01/01~2022/12/31	Aesthetic medical devices	Restricted to sales in Taiwan
Procurement and agency / distribution contract	BD Company	January 4, 2007; contract shall continue in effect until it has been terminated by either one of the parties.	Aesthetic medical devices	Restricted to sales in Taiwan
Procurement and agency / distribution contract	BE Company	2022/01/01~2023/12/31 (Contract negotiation)	Aesthetic medical devices	Restricted to sales in Taiwan
Procurement and agency / distribution contract	BF Company	2016/02/28~2022/12/31	Aesthetic medical devices	Restricted to sales in Taiwan
Procurement and agency / distribution contract	BG Company	2016/12/12~2026/12/11	Skin Care Products	Restricted to sales in Taiwan
Procurement and agency / distribution contract	BH Company	2017/04/10~2022/12/31	Aesthetic medical devices	Restricted to sales in Taiwan
Procurement and agency / distribution contract	BI Company	2018/01/03~2022/12/31	Aesthetic medical devices	Restricted to sales in Taiwan
Procurement and agency / distribution contract	BJ Company	2017/05/15~2022/05/14	Aesthetic medical devices	Restricted to sales in China ,Macao and Hong Kong
Procurement and agency / distribution contract	BK Company	March 1, 2018; contract shall continue in effect until it has been terminated by either one of the parties.	Aesthetic medical devices	Restricted to sales in Taiwan
Procurement and agency / distribution contract	BL Company	2020/08/01~2025/07/24	Distribution of dermal fillers	Restricted to sales in Philippines

Nature of contract	Counterparty	Terms of contract	Content	Restrictive clauses
Procurement and agency / distribution contract	SciVision Biotech Inc.	2022/11/01~2024/10/31	Distribution of dermal fillers	Restricted to sales in Taiwan
Procurement and agency / distribution contract	BM Company	2019/09/16~2024/09/15	Distribution of dermal fillers	Restricted to sales in Taiwan
Lease contract	Excelsior Asset Management Co., Ltd.	2021/01~2030/12	Lease for Zhonghe office	None

(3) Arich

Nature of contract	Counterparty	Terms of contract	Content	Restrictive clauses
Distribution and Logistis agreement	CA Company	2020/12~2023/11	Distribution and logistics services of pharmaceutical products	Restricted to sales in Taiwan
Distribution and Logistis agreement	CB Company	2020/12~2023/11	Distribution and logistics services of pharmaceutical products	Restricted to sales in Taiwan
Distribution and Logistis agreement	CC Company	2020/12~2023/11	Distribution and logistics services of pharmaceutical products	Restricted to sales in Taiwan
Distribution and Logistis agreement	CD Company	2021/07~2024/06	Distribution and logistics services of pharmaceutical products	Restricted to sales in Taiwan
Distribution and Logistis agreement	CE Company	2021/01~2022/12	Distribution and logistics services of medical equipment and consumables	Restricted to sales in Taiwan
Distribution and Logistis agreement	CF Company	2021/01~2023/12	Distribution and logistics services of pharmaceutical products	Restricted to sales in Taiwan
Distribution and Logistis agreement	CG Company	2021/08~2026/07	Distribution and logistics services of pharmaceutical products	Restricted to sales in Taiwan
Distribution and Logistis agreement	CH Company	2021/09~2023/11	Distribution and logistics services of pharmaceutical products	Restricted to sales in Taiwan
Sales and Promotion agreement	CB Company	2021/01~2023/12	Sales and promotion services of pharmaceutical products	Restricted to sales in Taiwan
Sales and Promotion agreement	CI Company	2022/04~2023/03	Sales and promotion services of pharmaceutical products	Restricted to sales in Taiwan
Sales and Promotion agreement	CJ Company	2022/01~2022/03	Sales and promotion services of pharmaceutical products	Restricted to sales in Taiwan
Sales and Promotion agreement	CK Company	2022/01~2023/12	Sales and promotion services of pharmaceutical products	Restricted to sales in Taiwan
Lease and commissioned services contract	Sankyu-Jvan An International Logistics Co.,Ltd.	2020/01~2022/12	Warehousing lease at logistics center and commissioned logistics services	None
Lease contract	Excelsior Asset Management Co., Ltd.	2021/01~2030/12	Lease for Zhonghe office	None

VI. Financial Information

1. Five-Year Financial Summary

(1) Condensed balance sheet – IFRS

A. Condensed consolidated balance sheet

Unit: NT\$ thousands

Year		Financial Information for The Last Five Years					As of March 31, 2022
		2017	2018	2019	2020	2021	
Current assets		10,530,890	9,939,278	8,614,685	8,501,800	9,307,543	9,466,266
Property, plant and equipment		270,490	286,345	560,863	534,339	636,488	685,108
Intangible assets		39,901	39,585	31,967	32,653	33,004	32,561
Other assets		4,110,198	3,715,662	4,557,469	4,935,840	5,127,965	5,233,528
Total assets		14,951,479	13,980,870	13,764,984	14,004,632	15,105,000	15,417,463
Current liabilities	Before distribution	6,406,076	5,105,976	4,829,102	4,019,932	4,955,029	5,446,806
	After distribution	6,763,993	5,490,423	5,294,894	4,513,953	5,449,050 (Note 2)	5,446,806 (Note 2)
Non-current liabilities		520,600	532,491	303,970	404,996	404,259	449,501
Total liabilities	Before distribution	6,926,676	5,638,467	5,133,072	4,424,928	5,359,288	5,896,307
	After distribution	7,284,593	6,022,914	5,598,864	4,918,949	5,853,309 (Note 2)	5,896,307 (Note 2)
Equity attributable to owners of parent		6,416,469	6,806,841	6,946,341	7,590,897	7,738,389	7,562,827
Share capital		1,278,274	1,281,490	1,281,490	1,411,490	1,411,490	1,411,490
Capital surplus		2,804,995	2,812,704	2,816,807	3,276,107	3,276,107	3,276,107
Retained earnings	Before distribution	2,596,032	2,739,276	2,904,393	3,017,380	3,192,892	2,884,194
	After distribution	2,238,115	2,354,829	2,438,601	2,523,359	2,698,871 (Note 2)	2,884,194 (Note 2)
Other equity		(262,832)	(26,629)	(56,349)	(114,080)	(142,100)	(8,964)
Treasury stock		-	-	-	-	-	-
Non-controlling interests		1,608,334	1,535,562	1,685,571	1,988,807	2,007,323	1,958,329
Total equity	Before distribution	8,024,803	8,342,403	8,631,912	9,579,704	9,745,712	9,521,156
	After distribution	7,666,886	7,957,956	8,166,120	9,085,683	9,251,691 (Note 2)	9,521,156 (Note 2)

Note 1: The financial statements of the last five fiscal years have been audited by CPA, but the financial statements of 2022 Q1 have been reviewed by CPA.

Note 2: The cash dividend of per share is proposed to be distributed NT\$3.5 by the Board of Directors on March 11, 2022. The stock dividend of per share is proposed to be distributed NT\$0.50000003, it will take effect after the resolution of the 2022 Annual General Shareholders' meeting is passed.

B. Condensed parent company-only balance sheet

Unit: NT\$ thousands

Year		Financial Information for The Last Five Years				
		2017	2018	2019	2020	2021
Current assets		2,451,238	2,536,134	2,319,603	2,057,785	2,299,359
Property, plant and equipment		173,537	185,825	180,050	177,053	183,703
Intangible assets		1,149	1,325	697	1,203	3,755
Other assets		5,246,106	5,517,184	5,944,251	6,333,372	6,585,453
Total assets		7,872,030	8,240,468	8,444,601	8,569,413	9,072,270
Current liabilities	Before distribution	975,854	944,271	1,381,462	833,551	1,148,531
	After distribution	1,333,771	1,328,718	1,847,254	1,327,572	1,642,552 (Note 2)
Non-current liabilities		479,707	489,356	116,798	144,965	185,350
Total liabilities	Before distribution	1,455,561	1,433,627	1,498,260	978,516	1,333,881
	After distribution	1,813,478	1,818,074	1,964,052	1,472,537	1,827,902 (Note 2)
Share capital		1,278,274	1,281,490	1,281,490	1,411,490	1,411,490
Capital surplus		2,804,995	2,812,704	2,816,807	3,276,107	3,276,107
Retained earnings	Before distribution	2,596,032	2,739,276	2,904,393	3,017,380	3,192,892
	After distribution	2,238,115	2,354,829	2,438,601	2,523,359	2,698,871 (Note 2)
Other equity		(262,832)	(26,629)	(56,349)	(114,080)	(142,100)
Treasury stock		-	-	-	-	-
Total equity	Before distribution	6,416,469	6,806,841	6,946,341	7,590,897	7,738,389
	After distribution	6,058,552	6,422,394	6,480,549	7,096,876	7,244,368 (Note 2)

Note 1: The financial statements for 2017-2021 have been audited by CPA.

Note 2: The cash dividend of per share is proposed to be distributed NT\$3.5 by the Board of Directors on March 11, 2022. The stock dividend of per share is proposed to be distributed NT\$0.50000003, it will take effect after the resolution of the 2022 Annual General Shareholders' meeting is passed.

(2) Condensed statement of comprehensive income - IFRS

A. Condensed consolidated statement of comprehensive income

Unit: NT\$ thousands

Item \ Year	Financial Information for The Last Five Years					As of March 31, 2022
	2017	2018	2019	2020	2021	
Operating revenue	6,095,337	6,345,031	6,457,362	6,675,494	6,573,152	1,708,329
Gross profit	1,206,298	1,199,165	1,236,055	1,306,574	1,372,619	382,075
Net operating income	452,562	438,119	464,039	529,070	595,026	164,986
Non-operating income and expenses	101,675	210,381	282,786	300,313	278,710	82,628
Profit before tax	554,237	648,500	746,825	829,383	873,736	247,614
Profit from continuing operations	471,008	548,423	622,274	669,086	722,289	200,478
Loss from discontinuing operations	—	—	—	—	—	—
Profit	471,008	548,423	622,274	669,086	722,289	200,478
Other comprehensive income, net	(177,740)	(48,389)	23,915	(28,296)	(35,162)	158,214
Total comprehensive income	293,268	500,034	646,189	640,790	687,127	358,692
Profit attributable to owners of parent	399,047	451,562	514,755	571,670	607,149	167,947
Profit attributable to non-controlling interests	71,961	96,861	107,519	97,416	115,140	32,531
Comprehensive income attributable to owners of parent	244,206	417,581	523,062	513,296	578,655	317,050
Comprehensive income attributable to non-controlling interests	49,062	82,453	123,127	127,494	108,472	41,642
Basic earnings per share	3.12	3.53	4.02	4.06	4.30	1.19

Note : The financial statements of the last five fiscal years have been audited by CPA, but the financial statements of 2022 Q1 have been reviewed by CPA.

B. Condensed parent company-only statement of comprehensive income

Unit: NT\$ thousands

Item \ Year	Financial Information for The Last Five Years				
	2017	2018	2019	2020	2021
Operating revenue	3,561,288	3,733,339	3,964,690	4,199,740	4,373,194
Gross profit	619,761	603,321	631,739	685,656	719,410
Net operating income	267,803	279,606	263,303	319,114	344,234
Non-operating income and expenses	181,470	253,773	335,459	353,895	371,835
Profit before tax	449,273	533,379	598,762	673,009	716,069
Profit from continuing operations	399,047	451,562	514,755	571,670	607,149
Loss from discontinuing operations	—	—	—	—	—
Profit	399,047	451,562	514,755	571,670	607,149
Other comprehensive income, net	(154,841)	(33,981)	8,307	(58,374)	(28,494)
Total comprehensive income	244,206	417,581	523,062	513,296	578,655
Basic earnings per share	3.12	3.53	4.02	4.06	4.30

Note : The financial statements for 2017-2021 have been audited by CPA.

(3) Auditors' opinions from 2017 to 2021

Year	Accounting Firm	CPA	Audit Opinion
2021	KPMG	Wu Tsao-Jen and Lin Wan-Wan	Unqualified opinion with other matter paragraph
2020	KPMG	Wu Tsao-Jen and Lin Wan-Wan	Unqualified opinion with other matter paragraph
2019	KPMG	Wu Tsao-Jen and Lin Wan-Wan	Unqualified opinion with other matter paragraph
2018	KPMG	Wu Tsao-Jen and Lin Wan-Wan	Unqualified opinion with other matter paragraph
2017	KPMG	Lin Wan-Wan and Yang Liu-Feng	Unqualified opinion with other matter paragraph

2. Five-Year Financial Analysis

(1) Financial analysis - IFRS

A. Financial analysis on consolidated financial statements

Item \ Year		Year					As of March 31, 2022
		2017	2018	2019	2020	2021	
Financial structure (%)	Debt ratio	46.3	40.3	37.3	31.6	35.5	38.2
	Ratio of long-term capital to property, plant and equipment	3,159.2	3,099.4	1,593.2	1,868.6	1,594.7	1,455.3
Solvency (%)	Current ratio	164.4	194.7	178.4	211.5	187.8	173.8
	Quick ratio	145.0	172.2	158.7	186.4	166.4	152.5
	Times interest earned	18.4	30.4	32.4	78.0	100.7	115.5
Operating performance	Accounts receivable turnover (times)	3.5	3.7	4.1	4.4	4.3	4.4
	Average collection period	105.2	98.1	89.7	82.4	85.1	83.5
	Inventory turnover (times)	4.6	4.8	5.6	6.3	5.9	5.5
	Accounts payables turnover (times)	4.3	5.0	5.0	5.5	5.7	5.2
	Average days in sales	80.2	75.6	65.2	57.9	61.9	65.9
	Property, plant and equipment turnover (times)	22.5	22.8	15.2	12.1	11.2	10.3
	Total assets turnover (times)	0.4	0.4	0.5	0.5	0.5	0.4
Profitability	Return on total assets (%)	3.1	3.9	4.6	4.9	5.0	5.3
	Return on equity (%)	5.8	6.7	7.3	7.3	7.5	8.3
	Pre-tax income to paid-in capital (%)	43.4	50.6	58.3	58.8	61.9	70.2
	Net margin (%)	7.7	8.6	9.6	10.0	11.0	11.7
	Earnings per share (NT\$)	3.12	3.53	4.02	4.06	4.30	1.19
Cash flows	Cash flow ratio (%)	(7.6)	3.8	24.7	21.6	19.1	11.8
	Cash flow adequacy ratio (%)	52.2	59.7	67.9	67.7	72.6	102.7
	Cash reinvestment ratio (%)	(9.9)	(2.6)	7.7	3.0	3.4	6.1
Leverage	Operating leverage	2.7	2.7	2.7	2.5	2.3	2.3
	Financial leverage	1.1	1.1	1.1	1.0	1.0	1.0
Analysis of deviation for the last two years over 20%: Times interest earned increased mainly due to the decrease in interest expenses in 2021.							

B. Financial analysis on parent company-only financial statements

Item		Year				
		2017	2018	2019	2020	2021
Financial structure(%)	Debt ratio	18.5	17.4	17.7	11.4	14.7
	Ratio of long-term capital to property, plant and equipment	3,697.5	3,663.0	3,858.0	4,287.4	4,212.4
Solvency (%)	Current ratio	251.2	268.6	167.9	246.9	200.2
	Quick ratio	185.3	202.6	127.9	175.9	145.3
	Times interest earned	80.7	97.8	110.6	1,202.8	1,252.9
Operating performance	Accounts receivable turnover (times)	3.5	3.7	4.0	4.1	4.0
	Average collection period	105.2	98.6	92.2	88.6	91.3
	Inventory turnover (times)	4.8	5.1	5.8	6.3	6.1
	Accounts payables turnover (times)	3.5	4.2	4.6	5.2	5.4
	Average days in sales	75.4	71.9	62.6	58.0	60.0
	Property, plant and equipment turnover (times)	21.5	20.8	21.7	23.5	24.2
	Total assets turnover (times)	0.5	0.5	0.5	0.5	0.5
Profitability	Return on total assets (%)	5.1	5.7	6.2	6.7	6.9
	Return on equity (%)	6.2	6.8	7.5	7.9	7.9
	Pre-tax income to paid-in capital (%)	35.2	41.6	46.7	47.7	50.7
	Net margin (%)	11.2	12.1	13.0	13.6	13.9
	Earnings per share (NT\$)	3.12	3.53	4.02	4.06	4.30
Cash flows	Cash flow ratio (%)	1.5	29.6	17.2	15.6	24.2
	Cash flow adequacy ratio (%)	34.5	48.7	39.8	33.7	30.0
	Cash reinvestment ratio (%)	(4.4)	(1.1)	(2.1)	(4.3)	(2.7)
Leverage	Operating leverage	2.3	2.2	2.4	2.1	2.1
	Financial leverage	1.0	1.0	1.0	1.0	1.0
Analysis of deviation for the last two years over 20%:						
1. Debt ratio decreased mainly due to the increase in short-term borrowings in 2021.						
2. Cash flow ratio and cash reinvestment ratio increased mainly due to the increase in net cash flows from operating activities in 2021.						

Formula:

- a. Financial structure
 - (a) Debt ratio = total liabilities / total assets
 - (b) Ratio of long-term capital to property, plant and equipment = (total equity + non-current liabilities) / net property, plant and equipment
- b. Solvency
 - (a) Current ratio = current assets / current liabilities
 - (b) Quick ratio = (current assets - inventories - prepaid expenses) / current liabilities
 - (c) Times interest earned = net income before income tax and interest expenses / current interest expenses
- c. Operating performance
 - (a) Accounts receivable (including accounts receivable and notes receivable from operation) turnover = net sales / average trade receivables (including accounts receivable and notes receivable from operation) balance
 - (b) Average collection period = 365 / accounts receivable turnover
 - (c) Inventory turnover = cost of goods sold / average inventory
 - (d) Accounts payables (including accounts payable and notes payable from operation) turnover = cost of goods sold / average trade payables (including accounts payable and notes payable from operation) balance
 - (e) Average days in sales = 365 / inventory turnover
 - (f) Property, plant and equipment turnover = net sales / average net property, plant and equipment
 - (g) Total assets turnover = net sales / average total assets
- d. Profitability
 - (a) Return on total assets = (net income + interest expenses × (1-effective tax rate)) / average total assets
 - (b) Return on equity = net income / average total equity
 - (c) Pre-tax income to paid-in capital = Pre-tax net income / Paid-in capital.
 - (d) Net margin = net income / net sales
 - (e) Earnings per share = (profit attributable to owners of parents - preferred stock dividend) / weighted average number of shares outstanding
- e. Cash flows
 - (a) Cash flow ratio = net cash flows from operating activities / current liabilities
 - (b) Cash flow adequacy ratio = five-year sum of net cash flows from operating activities / five-year sum of (capital expenditures + inventory additions + cash dividends)
 - (c) Cash reinvestment ratio = (net cash flows from operating activities - cash dividends) / (gross property, plant and equipment + long-term investments + other non-current assets + working capital)
- f. Leverage
 - (a) Operating leverage = (net operating revenue - variable operating costs and expenses) / net operating income
 - (b) Financial leverage = net operating income / (net operating income - interest expenses)

3. Audit Committee's Review Report

Excelsior Medical Co., Ltd.

Audit Committee's Review Report

The Board of Directors has prepared the Company's 2021 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 Act, we hereby submit this report.

For your adoption.

To

The 2022 Annual Shareholders' Meeting

Excelsior Medical Co., Ltd.

Chairman of the Audit Committee: Chan Tzu-Sheng

March 11, 2022

4. Financial Statements and Independent Auditors' Report –the Company & Subsidiaries

Representation Letter

The entities that are required to be included in the combined financial statements of Excelsior Medical Co., Ltd. as of and for the year ended December 31, 2021 under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports, and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with International Financial Reporting Standards No. 10, "Consolidated Financial Statements."endorsed by the Financial Supervisory Commission in addition, the information required to be disclosed in the combined financial statements is included in the consolidated financial statements. Consequently, Excelsior Medical Co., Ltd. and Subsidiaries do not prepare a separate set of combined financial statements.

Company name: Excelsior Medical Co., Ltd.

Chairman: Fu Hui-Tung

Date: March 11, 2022

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, 2021 and 2020, 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, 2021 and 2020, 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 audits 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 of our opinion.

Key Audit Matters

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

1. Impairment Assessment on Receivables

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

Description of key audit matter:

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

How the matter was addressed in our audit:

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

Other Matter

We did not audit the financial statements of certain subsidiaries included in the consolidated financial statements of the Group. Those statements were audited by other auditors, whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for such subsidiaries, is based solely on the report of other auditors. As of December 31, 2021 and 2020, the total assets of these subsidiaries were NT\$446,627 thousand and NT\$442,964 thousand, constituting 3% and 3% of consolidated total assets, respectively. The total operating revenues of these subsidiaries for the year ended December 31, 2021 and 2020 were NT\$253,352 thousand and NT\$252,013 thousand, constituting 4% and 4% of consolidated total operating revenues, respectively. We also did not audit the financial statements of certain associates and joint ventures, which represented investment in other entities accounted for using the equity method of the Group. Those statements were audited by other auditors, whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for such entities, is based solely on the reports of other auditors. As of December 31, 2021 and 2020, the carrying amounts of these investments were NT\$550,602 thousand and NT\$546,435 thousand, constituting 4% and 4% 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, 2021 and 2020, amounted to NT\$100,402 thousand and NT\$107,286 thousand, were constituting 15% and 17% 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, 2021 and 2020, 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 11, 2022

(ENGLISH TRANSLATION OF CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN CHINESE)
EXCELSIOR MEDICAL CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2021 AND 2020
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

ASSETS		December 31, 2021		December 31, 2020		LIABILITIES AND EQUITY		December 31, 2021		December 31, 2020	
		Amount	%	Amount	%			Amount	%	Amount	%
Current assets:						Current liabilities:					
1100	Cash and cash equivalents (Note (6)(a))	\$ 3,072,264	20	2,618,464	19	2100	Short-term borrowings (Note (6)(n))	\$ 479,966	3	404,498	3
1110	Current financial assets at fair value through profit or loss (Note (6)(b))	-	-	166	-	2120	Current financial liabilities at fair value through profit or loss (Note (6)(b))	673	-	46	-
1136	Current financial assets at amortized cost (Note (6)(d))	682,603	5	774,526	6	2130	Current contract liabilities	379,224	3	311,978	2
1151	Notes receivable (Notes (6)(e), (7) and (8))	256,809	2	220,226	2	2150	Notes payable	398	-	398	-
1152	Other notes receivable (Notes (6)(e), (7) and (8))	290,515	2	184,942	1	2170	Accounts payable (Note (7))	947,132	6	881,868	6
1170	Accounts receivable (Notes (6)(e) and (7))	1,361,094	9	1,225,050	9	2200	Other payables (Notes (6)(o) and (7))	2,721,225	18	2,001,349	14
1200	Other receivables (Notes (6)(e) and (7))	2,566,629	17	2,309,331	16	2230	Current tax liabilities	63,875	-	63,892	-
130X	Inventories (Note (6)(f))	910,243	6	851,236	6	2280	Current lease liabilities (Note (6)(s) and (7))	72,244	1	78,369	1
1476	Other current financial assets (Note (8))	16,793	-	161,639	1	2322	Long-term borrowings, current portion (Note (6)(r))	-	-	4,251	-
1479	Other current assets, others	150,593	1	156,220	1	2399	Other current liabilities, others (Notes (6)(p), (q) and (7))	290,292	2	273,283	2
		9,307,543	62	8,501,800	61			4,955,029	33	4,019,932	28
Non-current assets:						Non-Current liabilities:					
1517	Non-current financial assets at fair value through other comprehensive income (Note (6)(c))	701,541	5	735,437	5	2570	Deferred tax liabilities (Note (6)(v))	176,695	1	156,960	1
1550	Investments accounted for using equity method (Note (6)(g))	2,629,538	17	2,492,993	18	2580	Non-current lease liabilities (Notes (6)(s) and (7))	209,782	2	225,457	2
1600	Property, plant and equipment (Notes (6)(j) and (8))	636,488	4	534,339	4	2640	Net defined benefit liability (Note (6)(u))	12,474	-	17,248	-
1755	Right-of-use assets (Note (6)(k))	277,673	2	299,972	2	2670	Other non-current liabilities, others (Note (6)(q))	5,308	-	5,331	-
1760	Investment property, net (Notes (6)(l) and (8))	1,019,102	7	1,005,090	7			404,259	3	404,996	3
1780	Intangible assets (Note (6)(m))	33,004	-	32,653	-		Total liabilities	5,359,288	36	4,424,928	31
1840	Deferred tax assets (Note (6)(v))	202,413	1	215,485	2						
1930	Long-term notes and accounts receivable (Note (6)(e))	17,269	-	12,196	-		Equity attributable to owners of parent (Note (6)(w)):				
1975	Net defined benefit asset (Note (6)(u))	12,021	-	8,614	-	3100	Share capital	1,411,490	9	1,411,490	10
1980	Other non-current financial assets (Note (8))	227,114	2	144,159	1	3200	Capital surplus	3,276,107	22	3,276,107	24
1990	Other non-current assets, others	41,294	-	21,894	-	3300	Retained earnings	3,192,892	21	3,017,380	22
		5,797,457	38	5,502,832	39	3400	Other equity	(142,100)	(1)	(114,080)	(1)
							Total equity attributable to owners of parent	7,738,389	51	7,590,897	55
						36XX	Non-controlling interests (Notes (6)(i) and (w))	2,007,323	13	1,988,807	14
							Total equity	9,745,712	64	9,579,704	69
TOTAL ASSETS		\$ 15,105,000	100	14,004,632	100		TOTAL LIABILITIES AND EQUITY	\$ 15,105,000	100	14,004,632	100

(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, 2021 AND 2020

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

		For the Years Ended December 31,			
		2021		2020	
		Amount	%	Amount	%
4000	Operating revenue (Notes (6)(y) and (7))	\$ 6,573,152	100	6,675,494	100
5000	Operating costs (Notes (6)(f) and (7))	5,199,126	79	5,368,920	80
	Gross profit from operations	1,374,026	21	1,306,574	20
5910	Less: Unrealized profit from sales	121,722	2	110,977	2
5920	Add: Realized profit from sales	120,315	2	110,901	2
		<u>1,372,619</u>	<u>21</u>	<u>1,306,498</u>	<u>20</u>
	Operating expenses:				
6100	Selling expenses (Note (7))	509,139	8	495,902	8
6200	Administrative expenses (Note (7))	261,402	4	278,617	4
6450	Expected credit loss (Note (6)(e))	7,052	-	2,909	-
		<u>777,593</u>	<u>12</u>	<u>777,428</u>	<u>12</u>
	Net operating income	595,026	9	529,070	8
	Non-operating income and expenses:				
7100	Interest income (Note (6)(aa))	10,692	-	23,255	-
7010	Other income (Notes (6)(aa) and (7))	24,940	-	32,248	-
7020	Other gains and losses (Notes (6)(aa) and (7))	18,406	-	13,550	-
7050	Finance costs (Notes (6)(aa) and (7))	(8,761)	-	(10,768)	-
7060	Share of profit of associates and joint ventures accounted for using equity method (Note (6)(g))	233,433	4	242,028	4
		<u>278,710</u>	<u>4</u>	<u>300,313</u>	<u>4</u>
7900	Profit before tax	873,736	13	829,383	12
7950	Less: Tax expense (Note (6)(v))	151,447	2	160,297	2
	Profit	<u>722,289</u>	<u>11</u>	<u>669,086</u>	<u>10</u>
	Other comprehensive income (loss):				
	Items that may not be reclassified subsequently to profit or loss:				
8310	Gains (losses) on remeasurements of defined benefit plans	5,401	-	681	-
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	6,516	-	47,852	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	22,735	-	26,868	-
8349	Less: Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	(761)	-	3,756	-
	Total items that will not be reclassified subsequently to profit and loss	<u>35,413</u>	<u>-</u>	<u>71,645</u>	<u>1</u>
8360	Items that will be reclassified to profit or loss				
8361	Exchange differences on translation	(118,494)	(2)	(171,023)	(2)
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	31,647	1	46,876	1
8399	Less: Income tax related to components of other comprehensive income that will be reclassified to profit or loss	(16,272)	-	(24,206)	-
	Total items that will be reclassified subsequently to profit and loss	<u>(70,575)</u>	<u>(1)</u>	<u>(99,941)</u>	<u>(1)</u>
	Other comprehensive income, net	<u>(35,162)</u>	<u>(1)</u>	<u>(28,296)</u>	<u>-</u>
8500	Total comprehensive income	<u>\$ 687,127</u>	<u>10</u>	<u>640,790</u>	<u>10</u>
	Profit attributable to:				
8610	Owners of parent	\$ 607,149	9	571,670	9
8620	Non-controlling interests	115,140	2	97,416	1
		<u>\$ 722,289</u>	<u>11</u>	<u>669,086</u>	<u>10</u>
	Comprehensive income attributable to:				
8710	Owners of parent	\$ 578,655	9	513,296	8
8720	Non-controlling interests	108,472	1	127,494	2
		<u>\$ 687,127</u>	<u>10</u>	<u>640,790</u>	<u>10</u>
	Earnings per share (Note (6)(x))				
9750	Basic earnings per share (NT dollars)	<u>\$ 4.30</u>		<u>4.06</u>	
9850	Diluted earnings per share (NT dollars)	<u>\$ 4.28</u>		<u>4.04</u>	

(ENGLISH TRANSLATION OF CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN CHINESE)
EXCELSIOR MEDICAL CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

	Equity attributable to owners of parent					Total other equity interest				
	Share capital		Retained earnings			Exchange differences on translation of foreign financial statements	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	Equity attributable to owners of parent	Non-controlling interests	Total equity
	Ordinary shares	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings					
Balance as of January 1, 2020	\$ 1,281,490	2,816,807	727,039	26,629	2,150,725	(107,903)	51,554	6,946,341	1,685,571	8,631,912
Profit for the year	-	-	-	-	571,670	-	-	571,670	97,416	669,086
Other comprehensive income (loss) for the year	-	-	-	-	(944)	(91,466)	34,036	(58,374)	30,078	(28,296)
Total comprehensive income (loss) for the year	-	-	-	-	570,726	(91,466)	34,036	513,296	127,494	640,790
Appropriation and distribution of retained earnings:										
Legal reserve appropriated	-	-	51,476	-	(51,476)	-	-	-	-	-
Special reserve reversed	-	-	-	29,720	(29,720)	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	(465,792)	-	-	(465,792)	-	(465,792)
Changes in equity of associates and joint ventures accounted for using equity method	-	333	-	-	7,490	-	-	7,823	-	7,823
Capital increased by cash	130,000	455,000	-	-	-	-	-	585,000	-	585,000
Changes in ownership interests in subsidiaries	-	3,967	-	-	262	-	-	4,229	-	4,229
Changes in non-controlling interests	-	-	-	-	-	-	-	-	175,742	175,742
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	301	-	(301)	-	-	-
Balance as of December 31, 2020	1,411,490	3,276,107	778,515	56,349	2,182,516	(199,369)	85,289	7,590,897	1,988,807	9,579,704
Profit for the year	-	-	-	-	607,149	-	-	607,149	115,140	722,289
Other comprehensive income (loss) for the year	-	-	-	-	3,617	(61,073)	28,962	(28,494)	(6,668)	(35,162)
Total comprehensive income (loss) for the year	-	-	-	-	610,766	(61,073)	28,962	578,655	108,472	687,127
Appropriation and distribution of retained earnings:										
Legal reserve appropriated	-	-	57,878	-	(57,878)	-	-	-	-	-
Special reserve appropriated	-	-	-	57,731	(57,731)	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	(494,021)	-	-	(494,021)	-	(494,021)
Changes in equity of associates and joint ventures accounted for using equity method	-	-	-	-	62,440	-	-	62,440	-	62,440
Changes in ownership interests in subsidiaries	-	-	-	-	418	-	-	418	-	418
Changes in non-controlling interests	-	-	-	-	-	-	-	-	(89,956)	(89,956)
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	(4,091)	-	4,091	-	-	-
Balance as of December 31, 2021	\$ 1,411,490	3,276,107	836,393	114,080	2,242,419	(260,442)	118,342	7,738,389	2,007,323	9,745,712

(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, 2021 AND 2020
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

	For the Years Ended December 31,	
	2021	2020
Cash flows from operating activities:		
Profit before tax	\$ 873,736	829,383
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation expense	198,633	162,691
Amortization expense	4,321	4,776
Expected credit loss	7,052	2,909
Net loss (gain) on financial assets or liabilities at fair value through profit or loss	6,640	200
Interest expense	8,761	10,768
Interest income	(10,692)	(23,255)
Dividend income	(19,320)	(23,231)
Share-based payments	-	4,152
Share of profit of associates and joint ventures accounted for using equity method	(233,433)	(242,028)
(Gain) loss on disposal of property, plan and equipment	(5)	100
Impairment loss on non-financial assets	-	4,282
Unrealized profit from sales	121,722	110,977
Realized profit from sales	(120,315)	(110,901)
Others	(1,804)	71
Total adjustments to reconcile profit	<u>(38,440)</u>	<u>(98,489)</u>
Changes in operating assets and liabilities:		
Changes in operating assets:		
Notes receivable	(36,676)	47,359
Accounts receivable	(138,477)	65,028
Other receivables and notes	(363,772)	196,476
Inventories	(121,871)	(36,471)
Net defined benefit asset	(804)	(866)
Other current assets	6,037	(68,221)
Other operating assets	(5,073)	6,182
Total changes in operating assets	<u>(660,636)</u>	<u>209,487</u>
Changes in operating liabilities:		
Contract liabilities	67,246	(8,584)
Notes payable	-	(5,773)
Accounts payable	65,264	(171,239)
Other payables	719,867	191,162
Other current liabilities	17,009	(320)
Net defined benefit liability	(1,976)	(938)
Other operating liabilities	(2,884)	(882)
Total changes in operating liabilities	<u>864,526</u>	<u>3,426</u>
Total changes in operating assets and liabilities	<u>203,890</u>	<u>212,913</u>
Total adjustments	<u>165,450</u>	<u>114,424</u>
Cash inflow generated from operations	1,039,186	943,807
Interest received	8,917	23,111
Income taxes paid	(103,054)	(97,485)
Net cash flows from operating activities	<u>945,049</u>	<u>869,433</u>

(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, 2021 AND 2020
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

	For the Years Ended December 31,	
	2021	2020
Cash flows from investing activities:		
Proceeds from disposal of financial assets at fair value through other comprehensive income	39,818	1,006
Acquisition of financial assets at amortized cost	(680,170)	(620,951)
Proceeds from disposal of financial assets at amortized cost	764,031	365,699
Acquisition of financial assets at fair value through profit or loss	(11,694)	(320)
Proceeds from disposal of financial assets at fair value through profit or loss	5,847	-
Acquisition of property, plant and equipment	(164,690)	(30,716)
Proceeds from disposal of property, plant and equipment	94	285
Increase in refundable deposits	(79,406)	(3,663)
Decrease in refundable deposits	3,016	61,301
Acquisition of intangible assets	(4,064)	(4,317)
Acquisition of investment properties	(21,695)	(209,877)
Proceeds from disposal of investment property	609	-
Increase in other financial assets	-	(101,376)
Decrease in other financial assets	138,281	-
Increase in other non-current assets	(24,504)	-
Decrease in other non-current assets	-	411
Dividends received	178,652	127,668
Net cash flows (used in) investing activities	144,125	(414,850)
Cash flows from financing activities:		
Increase in short-term borrowings	75,468	-
Decrease in short-term borrowings	-	(808,469)
Repayments of long-term borrowings	(4,055)	(4,448)
Increase in guarantee deposits received	2,876	-
Decrease in guarantee deposits received	(15)	(20)
Payment of lease liabilities	(75,635)	(75,599)
Cash dividends paid	(494,021)	(465,792)
Capital increased by cash	-	585,000
Interest paid	(8,570)	(10,593)
Change in non-controlling interests	(89,956)	176,637
Net cash flows used in financing activities	(593,908)	(603,284)
Effect of exchange rate changes on cash and cash equivalents	(41,466)	(61,611)
Net increase (decrease) in cash and cash equivalents	453,800	(210,312)
Cash and cash equivalents at beginning of period	2,618,464	2,828,776
Cash and cash equivalents at end of period	\$ 3,072,264	2,618,464

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

EXCELSIOR MEDICAL CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

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

(1) Company History

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

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

(2) Financial Statements Authorization Date and Authorization Process

The consolidated financial statements were authorized for issuance by the Board of Directors on March 11, 2022.

(3) New Standards, Amendments and Interpretations Adopted:

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

The Group has initially adopted the following new amendments, which do not have a significant impact on its consolidated financial statements, from January 1, 2021:

- Amendments to IFRS 4 "Extension of the Temporary Exemption from Applying IFRS 9"
- Amendments to IFRS 9, IAS39, IFRS7, IFRS 4 and IFRS 16 "Interest Rate Benchmark Reform—Phase 2"
- Amendments to IFRS 16 "Covid-19-Related Rent Concessions beyond June 30, 2021"

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

The Group assesses that the adoption of the following new amendments, effective for annual period beginning on January 1, 2022, would not have a significant impact on its consolidated financial statements:

- Amendments to IAS 16 "Property, Plant and Equipment—Proceeds before Intended Use"
- Amendments to IAS 37 "Onerous Contracts—Cost of Fulfilling a Contract"
- Annual Improvements to IFRS Standards 2018–2020
- Amendments to IFRS 3 "Reference to the Conceptual Framework"

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

EXCELSIOR MEDICAL CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

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

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

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

- Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture”
- IFRS 17 “Insurance Contracts” and amendments to IFRS 17 “Insurance Contracts”
- Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”
- Amendments to IAS 1 “Disclosure of Accounting Policies”
- Amendments to IAS 8 “Definition of Accounting Estimates”
- Amendments to IAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”

(4) Summary of Significant Accounting Policies

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

(a) Statement of compliance

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

(b) Basis of preparation

1. Basis of measurement

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

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

2. Functional and presentation currency

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

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

EXCELSIOR MEDICAL CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

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

(c) Basis of consolidation

1. Principle of preparation of the consolidated financial statements

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

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

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

2. List of subsidiaries in the consolidated financial statements :

Name of Investor	Name of Subsidiary	Principal Activity	Shareholding		Note
			2021.12.31	2020.12.31	
The Company	Dynamic Medical Technologies Inc. (“Dynamic”)	Sale, maintenance and lease of laser medical equipment for beauty treatment, and sale of consumables of beauty treatment and cosmetic products	38.50%	38.50%	Note 1
”	Bestsmile Co., Ltd. (“Bestsmile”)	Sale of medical equipment, and medical management consultancy service	98.02%	98.02%	
”	Excelsior Healthcare Co., Limited (Excelsior Healthcare)	Investment business	100.00%	100.00%	
”	Arich Enterprise Co., Ltd. (Arich)	Sale of medicines, and logistics service	40.00%	40.00%	Note 1
”	Excelsior Asset Management Co., Ltd. (“Excelsior Asset”)	Sales of medical equipment, precision instrument and real estate	100.00%	100.00%	

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

EXCELSIOR MEDICAL CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

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

Name of Investor	Name of Subsidiary	Principal Activity	Shareholding		Note
			2021.12.31	2020.12.31	
The Company and Excelsior Healthcare	Excelsior Medical (HK) Co., Limited ("Hong Kong Excelsior")	Investment business	100.00%	100.00%	
Dynamic	Dynamic Medical Technologies (Hong Kong) Ltd. ("Hong Kong Dynamic")	Retail and wholesale of medical equipment, cosmetic health-care products and medical herbs and academic training	100.00%	100.00%	
The Company and Dynamic	Excelsior Beauty Co., Ltd. ("Excelsior Beauty")	Sale of aesthetic medical and cosmetic health-care products	94.91%	94.91%	
Hong Kong Dynamic	Guangzhou Dynamic Inc. ("Guangzhou Dynamic")	Sale and maintenance of medical equipment	100.00%	100.00%	
Excelsior Beauty	CYJ International Taiwan Inc. (CYJ Taiwan)	Sales and treatment of hair protecting and conditioning	80.00%	80.00%	
Excelsior Healthcare	EG Healthcare, Inc.	Sale and lease of medical equipment, and medical management consultancy service	99.99%	99.99%	
"	Excelsior Investment (Malaysia) Co., Ltd.	Investment business	100.00%	100.00%	
Hong Kong Excelsior	SinoExcelsior Investment Inc. ("SinoExcelsior Investment")	Medical management consultancy service	100.00%	100.00%	
Excelsior Investment (Malaysia) Co., Ltd.	RENAL LABORATORIES SDN. BHD.	Manufacture of medical equipment	70.00%	70.00%	
"	MEDI-CHEM SYSTEMS SDN. BHD.	Sale of medical equipment	70.00%	70.00%	
MEDI-CHEM SYSTEMS SDN. BHD.	RENAL MANAGEMENT SDN. BHD.	Lease business	100.00%	100.00%	

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

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

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

EXCELSIOR MEDICAL CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

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

(d) Foreign Currencies

1. Foreign currency transactions

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

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

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

2. Foreign operations

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

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

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

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

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

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

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

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

(f) Cash and Cash Equivalents

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

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

(g) Financial instruments

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

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1. Financial assets

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

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

1) Financial assets measured at amortized cost

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

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

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

2) Fair value through other comprehensive income (FVOCI)

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

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

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

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

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

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

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3) Fair value through profit or loss (FVTPL)

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

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

4) Impairment of financial assets

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

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

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

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

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

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

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

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

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

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

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

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

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

5) Derecognition of financial assets

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

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

2. Financial liabilities and equity instruments

1) Classification of debt or equity

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

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2) Equity instrument

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

3) Financial liabilities

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss.

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

4) Derecognition of financial liabilities

The Group derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

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

5) Offsetting of financial assets and liabilities

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

3. Derivative financial instruments

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

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

(h) Inventories

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

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

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(i) Investment in Associates

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

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

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

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

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

(j) Investment Property

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

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

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

(k) Property, Plant, and Equipment

1. Recognition and measurement

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

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

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

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2. Subsequent expenditure

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

3. Depreciation

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

Land is not depreciated.

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

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

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

(1) Leases

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

(i) As a lessee

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

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

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

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

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;

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

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

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

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

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

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

(ii) As a lessor

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

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

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

The Group recognizes lease payments received under operating lease as income on a straight-line basis over the lease term as part of 'other income' .

(m) Intangible Assets

1. Recognition and measurement

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

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

2. Subsequent expenditure

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

3. Amortization

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

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

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

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

(n) Impairment of Non-Financial Assets

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

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

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The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

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

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

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

(o) Provisions

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

(p) Revenue

1. Revenue from contracts with customers

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

1) Sale of goods

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

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

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

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2) Services

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

3) Financing components

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

(q) Employee Benefits

1. Defined contribution plans

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

2. Defined benefit plans

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

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

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

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

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3. Other long-term employee benefits

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

4. Termination benefits

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

5. Short-term employee benefits

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

(r) Income Taxes

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

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

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

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

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

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

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

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

(s) Earnings per Share

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

(t) Operating Segments

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

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

Uncertainty

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

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

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

The loss allowance of trade receivable

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

(6) Explanation of Significant Accounts

(a) Cash and cash equivalents

	December 31, 2021	December 31, 2020
Cash on hand, demand deposits and checking accounts	\$ 2,030,451	1,756,766
Time deposits	1,041,813	861,698
Cash and cash equivalents in consolidated statement of cash flows	<u>\$ 3,072,264</u>	<u>2,618,464</u>

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

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

	December 31, 2021	December 31, 2020
Mandatorily measured at fair value through profit or loss:		
Derivative instruments not used for hedging		
Forward foreign exchange contracts	<u>\$ -</u>	<u>166</u>
Held-for-trading financial liabilities		
Derivative instruments not used for hedging		
Forward foreign exchange contracts	<u>\$ 673</u>	<u>46</u>

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

Forward foreign exchange contracts:

	December 31, 2021			
	<u>Amount</u> <u>(in thousands)</u>		<u>Currency</u>	<u>Maturity period</u>
Forward foreign exchange contracts purchased	JPY 257,425		JPY against TWD	2022.01~2022.03
Forward foreign exchange contracts purchased	USD 515		USD against TWD	2022.01

	December 31, 2020			
	<u>Amount</u> <u>(in thousands)</u>		<u>Currency</u>	<u>Maturity period</u>
Foreign exchange forward purchased	JPY 107,538		JPY against TWD	2021.02~2021.03
Foreign exchange forward purchased	USD 400		USD against TWD	2021.01

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

	<u>December 31,</u> <u>2021</u>	<u>December 31,</u> <u>2020</u>
Equity investments at fair value through other comprehensive income		
Domestic listed shares	\$ 90,528	103,792
Foreign listed shares	152,234	194,205
Domestic unlisted shares	149,478	129,680
Foreign unlisted shares	309,301	307,760
Total	<u>\$ 701,541</u>	<u>735,437</u>

1. Equity investments at fair value through other comprehensive income

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

The Group has sold its common stocks designated at fair value through other comprehensive income because of operation strategies for the years ended December 31, 2021 and 2020. The shares sold had a fair value of \$40,172 thousand and \$1,009 thousand, respectively. The Group realized a gain of \$4,091 thousand and \$301 thousand, respectively, which was included in other comprehensive income, and thereafter, was transferred to retained earnings from other equity.

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

3. As of December 31, 2021 and 2020, the aforesaid financial assets were not pledged as collateral.

(d) Financial assets measured at amortized cost

	December 31, 2021	December 31, 2020
Time deposits with original maturity of more than 3 months	<u>\$ 682,603</u>	<u>774,526</u>

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

The market interest rates of the time deposits with original maturity of more than 3 months were 0.24%~1.76% and 0.26%~1.76% per annum as of December 31, 2021 and 2020, respectively.

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

	December 31, 2021	December 31, 2020
Notes receivable	\$ 261,529	222,994
Other notes receivable	290,515	184,942
Accounts receivable	1,414,587	1,285,872
Trade receivables - fair value through other comprehensive income	9,317	3,603
Lease payment receivable	19,625	14,582
Other receivables	2,572,458	2,312,487
Less: Loss allowance	(75,475)	(72,628)
Unrealized interests income	(240)	(107)
	<u>\$ 4,492,316</u>	<u>3,951,745</u>

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

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

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

	December 31, 2021		
	Gross carrying amount	Weighted-average loss rate	Loss allowance provision
Current	\$ 4,448,614	0.60%	(26,621)
1 to 90 days past due	41,494	10.80%	(4,480)
91 to 180 days past due	8,290	21.79%	(1,806)
181 to 365 days past due	18,746	18.47%	(3,462)
More than 365 days past due	40,105	97.51%	(39,106)
	<u>\$ 4,557,249</u>		<u>(75,475)</u>

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

The Group's lease payment receivables were as follows:

	Gross investment in the lease	Unearned finance income	Present value of minimum lease payments receivable
December 31, 2021			
Less than one year	\$ 10,062	(1,854)	8,208
Between one and five years	32,258	(5,079)	27,179
	<u>\$ 42,320</u>	<u>(6,933)</u>	<u>35,387</u>
December 31, 2020			
Less than one year	\$ 6,549	(753)	5,796
Between one and five years	9,689	(903)	8,786
	<u>\$ 16,238</u>	<u>(1,656)</u>	<u>14,582</u>

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

The interest rate inherent in the leases was fixed at the contract date for the entire lease term. The average effective interest rate contracted was approximately 3.00%~6.00% and 3.00%~6.00% per annum as of December 31, 2021 and 2020.

The lease payment receivables as of December 31, 2021 and 2020 were neither past due nor impaired.

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

	For the Years Ended December 31,	
	2021	2020
Balance as of January 1	\$ 72,628	73,738
Impairment losses recognized	17,933	31,727
Amounts written off	(10,881)	(28,818)
Impairment losses reversed	(2,351)	(3,996)
Effect of movements in exchange rate	(1,854)	(23)
Balance as of December 31	<u>\$ 75,475</u>	<u>72,628</u>

As of December 31, 2021 and 2020, the receivables from installment sales were \$9,317 thousand and \$3,603 thousand, respectively, and the related unrealized interest income were \$229 thousand and \$107 thousand, respectively.

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

December 31, 2021						
Purchaser	Amount Derecognized	Amount Advanced Unpaid	Amount Advanced Paid	Amount Recognized in Other Receivables	Range of Interest Rate	Significant Transferring Terms
Hotai Finance Co., Ltd.	<u>\$ 10,500</u>	-	<u>10,500</u>	-	4.27%	None
Chailease Finance Co., Ltd.	<u>\$ 11,935</u>	-	<u>11,935</u>	-	2.02%~2.22%	None
December 31, 2020						
Purchaser	Amount Derecognized	Amount Advanced Unpaid	Amount Advanced Paid	Amount Recognized in Other Receivables	Range of Interest Rate	Significant Transferring Terms
Hotai Finance Co., Ltd.	<u>\$ 8,840</u>	-	<u>8,840</u>	-	1.25%~3.19%	None
Chailease Finance Co., Ltd.	<u>\$ 5,632</u>	-	<u>5,632</u>	-	1.77%~2.02%	None

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The Group entered into separate trade receivables factoring agreements with financial institutions, Hotai Finance Co., Ltd., and Chailease Finance Co., Ltd. According to the agreements, losses from commercial disputes (such as sales returns and discounts) were borne by the Group, while losses from credit risk were borne by the counterparties.

The Group derecognized the above trade receivables because it has transferred substantially all of the risks and rewards of their ownership, and it does not have any continuing involvement in them. The amounts receivable from the financial institutions were recognized as “other receivables” upon the derecognition of those trade receivables.

(f) Inventories

	December 31, 2021	December 31, 2020
Merchandise	\$ 825,120	762,161
Inventory in-transit	85,123	89,075
Total	<u>\$ 910,243</u>	<u>851,236</u>

The details of cost of goods sold were as follows :

	For the Years Ended December 31,	
	2021	2020
Cost of goods sold	\$ 4,641,684	4,920,695
Losses (reversal) on inventory valuation and obsolescence	9,378	(44,175)
Loss on inventory scrapped	2,553	4,795
Repair and maintenance costs	224,804	221,698
Others operating costs	320,707	265,907
Total	<u>\$ 5,199,126</u>	<u>5,368,920</u>

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

As of December 31, 2021 and 2020, none of the combined company's inventories had been provided with pledge guarantees.

(g) Investments accounted for using equity method

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

	December 31, 2021	December 31, 2020
Associates	<u>\$ 2,629,538</u>	<u>2,492,993</u>

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1. Associates

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

Name of Associates	Nature of Relationship with the Group	Main operating location/ Registered Country of the Company	Proportion of shareholding and voting rights	
			December 31, 2021	December 31, 2020
Asia Best Healthcare	Long-term care and rehabilitation services	Cayman Islands	49.38%	49.38%

1) Asia Best Healthcare:

	December 31, 2021	December 31, 2020
Current assets	\$ 1,327,188	1,156,129
Non-current assets	3,775,520	3,978,430
Current liabilities	(278,067)	(186,014)
Non-Current liabilities	(2,049,407)	(2,178,146)
Net assets	<u>\$ 2,775,234</u>	<u>2,770,399</u>
Net assets attributable to the Group	<u>\$ 1,405,198</u>	<u>1,404,421</u>
	For the Years Ended December 31,	
	2021	2020
Operating revenue	<u>\$ 269,440</u>	<u>287,505</u>
Profit	\$ 103,173	124,426
Other comprehensive income	38,113	65,634
Total comprehensive income	<u>\$ 141,286</u>	<u>190,060</u>
Dividends received	<u>\$ 28,205</u>	<u>29,974</u>

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

	December 31, 2021	December 31, 2020
Carrying amount of individually insignificant associates' equity	<u>\$ 1,224,340</u>	<u>1,088,572</u>

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	For the Years Ended December 31,	
	2021	2020
Attributable to the Group:		
Profit	\$ 182,486	180,588
Other comprehensive income	34,604	43,123
Total comprehensive income	\$ 217,090	223,711

None of the combined company's investments using the equity method is provided as a pledge.

(h) Changes in ownership interests in subsidiaries

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

(i) Material non-controlling interests of subsidiaries

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

Subsidiaries	Main operating location/ Registered Country of the Company	Proportion of shareholding and voting rights	
		December 31, 2021	December 31, 2020
Dynamic	Taiwan	61.50%	61.50%
Arich	Taiwan	60.00%	60.00%

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

1. Collective financial information of Dynamic and its subsidiaries:

	December 31, 2021	December 31, 2020
Current assets	\$ 1,642,277	1,537,172
Non-current assets	656,514	605,663
Current liabilities	(657,555)	(555,670)
Non-Current liabilities	(169,313)	(123,968)
Net assets	\$ 1,471,923	1,463,197
Non-controlling interests	\$ 794,105	798,341

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	For the Years Ended December 31,	
	2021	2020
Operating revenue	\$ 1,028,183	1,009,308
Net income	\$ 141,689	116,642
Other comprehensive loss	(25,111)	(7,023)
Total comprehensive income	\$ 116,578	109,619
Profit, attributable to non-controlling interests	\$ 81,587	69,215
Comprehensive income, attributable to non-controlling interests	\$ 66,141	65,286

	For the Years Ended December 31,	
	2021	2020
Net cash flows from operating activities	\$ 277,645	248,551
Net cash flows from investing activities	(92,419)	17,288
Net cash flows from financing activities	(148,680)	(151,443)
Effect of exchange rate changes on cash and cash equivalents	(8,076)	(10,721)
Net increase (decrease) in cash and cash equivalents	\$ 28,470	103,675
Dividends paid to non-controlling interests	\$ 64,888	63,366

2. Collective financial information of Arich:

	December 31,	December 31,
	2021	2020
Current assets	\$ 3,840,681	3,399,123
Non-current assets	648,080	548,687
Current liabilities	(2,531,376)	(2,018,533)
Non-Current liabilities	(139,397)	(148,573)
Net assets	\$ 1,817,988	1,780,704
Non-controlling interests	\$ 1,090,771	1,068,400

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	<u>For the Years Ended December 31,</u>	
	<u>2021</u>	<u>2020</u>
Operating revenue	<u>\$ 945,661</u>	<u>1,251,395</u>
Net income	\$ 55,305	47,249
Other comprehensive income	23,758	62,295
Total comprehensive income	<u>\$ 79,063</u>	<u>109,544</u>
Profit, attributable to non-controlling interests	<u>\$ 33,183</u>	<u>28,421</u>
Comprehensive income, attributable to non-controlling interests	<u>\$ 47,438</u>	<u>65,554</u>
Net cash flows from operating activities	\$ 336,065	559,557
Net cash flows from investing activities	30,415	(47,868)
Net cash flows from financing activities	(197,666)	(267,786)
Net increase in cash and cash equivalents	<u>\$ 168,814</u>	<u>243,903</u>
Dividends paid to non-controlling interests	<u>\$ 25,068</u>	<u>26,745</u>

(j) Property, plant and equipment

The cost, depreciation, and impairment of the property, plant and equipment of the Group for the years ended December 31, 2021 and 2020 were as follows:

	<u>Land</u>	<u>Buildings</u>	<u>Medical equipment</u>	<u>Miscellaneous equipment</u>	<u>Equipment to be inspected and construction in progress</u>	<u>Total</u>
Cost or deemed cost:						
Balance as of January 1, 2021	\$ 145,109	262,343	337,238	295,089	286	1,040,065
Additions	-	994	110,051	27,532	26,113	164,690
Disposal and obsolescence	-	(2,164)	(16,649)	(10,673)	-	(29,486)
Transfer from inventories	-	-	51,800	14,167	-	65,967
Transfer to inventories	-	-	(6,014)	(3,034)	-	(9,048)
Reclassification and others	-	-	17,575	7,769	(21,348)	3,996
Effect of movements in exchange rates	(4,438)	(10,448)	(9,054)	(4,664)	-	(28,604)
Balance as of December 31, 2021	<u>\$ 140,671</u>	<u>250,725</u>	<u>484,947</u>	<u>326,186</u>	<u>5,051</u>	<u>1,207,580</u>
Balance as of January 1, 2020	\$ 147,595	268,045	328,795	322,307	-	1,066,742
Additions	-	543	18,151	9,431	286	28,411
Disposal and obsolescence	-	(392)	(22,979)	(34,412)	-	(57,783)
Transfer from inventories	-	-	30,891	11,264	-	42,155
Transfer to inventories	-	-	(15,592)	(11,628)	-	(27,220)
Transfer to expense	-	-	-	(400)	-	(400)
Effect of movements in exchange rates	(2,486)	(5,853)	(2,028)	(1,473)	-	(11,840)
Balance as of December 31, 2020	<u>\$ 145,109</u>	<u>262,343</u>	<u>337,238</u>	<u>295,089</u>	<u>286</u>	<u>1,040,065</u>

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	Land	Buildings	Medical equipment	Miscellaneous equipment	Equipment to be inspected and construction in progress	Total
Depreciation and impairment losses:						
Balance as of January 1, 2021	\$ 4,000	75,596	207,673	218,457	-	505,726
Depreciation for the period	-	4,875	71,055	37,465	-	113,395
Disposal and obsolescence	-	(2,165)	(16,649)	(10,583)	-	(29,397)
Transfer to inventories	-	-	(4,104)	(1,841)	-	(5,945)
Effect of movements in exchange rates	-	(2,114)	(6,513)	(4,060)	-	(12,687)
Balance as of December 31, 2021	<u>\$ 4,000</u>	<u>76,192</u>	<u>251,462</u>	<u>239,438</u>	<u>-</u>	<u>571,092</u>
Balance as of January 1, 2020	\$ 4,000	72,017	199,532	230,330	-	505,879
Depreciation for the period	-	4,999	42,756	32,892	-	80,647
Impairment loss recognized (reversed)	-	-	2,567	1,715	-	4,282
Disposal and obsolescence	-	(392)	(22,680)	(34,326)	-	(57,398)
Transfer to inventories	-	-	(12,658)	(10,827)	-	(23,485)
Effect of movements in exchange rates	-	(1,028)	(1,844)	(1,327)	-	(4,199)
Balance as of December 31, 2020	<u>\$ 4,000</u>	<u>75,596</u>	<u>207,673</u>	<u>218,457</u>	<u>-</u>	<u>505,726</u>
Carrying amount:						
Balance as of December 31, 2021	<u>\$ 136,671</u>	<u>174,533</u>	<u>233,485</u>	<u>86,748</u>	<u>5,051</u>	<u>636,488</u>
Balance as of January 1, 2020	<u>\$ 143,595</u>	<u>196,028</u>	<u>129,263</u>	<u>91,977</u>	<u>-</u>	<u>560,863</u>
Balance as of December 31, 2020	<u>\$ 141,109</u>	<u>186,747</u>	<u>129,565</u>	<u>76,632</u>	<u>286</u>	<u>534,339</u>

As of December 31, 2021 and 2020 the property, plant and equipment of the Group had been pledged as collateral for bank borrowings. Please refer to note(8).

(k) Right-of-use assets

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

	Buildings	Machinery and equipment	Other equipment	Total
Cost:				
Balance as of January 1, 2021	\$ 451,785	1,065	1,440	454,290
Additions	73,608	-	-	73,608
Write-off	(55,124)	(741)	(1,440)	(57,305)
Effect of movements in exchange rates	(1,410)	-	-	(1,410)
Balance as of December 31, 2021	<u>\$ 468,859</u>	<u>324</u>	<u>-</u>	<u>469,183</u>
Balance as of January 1, 2020	\$ 314,047	1,065	1,440	316,552
Additions	159,298	-	-	159,298
Write-off	(21,421)	-	-	(21,421)
Effect of movements in exchange rates	(139)	-	-	(139)
Balance as of December 31, 2020	<u>\$ 451,785</u>	<u>1,065</u>	<u>1,440</u>	<u>454,290</u>

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	<u>Buildings</u>	<u>Machinery and equipment</u>	<u>Other equipment</u>	<u>Total</u>
Accumulated depreciation and impairment losses:				
Balance as of January 1, 2021	\$ 151,966	912	1,440	154,318
Depreciation for the year	78,056	108	-	78,164
Write-off	(37,970)	(741)	(1,440)	(40,151)
Effect of movements in exchange rates	(821)	-	-	(821)
Balance as of December 31, 2021	<u>\$ 191,231</u>	<u>279</u>	<u>-</u>	<u>191,510</u>
Balance as of January 1, 2020	\$ 76,046	383	1,152	77,581
Depreciation for the year	76,717	529	288	77,534
Write-off	(740)	-	-	(740)
Effect of movements in exchange rates	(57)	-	-	(57)
Balance as of December 31, 2020	<u>\$ 151,966</u>	<u>912</u>	<u>1,440</u>	<u>154,318</u>
Carrying amount:				
Balance as of December 31, 2021	<u>\$ 277,628</u>	<u>45</u>	<u>-</u>	<u>277,673</u>
Balance as of January 1, 2020	<u>\$ 238,001</u>	<u>682</u>	<u>288</u>	<u>238,971</u>
Balance as of December 31, 2020	<u>\$ 299,819</u>	<u>153</u>	<u>-</u>	<u>299,972</u>

The Group added and modified parts of the lease contracts, resulting in an increase in right-of-use assets of \$73,608 thousand and \$159,298 thousand for the years ended December 31, 2021 and 2020, respectively.

The Group terminated and modified parts of the lease contracts, resulting in a decrease in right-of-use assets of \$17,154 thousand and \$20,681 thousand for the years ended December 31, 2021 and 2020, respectively.

For the years ended December 31, 2021 and 2020, the Group leases storage room, machinery and parking space under operating lease, please refer to Note (6)(t).

(l) Investment property

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

	<u>Owned property</u>		<u>Total</u>
	<u>Land</u>	<u>Buildings</u>	
Cost or deemed cost:			
Balance as of January 1, 2021	\$ 843,750	174,673	1,018,423
Addition	-	21,695	21,695
Disposal	-	(743)	(743)
Balance as of December 31, 2021	<u>\$ 843,750</u>	<u>195,625</u>	<u>1,039,375</u>

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	<u>Owned property</u>		<u>Total</u>
	<u>Land</u>	<u>Buildings</u>	
Balance as of January 1, 2020	\$ 688,419	109,032	797,451
Addition	155,331	65,641	220,972
Balance as of December 31, 2020	<u>\$ 843,750</u>	<u>174,673</u>	<u>1,018,423</u>
Depreciation and impairment losses:			
Balance as of January 1, 2021	\$ -	13,333	13,333
Depreciation for the year	-	7,074	7,074
Disposal	-	(134)	(134)
Balance as of December 31, 2021	<u>\$ -</u>	<u>20,273</u>	<u>20,273</u>
Balance as of January 1, 2020	\$ -	8,823	8,823
Depreciation for the year	-	4,510	4,510
Balance as of December 31, 2020	<u>\$ -</u>	<u>13,333</u>	<u>13,333</u>
Book value:			
Balance as of December 31, 2021	<u>\$ 843,750</u>	<u>175,352</u>	<u>1,019,102</u>
Balance as of January 1, 2020	<u>\$ 688,419</u>	<u>100,209</u>	<u>788,628</u>
Balance as of December 31, 2020	<u>\$ 843,750</u>	<u>161,340</u>	<u>1,005,090</u>
Fair Value:			
Balance as of December 31, 2021			<u>\$ 1,146,306</u>
Balance as of December 31, 2020			<u>\$ 1,040,810</u>

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

As of December 31, 2021 and 2020, the investment property of the Group had been pledged as collateral for bank borrowings, please refer to Note (8).

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(m) Intangible assets

The costs, amortization and impairment of the intangible assets of the Group for the years ended December 31, 2021 and 2020, were as follows:

	<u>Goodwill</u>	<u>Software</u>	<u>Other intangible assets</u>	<u>Total</u>
Cost:				
Balance as of January 1, 2021	\$ 56,197	15,323	77,703	149,223
Additions	-	1,064	3,000	4,064
Disposals	-	(2,470)	-	(2,470)
Effect of movements in exchange rates	(654)	(214)	-	(868)
Balance as of December 31, 2021	<u>\$ 55,543</u>	<u>13,703</u>	<u>80,703</u>	<u>149,949</u>
Balance as of January 1, 2020	\$ 56,044	13,132	79,335	148,511
Additions	-	4,317	-	4,317
Disposals	-	(2,129)	(1,632)	(3,761)
Effect of movements in exchange rates	153	3	-	156
Balance as of December 31, 2020	<u>\$ 56,197</u>	<u>15,323</u>	<u>77,703</u>	<u>149,223</u>
Amortization and impairment loss:				
Balance as of January 1, 2021	\$ 28,346	11,368	76,856	116,570
Amortization	-	2,136	1,078	3,214
Disposals	-	(2,470)	-	(2,470)
Effect of movements in exchange rates	(190)	(179)	-	(369)
Balance as of December 31, 2021	<u>\$ 28,156</u>	<u>10,855</u>	<u>77,934</u>	<u>116,945</u>
Balance as of January 1, 2020	\$ 27,933	10,831	77,780	116,544
Amortization	-	2,661	708	3,369
Disposals	-	(2,129)	(1,632)	(3,761)
Effect of movements in exchange rates	413	5	-	418
Balance as of December 31, 2020	<u>\$ 28,346</u>	<u>11,368</u>	<u>76,856</u>	<u>116,570</u>
Book value:				
Balance as of December 31, 2021	<u>\$ 27,387</u>	<u>2,848</u>	<u>2,769</u>	<u>33,004</u>
Balance as of January 1, 2020	<u>\$ 28,111</u>	<u>2,301</u>	<u>1,555</u>	<u>31,967</u>
Balance as of December 31, 2020	<u>\$ 27,851</u>	<u>3,955</u>	<u>847</u>	<u>32,653</u>

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1. Amortization

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

	For the Years Ended December 31,	
	2021	2020
Operating costs	\$ 1,078	708
Operating expenses	2,136	2,661
Total	<u>\$ 3,214</u>	<u>3,369</u>

(n) Short-term borrowings

	December 31,	December 31,
	2021	2020
Secured bank loans	\$ 254,616	262,498
Unsecured bank loans	225,350	142,000
Total	<u>\$ 479,966</u>	<u>404,498</u>
Unused short-term credit lines	<u>\$ 4,679,302</u>	<u>5,371,723</u>
Range of interest rates	<u>0.70%~3.04%</u>	<u>0.85%~1.70%</u>

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

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

(o) Other payables

	December 31,	December 31,
	2021	2020
Logistics services payable	\$ 2,253,633	1,528,734
Others	467,592	472,615
	<u>\$ 2,721,225</u>	<u>2,001,349</u>

(p) Refund liabilities

	December 31,	December 31,
	2021	2020
Refund liabilities	<u>\$ 14,713</u>	<u>30,438</u>

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

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(q) Provisions

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Warranties	<u>\$ 25,735</u>	<u>15,104</u>
		<u>Warranties</u>
Balance as of January 1, 2021		\$ 15,104
Additions		10,043
Provisions reversed or used		(14,118)
Effect of exchange rate changes		<u>(7)</u>
Balance as of December 31, 2021		<u>\$ 11,022</u>
Balance as of January 1, 2020		\$ 16,582
Additions		14,773
Provisions reversed or used		(16,234)
Effect of exchange rate changes		<u>(17)</u>
Balance as of December 31, 2020		<u>\$ 15,104</u>
Warranties		

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

(r) Long-term borrowings

The details were as follows:

	<u>December 31, 2020</u>
Secured bank loans	\$ 4,251
Less: current portion	<u>(4,251)</u>
Total	<u>\$ -</u>
Range of interest rates	<u>4.45%~5.45%</u>

1. There were no significant issuances, repurchases and repayments of long-term borrowing in 2021 and 2020.
2. Please refer to Note (8) for details of the Group's assets pledged as collateral for bank borrowings.
3. The Group's interest risk and sensitivity analysis of financial assets and liabilities were disclosed in Note (6)(ac).

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(s) Lease liabilities

The carrying amounts of lease liabilities were as follows:

	<u>December 31,</u> <u>2021</u>	<u>December 31,</u> <u>2020</u>
Current	<u>\$ 72,244</u>	<u>78,369</u>
Non-current	<u>\$ 209,782</u>	<u>225,457</u>

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

The Group added and modified parts of the lease contract, resulting in an increase in lease liabilities of \$73,608 thousand and \$159,080 thousand for the years ended December 31, 2021 and 2020, respectively.

The Group terminated and modified parts of the contract, resulting in a decrease in lease liabilities of \$17,587 thousand and \$20,792 thousand for the years ended December 31, 2021 and 2020, respectively.

The amounts recognized in profit or loss were as follows:

	<u>For the Years Ended December 31,</u>	
	<u>2021</u>	<u>2020</u>
Interest on lease liabilities	<u>\$ 2,708</u>	<u>3,305</u>
Income from sub-leasing right-of-use assets	<u>\$ 4,927</u>	<u>4,897</u>
Expenses relating to short-term leases	<u>\$ 8,981</u>	<u>7,564</u>
COVID-19-related rent concessions	<u>\$ 1,372</u>	<u>-</u>

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

	<u>For the Years Ended December 31,</u>	
	<u>2021</u>	<u>2020</u>
Total cash outflow for leases	<u>\$ 87,324</u>	<u>86,468</u>

1. Buildings leases

As of December 31, 2021, the Group leases buildings for its office space. The leases of office space typically run for a period of 2 to 10 years. Some leases include an option to renew the lease for an additional period of the same duration after the end of the contract term.

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

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2. Other leases

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

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

(t) Operating leases

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

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

	December 31, 2021	December 31, 2020
Within 1 year	\$ 25,056	28,186
1 to 5 years	56,115	37,327
More than 5 years	19,309	-
	\$ 100,480	65,513

(u) Employee benefits

1. Defined benefit plans

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

	December 31, 2021	December 31, 2020
Present value of defined benefit obligations	\$ 101,452	106,766
Fair value of plan assets	(100,999)	(98,132)
Net defined benefit liabilities	\$ 453	8,634

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

1) Composition of plan assets

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

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The Group's Bank of Taiwan labor pension reserve account balance amounted to \$100,465 thousand as of December 31, 2021. For information on the utilization of the labor pension fund assets, including the asset allocation and yield of the fund, please refer to the website of the Bureau of Labor Funds, Ministry of Labor.

2) Movements in present value of the defined benefit obligations

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

	For the Years Ended December 31,	
	2021	2020
Defined benefit obligations as of January 1	\$ 106,766	100,419
Current service costs and interest	4,424	4,174
Remeasurements on the net defined benefit obligation		
– Actuarial gains and losses arising from experience adjustments	(5,545)	(2,713)
– Actuarial gains and losses arising from changes in demographic assumptions	4,789	814
– Actuarial gains and losses arising from changes in financial assumptions	(3,288)	4,065
Exchange differences on foreign plans	(247)	7
Benefit paid	(2,567)	-
Other adjustments	(2,880)	-
Defined benefit obligations as of December 31	\$ 101,452	106,766

3) Movements of defined benefit plan assets

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

	For the Years Ended December 31,	
	2021	2020
Fair value of plan assets as of January 1	\$ 98,132	89,300
Interest income	347	732
Remeasurement on the net defined benefit obligation		
– Return on plan assets (excluding current interest)	1,357	2,847
Contribution paid by the employer	3,738	5,256
Exchange differences on foreign plans	(8)	(3)
Benefits paid	(2,567)	-
Fair value of plan assets as of December 31	\$ 100,999	98,132

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4) Expenses recognized in profit or loss

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

	For the Years Ended December 31,	
	2021	2020
Current service costs	\$ 4,073	3,416
Net interest of net liabilities for defined benefit obligations	4	26
	\$ 4,077	3,442
Operating costs and expenses	\$ 4,077	3,442

5) Actuarial assumptions

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

	December 31, 2021	December 31, 2020
Discount rate	0.750%	0.350%
Future salary increasing rate	2.125%~3.750%	2.125%~3.750%

The expected allocation payment to be made by the Group to the defined benefit plans for the one-year period after the reporting date is \$2,145 thousand.

The weighted average lifetime of the defined benefits plans is 10~13 years.

6) Sensitivity analysis

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

	Influences on defined benefit obligations	
	Increased 0.25% and EG Healthcare Increased 1.00%	Decreased 0.25% and EG Healthcare Decreased 1.00%
December 31, 2021		
Discount rate	\$ (2,095)	2,163
Future salary increasing rate	2,067	(2,013)
December 31, 2020		
Discount rate	\$ (2,336)	2,378
Future salary increasing rate	2,303	(2,239)

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

There is no change in the method and assumptions used in the preparation of sensitivity analysis for 2021 and 2020.

2. Defined contribution plans

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

The pension costs incurred from the contributions to the Bureau of the Labor Insurance amounted to \$21,585 thousand and \$19,980 thousand for the years ended December 31, 2021 and 2020, respectively.

The foreign Company's pension costs under the local laws were \$2,245 thousand and \$2,208 thousand for the years ended December 31, 2021 and 2020, respectively.

(v) Income taxes

1. Income tax expense

The components of income tax in the years 2021 and 2020 were as follows:

	For the Years Ended December 31,	
	2021	2020
Current tax expense		
Current period	\$ 101,070	95,616
Adjustment for prior periods	1,213	(1,675)
	<u>102,283</u>	<u>93,941</u>
Deferred tax expense		
Origination and reversal of temporary differences	52,088	65,716
Adjustment for prior periods	(2,630)	491
Change in unrecognized deductible temporary differences	(294)	149
	<u>49,164</u>	<u>66,356</u>
Income tax expense from continuing operations	\$ 151,447	160,297

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The amount of income tax recognized in other comprehensive income for 2021 and 2020 were as follows:

	For the Years Ended December 31,	
	2021	2020
Items that will not be reclassified subsequently to profit or loss:		
Remeasurement from defined benefit plans	\$ (959)	394
Share of other comprehensive income of associates and joint ventures accounted for using equity method, components of other comprehensive income	1,720	(4,150)
	\$ 761	(3,756)
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation	\$ 16,272	24,206

Reconciliation of income tax and profit before tax for 2021 and 2020 were as follows:

	For the Years Ended December 31,	
	2021	2020
Profit before income tax	\$ 873,736	829,383
Income tax using the Group's domestic tax rate	\$ 197,510	186,929
Adjustment in tax rate	-	(858)
Permanent differences	(39,847)	(29,548)
Tax-exempt income	(290)	(317)
Unrecognized deductible temporary differences	(721)	(4,319)
Unrecognized unused loss carryforwards	(3,788)	7,370
Adjustments for prior periods-current tax expense	1,213	(1,675)
Adjustments for prior periods-deferred tax expense	(2,630)	491
Effect of foreign income tax	-	1,212
Undistributed earnings additional tax	-	1,012
Income tax expense	\$ 151,447	160,297

2. Deferred tax assets and liabilities

1) Unrecognized deferred tax assets

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

	December 31,	December 31,
	2021	2020
Tax effect of deductible temporary differences	\$ 21,464	20,594
Tax losses	76,924	85,311
	\$ 98,388	105,905

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2) Recognized deferred tax assets and liabilities

Changes in the amount of deferred tax assets and liabilities for the years ended December 31, 2021 and 2020 were as follows:

	Deferred sales returns and allowance	Unrealized losses on inventories	Unrealized gains on investment	Loss carry-forw ards	Others	Total
Deferred tax assets:						
Balance as of January 1, 2021	\$ 11,273	22,745	23,313	43,983	114,171	215,485
Recognized in profit or loss	(946)	896	(17,774)	(11,486)	1,568	(27,742)
Recognized in other comprehensive income	-	-	-	-	15,317	15,317
Effect of movements in exchange rates	-	(74)	-	(4)	(569)	(647)
Balance as of December 31, 2021	<u>\$ 10,327</u>	<u>23,567</u>	<u>5,539</u>	<u>32,493</u>	<u>130,487</u>	<u>202,413</u>
Balance as of January 1, 2020	\$ 7,183	31,289	25,368	59,520	96,568	219,928
Recognized in profit or loss	4,090	(8,416)	(2,055)	(15,462)	(6,615)	(28,458)
Recognized in other comprehensive income	-	-	-	-	24,222	24,222
Effect of movements in exchange rates	-	(128)	-	(75)	(4)	(207)
Balance as of December 31, 2020	<u>\$ 11,273</u>	<u>22,745</u>	<u>23,313</u>	<u>43,983</u>	<u>114,171</u>	<u>215,485</u>
Deferred tax liabilities:						
Balance as of January 1, 2021	\$ -	-	139,085	-	17,875	156,960
Recognized in profit and loss	-	-	33,332	-	(11,910)	21,422
Recognized in other comprehensive income	-	-	-	-	(1,716)	(1,716)
Recognized directly in equity	-	-	-	-	223	223
Effect of movements in exchange rates	-	-	-	-	(194)	(194)
Balance as of December 31, 2021	<u>\$ -</u>	<u>-</u>	<u>172,417</u>	<u>-</u>	<u>4,278</u>	<u>176,695</u>
Balance as of January 1, 2020	\$ -	-	106,425	-	9,305	115,730
Recognized in profit or loss	-	-	32,660	-	5,238	37,898
Recognized in other comprehensive income	-	-	-	-	3,772	3,772
Effect of movements in exchange rates	-	-	-	-	(440)	(440)
Balance as of December 31, 2020	<u>\$ -</u>	<u>-</u>	<u>139,085</u>	<u>-</u>	<u>17,875</u>	<u>156,960</u>

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3.As of December 31, 2021, the Group's unused prior-years loss carryforwards and the expiry years of the loss carryforwards were as follows:

<u>Year of loss</u>	<u>Unused tax loss</u>	<u>Year of expiry</u>
2014	\$ 7,842	2024
2015	27,333	2020~2025
2016	15,091	2021~2026
2017	75,453	2022~2027
2018	119,259	2023~2028
2019	174,462	2024~2029
2020	33,165	2025~2030
2021	862	2031
	<u>\$ 453,467</u>	

4.Assessment of tax

The Company's income tax returns for the years through 2019 were assessed by the Tax Administration.

(w) Capital and other equity

1.Share capital

	<u>December 31,</u> <u>2021</u>	<u>December 31,</u> <u>2020</u>
Number of shares authorized (in thousands)	<u>\$ 200,000</u>	<u>200,000</u>
Shares authorized	<u>\$ 2,000,000</u>	<u>2,000,000</u>
Number of shares issued and fully paid (in thousands)	<u>141,149</u>	<u>141,149</u>
Shares issued	<u>\$ 1,411,490</u>	<u>1,411,490</u>

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

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2. Capital surplus

	<u>December 31,</u> <u>2021</u>	<u>December 31,</u> <u>2020</u>
Additional paid-in capital arising from ordinary share	\$ 1,822,584	1,822,584
Additional paid-in capital arising from bond conversion	1,072,079	1,072,079
Difference between consideration and carrying amount of subsidiaries acquired or disposed	98,181	98,181
Changes in ownership interest in subsidiaries	238,946	238,946
Changes in equity of associates accounted for using equity method	457	457
Others	43,860	43,860
	<u>\$ 3,276,107</u>	<u>3,276,107</u>

3. Retained earnings

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

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

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

The Company recognize and reverse special reserve according to the regulation of Financial Supervisory Commission.

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During the Board meeting on March 12, 2021, and the Board meeting on March 20, 2020, the Board approved to distribute the 2020 and 2019 earnings, respectively, as follows:

	2020		2019	
	Dividend per share (\$)	Amount	Dividend per share (\$)	Amount
Dividends distributed to common shareholders				
Cash	\$ 3.50	494,021	3.30	465,792

The amount of cash dividends on the appropriations of earnings for 2021, and the amount of shares dividends of appropriation of earnings for 2021, had been approved and proposed, respectively during the Board meeting on March 11, 2022, as follows:

	2021	
	Dividend per share (\$)	Amount
Dividends distributed to common shareholders:		
Cash	\$ 3.50	494,021
Share	0.50	70,575
Total		\$ 564,596

4. Other equity interest after tax

	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	Total
Balance as of January 1, 2021	\$ (199,369)	85,289	(114,080)
Exchange differences on translation of foreign financial statement	(92,720)	-	(92,720)
Exchange differences on associates accounted for using equity method	31,647	-	31,647
Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	-	6,761	6,761
Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income, associates accounted for using equity method	-	22,201	22,201
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	4,091	4,091
Balance as of December 31, 2021	\$ (260,442)	118,342	(142,100)
Balance as of January 1, 2020	\$ (107,903)	51,554	(56,349)
Exchange differences on translation of foreign financial statement	(138,342)	-	(138,342)
Exchange differences on associates accounted for using equity method	46,876	-	46,876
Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	-	4,723	4,723
Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income, associates accounted for using equity method	-	29,313	29,313
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	(301)	(301)
Balance as of December 31, 2020	\$ (199,369)	85,289	(114,080)

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5. Non-controlling interests after tax

	For the Years Ended December 31,	
	2021	2020
Balance, beginning of year	\$ 1,988,807	1,685,571
Shares attributed to non-controlling interests		
Net income	115,140	97,416
Exchange differences on translation of foreign financial statements	(9,502)	(8,475)
Unrealized gains or losses from financial assets measured at fair value through other comprehensive income	1,476	38,979
Gains or losses on remeasurements of defined benefit plans	1,358	(426)
Shares issued for cash by subsidiaries / others	-	269,259
Cash dividends of subsidiaries distributed to non-controlling interests	(89,956)	(90,111)
Non-controlling interests of acquiring subsidiaries	-	(3,406)
Balance, end of year	<u>\$ 2,007,323</u>	<u>1,988,807</u>

(x) Earnings per share

For the years ended December 31, 2021 and 2020, the basic and diluted earnings per share were calculated as follows:

1. Basic earnings per share

	For the Years Ended December 31,	
	2021	2020
Profit attributable to ordinary shareholders of the Company	<u>\$ 607,149</u>	<u>571,670</u>
Weighted average number of ordinary shares (basic)	<u>141,149</u>	<u>140,652</u>

2. Diluted earnings per share

	For the Years Ended December 31,	
	2021	2020
Profit attributable to ordinary shareholders of the Company	<u>\$ 607,149</u>	<u>571,670</u>
Weighted average number of ordinary shares (basic)	141,149	140,652
Effect of employee stock compensation	796	767
Weighted average number of ordinary shares (diluted)	<u>141,945</u>	<u>141,419</u>

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(y) Revenue from contracts with customers

1. Disaggregation of revenue

	For the Years Ended December 31,	
	2021	2020
Primary geographical markets:		
Taiwan	\$ 6,273,083	6,351,482
Hong Kong	46,695	71,858
China	-	130
Philippines	148,917	136,218
Malaysia	104,457	115,806
	<u>\$ 6,573,152</u>	<u>6,675,494</u>
Major products:		
Product revenue		
Medical equipment and Supplies	\$ 3,947,348	3,833,073
Medicines	720,218	1,108,050
Aesthetic medical equipment and Supplies	790,900	799,957
Household appliances	160,457	119,381
Other	74,440	78,279
Repair and maintenance revenue	380,318	359,575
Other operating revenue	499,471	377,179
	<u>\$ 6,573,152</u>	<u>6,675,494</u>

2. Contract balances

	December 31,	December 31,	January 1, 2020
	2021	2020	
Trade receivables	\$ 4,567,791	4,024,373	4,024,373
Less: allowance for impairment	(75,475)	(72,628)	(72,628)
Total	<u>\$ 4,492,316</u>	<u>3,951,745</u>	<u>3,951,745</u>
Contract liabilities	<u>\$ 379,224</u>	<u>311,978</u>	<u>320,562</u>

For details on trade receivables and allowance for impairment, please refer to note (6)(d).

The amount of revenue recognized for the years ended December 31, 2021 and 2020 that was included in the contract liability balance at the beginning of the period were \$229,005 thousand and \$225,979 thousand, respectively.

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(z) Employee compensation and directors' remuneration

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

For the years ended December 31, 2021 and 2020, the Company estimated its employee compensation amounting to \$38,706 thousand and \$36,379 thousand, and directors' remuneration amounting to \$19,353 thousand and \$18,189 thousand, respectively. The estimated amounts mentioned above are calculated based on the net profit before tax, excluding the compensation to employees and remuneration to directors of each period, multiplied by the percentage specified in the Company's articles. These remunerations were expensed under operating costs or operating expenses during 2021 and 2020. Related information would be available at the Market Observation Post System website. The aforesaid amounts are identical to those stated in parent-company-only financial statements.

(aa) Non-operating income and expenses

1. Interest Income

The details of other income were as follows:

	For the Years Ended December 31,	
	2021	2020
Interest income from bank deposits	\$ 8,777	22,052
Interest income from lease payment receivable	1,421	1,158
Other interest income	494	45
	\$ 10,692	23,255

2. Other income

The details of other income were as follows:

	For the Years Ended December 31,	
	2021	2020
Dividend income	\$ 19,320	23,231
Other income	5,620	9,017
	\$ 24,940	32,248

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3. Financial costs

The details of financial costs were as follows:

	For the Years Ended December 31,	
	2021	2020
Interest expenses		
Bank borrowings	\$ 3,651	7,439
Others	5,110	3,329
	<u>\$ 8,761</u>	<u>10,768</u>

4. Other gains and losses

The details of other gains and losses were as follows:

	For the Years Ended December 31,	
	2021	2020
(Losses) gains on disposal of property, plant, and equipment	\$ (5)	(100)
Foreign exchange (losses) gains	(948)	935
Net gains or losses on financial assets (liabilities) measured at fair value through profit or loss	(6,640)	(200)
Others	25,999	12,915
	<u>\$ 18,406</u>	<u>13,550</u>

(ab) Reclassification adjustments of components of other comprehensive income

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

	For the Years Ended December 31,	
	2021	2020
Equity instruments at fair value through other comprehensive income		
Net changes in fair value	\$ 10,607	47,551
Net changes of fair value reclassified to retained earnings	(4,091)	301
Net gains or losses recognized in other comprehensive income	<u>\$ 6,516</u>	<u>47,852</u>

(ac) Financial instruments

1. Credit risks

1) Credit risk exposure

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

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2) Concentration of credit risk

To minimize credit risks of receivables, the Group periodically evaluates the customers' financial positions and the possibility of collecting trade receivables. And, the impairment losses are always within the management's expectation. As of December 31, 2021 and 2020, 45% and 43%, respectively, of notes receivable and accounts receivable were two customers. Thus, credit risk is significantly centralized.

2.Liquidity risks

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

	Carrying amount	Contractual cash flow	On Demand or Less than 1 month	1-3 months	3-6 months	6-12 months	1-2 years	More than 2 years
December 31, 2021								
Non-derivative financial liabilities								
Long-term and short-term borrowings	\$ 479,966	479,966	9,616	435,350	35,000	-	-	-
Payables	3,668,755	3,668,755	3,305,175	270,169	38,980	54,421	-	10
Lease liabilities	282,026	282,026	6,494	12,214	18,369	35,166	65,194	144,589
Derivative financial liabilities								
Foreign exchange forward contracts:								
Outflows	76,813	76,813	45,716	31,097	-	-	-	-
Inflows	(76,140)	(76,140)	(45,187)	(30,953)	-	-	-	-
	\$ 4,431,420	4,431,420	3,321,814	717,877	92,349	89,587	65,194	144,599
December 31, 2020								
Non-derivative financial liabilities								
Long-term and short-term borrowings	\$ 408,749	408,749	235,706	170,917	2,126	-	-	-
Payables	2,883,615	2,883,615	765,588	397,987	1,648,940	70,911	189	-
Lease liabilities	303,826	303,826	6,827	13,230	19,556	38,756	67,863	157,594
Derivative financial liabilities								
Foreign exchange forward contract								
Outflows	11,404	11,404	11,404	-	-	-	-	-
Inflows	(11,358)	(11,358)	(11,358)	-	-	-	-	-
	\$ 3,596,236	3,596,236	1,008,167	582,134	1,670,622	109,667	68,052	157,594

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

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3. Market risks

1) Currency risks

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

Functional currency	Exchange rate	Currency	December 31, 2021	
			Foreign currency (in thousands)	Carrying amount (TWD)
<u>Financial assets</u>				
<u>Monetary items</u>				
TWD	27.680	USD	\$ 4,086	113,101
TWD	31.320	EUR	1,816	56,877
HKD	7.799	USD	8,420	233,066
<u>Non-Monetary items</u>				
TWD	0.024	KRW	4,931,441	115,889
USD	0.157	CNY	30,650	133,115
USD	0.128	HKD	116,273	412,602
USD	0.230	MYR	25,902	164,614
<u>Financial liabilities</u>				
<u>Monetary items</u>				
TWD	0.241	JPY	285,780	68,730
TWD	31.320	EUR	295	9,239
TWD	27.680	USD	1,769	48,966

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Functional currency	Exchange rate	Currency	December 31, 2020	
			Foreign currency (in thousands)	Carrying amount (TWD)
<u>Financial assets</u>				
<u>Monetary items</u>				
TWD	28.480	USD	\$ 4,320	123,033
TWD	0.276	JPY	372,050	102,797
HKD	7.754	USD	9,377	267,257
<u>Non-Monetary items</u>				
TWD	0.026	KRW	6,453,000	170,458
USD	0.154	CNY	29,897	130,872
USD	0.129	HKD	108,875	399,999
USD	0.238	MYR	22,077	149,897
<u>Financial liabilities</u>				
<u>Monetary items</u>				
TWD	0.276	JPY	494,625	136,665

Since the Group has many kinds of currency, the information on foreign exchange gains or losses on monetary items is disclosed by total amount. For the years ended December 31, 2021 and 2020, foreign exchange gains or losses amounted to gains of \$948 thousand and losses of \$935 thousand, respectively.

2) Sensitivity analysis

The Group's foreign exchange exposure to foreign currency risk arises from foreign currency exchange fluctuations on cash and cash equivalents, accounts receivables and accounts payables. Assuming other variables remain the same, a 1% depreciation or appreciation of the TWD against foreign currency for the years ended December 31, 2021 and 2020 would have increased or decreased the net profit after tax by \$2,331 thousand and \$2,721 thousand, respectively. The analysis is performed on the same basis for both periods.

3) Interest rate risk

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

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

If the interest rate increases or decreases by 1%, assuming that all other variables remain constant, the Group's profit will decrease or increase by \$20,310 thousand and \$7,609 thousand for the years ended December 31, 2021 and 2020, respectively. The changes are mainly due to floating rate bank deposits and borrowings of the Group.

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4) Other price risks

Assuming that the analysis is performed on the same basis for both periods, if equity prices had been 1% higher/lower, pre-tax other comprehensive income for the years ended December 31, 2021 and 2020 would have increased/decreased by \$7,015 thousand and \$7,354 thousand, respectively, as a result of the changes in fair values of financial assets at fair value through other comprehensive income.

4. Fair value information

1) The categories and fair values of financial instruments

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

	December 31, 2021				
	Book value	Fair value			Total
Level 1		Level 2	Level 3		
Financial assets at fair value through other comprehensive income					
Domestic listed shares	\$ 90,528	90,528	-	-	90,528
Foreign listed shares	152,234	152,234	-	-	152,234
Domestic unlisted shares	149,478	-	-	149,478	149,478
Foreign unlisted shares	309,301	-	-	309,301	309,301
Sub-total	701,541	242,762	-	458,779	701,541
Financial assets at amortized cost					
Cash and cash equivalents	3,072,264	-	-	-	-
Time deposits with original maturity of more than 3 months	682,603	-	-	-	-
Receivables	4,493,316	-	-	-	-
Other financial assets	243,907	-	-	-	-
Sub-total	8,492,090	-	-	-	-
Total	<u>\$ 9,193,631</u>	<u>242,762</u>	<u>-</u>	<u>458,779</u>	<u>701,541</u>

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	December 31, 2021				
	Book value	Fair value			Total
		Level 1	Level 2	Level 3	
Financial liabilities at fair value through profit or loss					
Derivative financial liabilities	\$ 673	-	673	-	673
Financial liabilities at amortized cost					
Short-term and long-term borrowings	479,966	-	-	-	-
Payables	3,668,755	-	-	-	-
Lease liabilities	282,026	-	-	-	-
Sub-total	4,430,747	-	-	-	-
Total	<u>\$ 4,431,420</u>	<u>-</u>	<u>673</u>	<u>-</u>	<u>673</u>
December 31, 2020					
	Book value	Fair value			Total
		Level 1	Level 2	Level 3	
Financial assets at fair value through profit or loss					
Derivative financial assets	\$ 166	-	166	-	166
Financial assets at fair value through other comprehensive income					
Domestic listed shares	103,792	103,792	-	-	103,792
Foreign listed shares	194,205	194,205	-	-	194,205
Domestic unlisted shares	129,680	-	-	129,680	129,680
Foreign unlisted shares	307,760	-	-	307,760	307,760
Sub-total	735,437	297,997	-	437,440	735,437
Financial assets at amortized cost					
Cash and cash equivalents	2,618,464	-	-	-	-
Time deposits with original maturity of more than 3 months	774,526	-	-	-	-
Receivables	3,951,745	-	-	-	-
Other financial assets	305,798	-	-	-	-
Sub-total	7,650,533	-	-	-	-
Total	<u>\$ 8,386,136</u>	<u>297,997</u>	<u>166</u>	<u>437,440</u>	<u>735,603</u>

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	December 31, 2020				
	Book value	Fair value			Total
Level 1		Level 2	Level 3		
Financial liabilities at fair value through profit or loss					
Derivative financial liabilities	\$ 46	-	46	-	46
Financial liabilities at amortized cost					
Short-term and long-term borrowings	408,749	-	-	-	-
Payables	2,883,615	-	-	-	-
Lease liabilities	303,826	-	-	-	-
Sub-total	3,596,190	-	-	-	-
Total	<u>\$ 3,596,236</u>	<u>-</u>	<u>46</u>	<u>-</u>	<u>46</u>

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

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

A. Financial assets measured at amortized cost

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

B. Financial assets and financial liabilities measured at amortized cost

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

3) Valuation techniques for financial instruments measured at fair value

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

A. Non-derivative financial instruments

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

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

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

B. Derivative financial instruments

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

4) Changes in level 3 of the fair value

	Fair value through other comprehensive income
	unquoted equity instruments
Balance as of January 1, 2021	\$ 437,440
Total gains and losses recognized	
In other comprehensive income	40,716
Reclassification and effect of movements in exchange rates	(18,781)
Disposal	(596)
Balance as of December 31, 2021	<u>\$ 458,779</u>
Balance as of January 1, 2020	\$ 534,887
Total gains and losses recognized	
In other comprehensive income	18,942
Reclassification and effect of movements in exchange rates	(116,389)
Balance as of December 31, 2020	<u>\$ 437,440</u>

For the years ended December 31, 2021 and 2020, total gains and losses included in "other gains and losses", and "unrealized gains and losses from financial assets at fair value through other comprehensive income" were as follows:

	For the Years Ended December 31,	
	2021	2020
Total gains and losses recognized		
In other comprehensive income, and presented in "unrealized gains and losses from financial assets at fair value through other comprehensive income"	\$ 40,716	18,942

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

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

Quantified information of significant unobservable inputs was as follows:

<u>Item</u>	<u>Valuation techniques</u>	<u>Significant non-observable inputs</u>	<u>The relationship between significant Non-observable inputs and fair value</u>
Financial assets at fair value through other comprehensive income - equity instruments investments without an active market	Comparable Listed Companies Method	<ul style="list-style-type: none">• EV/EBITOA Value Multiple (8 on December 31, 2021)• EV/Revenue Value Multiple (2.22 and 1.94~2.26 on December 31, 2021 and 2020)• P/B Value Multiple (1.14~4.74 and 1.13~3.98 on December 31, 2021 and 2020)• Discount due to Lack of Market liquidity (15.36%~30.00% and 21.53%~30.00% on December 31, 2021 and 2020)	<ul style="list-style-type: none">• The estimated fair value would increase (decrease) if the value multiple is higher (lower) and the marketability discount is lower (higher)

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

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

	Input	Variation	Impact on Fair Value Change on Other Comprehensive income or loss	
			Favorable Change	Unfavorable Change
December 31, 2021				
Financial assets at fair value through other comprehensive income				
Equity instruments without an active market	Value Multiple	5%	\$ 24,204	(24,204)
Equity instruments without an active market	Discount due to Lack of Market liquidity	5%	32,288	(32,288)
			<u>\$ 56,492</u>	<u>(56,492)</u>
December 31, 2020				
Financial assets at fair value through other comprehensive income				
Equity instruments without an active market	Value Multiple	5%	\$ 22,973	(22,973)
Equity instruments without an active market	Discount due to Lack of Market liquidity	5%	30,951	(30,951)
			<u>\$ 53,924</u>	<u>(53,924)</u>

(ad) Financial risk management

1. Overview

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

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

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

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2. Risk management framework

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

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

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

3. Credit risk

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

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

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

Please refer to Note (13)(a) for the information of guarantees and endorsements for subsidiaries as of December 31, 2021.

4. Liquidity risk

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

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5. Market risk

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

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

1) Currency risk

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

2) Interest rate risk

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

3) Other price risk

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

(ae) Capital Management

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

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

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

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

The Group's investing and financing activities which did not affect the current cash flow in the year ended December 31, 2021 and 2020, were as follows:

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

Reconciliation of liabilities arising from financing activities were as follows:

	January 1, 2021	Cash flows	Acquisition	Non-cash changes		December 31, 2021
				Foreign exchange movement	Others	
Short-term and long-term borrowings	\$ 408,749	71,413	-	(196)	-	479,966
Lease liabilities	303,826	(75,635)	73,608	(815)	(18,958)	282,026
Total liabilities from financing activities	<u>\$ 712,575</u>	<u>(4,222)</u>	<u>73,608</u>	<u>(1,011)</u>	<u>(18,958)</u>	<u>761,992</u>

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

(7) Related Party Transactions

(a) Names and relationship with related parties

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

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

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<u>Name of related party</u>	<u>Relationship with the Group</u>
CYJ INTERNATIONAL COMPANY LIMITED (CYJ)	Associate
Medytox Taiwan Inc.	"
Arich Best Chain Co., Ltd.(Arich Best Chain)	"
Exceed Healthcare Co., Ltd.	"
SciVision Biotech Inc.	Other related parties
Excelsior Health Foundation	"
Caregen Co., Ltd.	"
RENAL HEALTHCARE SDN. BHD.	"
Triple AI Technology Co., Ltd.	Other related parties before May 31, 2021
Arcos Bio-Tech Corporation	Other related parties before October 19, 2020

(b) Significant transactions with related parties

1. Operating revenue

1) Sales revenue

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

	For the Years Ended December 31,	
	2021	2020
Associates - Bestchain	\$ 1,948,018	1,789,712
Associates - ERS	777,052	762,596
Associates - Others	24,830	23,688
Other related parties	-	373
	\$ 2,749,900	2,576,369

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

2) Repair and maintenance revenue

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

	For the Years Ended December 31,	
	2021	2020
Associates - ERS	\$ 89,352	85,521
Associates	1,539	2,589
	\$ 90,891	88,110

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3) Other operating revenue-rental revenue

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

	For the Years Ended December 31,	
	2021	2020
Entities with significant influence over the Group	\$ 72	72
Associates - ABH	13,003	12,720
Associates - ERS	4,526	4,704
Associates - Others	1,102	950
Other related parties	40	96
	\$ 18,743	18,542

4) Other operating revenue-service revenue

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

	For the Years Ended December 31,	
	2021	2020
Associates	\$ 12,801	13,041
Other related parties	132	166
	\$ 12,933	13,207

2. Purchases from related parties

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

	For the Years Ended December 31,	
	2021	2020
Associates	\$ 33,580	9,059
Other related parties	86,990	108,825
	\$ 120,570	117,884

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

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3.Receivables from related parties

Receivables from related parties were as follows:

<u>Accounted for as</u>	<u>Category of related party</u>	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Notes receivable	Associates	\$ 51	34
Other notes receivable	Associates	793	362
Accounts receivable	Associates - Bestchain	562,895	455,825
Accounts receivable	Associates - ERS	161,552	159,022
Accounts receivable	Associates - Others	9,030	8,970
Other receivables	Associates	2,566	2,682
Other receivables	Other related parties	2	8
		<u>\$ 736,889</u>	<u>626,903</u>

4.Payables to related parties

Payables to related parties were as follows:

<u>Accounted for as</u>	<u>Category of related party</u>	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Accounts payable	Associates	\$ 20,904	4,674
Accounts payable	Other related parties	81	10,968
Other payables	Associates	12,643	10,460
		<u>\$ 33,628</u>	<u>26,102</u>

5.Property transactions**1) Disposals of property, plant and equipment**

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

<u>Category of related party</u>	<u>For the Years Ended December 31,</u>			
	<u>2021</u>		<u>2020</u>	
	<u>Disposal price</u>	<u>Gains (losses) from disposal</u>	<u>Disposal price</u>	<u>Gains (losses) from disposal</u>
Associates	<u>\$ 95</u>	<u>95</u>	<u>95</u>	<u>95</u>

6.Guarantee

As of December 31, 2021 and 2020, the Group provided associates guarantees for loans. The credit limit of the guarantees were \$800,000 thousand and \$661,200 thousand, respectively, and the amount utilized were \$0 thousand and \$76,000 thousand, respectively.

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7. Lease

- 1) In 2018, the Group rent the office with Excelsior Renal Service Co., Limited. A four-year lease contract was signed, in which the rental fee is determined based on nearby office rental rates. The total value of the contract was \$480 thousand. For the years ended December 31, 2021 and 2020, the Group recognized the amount of \$1 thousand and \$2 thousand as interest expense. As of December 31, 2021 and 2020, the balance of lease liabilities amounted to \$20 thousand and \$139 thousand, respectively.
- 2) In 2019, the Group rent the staff dormitory with RENAL HEALTHCARE SDN. BHD. A three-year lease contract was signed, in which the rental fee is determined based on nearby office rental rates. The total value of the contract was \$484 thousand. For the years ended December 31, 2021 and 2020 the Group recognized the amount of \$4 thousands and \$12 thousand as interest expense. As of December 31, 2021 and 2020, the balance of lease liabilities amounted to \$0 thousand and \$158 thousand, respectively.

8. Others

	For the Years Ended December 31,	
	2021	2020
<u>Associates and Other related parties</u>		
Other revenue-rental revenue	\$ 54	-
Other revenue	3,394	4,717
Cost of goods sold	(288)	(381)
Repair and maintenance costs	(3,392)	-
Fright and warehousing expense	(49,182)	(48,318)
Rent expense	(830)	(1,043)
Other expense	(25,761)	(19,109)
	\$ (76,005)	(64,134)

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

As of December 31, 2021 and 2020, the Group had received collections in advance from associates for \$220 thousand and \$1,000 thousand, respectively.

The outstanding receivables from related parties are unsecured. For the years ended December 31, 2021 and 2020, no impairment loss was recognized for receivables from related parties.

The outstanding payables to related parties are unsecured.

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(d) Key management personnel compensation

Key management personnel compensation comprised:

	For the Years Ended December 31,	
	2021	2020
Short-term employee benefits	\$ 74,255	80,052
Post-employment benefit	1,425	1,462
Share-based payment	-	978
	\$ 75,680	82,492

(8) **Pledged Assets**

The carrying amount of pledged assets were as follows:

Pledged assets	Object	December 31, 2021	December 31, 2020
Current deposits and time deposits	Bank loans, bank guarantee and credit card document receiving service guarantee	\$ 53,702	181,570
Notes receivable and other notes receivable	Guarantee of short-term loan or strengthening credit	200,171	173,612
Property, plant and equipment	Bank loans	89,859	97,822
Investment property	"	1,002,235	929,196
		\$ 1,345,967	1,382,200

(9) **Significant Commitments and Contingencies**

(a) Unrecognized contractual commitments

1. As of December 31, 2021 and 2020, the unused letters of credit were \$0 thousand and \$82,607 thousand, respectively. The guarantee letters issued by banks for sales contract guarantee and purchase bid of hospital were \$544,488 thousand and \$544,488 thousand, respectively.
2. In January 2007, the Company sold 51% equity interest in Jiate Excelsior to a Hong Kong-based company and entered into a joint venture agreement with the Hong Kong-based company. Pursuant to the agreement, the parties had established a joint venture, Excelsior Renal Service, in Hong Kong, of which 49% is held by Excelsior Healthcare, a subsidiary of the Company, and 51% by the Hong Kong-based company. Excelsior Renal Service had established a branch in Taiwan to engage in the sale and lease of medical supplies and equipment. Pursuant to the agreement, the Hong Kong-based company shall also have a right to purchase all of the Company's equity interest in Jiate Excelsior and all of Excelsior Healthcare's equity interest in Excelsior Renal Service from the fifth anniversary of the date of the agreement at a price to be negotiated by the parties.

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3. In January 2007, the Company entered into a supply agreement with the Hong Kong-based company mentioned in 2. above. Pursuant to the agreement, the Company shall purchase certain products from the Hong Kong-based company in agreed quantities at agreed prices annually. If the Company fails to purchase the agreed quantities in a year, the Company shall make an additional payment at specified percentages of the values of the under-purchased products.

4. In September 2010, the Company entered into a license agreement with 3-D Matrix, Ltd. ("3DM") for ten years. The agreement may be automatically extended for two years unless otherwise notified by either party at least six month prior to the expiration date of the agreement and may be extended in the same manner thereafter. Pursuant to the agreement, 3DM shall grant the Company an exclusive right to develop, sell and manufacture the products mentioned in the agreement in Taiwan, and the Company shall pay a royalty at an agreed amount and shall pay agreed amounts for purchases of inventories within agreed periods after the approvals relating to the products are obtained from the health authorities.

(10) **Losses due to major disasters : None.**

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

(12) **Other**

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

By item	For the Years Ended December 31, 2021			For the Years Ended December 31, 2020		
	Operating cost	Operating expense	Total	Operating cost	Operating expense	Total
Employee benefits						
Salary	184,320	352,519	536,839	173,453	365,401	538,854
Labor and health insurance	17,246	29,296	46,542	14,585	26,373	40,958
Pension	9,579	18,328	27,907	8,202	17,428	25,630
Others	11,380	17,992	29,372	9,845	13,450	23,295
Depreciation	144,881	53,752	198,633	111,561	51,130	162,691
Amortization	1,178	3,143	4,321	807	3,969	4,776

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(13) Other disclosures**(a) Information on significant transactions**

The following is the information on significant transactions required by the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” for the Group for the year ended December 31, 2021:

1. Fund financing to other parties:

(Expressed in thousands of New Taiwan dollars)

Number	Name of lender	Name of borrower	Account name	Related party	Highest balance of financing to other party during the period	Ending balance	Actual usage amount during the period	Range of interest rates during the period	Purposes of fund financing for the borrower (Note 2)	Transaction amount for business between two parties	Reasons for short-term financing	Allowance for bad debt	Collateral		Individual funding loan limits	Maximum limitation on fund financing
													Name	Value		
1	SinoExcelsior Investment Inc.	Excelsior Healthcare Co., Limited	Other receivables-Related parties	Yes	2,085	2,085	-	1.00%	2	-	Operating Capital	-	None	-	53,246	53,246

Note 1: The numbers denote the following:

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

Note 2: Purpose of fund financing for the borrower:

1. For those companies with business contact, please fill in 1.
2. For those companies with short-term financing needs, please fill in 2.

Note 3: Maximum limitation on fund financing:

1. The lender's each and total fund financial amount cannot exceed 40% of its net asset value that from the most recent reviewed report.

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

2. Guarantees and endorsements for other parties:

(Expressed in thousands of New Taiwan dollars)

No.	Endorsement/guarantee provider	Counter-party		Limitation on endorsement/guarantee amount provided to each guaranteed party	Maximum balance for the year	Ending balance	Amount actually drawn	Amount of endorsement/guarantee collateralized by properties	Ratio of accumulated endorsement/guarantee to net equity per latest financial statements	Maximum endorsement/guarantee allowance (Note 9)	Guarantee provided by parent company	Guarantee provided by a subsidiary	Guarantee provided to subsidiaries in Mainland China
		Name	Nature of relationship (Note 2)										
0	The Company	Excelsior Medical (HK) Co., Limited (Note 4)	2	1,547,678	770,280	770,280	-	-	9.95%	7,738,389	Y	N	N
0	"	Excelsior Investment (Malaysia) Co., Ltd. (Note 4)	2	1,547,678	58,831	31,140	-	-	0.40%	7,738,389	Y	N	N
0	"	Excelsior Asset Management CO., Ltd. (Note 4)	2	1,547,678	990,000	990,000	75,350	-	12.79%	7,738,389	Y	N	N
0	"	EG Healthcare, Inc. (Note 4)	2	1,547,678	29,305	26,765	9,635	-	0.35%	7,738,389	Y	N	N
0	"	Bestmile Co., Ltd. (Note 4)	2	1,547,678	20,000	20,000	10,000	-	0.26%	7,738,389	Y	N	N
0	"	Medi-Chem System Sdn. Bhd. (Note 4)	2	1,547,678	14,268	13,840	-	-	0.18%	7,738,389	Y	N	N

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No.	Endorsement/ guarantee provider	Counter-party		Limitation on endorsement /guarantee amount provided to each guaranteed party	Maximum balance for the year	Ending balance	Amount actually drawn	Amount of endorsement/ guarantee collateralized by properties	Ratio of accumulated endorsement/guarantee to net equity per latest financial statements	Maximum endorsement/ guarantee amount allowance (Note 9)	Guarantee provided by parent company	Guarantee provided by a subsidiary	Guarantee provided to subsidiaries in Mainland China
		Name	Nature of relationship (Note 2)										
0	The Company	Renal Laboratories Sdn. Bhd. (Note 4)	2	1,547,678	71,338	69,200	-	-	0.89%	7,738,389	Y	N	N
0	"	Excelsior Renal Service Co., Limited (Note 3)	1	762,596	-	-	-	-	- %	7,738,389	N	N	N
0	"	Bestchain Healthtaiwan Co., Ltd. (Note 3)	1	1,788,061	800,000	800,000	-	-	10.34%	7,738,389	N	N	N
1	Dynamic Medical Technologies Inc.	Dynamic Medical Technologies (Hong Kong) Ltd. (Note 6)	2	256,808	54,682	-	-	-	- %	642,021	Y	N	N
2	Excelsior Beauty Co., Ltd.	Dynamic Medical Technologies Inc. (Note 7)	3	71,307	500	100	-	-	0.03%	178,268	N	Y	N
3	Arich Enterprise Co., Ltd.	Taiwan Shionogi Inc. (Note 5)	1	169,779	-	-	-	-	- %	908,994	N	N	N

Note 1: the description of number column:

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

Note 2: Relationship with the Company

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

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

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

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

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

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

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

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

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

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

(Expressed in thousands of New Taiwan dollars)

Name of holder	Category and name of security	Relationship with the Company	Account title	Ending balance				Peak Holding Percentage	Notes	
				Number of shares	Book value	Percentage of shares	Market value			
The Company	Stock									
	SciVision Biotech Inc.	-	Fair value through other comprehensive income	534,525	26,512	0.81%	26,512	0.81%		
	"	3-D Matrix, Ltd.	-	"	288,400	36,345	0.53%	36,345	0.71%	
	"	Caregen Co., Ltd	-	"	39,657	61,974	0.37%	61,974	0.52%	
	"	Gie Cheng Co., Ltd.	-	"	3,795,000	34,497	17.25%	34,497	17.25%	
	"	Missioncare Co., Ltd.	-	"	1,580,526	21,068	1.09%	21,068	1.09%	
	"	Rui Guang Healthcare Co., Ltd.	-	"	2,423,951	27,027	7.15%	27,027	7.15%	
	"	Sunder Biomedical Tech. Co., Ltd.	-	"	2,279,578	54,756	3.80%	54,756	3.80%	
	Linkon International Golf & Country Club			1	9,300	0.10%	9,300	0.10%		

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Name of holder	Category and name of security	Relationship with the Company	Account title	Ending balance				Peak Holding Percentage	Notes
				Number of shares	Book value	Percentage of shares	Market value		
Excelsior Healthcare Co. Limited	Chai Tai Bo Ai Investment Limited	-	Fair value through other comprehensive income	10,000	8,086	8.00	8,086	8.00	
EG Healthcare, Inc.	The Orchard Golf & Country Club	-	"	1	368	- %	368	- %	
Dynamic Medical Technologies Inc.	SciVision Biotech Inc.	Other related parties	"	1,290,649	64,016	1.95%	64,016	1.95%	
"	Caregen Co., Ltd. Stock Warrant	"	"	34,500	53,915	0.32%	53,915	0.32%	
Dynamic Medical Technologies (Hong Kong) Ltd.	Viveve Medical Inc. Stock	-	Financial assets at fair value through profit or loss	250	-	- %	-	- %	
Excelsior Beauty Co., Ltd.	Join Fun Co., Ltd.	-	Fair value through other comprehensive income	263,340	2,830	19.00	2,830	19.00	
Arich Enterprise Co., Ltd.	National Pharmaceutical Logistics Corp., Ltd.	Board director of investee	"	-	300,847	17.65%	300,847	17.65%	

Note : Act as limited company, no outstanding share.

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

(Expressed in thousands of New Taiwan dollars)

Name of company	Name of Counter-party	Relationship	Transaction details				Transactions with terms different from others		Account/note receivable (payable)		Notes
			Purchase/Sale	Amount	Percentage of total purchases/sales	Credit period	Unit price	Credit period	Balance	Percentage of total accounts/notes receivable (payable)	
The Company	Excelsior Renal Service Co., Limited	Associates	Sales	(776,954)	(17.77)%	Net 30-60 days	-		161,552	13.72%	Note 1
"	Bestchain Healthtaiwan Co., Ltd.	"	"	(1,946,276)	(44.50)%	Net 30-90 days	-		562,276	47.77%	Note 1

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

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

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

(Expressed in thousands of New Taiwan dollars)

Name of related party	Counter-party	Relationship	Balance of receivables from related party	Turnover rate	Past-due receivables from related party		Subsequently received amount of receivables from related party	Allowances for bad debts
					Amount	Action taken		
The Company	Excelsior Renal Service Co., Limited	Associates	161,552	4.85	-	-	151,090	-
"	Bestchain Healthtaiwan Co., Ltd.	"	562,276	3.83	-	-	181,917	-

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

9. Derivative transactions:

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

10. Business relationships and significant inter-company transactions:

Number	Name of the company	Name of the counter-party	Existing relationship with the counter-party	Transaction details during 2021			Percentage of the total consolidated revenue or total assets
				Account name	Amount	Terms of trading	
0	The Company	EG Healthcare Inc.	1	Account Receivable	28,016	The same as the term for other general trading partners	0.19%
"	"	"	1	Sales	54,400	Usual terms and conditions	0.83%
1	Dynamic Medical Technologies Inc.	Dynamic Medical Technologies (Hong Kong) Ltd.	3	Account Receivable	1,674	The same as the term for other general trading partners	0.01%
"			3	Sales	44,781	Usual terms and conditions	0.68%

Note 1: The numbers denote the following:

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

Note 2: Relationship with the listed companies:

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

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

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

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(b) Information on investees:

For the year ended December 31, 2021, the following is the information of investees (excluding investees in Mainland china):

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

Name of the investor	Name of investee	Location	Major operations	Initial investment amount		Ending balance			Peak Holding Percentage	Net income (loss) of the investee	Investment income (losses)	Notes
				Ending balance	Beginning balance	Shares	Ratio of shares	Book value				
The Company	Jiate Excesior Co., Ltd.	New Taipei City	Sale, maintenance and lease of medical equipment, and medical management consultancy service	5,279	5,279	1,607,200	49.00%	19,853	49.00%	(402)	(197)	Associates
"	Bestchain Healthtaiwan Co., Ltd.	New Taipei City	Sale of medical equipment and medicines, interagation of warehousing and information	277,647	277,647	45,265,215	44.68%	640,758	44.68%	182,840	81,616	Associates (Note 1)
"	Arich Enterprise Co., Ltd.	New Taipei City	Sale of medicines, and logistics service	380,856	380,856	29,829,742	40.00%	725,159	40.00%	55,305	22,043	Subsidiary (Notes 2 - 4)
"	Dynamic Medical Technologies Inc.	New Taipei City	Sale, maintenance and lease of laser medical equipment for beauty treatment, and sale of consumables of beauty treatment and cosmetic products	180,300	180,300	11,550,425	38.50%	507,317	38.50%	123,206	47,224	Subsidiary (Note 4)
"	Excelsior Healthcare Co., Limited	British Virgin Islands	Investment business	1,244,687	1,244,687	39,411,623	100.00%	1,753,523	100.00%	130,678	130,678	Subsidiary (Notes 4)
"	Bestsmile Co., Ltd.	New Taipei City	Sale of medical equipment, and medical management consultancy service	32,093	32,093	1,150,874	98.02%	1,971	98.02%	(3,688)	(3,614)	Subsidiary (Note 4)
"	Visionfront Corporation	New Taipei City	Sale of medical equipment, and medical management consultancy service	44,069	44,069	2,434,870	44.47%	22,870	44.47%	(875)	(389)	Associates
"	Sunrise Health Care Company	New Taipei City	Sale of medical equipment, and medical management consultancy service	18,806	18,806	2,085,547	23.97%	28,300	23.97%	988	237	Associates
"	Excelsior Medical (HK) Co., Limited	Hong Kong	Investment business	1,588,746	1,588,746	53,154,741	64.36%	1,608,764	64.36%	55,904	35,980	Subsidiary (Note 4)
"	Excelsior Beauty Co., Ltd.	New Taipei City	Sale of aesthetic medical and cosmetic health-care products	91,984	91,984	11,534,804	41.02%	146,523	41.02%	30,874	12,762	Sub-subsidiary (Note 4)
"	Excelsior Asset Management Co., Ltd.	New Taipei City	Sales of medical equipment, precision instrument and real estate	780,525	780,525	80,825,500	100.00%	622,866	100.00%	16,297	16,297	Subsidiary (Note 4)
"	Medifly Co., Ltd.	Taichung	Sale of medical equipment and medicines	31,899	31,899	3,615,976	28.66%	89,847	28.66%	50,414	14,448	Associates

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Name of the investor	Name of investee	Location	Major operations	Initial investment amount		Ending balance			Peak Holding Percentage	Net income (loss) of the investee	Investment income (losses)	Notes
				Ending balance	Beginning balance	Shares	Ratio of shares	Book value				
Excelsior Healthcare Co., Limited	EG Healthcare, Inc.	Philippines	Sale and lease of medical equipment, and medical management consultancy service	19,256	19,256	5,293,453	99.99%	76,000	99.99%	11,958	-	Sub-subsidiary (Note 4)
"	Excelsior Renal Service Co., Limited	Hong Kong	Sale, maintenance and lease of medical equipment, and medical management consultancy service	312,505	312,505	73,375,728	49.00%	412,602	49.00%	175,336	-	Associates
"	Excelsior Medical (HK) Co., Limited	Hong Kong	Investment business	862,529	862,529	29,439,829	35.64%	890,869	35.64%	55,904	-	Subsidiary (Note 4)
"	Excelsior Investment (Malaysia) Co., Ltd	British Virgin Islands	Investment business	192,814	166,346	6,341,416	100.00%	164,614	100.00%	391	-	Sub-subsidiary (Note 4)
Dynamic Medical Technologies Inc.	Dynamic Medical Technologies (Hong Kong) Ltd.	Hong Kong	Sale and maintenance of medical equipment	382,278	382,278	79,021,783	100.00%	262,171	100.00%	12,416	-	Subsidiary (Note 4 & 5)
"	Excelsior Beauty Co., Ltd.	New Taipei City	Sale of aesthetic medical and cosmetic health-care products	138,745	138,745	15,154,496	53.89%	186,103	53.89%	30,874	-	Subsidiary (Note 1 & 4)
"	Medytox Taiwan Inc.	New Taipei City	Sale of cosmetic health-care products	18,000	18,000	1,800,000	40.00%	12	40.00%	4,546	-	Associates
Dynamic Medical Technologies (Hong Kong) Ltd.	CYJ INTERNATIONAL COMPANY LIMITED	Hong Kong	Sale and treatment of hair regrowth and conditioning	66,547	66,547	2,150,000	50.00%	11,882	50.00%	4,072	-	Associates
Excelsior Beauty Co., Ltd.	CYJ International Taiwan Inc.	New Taipei City	Sale and treatment of hair protecting and conditioning	97,920	97,920	9,792,000	80.00%	97,679	80.00%	21,254	-	Sub-subsidiary (Note 4)
Excelsior Medical (HK) Co., Limited	Asia Best Healthcare Co., Ltd.	Cayman Islands	Long-term care business	1,395,079	1,395,079	338,800	49.38%	1,405,198	49.38%	103,173	-	Associates
Excelsior Investment (Malaysia) Co., Ltd	RENAL LABORATORIES SDN. BHD.	Malaysia	Manufacture of medical equipment	145,264	136,982	16,773,586	70.00%	159,207	70.00%	2,672	-	Sub-subsidiary (Note 4)
"	MEDI-CHEM SYSTEMS SDN. BHD.	Malaysia	Sale of medical equipment	44,052	25,865	350,000	70.00%	35,771	70.00%	(391)	-	Sub-subsidiary (Note 4)
MEDI-CHEM SYSTEMS SDN. BHD.	RENAL MANAGEMENT SDN. BHD.	Malaysia	Lease business	1,315	1,315	200,000	100.00%	8,656	100.00%	90	-	Sub-subsidiary (Note 4)

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

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

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

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

Note 5: Dynamic Medical Technologies (Hong Kong) Ltd. has capital reduction by cash to offset company losses of \$76,445 thousands and cancelled 19,755,455 shares of common stock in February 2021.

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(c) Information on investment in Mainland China:

1. Information on investment in Mainland China:

(Amounts Expressed in Thousands of New Taiwan Dollars)

Name of the investee	Main Businesses and products	Total amount of pain-in capital	Method of investment (Note 1)	Accumulated outflow of investment from Taiwan as of January 1, 2020	Investment flows		Accumulated outflow of investment from Taiwan as of December 31, 2020	Net income (loss) of the investee	Direct /indirect shareholding (%) by the Company	Peak Holding Percentage	Current investment gains and losses	Carrying Amount	Accumulated Inward Remittance of Earnings
					Out-flow	Inflow							
Excelsior Healthcare (Shanghai) Corporation (Note 3)	Sale and lease of medical equipment, and medical management consultancy service	-	(2)	30,240	-	-	30,240	-	- %	- %	-	-	-
Shanghai Lintech Medicare Co. (Note 4)	Sale and maintenance of medical equipment	-	(2)	29,213	-	-	29,213	-	- %	- %	-	-	-
Pacific Beijing Bo-Ai Medical Management Consulting Co., Ltd.	Investment business and medical management consultancy service	84,187	(2)	80,327	-	-	80,327	(19,281)	7.80%	7.80%	-	8,086	-
SinoExcelsior Investment Inc. (Note 5)	Investment business, sale and lease of medical equipment, and medical management consultancy service	291,579	(2)	947,845	-	-	947,845	3,228	100.00%	100.00%	3,228	133,115	-
Guangzhou Dynamic Inc. (Note 6)	Sale and maintenance of medical equipment	44,346	(2)	119,574	-	-	119,574	(1,015)	100.00%	100.00%	(1,015)	11,053	-
Beijing Dynamic Inc. (Note 7)	Sale and maintenance of medical equipment	-	(2)	34,424	-	-	34,424	-	- %	- %	-	-	-
National Pharmaceutical Logistics Corp., Ltd.	Medical logistics	370,493	(3)	66,603	-	-	66,603	156,671	17.65%	17.65%	-	300,847	49,732

2. Limitation on investment in Mainland China:

Company	Accumulated Investment in Mainland China as of December 31, 2020	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment (Note 8)
The Company	1,087,625	1,289,640	4,643,033
Dynamic	153,998	153,998	770,425
Arich	66,603	66,603	1,090,792

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

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

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

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

Note 3: The liquidation procedure of Excelsior Healthcare (Shanghai) Corporation was completed in March 2016, and the investment had remitted to Excelsior Healthcare Co., Limited in the third place. As of December 31, 2021, the accumulated amount of investment from Taiwan has not been repatriated yet.

Note 4: The disposal of Shanghai Lintech Medicare Co. was completed in December 2015. As of December 31, 2021, the original investment amount of \$29,213 thousand from Taiwan has not been repatriated yet.

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

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

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Note 7: The liquidation procedure of Beijing Dynamic Inc. was completed in November 2018, and the investment had remitted to Dynamic Medical Technologies (Hong Kong) Ltd. in the third place. As of December 31, 2021, the accumulated amount of investment from Taiwan has not been repatriated yet.

Note 8: (1)The upper limit on investment of the Company and Dynamic is the 60% of net value.

(2)The upper limit on investment of Arich is the higher of \$80,000 thousand or 60% of net value.

Note 9: All amounts listed are disclosed in NTD.

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

3. Significant transactions :

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

(d) Major shareholders:

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

(14) Segment Information

(a) General information

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

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

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

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

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

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

<u>For the Years Ended December 31, 2021</u>	<u>Excelsior segment</u>	<u>Dynamic segment</u>	<u>Arich segment</u>	<u>Others</u>	<u>Adjustment and Elimination</u>	<u>Total</u>
Revenue						
Revenue from external customers	\$ 4,306,026	1,024,576	945,600	296,950	-	6,573,152
Inter-segment revenue	67,168	3,607	61	26,638	(97,474)	-
Interest revenue	624	4,008	855	6,192	(987)	10,692
Total	<u>\$ 4,373,818</u>	<u>1,032,191</u>	<u>946,516</u>	<u>329,780</u>	<u>(98,461)</u>	<u>6,583,844</u>
Interest expense	\$ 572	872	4,502	3,397	(582)	8,761
Depreciation and amortization	28,469	96,193	41,829	46,463	(10,000)	202,954
Reportable segment profit (loss)	<u>\$ 716,069</u>	<u>173,821</u>	<u>68,115</u>	<u>177,296</u>	<u>(261,565)</u>	<u>873,736</u>
<u>For the Years Ended December 31, 2020</u>						
Revenue						
Revenue from external customers	\$ 4,141,741	1,008,324	1,251,363	274,066	-	6,675,494
Inter-segment revenue	57,999	984	32	17,095	(76,110)	-
Interest revenue	1,246	6,439	406	15,164	-	23,255
Total	<u>\$ 4,200,986</u>	<u>1,015,747</u>	<u>1,251,801</u>	<u>306,325</u>	<u>(76,110)</u>	<u>6,698,749</u>
Interest expense	\$ 560	1,010	6,558	2,871	(231)	10,768
Depreciation and amortization	26,029	80,474	34,720	29,636	(3,392)	167,467
Reportable segment profit (loss)	<u>\$ 673,009</u>	<u>148,690</u>	<u>62,717</u>	<u>178,277</u>	<u>(233,310)</u>	<u>829,383</u>

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

EXCELSIOR MEDICAL CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

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

(c) Product and service information

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

<u>Name of products and services</u>	<u>For the Years Ended December 31,</u>	
	<u>2021</u>	<u>2020</u>
Product revenue		
Medical equipment and supplies	\$ 3,947,348	3,833,073
Medicines	720,218	1,108,050
Aesthetic medical equipment and supplies	790,900	799,957
Household appliances	160,457	119,381
Others	74,440	78,279
Repair and maintenance revenue	380,318	359,575
Rental revenue	54,534	33,230
Other operating revenue	444,937	343,949
Total	<u>\$ 6,573,152</u>	<u>6,675,494</u>

(d) Geographical information

<u>By region</u>	<u>For the Years Ended December 31,</u>	
	<u>2021</u>	<u>2020</u>
Revenue from external customers:		
Taiwan	\$ 6,273,083	6,351,482
Hong Kong	46,695	71,858
China	-	130
Philippines	148,917	136,218
Malaysia	104,457	115,806
Total	<u>\$ 6,573,152</u>	<u>6,675,494</u>

<u>By region</u>	<u>December 31,</u>	<u>December 31,</u>
	<u>2021</u>	<u>2020</u>
Non-current assets :		
Taiwan	\$ 1,763,581	1,630,565
Hong Kong	232	1,615
China	7	87
Philippines	32,102	31,705
Malaysia	201,362	219,402
British Virgin Islands	10,277	10,574
Total	<u>\$ 2,007,561</u>	<u>1,893,948</u>

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

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

EXCELSIOR MEDICAL CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

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

(e) Revenue from main customers

	For the Years Ended December 31,	
	2021	2020
Bestchain	\$ 1,952,623	1,795,253
Excelsior Renal Service	878,400	860,245
	\$ 2,831,023	2,655,498

5. Financial Statements and Independent Auditors' Report – Parent Company

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, 2021 and 2020, 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, 2021 and 2020, 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 audits 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\$138,000 thousand and NT\$146,436 thousand, constituting 2% and 2% of the total assets at December 31, 2021 and 2020, respectively, and the related share of profit of subsidiaries, associates and joint ventures accounted for using the equity method amounted to NT\$14,488 thousand and NT\$29,466 thousand, constituting 2% and 4% 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 11, 2022

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, 2021 AND 2020
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

ASSETS		December 31, 2021		December 31, 2020		LIABILITIES AND EQUITY		December 31, 2021		December 31, 2020	
		Amount	%	Amount	%			Amount	%	Amount	%
Current assets:						Current liabilities:					
1100	Cash and cash equivalents (Note (6)(a))	\$ 507,977	6	439,605	5	2100	Short-term borrowings (Note (6)(k))	\$ 150,000	2	-	-
1110	Current financial assets at fair value through profit or loss (Note (6)(b))	-	-	166	-	2120	Current financial liabilities at fair value through profit or loss (Note (6)(b))	673	-	46	-
1151	Notes receivable (Notes (6)(d))	68,492	1	61,208	1	2150	Notes payable	398	-	396	-
1170	Accounts receivable (Notes (6)(d))	328,309	4	314,322	4	2170	Accounts payable (Note (7))	734,993	8	620,193	8
1180	Accounts receivable due from related parties (Notes (6)(d) and (7))	762,298	8	647,234	8	2200	Other payables (Notes (7))	187,659	2	162,233	2
1200	Other receivables (Notes (6)(d) and (7))	1,195	-	3,806	-	2230	Current tax liabilities	45,041	1	38,988	-
130X	Inventories (Note (6)(e))	612,900	7	580,389	6	2280	Current lease liabilities (Note (6)(m))	2,571	-	1,800	-
1470	Other current assets, others	18,188	-	11,055	-	2399	Other current liabilities, others (Notes (6)(l) and (7))	27,196	-	9,895	-
		<u>2,299,359</u>	<u>26</u>	<u>2,057,785</u>	<u>24</u>			<u>1,148,531</u>	<u>13</u>	<u>833,551</u>	<u>10</u>
Non-current assets:						Non-Current liabilities:					
1517	Non-current financial assets at fair value through other comprehensive income (Note (6)(c))	271,479	3	286,012	4	2570	Deferred tax liabilities (Note (6)(p))	175,674	2	141,842	2
1550	Investments accounted for using equity method (Note (6)(f))	6,167,751	68	5,936,662	69	2580	Non-current lease liabilities (Notes (6)(m))	9,510	-	2,957	-
1600	Property, plant and equipment (Notes (6)(h) and (8))	183,703	2	177,053	2	2670	Other non-current liabilities, others	166	-	166	-
1755	Right-of-use assets (Note (6)(i))	11,895	-	4,704	-			<u>185,350</u>	<u>2</u>	<u>144,965</u>	<u>2</u>
1780	Intangible assets (Note (6)(j))	3,755	-	1,203	-		Total liabilities	<u>1,333,881</u>	<u>15</u>	<u>978,516</u>	<u>12</u>
1840	Deferred tax assets (Note (6)(p))	100,185	1	83,678	1		Equity (Note (6)(q)):				
1975	Net defined benefit asset (Note (6)(o))	8,970	-	5,599	-	3100	Share capital	1,411,490	16	1,411,490	16
1980	Other non-current financial assets	10,339	-	9,142	-	3200	Capital surplus	3,276,107	36	3,276,107	38
1990	Other non-current assets, others	14,834	-	7,575	-	3300	Retained earnings	3,192,892	35	3,017,380	35
		<u>6,772,911</u>	<u>74</u>	<u>6,511,628</u>	<u>76</u>	3400	Other equity	(142,100)	(2)	(114,080)	(1)
							Total equity	<u>7,738,389</u>	<u>85</u>	<u>7,590,897</u>	<u>88</u>
TOTAL ASSETS		\$ 9,072,270	100	8,569,413	100	TOTAL LIABILITIES AND EQUITY		\$ 9,072,270	100	8,569,413	100

EXCELSIOR MEDICAL CO., LTD.**STATEMENTS OF COMPREHENSIVE INCOME****FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020****(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, EXCEPT EARNINGS PER SHARE)**

		For the Years Ended December 31,			
		2021		2020	
		Amount	%	Amount	%
4000	Operating revenue (Notes (6)(s) and (7))	\$ 4,373,194	100	4,199,740	100
5000	Operating costs (Note (6)(e))	3,652,377	84	3,514,008	84
	Gross profit from operations	720,817	16	685,732	16
5910	Less: Unrealized profit from sales	121,722	3	110,977	3
5920	Add: Realized profit from sales	120,315	3	110,901	3
		719,410	16	685,656	16
	Operating expenses:				
6100	Selling expenses	214,653	5	206,919	5
6200	Administrative expenses	163,148	3	158,015	3
6450	Expected credit loss (gain) (Note (6)(d))	(2,625)	-	1,608	-
		375,176	8	366,542	8
	Net operating income	344,234	8	319,114	8
	Non-operating income and expenses:				
7100	Interest income (Note (6)(u))	624	-	1,246	-
7010	Other income (Notes (6)(u) and (7))	4,082	-	6,329	-
7020	Other gains and losses (Notes (6)(u) and (7))	10,616	-	8,456	-
7050	Finance costs (Note (6)(u))	(572)	-	(560)	-
7060	Share of profit of subsidiaries, associates and joint ventures accounted for using equity method (Note (6)(f))	357,085	8	338,424	8
		371,835	8	353,895	8
7900	Profit before tax	716,069	16	673,009	16
7950	Less: Tax expense (Note (6)(p))	108,920	2	101,339	2
	Profit	607,149	14	571,670	14
	Other comprehensive income (loss):				
	Items that will not be reclassified subsequently to profit and loss				
8311	Gains (losses) on remeasurements of defined benefit plans	2,572	-	1,572	-
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	25,284	1	(18,238)	-
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	5,695	-	50,905	1
8349	Less: Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	972	-	1,147	-
	Total items that will not be reclassified subsequently to profit and loss	32,579	1	33,092	1
8360	Items that will be reclassified to profit or loss				
8361	Exchange differences on translation	(73,200)	(2)	(110,137)	(3)
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	(2,513)	-	(3,356)	-
8399	Less: Income tax related to components of other comprehensive income that will be reclassified to profit or loss	(14,640)	-	(22,027)	(1)
	Total items that will be reclassified subsequently to profit and loss	(61,073)	(2)	(91,466)	(2)
	Other comprehensive income, net	(28,494)	(1)	(58,374)	(1)
8500	Total comprehensive income for the year	\$ 578,655	13	513,296	13
	Earnings per share (Note (6)(r))				
9750	Basic earnings per share (NT dollars)	\$ 4.30		4.06	
9850	Diluted earnings per share (NT dollars)	\$ 4.28		4.04	

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

STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

	Share capital		Retained earnings			Total other equity interest		Total equity
	Ordinary shares	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	
Balance as of January 1, 2020	\$ 1,281,490	2,816,807	727,039	26,629	2,150,725	(107,903)	51,554	6,946,341
Profit for the year	-	-	-	-	571,670	-	-	571,670
Other comprehensive income (loss) for the year	-	-	-	-	(944)	(91,466)	34,036	(58,374)
Total comprehensive income (loss) for the year	-	-	-	-	570,726	(91,466)	34,036	513,296
Appropriation and distribution of retained earnings:								
Legal reserve appropriated	-	-	51,476	-	(51,476)	-	-	-
Special reserve reversed	-	-	-	29,720	(29,720)	-	-	-
Cash dividends of ordinary share	-	-	-	-	(465,792)	-	-	(465,792)
Changes in equity of associates and joint ventures accounted for using equity method	-	333	-	-	7,490	-	-	7,823
Capital increased by cash	130,000	455,000	-	-	-	-	-	585,000
Changes in ownership interests in subsidiaries	-	3,967	-	-	262	-	-	4,229
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	301	-	(301)	-
Balance as of December 31, 2020	1,411,490	3,276,107	778,515	56,349	2,182,516	(199,369)	85,289	7,590,897
Profit for the year	-	-	-	-	607,149	-	-	607,149
Other comprehensive income (loss) for the year	-	-	-	-	3,617	(61,073)	28,962	(28,494)
Total comprehensive income (loss) for the year	-	-	-	-	610,766	(61,073)	28,962	578,655
Appropriation and distribution of retained earnings:								
Legal reserve appropriated	-	-	57,878	-	(57,878)	-	-	-
Special reserve appropriated	-	-	-	57,731	(57,731)	-	-	-
Cash dividends of ordinary share	-	-	-	-	(494,021)	-	-	(494,021)
Changes in equity of associates and joint ventures accounted for using equity method	-	-	-	-	62,440	-	-	62,440
Changes in ownership interests in subsidiaries	-	-	-	-	418	-	-	418
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	(4,091)	-	4,091	-
Balance as of December 31, 2021	\$ 1,411,490	3,276,107	836,393	114,080	2,242,419	(260,442)	118,342	7,738,389

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

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

	For the Years Ended December 31,	
	2021	2020
Cash flows from operating activities:		
Profit before tax	\$ 716,069	673,009
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation expense	26,201	23,759
Amortization expense	2,268	2,270
Expected credit loss (gain)	(2,625)	1,608
Net loss (gain) on financial assets or liabilities at fair value through profit or loss	6,640	200
Interest expense	572	560
Interest income	(624)	(1,246)
Dividend income	(4,082)	(6,329)
Share of profit of subsidiaries, associates and joint ventures accounted for using equity method	(357,085)	(338,424)
Unrealized profit from sales	121,722	110,977
Realized profit from sales	(120,315)	(110,901)
Others	(171)	400
Total adjustments to reconcile profit	(327,499)	(317,126)
Changes in operating assets and liabilities:		
Changes in operating assets:		
Notes receivable	(7,284)	8,238
Accounts receivable	(11,362)	991
Accounts receivable due from related parties	(115,064)	(22,063)
Other receivables	2,611	971
Inventories	(57,644)	(60,184)
Net defined benefit asset	(799)	(843)
Other current assets	(7,133)	5,646
Total changes in operating assets	(196,675)	(67,244)
Changes in operating liabilities:		
Notes payable	2	(4,388)
Accounts payable	114,800	(94,137)
Other payables	25,398	4,050
Other current liabilities	17,301	1,864
Other operating liabilities	-	(28)
Total changes in operating liabilities	157,501	(92,639)
Total changes in operating assets and liabilities	(39,174)	(159,883)
Total adjustments	(366,673)	(477,009)
Cash inflow generated from operations	349,396	196,000
Interest received	624	1,961
Income taxes paid	(71,874)	(67,858)
Net cash flows from operating activities	278,146	130,103

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

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

	For the Years Ended December 31,	
	2021	2020
Cash flows from investing activities:		
Proceeds from disposal of financial assets at fair value through other comprehensive income	39,818	1,006
Acquisition of financial assets at fair value through profit or loss	(5,847)	(320)
Acquisition of investments accounted for using equity method	-	(183,252)
Acquisition of property, plant and equipment	(5,011)	(920)
Acquisition of intangible assets	(3,713)	(1,369)
(Increase) decrease in other financial assets	(1,197)	(384)
Increase in other non-current assets	(8,367)	(754)
Dividends received	121,510	81,808
Net cash flows (used in) from investing activities	137,193	(104,185)
Cash flows from financing activities:		
Increase in short-term borrowings	150,000	-
Decrease in short-term borrowings	-	(450,000)
Cash dividends paid	(494,021)	(465,792)
Capital increased by cash	-	585,000
Interest paid	(543)	(924)
Payment of lease liabilities	(2,403)	(3,793)
Net cash flows (used in) from financing activities	(346,967)	(335,509)
Net decrease in cash and cash equivalents	68,372	(309,591)
Cash and cash equivalents at beginning of period	439,605	749,196
Cash and cash equivalents at end of period	\$ 507,977	439,605

EXCELSIOR MEDICAL CO., LTD.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020**

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

(1) Company History

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

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

(2) Financial Statements Authorization Date and Authorization Process

The financial statements were authorized for issue by the Board of Directors on March 11, 2022.

(3) New Standards, Amendments and Interpretations Adopted:

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

The Company has initially adopted the following new amendments, which do not have a significant impact on its financial statements, from January 1, 2021:

- Amendments to IFRS 4 "Extension of the Temporary Exemption from Applying IFRS 9"
- Amendments to IFRS 9, IAS39, IFRS7, IFRS 4 and IFRS 16 "Interest Rate Benchmark Reform—Phase 2"
- Amendments to IFRS 16 "Covid-19-Related Rent Concessions beyond June 30, 2021"

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

The Company assesses that the adoption of the following new amendments, effective for annual period beginning on January 1, 2022, would not have a significant impact on its financial statements:

- Amendments to IAS 16 "Property, Plant and Equipment – Proceeds before Intended Use"
- Amendments to IAS 37 "Onerous Contracts – Cost of Fulfilling a Contract"
- Annual Improvements to IFRS Standards 2018–2020
- Amendments to IFRS 3 "Reference to the Conceptual Framework"

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

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

- Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture”
- IFRS 17 “Insurance Contracts” and amendments to IFRS 17 “Insurance Contracts”
- Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”
- Amendments to IAS 1 “Disclosure of Accounting Policies”
- Amendments to IAS 8 “Definition of Accounting Estimates”
- Amendments to IAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”

(4) Summary of Significant Accounting Policies

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

- (a) Statement of compliance

These financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (hereinafter referred to the Regulations).

- (b) Basis of preparation

1. Basis of measurement

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

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

2. Functional and presentation currency

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

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(c) Foreign Currencies

1. Foreign currency transactions

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

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

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

2. Foreign operations

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

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

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

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

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

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

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

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

(e) Cash and Cash Equivalents

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

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

(f) Financial instruments

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

1.Financial assets

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

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

1) Financial assets measured at amortized cost

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

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

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

2) Fair value through other comprehensive income (FVOCI)

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

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

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

3) Fair value through profit or loss (FVTPL)

All financial assets not classified as amortized cost or FVOCI described as above are measured at FVTPL, including derivative financial assets. On initial recognition, the Company may irrevocably designate a financial asset, which meets the requirements to be measured at amortized cost or at FVOCI, as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

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

4) Impairment of financial assets

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

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

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

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

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

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

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

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

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

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

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

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

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

5) Derecognition of financial assets

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

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

2. Financial liabilities and equity instruments

1) Classification of debt or equity

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

2) Equity instrument

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

3) Financial liabilities

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss.

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

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4) Derecognition of financial liabilities

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

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

5) Offsetting of financial assets and liabilities

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

3. Derivative financial instruments

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

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

(g) Inventories

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

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

(h) Investment in Associates

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

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

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

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

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

(i) Investment in subsidiaries

The subsidiaries in which the Company holds their controlling interest are accounted for using equity method in the parent-company-only financial statements. Under equity method, the net income, other comprehensive income and equity in the parent-company-only financial statement are the same as those attributable to the owners of parent in the consolidated financial statements.

The changes in the ownership of the subsidiaries are recognized as equity transaction.

(j) Property, Plant, and Equipment

1. Recognition and measurement

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

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

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

2. Subsequent expenditure

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

3. Depreciation

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

Land is not depreciated.

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

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

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

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(k) Leases

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

(i) As a lessee

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

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

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

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

- fixed payments, including in-substance fixed payments; and
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;

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

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

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

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

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

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

(ii) As a lessor

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

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

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

The Company recognizes lease payments received under operating leases as income on a straight-line basis over the lease term as part of 'other income'.

(l) Intangible Assets

1. Recognition and measurement

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

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

2. Subsequent expenditure

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

3. Amortization

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

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

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

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

(m) Impairment of Non-Financial Assets

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

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

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

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

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

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

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(n) Provisions

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

(o) Revenue

1. Revenue from contracts with customers

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

1) Sale of goods

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

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

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

2) Services

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

3) Financing components

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

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(p) Employee Benefits

1. Defined contribution plans

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

2. Defined benefit plans

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

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

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

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

3. Other long-term employee benefits

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

4. Termination benefits

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

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5.Short-term employee benefits

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

(q) Income Taxes

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

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

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

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

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

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

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

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

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(r) Earnings per Share

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

(s) Operating Segments

Please refer to the consolidated financial report of Excelsior Medical Co., Ltd. for the years ended December 31, 2021 and 2020 for the operating segments information.

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

Uncertainty

In preparing these financial statements in conformity with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, management has made judgments, estimates, and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income, and expenses. Actual results may differ from these estimates.

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

Accounting policies which influence material judgment and has significant impact on prices recognized in parent-company-only financial statements is as follows:

To identify whether the Company has actual control to investee, please refer to the consolidated financial statements for the year ended December 31, 2021.

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

The loss allowance of trade receivable

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

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(6) Explanation of Significant Accounts

(a) Cash and cash equivalents

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Cash on hand, demand deposits and checking accounts	\$ 507,977	439,096
Time deposits	-	509
Cash and cash equivalents in statement of cash flows	<u>\$ 507,977</u>	<u>439,605</u>

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

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

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Mandatorily measured at fair value through profit or loss:		
Derivative instruments not used for hedging		
Forward foreign exchange contracts	<u>\$ -</u>	<u>166</u>
Held-for-trading financial liabilities		
Derivative instruments not used for hedging		
Forward foreign exchange contracts	<u>\$ 673</u>	<u>46</u>

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

Forward foreign exchange contracts:

	<u>December 31, 2021</u>		
	<u>Amount (in thousands)</u>	<u>Currency</u>	<u>Maturity period</u>
Forward foreign exchange contracts purchased	JPY 257,425	JPY to TWD	2022.1~2022.3
Forward foreign exchange contracts purchased	USD 515	USD to TWD	2022.1
	<u>December 31, 2020</u>		
	<u>Amount (in thousands)</u>	<u>Currency</u>	<u>Maturity period</u>
Foreign exchange forward purchased	USD 107,538	JPY to TWD	2021.2~2021.3
Foreign exchange forward purchased	USD 400	USD to TWD	2021.1

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

	December 31, 2021	December 31, 2020
Equity investments at fair value through other comprehensive income		
Domestic listed shares	\$ 26,512	30,397
Foreign listed shares	98,319	128,802
Domestic unlisted shares	146,648	126,813
Total	<u>\$ 271,479</u>	<u>286,012</u>

1. Equity investments at fair value through other comprehensive income

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

The Company has sold its common stocks designated at fair value through other comprehensive income because of operation strategies for the years ended December 31, 2021 and 2020. The shares sold had a fair value of \$40,172 thousand and \$1,009 thousand, respectively. The Company realized a gain of loss \$4,091 thousand and gain \$301 thousand, respectively, which is already included in other comprehensive income, and thereafter, was transferred to retained earnings from other equity.

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

3. As of December 31, 2021 and 2020, the aforesaid financial assets were not pledged as collateral.

(d) Notes receivable, accounts receivable and other receivables

	December 31, 2021	December 31, 2020
Notes receivable	\$ 68,492	61,208
Accounts receivable	1,108,644	982,406
Other receivables	1,195	3,806
Less: Loss allowance	(18,037)	(20,850)
Net	<u>\$ 1,160,294</u>	<u>1,026,570</u>

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

	December 31, 2021		
	Gross carrying amount	Weighted-aver age loss rate	Loss allowance provision
Current	\$ 1,174,053	1.59%	(13,774)
1 to 90 days past due	616	98.62%	(601)
91 to 180 days past due	24	100%	(24)
181 to 365 days past due	-	100%	-
More than 365 days past due	3,638	100%	(3,638)
	<u>\$ 1,178,331</u>		<u>(18,037)</u>

	December 31, 2020		
	Gross carrying amount	Weighted-aver age loss rate	Loss allowance provision
Current	\$ 1,043,167	1.59%	(16,604)
1 to 90 days past due	508	98.62%	(501)
91 to 180 days past due	29	100%	(29)
181 to 365 days past due	-	100%	-
More than 365 days past due	3,716	100%	(3,716)
	<u>\$ 1,047,420</u>		<u>(20,850)</u>

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

	For the Years Ended December 31,	
	2021	2020
Balance as of January 1	\$ 20,850	19,242
Impairment losses recognized	-	1,608
Impairment losses reversed	(2,625)	-
Amounts written off	(188)	-
Balance as of December 31	<u>\$ 18,037</u>	<u>20,850</u>

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(e) Inventories

	December 31, 2021	December 31, 2020
Merchandise	\$ 527,777	491,314
Inventory in-transit	85,123	89,075
Total	\$ 612,900	580,389

The details of cost of goods sold were as follows :

	For the Years Ended December 31,	
	2021	2020
Cost of goods sold	\$ 3,566,718	3,442,305
Losses (reversal) on inventory valuation and obsolescence	4,514	(14,610)
Repair and maintenance costs	77,961	83,159
Others operating costs	3,184	3,154
Total	\$ 3,652,377	3,514,008

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

(f) Investments accounted for using equity method

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

	December 31, 2021	December 31, 2020
Subsidiaries	\$ 5,366,123	5,256,868
Associates	801,628	679,794
	\$ 6,167,751	5,936,662

1.Subsidiary

Please refer to the consolidated financial statements for the year ended of December 31, 2021.

2.Associates

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

	December 31, 2021	December 31, 2020
Carrying amount of individually insignificant associates' equity	\$ 801,628	679,794

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	For the Years Ended December 31,	
	2021	2020
Attributable to Company:		
Profit	\$ 95,714	104,828
Other comprehensive income	23,333	29,521
Total comprehensive income	\$ 119,047	134,349

(g) Changes in ownership interests in subsidiaries

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

(h) Property, plant and equipment

The cost, depreciation, and impairment loss of the property, plant and equipment of the Company for the years ended December 31, 2021 and 2020 were as follows:

	<u>Land</u>	<u>Buildings</u>	<u>Medical equipment</u>	<u>Miscellaneous equipment</u>	<u>Total</u>
Cost or deemed cost:					
Balance as of January 1, 2021	\$ 75,758	99,094	84,872	12,921	272,645
Additions	-	993	2,358	1,660	5,011
Disposal and obsolescence	-	(2,165)	(912)	(1,442)	(4,519)
Transfer from inventories	-	-	23,487	1,646	25,133
Transfer to inventories	-	-	(3,301)	-	(3,301)
Balance as of December 31, 2021	\$ 75,758	97,922	106,504	14,785	294,969
Balance as of January 1, 2020	\$ 75,758	98,943	71,463	23,068	269,232
Additions	-	543	-	377	920
Disposal and obsolescence	-	(392)	(1,664)	(10,850)	(12,906)
Transfer from inventories	-	-	15,817	726	16,543
Transfer to inventories	-	-	(744)	-	(744)
Transfer to expense	-	-	-	(400)	(400)
Balance as of December 31, 2020	\$ 75,758	99,094	84,872	12,921	272,645
Depreciation and impairment losses:					
Balance as of January 1, 2021	\$ 4,000	43,369	40,543	7,680	95,592
Depreciation for the period	-	2,096	19,373	2,025	23,494
Disposal and obsolescence	-	(2,165)	(912)	(1,442)	(4,519)
Transfer to inventories	-	-	(3,301)	-	(3,301)
Balance as of December 31, 2021	\$ 4,000	43,300	55,703	8,263	111,266
Balance as of January 1, 2020	\$ 4,000	41,652	26,854	16,676	89,182
Depreciation for the period	-	2,109	16,025	1,854	19,988
Disposal and obsolescence	-	(392)	(1,664)	(10,850)	(12,906)
Transfer to inventories	-	-	(672)	-	(672)
Balance as of December 31, 2020	\$ 4,000	43,369	40,543	7,680	95,592

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	<u>Land</u>	<u>Buildings</u>	<u>Medical equipment</u>	<u>Miscellaneous equipment</u>	<u>Total</u>
Carrying amount:					
Balance as of December 31, 2021	<u>\$ 71,758</u>	<u>54,622</u>	<u>50,801</u>	<u>6,522</u>	<u>183,703</u>
Balance as of January 1, 2020	<u>\$ 71,758</u>	<u>57,291</u>	<u>44,609</u>	<u>6,392</u>	<u>180,050</u>
Balance as of December 31, 2020	<u>\$ 71,758</u>	<u>55,725</u>	<u>44,329</u>	<u>5,241</u>	<u>177,053</u>

(i) Right-of-use assets

The Company leases many assets including buildings and other equipment. Information about leases for which the Company as a lessee is presented below:

	<u>Buildings</u>	<u>Other equipment</u>	<u>Total</u>
Cost:			
Balance as of January 1, 2021	\$ 11,682	1,440	13,122
Additions	10,174	-	10,174
Write-off	(6,388)	(1,440)	(7,828)
Balance as of December 31, 2021	<u>\$ 15,468</u>	<u>-</u>	<u>15,468</u>
Balance as of January 1, 2020	\$ 16,093	1,440	17,533
Additions	3,612	-	3,612
Write-off	(8,023)	-	(8,023)
Balance as of December 31, 2020	<u>\$ 11,682</u>	<u>1,440</u>	<u>13,122</u>
Accumulated depreciation and impairment losses:			
Balance as of January 1, 2021	\$ 6,978	1,440	8,418
Additions	2,707	-	2,707
Write-off	(6,112)	(1,440)	(7,552)
Balance as of December 31, 2021	<u>\$ 3,573</u>	<u>-</u>	<u>3,573</u>
Balance as of January 1, 2020	\$ 3,495	1,152	4,647
Depreciation for the year	3,483	288	3,771
Balance as of December 31, 2020	<u>\$ 6,978</u>	<u>1,440</u>	<u>8,418</u>
Carrying amount:			
Balance as of December 31, 2021	<u>\$ 11,895</u>	<u>-</u>	<u>11,895</u>
Balance as of January 1, 2020	<u>\$ 12,598</u>	<u>288</u>	<u>12,886</u>
Balance as of December 31, 2020	<u>\$ 4,704</u>	<u>-</u>	<u>4,704</u>

The Company added and modified parts of the lease contract, resulting in a increase in right of use assets of \$9,868 thousand and an increase of \$4,411 thousand to be recognized for the years ended December 31, 2021 and 2020, respectively.

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For the years ended December 31, 2021 and 2020, the Company leased storage room and parking space under operating lease, please refer to Note (6)(n).

(j) Intangible assets

The costs, amortization, and impairment of the Company for the years ended December 31, 2021 and 2020, were as follows:

	<u>Software</u>	<u>Other intangible assets</u>	<u>Total</u>
Cost:			
Balance as of January 1, 2021	\$ 3,573	18,442	22,015
Acquisition	713	3,000	3,713
Disposal	(2,008)	-	(2,008)
Balance as of December 31, 2021	<u>\$ 2,278</u>	<u>21,442</u>	<u>23,720</u>
Balance as of January 1, 2020	\$ 2,204	19,442	21,646
Acquisition	1,369	-	1,369
Disposal	-	(1,000)	(1,000)
Balance as of December 31, 2020	<u>\$ 3,573</u>	<u>18,442</u>	<u>22,015</u>
Amortization and impairment loss:			
Balance as of January 1, 2021	\$ 2,370	18,442	20,812
Amortization	761	400	1,161
Disposal	(2,008)	-	(2,008)
Balance as of December 31, 2021	<u>\$ 1,123</u>	<u>18,842</u>	<u>19,965</u>
Balance as of January 1, 2020	\$ 1,537	19,412	20,949
Amortization	833	30	863
Disposal	-	(1,000)	(1,000)
Balance as of December 31, 2020	<u>\$ 2,370</u>	<u>18,442</u>	<u>20,812</u>
Carrying amount:			
Balance as of December 31, 2021	<u>\$ 1,155</u>	<u>2,600</u>	<u>3,755</u>
Balance as of January 1, 2020	<u>\$ 667</u>	<u>30</u>	<u>697</u>
Balance as of December 31, 2020	<u>\$ 1,203</u>	<u>-</u>	<u>1,203</u>

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1. Amortization

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

	For the Years Ended December 31,	
	2021	2020
Operating costs	\$ 400	30
Operating expenses	761	833
Total	\$ 1,161	863

(k) Short-term borrowings

	December 31, 2021	December 31, 2020
Unsecured bank loans	\$ 150,000	-
Unused short term credit lines	\$ 1,650,000	2,400,000
Range of interest rates	0.7%	-

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

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

(l) Provisions

	December 31, 2021	December 31, 2020
Warranties	\$ 2,456	4,221
		Warranties
Balance as of January 1, 2021		\$ 4,221
Additions		2,184
Provisions reversed or used		(3,949)
Balance as of December 31, 2021		\$ 2,456
Balance as of January 1, 2020		\$ 3,348
Additions		4,644
Provisions reversed or used		(3,771)
Balance as of December 31, 2020		\$ 4,221

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

(m) Lease liabilities

The carrying amount of lease liabilities were as follows:

	<u>December 31,</u> <u>2021</u>	<u>December 31,</u> <u>2020</u>
Current	<u>\$ 2,571</u>	<u>1,800</u>
Non-current	<u>\$ 9,510</u>	<u>2,957</u>

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

The Company added and modified parts of the contract, resulting in a increase in lease liabilities of \$9,868 thousand and an decrease of \$4,411 thousand for the years ended December 31, 2021 and 2020, respectively.

The amounts recognized in profit or loss were as follows:

	<u>For the Years Ended December 31,</u>	
	<u>2021</u>	<u>2020</u>
Interest on lease liabilities	<u>\$ 80</u>	<u>107</u>
Income from sub-leasing right-of-use assets	<u>\$ 161</u>	<u>1,173</u>
Expenses relating to short-term leases	<u>\$ 597</u>	<u>905</u>
COVID-19-related rent concessions	<u>\$ 141</u>	<u>-</u>

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

	<u>For the Years Ended December 31,</u>	
	<u>2021</u>	<u>2020</u>
Total cash outflow for leases	<u>\$ 3,080</u>	<u>4,805</u>

1. Building leases

As of December 31, 2021, the Company leases buildings for its office space. The leases of office space typically run for a period of 2 to 5 years. Some leases include an option to renew the lease for an additional period of the same duration after the end of the contract term.

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

2. Other leases

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

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

(n) Operating leases

Operating leases relate to leasing and subleasing of real estate and leasing of equipment with lease terms between 1 to 5 years. The leasees do not have bargain purchase options to acquire the real estate and equipment at the expiration of the lease periods.

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

	December 31, 2021	December 31, 2020
Within 1 year	\$ 4,401	5,069
1 to 5 years	69	-
	<u>\$ 4,470</u>	<u>5,069</u>

(o) Employee benefits

1. Defined benefit plans

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

	December 31, 2021	December 31, 2020
Present value of defined benefit obligations	\$ 78,776	79,383
Fair value of plan assets	(87,746)	(84,982)
Net defined benefit (assets) liabilities	<u>\$ (8,970)</u>	<u>(5,599)</u>

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

1) Composition of plan assets

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

The Company's Bank of Taiwan labor pension reserve account balance amounted to \$87,331 thousand as of December 31, 2021. For information on the utilization of the labor pension fund assets, including the asset allocation and yield of the fund, please refer to the website of the Bureau of Labor Funds, Ministry of Labor.

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2) Movements in present value of the defined benefit obligations

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

	For the Years Ended December 31,	
	2021	2020
Defined benefit obligation as of January 1	\$ 79,383	77,275
Current service costs and interest	758	1,090
Remeasurement on the net defined benefit obligation		
— Actuarial gains and losses arising from experience adjustments	(2,626)	(2,752)
— Actuarial gains and losses arising from changes in demographic assumptions	3,807	629
— Actuarial gains and losses arising from changes in financial assumptions	(2,546)	3,141
Defined benefit obligation as of December 31	\$ 78,776	79,383

3) Movements of defined benefit plan assets

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

	For the Years Ended December 31,	
	2021	2020
Fair value of plan assets as of January 1	\$ 84,982	80,459
Interest income	300	649
Remeasurement on the net defined benefit obligation		
— Return on plan assets (excluding current interest)	1,207	2,590
Contribution paid by the employer	1,257	1,284
Fair value of plan assets as of December 31	\$ 87,746	84,982

4) Expenses recognized in profit or loss

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

	For the Years Ended December 31,	
	2021	2020
Current service costs	\$ 480	471
Net interest of net liabilities for defined benefit obligations	(22)	(30)
	\$ 458	441

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	<u>For the Years Ended December 31,</u>	
	<u>2021</u>	<u>2020</u>
Operating costs and expenses	<u>\$ 458</u>	<u>441</u>

5) Actuarial assumptions

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

	<u>December 31,</u> <u>2021</u>	<u>December 31,</u> <u>2020</u>
Discount rate	0.750% %	0.350% %
Future salary increasing rate	3.000% %	3.000% %

The expected allocation payment to be made by the Company to the defined benefit plans for the one-year period after the reporting date is \$1,256 thousand.

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

6) Sensitivity analysis

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

	<u>Influences on defined benefit obligations</u>	
	<u>Increased 0.25%</u>	<u>Decreased 0.25%</u>
December 31, 2021		
Discount rate	\$ (1,622)	1,675
Future salary increasing rate	1,599	(1,557)
December 31, 2020		
Discount rate	\$ (1,775)	1,837
Future salary increasing rate	1,748	(1,699)

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

There is no change in the method and assumptions used in the preparation of sensitivity analysis for 2021 and 2020.

2. Defined contribution plans

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

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The pension costs incurred from the contributions to the Bureau of the Labor Insurance amounted to \$7,105 thousand and \$7,096 thousand for the years ended December 31, 2021 and 2020, respectively.

(p) Income taxes

1. Income tax expense

The components of income tax in the years 2021 and 2020 were as follows:

	For the Years Ended December 31,	
	2021	2020
Current tax expense		
Current period	\$ 78,182	66,640
Adjustment for prior periods	(255)	(1,795)
	<u>77,927</u>	<u>64,845</u>
Deferred tax expense		
Origination and reversal of temporary differences	30,993	36,494
Income tax expense from continuing operations	<u>\$ 108,920</u>	<u>101,339</u>

The amount of income tax recognized in other comprehensive income for 2021 and 2020 were as follows:

	For the Years Ended December 31,	
	2021	2020
Items that will not be reclassified subsequently to profit or loss:		
Remeasurement from defined benefit plans	\$ (514)	(315)
Unrealized gains (losses) on equity instruments at fair value through other comprehensive income	(578)	(1,363)
Share of other comprehensive income of associates and joint ventures accounted for using equity method, components of other comprehensive income	120	531
	<u>\$ (972)</u>	<u>(1,147)</u>
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation	<u>\$ 14,640</u>	<u>22,027</u>

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Reconciliation of income tax and profit before tax for 2021 and 2020 was as follows:

	For the Years Ended December 31,	
	2021	2020
Profit before income tax	\$ 716,069	673,009
Income tax using the Company's statutory tax rate	\$ 143,214	134,602
Permanent differences	(33,761)	(31,379)
Tax-exempt income	(278)	(297)
Undistributed earnings additional tax	-	208
Adjustments for prior periods	(255)	(1,795)
Income tax expense	\$ 108,920	101,339

2. Deferred tax assets and liabilities

1) Recognized deferred tax assets and liabilities

Changes in the amount of deferred tax assets and liabilities for the years ended December 31, 2021 and 2020 were as follows:

	Deferred sales returns and allowance	Unrealized losses on inventories	Unrealized gains on investment	Others	Total
Deferred tax assets:					
Balance as of January 1, 2021	\$ 4,022	6,761	-	72,895	83,678
Recognized in profit or loss	1,427	213	-	621	2,261
Recognized in other comprehensive income	-	-	-	14,246	14,246
Balance as of December 31, 2021	\$ 5,449	6,974	-	87,762	100,185
Balance as of January 1, 2020	\$ 1,350	9,683	-	53,829	64,862
Recognized in profit or loss	2,672	(2,922)	-	(3,177)	(3,427)
Recognized in other comprehensive income	-	-	-	22,243	22,243
Balance as of December 31, 2020	\$ 4,022	6,761	-	72,895	83,678
Deferred tax liabilities:					
Balance as of January 1, 2021	\$ -	-	139,085	2,757	141,842
Recognized in profit and loss	-	-	33,332	(78)	33,254
Recognized in other comprehensive income	-	-	-	578	578
Balance as of December 31, 2021	\$ -	-	172,417	3,257	175,674
Balance as of January 1, 2020	\$ -	-	106,425	987	107,412
Recognized in profit or loss	-	-	32,660	407	33,067
Recognized in other comprehensive income	-	-	-	1,363	1,363
Balance as of December 31, 2020	\$ -	-	139,085	2,757	141,842

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3. Assessment of tax

The Company's income tax returns for the year through 2019 were assessed by the Tax Administration.

(q) Capital and other equity

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

1. Share capital

	December 31, 2021	December 31, 2020
Number of shares authorized (in thousands)	<u>200,000</u>	<u>200,000</u>
Shares authorized	<u>\$ 2,000,000</u>	<u>2,000,000</u>
Number of shares issued and fully paid (in thousands)	<u>141,149</u>	<u>141,149</u>
Shares issued	<u>\$ 1,411,490</u>	<u>1,411,490</u>

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

2. Capital surplus

	December 31, 2021	December 31, 2020
Additional paid-in capital arising from ordinary share	\$ 1,822,584	1,822,584
Additional paid-in capital arising from bond conversion	1,072,079	1,072,079
Difference between consideration and carrying amount of subsidiaries acquired or disposed	98,181	98,181
Changes in ownership interest in subsidiaries	238,946	238,946
Changes in equity of associates accounted for using equity method	457	457
Others	<u>43,860</u>	<u>43,860</u>
	<u>\$ 3,276,107</u>	<u>3,276,107</u>

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3. Retained earnings

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

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

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

The Company recognize and reverse special reserve according to the regulation of Financial Supervisory Commission.

During the Board meeting on March 12, 2021, and the Board meeting on March 20, 2020, the Board approved to distribute the 2020 and 2019 earnings, respectively, as follows:

	For the Years Ended December 31,			
	2020		2019	
	Dividend per share (\$)	Amount	Dividend per share (\$)	Amount
Dividends distributed to common shareholders				
Cash	\$ 3.50	<u><u>494,021</u></u>	3.30	<u><u>465,792</u></u>

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The amount of cash dividends on the appropriations of earnings for 2021, and the amount of shares dividends of appropriation of earnings for 2021, had been approved and proposed, respectively during the Board meeting on March 11, 2022, as follows:

	2021	
	Dividend per share (\$)	Amount
Dividends distributed to common shareholders		
Cash	\$ 3.50	494,021
Stock	0.50	70,575
Total		<u>\$ 564,596</u>

4. Other equity interest after tax

	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	Total
Balance as of January 1, 2021	\$ (199,369)	85,289	(114,080)
Exchange differences on translation of foreign financial statement	(58,560)	-	(58,560)
Exchange differences on subsidiaries accounted for using equity method	(2,513)	-	(2,513)
Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	-	24,706	24,706
Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income, associates accounted for using equity method	-	4,256	4,256
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	4,091	4,091
Balance as of December 31, 2021	<u>\$ (260,442)</u>	<u>118,342</u>	<u>(142,100)</u>
Balance as of January 1, 2020	\$ (107,903)	51,554	(56,349)
Exchange differences on translation of foreign financial statement	(88,110)	-	(88,110)
Exchange differences on subsidiaries accounted for using equity method	(3,356)	-	(3,356)
Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	-	(19,601)	(19,601)
Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income, associates accounted for using equity method	-	53,637	53,637
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	(301)	(301)
Balance as of December 31, 2020	<u>\$ (199,369)</u>	<u>85,289</u>	<u>(114,080)</u>

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(r) Earnings per share

For the years ended December 31, 2021 and 2020, the basic and diluted earnings per share were calculated as follows:

1. Basic earnings per share

	For the Years Ended December 31,	
	2021	2020
Profit attributable to ordinary shareholders of the Company	<u>\$ 607,149</u>	<u>571,670</u>
Weighted average number of ordinary shares (basic)	<u>141,149</u>	<u>140,652</u>

2. Diluted earnings per share

	For the Years Ended December 31,	
	2021	2020
Profit attributable to ordinary shareholders of the Company	<u>\$ 607,149</u>	<u>571,670</u>
Weighted average number of ordinary shares (basic)	141,149	140,652
Effect of employee stock compensation	<u>796</u>	<u>767</u>
Weighted average number of ordinary shares (diluted)	<u>141,945</u>	<u>141,419</u>

(s) Revenue from contracts with customers

1. Disaggregation of revenue

	For the Years Ended December 31,	
	2021	2020
Primary geographical markets		
Taiwan	<u>\$ 4,373,194</u>	<u>4,199,740</u>
Major products:		
Product revenue		
Medical equipment and Supplies	\$ 3,844,441	3,704,153
Medicines	88,079	92,137
Household appliances	160,457	119,381
Other	74,440	78,279
Repair and maintenance revenue	176,173	174,018
Other operating revenue	<u>29,604</u>	<u>31,772</u>
	<u>\$ 4,373,194</u>	<u>4,199,740</u>

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(t) Employee compensation and directors' remuneration

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

For the years ended December 31, 2021 and 2020, the Company estimated its employee compensation amounting to \$38,706 thousand and \$36,379 thousand, and directors' remuneration amounting to \$19,353 thousand and \$18,189 thousand, respectively. The estimated amounts mentioned above are calculated based on the net profit before tax, excluding the compensation to employees and remuneration to directors of each period, multiplied by the percentage specified in the Company's articles. These remunerations were expensed under operating costs or operating expenses during 2021 and 2020. Related information would be available at the Market Observation Post System website. The aforesaid amounts are identical to those stated in parent-company-only financial statements.

(u) Non-operating income and expenses

1. Interest income

The details of interest income were as follows:

	For the Years Ended December 31,	
	2021	2020
Interest income from bank deposits	\$ 130	1,201
Other interest income	494	45
Total	\$ 624	1,246

2. Other income

The details of other income were as follows:

	For the Years Ended December 31,	
	2021	2020
Dividend income	\$ 4,082	6,329

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3. Financial costs

The details of financial costs were as follows:

	For the Years Ended December 31,	
	2021	2020
Interest expenses		
Bank borrowings	\$ 492	453
Others	80	107
	<u>\$ 572</u>	<u>560</u>

4. Other gains and losses

The details of other gains and losses were as follows:

	For the Years Ended December 31,	
	2021	2020
Foreign exchange gains (losses)	\$ 1,116	941
Net gains or losses on financial assets (liabilities) measured at fair value through profit or loss	(6,640)	(200)
Revenue from customs duty refunds	11,609	-
Others	4,531	7,715
Total	<u>\$ 10,616</u>	<u>8,456</u>

(v) Reclassification adjustments of components of other comprehensive income

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

	For the Years Ended December 31,	
	2021	2020
Equity instruments at fair value through other comprehensive income		
Net changes in fair value	\$ 29,375	(18,539)
Net changes of fair value reclassified to retained earnings	(4,091)	301
Net gains or losses recognized in other comprehensive income	<u>\$ 25,284</u>	<u>(18,238)</u>

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(w) Financial instruments

1. Credit risks

1) Credit risk exposure

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

2) Concentration of credit risk

To minimize credit risks of receivables, the Company periodically evaluates the customers' financial positions and the possibility of collecting trade receivables. And, the impairment losses are always within the management's expectation. As of December 31, 2021 and 2020, 64.86% and 62.30%, respectively, of notes receivable and accounts receivable were three major customers. Thus, credit risk is significantly centralized.

2. Liquidity risks

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

	Carrying amount	Contractual cash flow	On Demand or Less than 1 month	1-3 months	3-6 months	6-12 months	1-2 years	More than 2 years
December 31, 2021								
Non-derivative financial liabilities								
Short-term borrowings	\$ 150,000	150,000	-	150,000	-	-	-	-
Payables	923,050	923,050	729,201	163,487	9,778	20,584	-	-
Lease liabilities	12,081	12,081	338	317	637	1,279	2,578	6,932
Derivative financial liabilities								
Foreign exchange forward contracts:								
Outflows	76,813	76,813	45,716	31,097	-	-	-	-
Inflows	(76,140)	(76,140)	(45,187)	(30,953)	-	-	-	-
	\$ 1,085,804	1,085,804	730,068	313,948	10,415	21,863	2,578	6,932
December 31, 2020								
Non-derivative financial liabilities								
Payables	\$ 782,822	782,822	423,554	329,225	29,845	198	-	-
Lease liabilities	4,757	4,757	303	522	324	651	760	2,197
Derivative financial liabilities								
Foreign exchange forward contract								
Outflows	11,404	11,404	11,404	-	-	-	-	-
Inflows	(11,358)	(11,358)	(11,358)	-	-	-	-	-
	\$ 787,625	787,625	423,903	329,747	30,169	849	760	2,197

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

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3. Market risks

1) Currency risks

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

Functional currency	Exchange rate	Currency	December 31, 2021	
			Foreign currency (in thousands)	Carrying amount (TWD)
<u>Financial assets</u>				
<u>Monetary items</u>				
TWD	27.680	USD	\$ 2,785	77,089
TWD	0.241	JPY	144,757	34,814
TWD	31.320	EUR	962	30,142
<u>Non-Monetary items</u>				
TWD	0.241	JPY	151,122	36,345
TWD	0.024	KRW	2,637,191	61,974
TWD	27.680	USD	122,292	3,385,047
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD	31.320	EUR	295	9,225
TWD	0.241	JPY	285,780	68,730
TWD	27.680	USD	916	25,354
			December 31, 2020	
Functional currency	Exchange rate	Currency	Foreign currency (in thousands)	Carrying amount (TWD)
<u>Financial assets</u>				
<u>Monetary items</u>				
TWD	28.480	USD	\$ 1,207	34,374
TWD	0.276	JPY	372,050	102,797
TWD	35.020	EUR	990	34,681
<u>Non-Monetary items</u>				
TWD	0.276	JPY	85,949	23,748
TWD	0.026	KRW	3,979,350	105,055
TWD	28.480	USD	116,262	3,311,147

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Functional currency	Exchange rate	Currency	December 31, 2020	
			Foreign currency (in thousands)	Carrying amount (TWD)
<u>Financial liabilities</u>				
<u>Monetary items</u>				
TWD	0.276	JPY	494,625	136,665
TWD	28.480	USD	1,274	36,290

Since the Company has many kinds of currency, the information on foreign exchange gains or losses on monetary items is disclosed by total amount. For the years ended December 31, 2021 and 2020, foreign exchange gains or losses amounted to losses of \$4,731 thousand and gains of \$941 thousand, respectively.

2) Sensitivity analysis

The Company's foreign exchange exposure to foreign currency risk arises from foreign currency exchange fluctuations on cash and cash equivalents, accounts receivables and accounts payables.

Assuming other variables remain the same, a 1% depreciation or appreciation of the TWD against foreign currency for the years ended December 31, 2021 and 2020 would have increased or decreased the net profit after tax by \$310 thousand and \$9 thousand, respectively. The analysis is performed on the same basis for both periods.

3) Interest rate risk

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

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

If interest had been 1% higher/lower, other variable remain the same, profit after tax in 2021 and 2020 would have increased/decreased by \$4,062 thousand and \$3,511 thousand, respectively, and it's mainly because of variable interest rate deposit of the company.

4) Other price risks

Assuming that the analysis is performed on the same basis for both periods, if equity prices had been 1% higher/lower, pre-tax other comprehensive income for the years ended December 31, 2021 and 2020 would have increased/decreased by \$2,715 thousand and \$2,860 thousand, respectively, as a result of the changes in fair values of financial assets at fair value through profit and loss and financial assets at fair value through other comprehensive income.

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4. Fair value information

1) The categories and fair values of financial instruments

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

	December 31, 2021				
	Book value	Fair value			Total
Level 1		Level 2	Level 3		
Financial assets at fair value through other comprehensive income					
Domestic listed shares	\$ 26,512	26,512	-	-	26,512
Foreign listed shares	98,319	98,319	-	-	98,319
Domestic unlisted shares	146,648	-	-	146,648	146,648
Sub-total	271,479	124,831	-	146,648	271,479
Financial assets at amortized cost					
Cash and cash equivalents	507,977	-	-	-	-
Receivables	1,160,294	-	-	-	-
Other financial assets	10,339	-	-	-	-
Sub-total	1,678,610	-	-	-	-
Total	\$ 1,950,089	124,831	-	146,648	271,479
Financial liabilities at fair value through profit or loss					
Derivative financial liabilities	\$ 673	-	673	-	673
Financial liabilities at amortized cost					
Payables	923,050	-	-	-	-
Lease liabilities	12,081	-	-	-	-
Sub-total	935,131	-	-	-	-
Total	\$ 935,804	-	673	-	673

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	December 31, 2020				
	Book value	Fair value			Total
	Level 1	Level 2	Level 3		
Financial assets at fair value through profit or loss					
Derivative financial assets	\$ 166	-	166	-	166
Financial assets at fair value through other comprehensive income					
Domestic listed shares	30,397	30,397	-	-	30,397
Foreign listed shares	128,802	128,802	-	-	128,802
Domestic unlisted shares	126,813	-	-	126,813	126,813
Sub-total	286,012	159,199	-	126,813	286,012
Financial assets at amortized cost					
Cash and cash equivalents	439,605	-	-	-	-
Receivables	1,026,570	-	-	-	-
Other financial assets	9,142	-	-	-	-
Sub-total	1,475,317	-	-	-	-
Total	\$ 1,761,495	159,199	166	126,813	286,178
Financial liabilities at fair value through profit or loss					
Derivative financial liabilities	\$ 46	-	46	-	46
Financial liabilities at amortized cost					
Payables	782,822	-	-	-	-
Lease liabilities	4,757	-	-	-	-
Sub-total	787,579	-	-	-	-
Total	\$ 787,625	-	46	-	46

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

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

A. Financial assets measured at amortized cost

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

B. Financial assets and financial liabilities measured at amortized cost

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

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3) Valuation techniques for financial instruments measured at fair value

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

A. Non-derivative financial instruments

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

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

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

B. Derivative financial instruments

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

4) Changes in Level 3 fair values

	Fair value through other comprehensive income
	unquoted equity instruments
Balance as of January 1, 2021	\$ 126,813
Total gains and losses recognized	
In other comprehensive income	38,615
Disposal	(18,780)
Balance as of December 31, 2021	<u>\$ 146,648</u>
Balance as of January 1, 2020	\$ 231,400
Total gains and losses recognized	
In other comprehensive income	(33,735)
Reclassification	(70,852)
Balance as of December 31, 2020	<u>\$ 126,813</u>

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For the years ended December 31, 2021 and 2020, total gains and losses included in “other gains and losses”, and “unrealized gains and losses from financial assets at fair value through other comprehensive income” were as follows:

	For the Years Ended December 31,	
	2021	2020
Total gains and losses recognized		
In other comprehensive income, and presented in “unrealized gains and losses from financial assets at fair value through other comprehensive income”	\$ 38,615	(33,735)

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

The Company’s financial instruments that use Level 3 inputs to measure “fair value through other comprehensive income – equity investments without active market”.

Quantified information of significant unobservable inputs was as follows:

Item	Valuation techniques	Significant non-observable inputs	The relationship between significant Non-observable inputs and fair value
Financial assets at fair value through other comprehensive income – equity instruments investments without an active market	Comparable Listed Companies Method	<ul style="list-style-type: none"> • EV/EBITDA Value Multiple (8 on December 31, 2021) • EV/Revenue Value Multiple (2.22 and 2.26 on December 31, 2020) • P/B Value Multiple (1.14~2.19 and 1.13~2.27 on December 31, 2021 and 2020) • Discount due to Lack of Market liquidity (15.36%~30.00% and 26.13%~30.00% on December 31, 2021 and 2020) 	<ul style="list-style-type: none"> • The estimated fair value would increase (decrease) if the value multiple is higher (lower) and the marketability discount is lower (higher)

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

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

	Input	Variation	Impact on Fair Value Change on Other Comprehensive income or loss	
			Favorable Change	Unfavorable Change
December 31, 2021				
Financial assets at fair value through other comprehensive income				
Equity instruments without an active market	Value Multiple	5%	\$ 8,201	(8,201)
Equity instruments without an active market	Discount due to Lack of Market liquidity	5%	10,136	(10,136)
			\$ 18,337	(18,337)
December 31, 2020				
Financial assets at fair value through other comprehensive income				
Equity instruments without an active market	Value Multiple	5%	\$ 8,126	(8,126)
Equity instruments without an active market	Discount due to Lack of Market liquidity	5%	11,293	(11,293)
			\$ 19,419	(19,419)

(x) Financial risk management

1. Overview

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

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

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

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2. Risk management framework

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

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

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

3. Credit risk

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

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

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

Please refer to Note (13)(a) for the information of guarantees and endorsements as of December 31, 2021.

4. Liquidity risk

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

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5. Market risk

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

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

1) Currency risk

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

2) Interest rate risk

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

3) Other price risk

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

(y) Capital Management

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

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

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

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

The Company's investing and financing activities which did not affect the current cash flow in the year ended December 31, 2021 and 2020, were as follows:

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

Reconciliation of liabilities arising from financing activities were as follows:

	January 1, 2021	Cash flows	Non-cash changes		December 31, 2021
			Acquisition	Others	
Short-term borrowings	\$ -	150,000	-	-	150,000
Lease liabilities	4,757	(2,403)	10,174	(447)	12,081
Total liabilities from financing activities	<u>\$ 4,757</u>	<u>147,597</u>	<u>10,174</u>	<u>(447)</u>	<u>162,081</u>

	January 1, 2020	Cash flows	Non-cash changes		December 31, 2021
			Acquisition	Others	
Short-term borrowings	\$ 450,000	(450,000)	-	-	-
Lease liabilities	12,961	(3,793)	3,612	(8,023)	4,757
Total liabilities from financing activities	<u>\$ 462,961</u>	<u>(453,793)</u>	<u>3,612</u>	<u>(8,023)</u>	<u>4,757</u>

(7) Related Party Transactions

(a) Names and relationship with related parties

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

<u>Name of related party</u>	<u>Relationship with the Company</u>
Excelsior Investment Co., Ltd.	Entities with significant influence over the Company
Excelsior Group Holdings Co., Ltd.	"
Dynamic Medical Technologies Inc.	Subsidiary
Dynamic Medical Technologies (Hong Kong) Ltd.	"
Guangzhou Dynamic Inc.	"
Excelsior Beauty Co., Ltd.	"
Arich Enterprise Co., Ltd.	"
Bestsmile Co., Ltd.	"
Excelsior Healthcare Co., Ltd.	"
Excelsior Investment (Malaysia) Co., Ltd.	"
RENAL LABORATORIES SDN. BHD.	"
MEDI-CHEM SYSTEMS SDN. BHD.	"
RENAL MANAGEMENT SDN. BHD.	"
Excelsior Medical (HK) Co., Limited	"

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<u>Name of related party</u>	<u>Relationship with the Company</u>
SinoExcelsior Investment Inc.	Subsidiary
EG Healthcare Inc.	"
Excelsior Asset Management Co., Ltd. (Excelsior Asset)	"
CYJ International Taiwan Inc.	"
Jiate Excesior Co., Ltd. (Jiate)	Associate
Bestchain Healthtaiwan Co., Ltd. (Bestchain)	"
Visionfront Corporation	"
Excelsior Renal Service Co., Limited (ERS)	"
Asia Best Healthcare Co., Limited (ABH)	"
Medifly Co., Ltd.	"
Asia Best Life Care Technology Co., Ltd.	"
Arich Best Chain Co., Ltd.	"
Exceed Healthcare Co., Ltd.	"
Excelsior Long Term Care Corporation Entity	"
Hung Shun Chen Investment Co., Ltd.	Other related parties before May 31, 2021
SciVision Biotech Inc.	Other related parties
Excelsior Health Foundation	"
Triple AI Technology Co., Ltd.	Other related parties before October 19, 2020

(b) Significant transactions with related parties

1. Operating revenue

1) Sales revenue

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

	<u>For the Years Ended December 31,</u>	
	<u>2021</u>	<u>2020</u>
Subsidiaries	\$ 63,023	52,450
Associates – Bestchain	1,946,276	1,788,061
Associates – ERS	776,954	762,596
Associates – Others	24,132	22,636
Other related parties	-	373
	<u>\$ 2,810,385</u>	<u>2,626,116</u>

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

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2) Repair and maintenance revenue

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

	For the Years Ended December 31,	
	2021	2020
Subsidiaries	\$ -	422
Associates – ERS	89,352	85,521
Associates – Bestchain	1,539	2,589
	\$ 90,891	88,532

3) Other operating revenue-rental revenue

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

	For the Years Ended December 31,	
	2021	2020
Entities with significant influence over the Company	\$ 72	72
Subsidiaries	421	1,331
Associates – ERS	2,483	2,661
Associates – Others	1,987	1,903
Other related parties	40	96
	\$ 5,003	6,063

4) Other operating revenue-service revenue

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

	For the Years Ended December 31,	
	2021	2020
Subsidiaries – Dynamic Medical Technologies Inc.	\$ 2,516	2,516
Subsidiaries – Others	1,181	1,278
Associates – ERS	7,470	7,424
Associates – ABH	1,086	2,296
Associates – Bestchain	2,135	2,135
Associates – Others	1,829	360
Other related parties	132	166
	\$ 16,349	16,175

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2. Purchases from related parties

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

	For the Years Ended December 31,	
	2021	2020
Associates	\$ 17,179	9,014

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

3. Receivables from related parties

Receivables from related parties were as follows:

Accounted for as	Category of related party	December 31, 2021	December 31, 2020
Accounts receivable	Subsidiaries	\$ 29,469	24,721
Accounts receivable	Associates – Bestchain	562,276	455,219
Accounts receivable	Associates – ERS	161,552	159,022
Accounts receivable	Associates – Others	9,001	8,272
Other receivables	Subsidiaries	64	56
Other receivables	Associates	327	420
Other receivables	Other related parties	2	8
		\$ 762,691	647,718

4. Payables to related parties

Payables to related parties were as follows:

Accounted for as	Category of related party	December 31, 2021	December 31, 2020
Accounts payable	Associates	\$ 6,319	4,666
Accounts payable	Subsidiaries	97	-
Other payables	Associates	8,365	5,187
Other payables	Subsidiaries	15	16
		\$ 14,796	9,869

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5. Guarantee

As of December 31, 2021 and 2020, the Company provided its subsidiaries guarantees for loans, with the credit limits of \$1,119,805 thousand and \$224,745 thousand, wherein the amounts utilized were \$94,985 thousand and \$112,564 thousand, respectively.

As of December 31, 2021 and 2020, the Company also provided its associates guarantees for loans, with the credit limits of \$800,000 thousand and \$661,200 thousand, wherein the amounts utilized were \$0 thousand and \$76,000 thousand, respectively.

As of December 31, 2021 and 2020, the Company provided its subsidiaries guarantees for investment project, with the credit limits of \$801,420 thousand and \$58,831 thousand, respectively, which were not yet utilized.

6. Lease

- 1) In 2018, the Company rent the office with Excelsior Renal Service Co., Limited. A four-year lease contract was signed, in which the rental fee is determined based on nearby office rental rates. The total value of the contract was \$480 thousand. For the years ended December 31, 2021 and 2020, the Company recognized the amount of \$1 thousand and \$2 thousand as interest expense. As of December 31, 2021 and 2020, the balance of lease liabilities amounted to \$20 thousand and \$139 thousand, respectively.

7. Others

	For the Years Ended December 31,	
	2021	2020
<u>Associates and Other related parties</u>		
Fright and warehousing expenses	\$ (49,182)	(48,318)

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

As of December 31, 2021 and 2020, the Company had received collections in advance from associates for \$220 thousand and \$1,000 thousand as of 2021, respectively.

The outstanding receivables from related parties are unsecured. For the years ended December 31, 2021 and 2020, no impairment loss was recognized for receivables from related parties.

The outstanding payables to related parties are unsecured.

(d) Key management personnel compensation

Key management personnel compensation comprised:

	For the Years Ended December 31,	
	2021	2020
Short-term employee benefits	\$ 42,980	44,339
Post-employment benefit	369	432
	\$ 43,349	44,771

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(8) Pledged Assets : None.

(9) Significant Commitments and Contingencies

(a) Unrecognized contractual commitments

1. As of December 31, 2021 and 2020, the unused letters of credit were \$53,228 thousand and \$33,390 thousand, respectively. The guarantee letters issued by banks for sales contract guarantee were all \$36,000 thousands.
2. In January 2007, the Company sold 51% equity interest in Jiate Excelsior to a Hong Kong-based company and entered into a joint venture agreement with the Hong Kong-based company. Pursuant to the agreement, the parties had established a joint venture, Excelsior Renal Service, in Hong Kong, of which 49% is held by Excelsior Healthcare, a subsidiary of the Company, and 51% by the Hong Kong-based company. Excelsior Renal Service had established a branch in Taiwan to engage in the sale and lease of medical supplies and equipment. Pursuant to the agreement, the Hong Kong-based company shall also have a right to purchase all of the Company's equity interest in Jiate Excelsior and all of Excelsior Healthcare's equity interest in Excelsior Renal Service from the fifth anniversary of the date of the agreement at a price to be negotiated by the parties.
3. In January 2007, the Company entered into a supply agreement with the Hong Kong-based company mentioned in 2. above. Pursuant to the agreement, the Company shall purchase certain products from the Hong Kong-based company in agreed quantities at agreed prices annually. If the Company fails to purchase the agreed quantities in a year, the Company shall make an additional payment at specified percentages of the values of the under-purchased products.
4. In September 2010, the Company entered into a license agreement with 3-D Matrix, Ltd. ("3DM") for ten years. The agreement may be automatically extended for two years unless otherwise notified by either party at least six months prior to the expiration date of the agreement and may be extended in the same manner thereafter. Pursuant to the agreement, 3DM shall grant the Company an exclusive right to develop, sell and manufacture the products mentioned in the agreement in Taiwan, and the Company shall pay a royalty at an agreed amount and shall pay agreed amounts for purchases of inventories within agreed periods after the approvals relating to the products are obtained from the health authorities.

(10) Losses due to major disasters : None.

(11) Subsequent events : None.

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(12) Other

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

By item	For the Years Ended December 31, 2021			For the Years Ended December 31, 2020		
	Operating cost	Operating expense	Total	Operating cost	Operating expense	Total
Employee benefits						
Salary	37,791	159,975	197,766	38,695	155,577	194,272
Labor and health insurance	3,791	11,779	15,570	3,534	11,092	14,626
Pension	2,078	5,485	7,563	2,072	5,465	7,537
Remuneration of directors	-	24,752	24,752	-	26,664	26,664
Others	1,527	7,028	8,555	1,527	5,877	7,404
Depreciation	3,201	23,000	26,201	3,223	20,536	23,759
Amortization	500	1,768	2,268	130	2,140	2,270

For the years ended December 31, 2021 and 2020, the numbers of employees and their benefit expenses were as follows:

	<u>2021</u>	<u>2020</u>
Numbers of employees	<u>206</u>	<u>206</u>
Numbers of directors who were non-employees	<u>8</u>	<u>8</u>
The average employee benefits	<u>\$ 1,159</u>	<u>1,131</u>
The average salaries and wages	<u>\$ 999</u>	<u>981</u>
Average adjustment rate of employee salaries	<u>1.83%</u>	<u>(7.45)%</u>
Remuneration received by supervisors	<u>\$ -</u>	<u>-</u>

The Company's salary and remuneration policy (including directors, managers, and employees) is as follows:

The salary and remuneration of employee was agreed upon by labor and management, was adjusted in accordance with employee's operating status, price level, contributions, abilities, and performance appraisal. The aforesaid salary and compensation shall not lower than the minimum wage approved by central competent authorities.

Wage means the remuneration which a worker receives for his/her services rendered, including wages, salaries and bonuses, allowances and any other regular payments regardless of the name which may be computed on an hourly, daily, monthly and piecework basis, whether payable in cash or in kind. Non-salary are non-regular payments in Article 10 of Enforcement Rules of the Labor Standards Act.

The salary and remuneration which the Company paid to directors and managers shall refer to their participation and contribution to the Company. The aforesaid salary and remuneration includes fixed salary, professional practice fee, pension, remuneration, and any bonus.

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(13) Other disclosures

(a) Information on significant transactions

The following is the information on significant transactions required by the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” for the Company for the year ended December 31, 2021:

1. Fund financing to other parties:

(Expressed in thousands of New Taiwan dollars)

Number	Name of lender	Name of borrower	Account name	Related party	Highest balance of financing to other party during the period	Ending balance	Actual usage amount during the period	Range of interest rates during the period	Purposes of fund financing for the borrower (Note 2)	Transaction amount for business between two parties	Reasons for short-term financing	Allowance for bad debt	Collateral		Individual funding loan limits	Maximum limitation on fund financing
													Name	Value		
1	SinoExcelsior Investment Inc.	Excelsior Healthcare Co., Limited	Other receivables-Related parties	Yes	2,085	2,085	-	1.00%	2	-	Operating Capital	-	None	-	53,246	53,246

Note 1: The numbers denote the following:

- 0 is issuer.
- Investees are listed by names and numbered starting with 1.

Note 2: Purpose of fund financing for the borrower:

- For those companies with business contact, please fill in 1.
- For those companies with short-term financing needs, please fill in 2.

Note 3: Maximum limitation on fund financing:

- The lender's each and total fund financial amount cannot exceed 40% of its net asset value that from the most recent reviewed report.

2. Guarantees and endorsements for other parties:

(Expressed in thousands of New Taiwan dollars)

No.	Endorsement/guarantee provider	Counter-party		Limitation on endorsement/guarantee amount provided to each guaranteed party	Maximum balance for the year	Ending balance	Amount actually drawn	Amount of endorsement/guarantee collateralized by properties	Ratio of accumulated endorsement/guarantee to net equity per latest financial statements	Maximum endorsement/guarantee amount allowance (Note 2)	Guarantee provided by parent company	Guarantee provided by a subsidiary	Guarantee provided to subsidiaries in Mainland China
		Name	Nature of relationship (Note 2)										
0	The Company	Excelsior Medical (HK) Co., Limited (Note 4)	2	1,547,678	770,280	770,280	-	-	9.95%	7,738,389	Y	N	N
0	"	Excelsior Investment (Malaysia) Co., Ltd. (Note 4)	2	1,547,678	58,831	31,140	-	-	0.40%	7,738,389	Y	N	N
0	"	Excelsior Asset Management CO., Ltd. (Note 4)	2	1,547,678	990,000	990,000	75,350	-	12.79%	7,738,389	Y	N	N
0	"	EG Healthcare, Inc. (Note 4)	2	1,547,678	29,305	26,765	9,635	-	0.35%	7,738,389	Y	N	N
0	"	Bestmille Co., Ltd. (Note 4)	2	1,547,678	20,000	20,000	10,000	-	0.26%	7,738,389	Y	N	N
0	"	Medi-Chem System Sdn. Bhd. (Note 4)	2	1,547,678	14,268	13,840	-	-	0.18%	7,738,389	Y	N	N
0	"	Renal Laboratories Sdn. Bhd. (Note 4)	2	1,547,678	71,338	69,200	-	-	0.89%	7,738,389	Y	N	N
0	"	Excelsior Renal Service Co., Limited (Note 3)	1	762,596	-	-	-	-	%	7,738,389	N	N	N
0	"	Bestchain Healthtaiwan Co., Ltd. (Note 3)	1	1,788,061	800,000	800,000	-	-	10.34%	7,738,389	N	N	N
1	Dynamic Medical Technologies Inc.	Dynamic Medical Technologies (Hong Kong) Ltd. (Note 6)	2	256,808	54,682	-	-	-	%	642,021	Y	N	N
2	Excelsior Beauty Co., Ltd.	Dynamic Medical Technologies Inc. (Note 7)	3	71,307	500	100	-	-	0.03%	178,268	N	Y	N
3	Arich Enterprise Co., Ltd.	Taiwan Shionogi Inc. (Note 5)	1	169,779	-	-	-	-	%	908,994	N	N	N

(ENGLISH TRANSLATION OF FINANCIAL STATEMENTS ORIGINALLY ISSUED IN CHINESE)

EXCELSIOR MEDICAL CO., LTD.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020**

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

Note 1: the description of number column:

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

Note 2: Relationship with the Company

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

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

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

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

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

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

Note 8: The total amount of guarantee and endorsement cannot exceed the Company's net asset value from the most recent audited or reviewed report, Dynamic, Excelsior Beauty and Arich cannot exceed 50% of their net asset value from the most recent audited or reviewed report.

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

(Expressed in thousands of New Taiwan dollars)

Name of holder	Category and name of security	Relationship with the Company	Account title	Ending balance				Notes
				Number of shares	Book value	Percentage of shares	Market value	
The Company	<u>Stock</u> SciVision Biotech Inc.	-	Fair value through other comprehensive income	534,525	26,512	0.81%	26,512	
"	3-D Matrix, Ltd.	-	"	288,400	36,345	0.53%	36,345	
"	Caregen Co., Ltd	-	"	39,657	61,974	0.37%	61,974	
"	Gie Cheng Co., Ltd.	-	"	3,795,000	34,497	17.25%	34,497	
"	Missioncare Co., Ltd.	-	"	1,580,526	21,068	1.09%	21,068	
"	Rui Guang Healthcare Co., Ltd.	-	"	2,423,951	27,027	7.15%	27,027	
"	Sunder Biomedical Tech. Co., Ltd.	-	"	2,279,578	54,756	3.80%	54,756	
"	Linkon International Golf & Country Club	-	"	1	9,300	0.10%	9,300	
Excelsior Healthcare Co. Limited	Chai Tai Bo Ai Investment Limited	-	"	10,000	8,086	8.00%	8,086	
EG Healthcare, Inc.	The Orchard Golf & Country Club	-	"	1	368		368	
Dynamic Medical Technologies Inc.	SciVision Biotech Inc.	Other related parties	"	1,290,649	64,016	1.95%	64,016	
"	Caregen Co., Ltd.	"	"	34,500	53,915	0.32%	53,915	
Dynamic Medical Technologies (Hong Kong) Ltd.	<u>Stock Warrant</u> Viveve Medical Inc.	-	Financial assets at fair value through profit or loss	250	-	- %	-	

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EXCELSIOR MEDICAL CO., LTD.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020**

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

Name of holder	Category and name of security	Relationship with the Company	Account title	Ending balance				Notes
				Number of shares	Book value	Percentage of shares	Market value	
Excelsior Beauty Co., Ltd.	Stock Join Fun Co., Ltd.	-	Fair value through other comprehensive income	263,340	2,830	19.00%	2,830	
Arich Enterprise Co., Ltd.	Stock National Pharmaceutical Logistics Corp., Ltd.	Board director of investee	"	-	300,847	17.65%	300,847	Note

Note : Act as limited company, no outstanding share.

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

(Expressed in thousands of New Taiwan dollars)

Name of company	Name of Counter-party	Relationship	Transaction details				Transactions with terms different from others		Account/note receivable (payable)		Notes
			Purchase/Sale	Amount	Percentage of total purchases/sales	Credit period	Unit price	Credit period	Balance	Percentage of total accounts/notes receivable (payable)	
The Company	Excelsior Renal Service Co., Limited	Associates	Sales	(776,954)	(17.77)%	Net 30-60 days	-		161,552	13.72%	Note 1
"	Bestchain Healthtaiwan Co., Ltd.	"	"	(1,946,276)	(44.50)%	Net 30-90 days	-		562,276	47.77%	Note 1

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

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

(Expressed in thousands of New Taiwan dollars)

Name of related party	Counter-party	Relationship	Balance of receivables from related party	Turnover rate	Past-due receivables from related party		Subsequently received amount of receivables from related party	Allowances for bad debts
					Amount	Action taken		
The Company	Excelsior Renal Service Co., Limited	Associates	161,552	4.85	-	-	151,090	-
"	Bestchain Healthtaiwan Co., Ltd.	"	562,276	3.83	-	-	181,917	-

- Derivative transactions:

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

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EXCELSIOR MEDICAL CO., LTD.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020**

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

(b) Information on investees:

For the year ended December 31, 2021, the following is the information of investees (excluding investees in Mainland china):

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

Name of the investor	Name of investee	Location	Major operations	Initial investment amount		Ending balance			Net income (loss) of the investee	Investment income (losses)	Notes
				Ending balance	Beginning balance	Shares	Ratio of shares	Book value			
The Company	Jiate Excesior Co., Ltd.	New Taipei City	Sale, maintenance and lease of medical equipment, and medical management consultancy service	5,279	5,279	1,607,200	49.00%	19,853	(402)	(197)	Associate
"	Bestchain Healthtaiwan Co., Ltd.	New Taipei City	Sale of medical equipment and medicines, interagation of warehousing and information	277,647	277,647	45,265,215	44.68%	640,758	182,840	81,616	Associate (Note 1)
"	Arich Enterprise Co., Ltd.	New Taipei City	Sale of medicines, and logistics service	380,856	380,856	29,829,742	40.00%	725,159	55,305	22,043	Subsidiary (Notes 2)
"	Dynamic Medical Technologies Inc.	New Taipei City	Sale, maintenance and lease of laser medical equipment for beauty treatment, and sale of consumables of beauty treatment and cosmetic products	180,300	180,300	11,550,425	38.50%	507,317	123,206	47,224	Subsidiary
"	Excelsior Healthcare Co., Limited	British Virgin Islands	Investment business	1,244,687	1,244,687	39,411,623	100.00%	1,753,523	130,678	130,678	Subsidiary
"	Bestsmile Co., Ltd.	New Taipei City	Sale of medical equipment, and medical management consultancy service	32,093	32,093	1,150,874	98.02%	1,971	(3,688)	(3,614)	Subsidiary
"	Visionfront Corporation	New Taipei City	Sale of medical equipment, and medical management consultancy service	44,069	44,069	2,434,870	44.47%	22,870	(875)	(389)	Associate
"	Sunrise Health Care Company	New Taipei City	Sale of medical equipment, and medical management consultancy service	18,806	18,806	2,085,547	23.97%	28,300	988	237	Associate
"	Excelsior Medical (HK) Co., Limited	Hong Kong	Investment business	1,588,746	1,588,746	53,154,741	64.36%	1,608,764	55,904	35,980	Subsidiary
"	Excelsior Beauty Co., Ltd.	New Taipei City	Sale of aesthetic medical and cosmetic health-care products	91,984	91,984	11,534,804	41.02%	146,523	30,874	12,762	Sub-subsiary
"	Excelsior Asset Management Co., Ltd.	New Taipei City	Sales of medical equipment, precision instrument and real estate	780,525	780,525	80,825,500	100.00%	622,866	16,297	16,297	Subsidiary
"	Medifly Co., Ltd.	Taichung	Sale of medical equipment and medicines	31,899	31,899	3,615,976	28.66%	89,847	50,414	14,448	Associate

(ENGLISH TRANSLATION OF FINANCIAL STATEMENTS ORIGINALLY ISSUED IN CHINESE)

EXCELSIOR MEDICAL CO., LTD.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020**

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

Name of the investor	Name of investee	Location	Major operations	Initial investment amount		Ending balance			Net income (loss) of the investee	Investment income (losses)	Notes
				Ending balance	Beginning balance	Shares	Ratio of shares	Book value			
Excelsior Healthcare Co., Limited	EG Healthcare, Inc.	Philippines	Sale and lease of medical equipment, and medical management consultancy service	19,256	19,256	5,293,453	99.99%	76,000	11,958	-	Sub-subsidiary
"	Excelsior Renal Service Co., Limited	Hong Kong	Sale, maintenance and lease of medical equipment, and medical management consultancy service	312,505	312,505	73,375,728	49.00%	412,602	175,336	-	Associate
"	Excelsior Medical (HK) Co., Limited	Hong Kong	Investment business	862,529	862,529	29,439,829	35.64%	890,869	55,904	-	Subsidiary
"	Excelsior Investment (Malaysia) Co., Ltd	British Virgin Islands	Investment business	192,814	166,346	6,341,416	100.00%	164,614	391	-	Sub-subsidiary
Dynamic Medical Technologies Inc.	Dynamic Medical Technologies (Hong Kong) Ltd.	Hong Kong	Sale and maintenance of medical equipment	382,278	382,278	79,021,783	100.00%	262,171	12,416	-	Subsidiary
"	Excelsior Beauty Co., Ltd.	New Taipei City	Sale of aesthetic medical and cosmetic health-care products	138,745	138,745	15,154,496	53.89%	186,103	30,874	-	Subsidiary (Note 1)
"	Medytox Taiwan Inc.	New Taipei City	Sale of cosmetic health-care products	18,000	18,000	1,800,000	40.00%	12	4,546	-	Associate
Dynamic Medical Technologies (Hong Kong) Ltd.	CYJ INTERNATIONAL COMPANY LIMITED	Hong Kong	Sale and treatment of hair regrowth and conditioning	66,547	66,547	2,150,000	50.00%	11,882	4,072	-	Associate
Excelsior Beauty Co., Ltd.	CYJ International Taiwan Inc.	New Taipei City	Sale and treatment of hair protecting and conditioning	97,920	97,920	9,792,000	80.00%	97,679	21,254	-	Sub-subsidiary
Excelsior Medical (HK) Co., Limited	Asia Best Healthcare Co., Ltd.	Cayman Islands	Long-term care business	1,395,079	1,395,079	338,800	49.38%	1,405,198	103,173	-	Associate
Excelsior Investment (Malaysia) Co., Ltd	RENAL LABORATORIES SDN. BHD.	Malaysia	Manufacture of medical equipment	145,264	136,982	16,773,586	70.00%	159,207	2,672	-	Sub-subsidiary
"	MEDI-CHEM SYSTEMS SDN. BHD.	Malaysia	Sale of medical equipment	44,052	25,865	350,000	70.00%	35,771	(391)	-	Sub-subsidiary
MEDI-CHEM SYSTEMS SDN. BHD.	RENAL MANAGEMENT SDN. BHD.	Malaysia	Lease business	1,315	1,315	200,000	100.00%	8,656	90	-	Sub-subsidiary

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

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

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

Note 4: Dynamic Medical Technologies (Hong Kong) Ltd. has capital reduction by cash to offset company losses of \$76,445 thousands and cancelled 19,755,455 shares of common stock in February 2021.

EXCELSIOR MEDICAL CO., LTD.**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020**

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

(c) Information on investment in Mainland China:

1. Information on investment in Mainland China:

(Amounts Expressed in Thousands of New Taiwan Dollars)

Name of the investee	Main Businesses and products	Total amount of paid-in capital	Method of investment (Note 1)	Accumulated outflow of investment from Taiwan as of January 1, 2020	Investment flows		Accumulated outflow of investment from Taiwan as of December 31, 2020	Net income (loss) of the investee	Direct /indirect shareholding (%) by the Company	Current investment gains and losses	Carrying Amount	Accumulated Inward Remittance of Earnings
					Out-flow	Inflow						
Excelsior Healthcare (Shanghai) Corporation (Note 5)	Sale and lease of medical equipment, and medical management consultancy service	-	(2)	30,240	-	-	30,240	-	- %	-	-	-
Shanghai Lintech Medicare Co. (Note 4)	Sale and maintenance of medical equipment	-	(2)	29,213	-	-	29,213	-	- %	-	-	-
Pacific Beijing Bo-Ai Medical Management Consulting Co., Ltd.	Investment business and medical management consultancy service	84,187	(2)	80,327	-	-	80,327	(19,281)	7.80%	-	8,086	-
SinoExcelsior Investment Inc. (Note 5)	Investment business, sale and lease of medical equipment, and medical management consultancy service	291,579	(2)	947,845	-	-	947,845	3,228	100.00%	3,228	133,115	-
Guangzhou Dynamic Inc. (Note 6)	Sale and maintenance of medical equipment	44,346	(2)	119,574	-	-	119,574	(1,015)	100.00%	(1,015)	11,053	-
Beijing Dynamic Inc. (Note 7)	Sale and maintenance of medical equipment	-	(2)	34,424	-	-	34,424	-	- %	-	-	-
National Pharmaceutical Logistics Corp., Ltd.	Medical logistics	370,493	(3)	66,603	-	-	66,603	156,671	17.65%	-	300,847	49,732

2. Limitation on investment in Mainland China:

Company	Accumulated Investment in Mainland China as of December 31, 2020	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment (Note 8)
The Company	1,087,625	1,289,640	4,643,033
Dynamic Medical Technologies Inc.	153,998	153,998	770,425
Arich Enterprise Co., Ltd.	66,603	66,603	1,090,792

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

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

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

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

Note 3: The liquidation procedure of Excelsior Healthcare (Shanghai) Corporation was completed in March 2016, and the investment had remitted to Excelsior Healthcare Co., Limited in the third place. As of December 31, 2021, the accumulated amount of investment from Taiwan has not been repatriated yet.

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

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

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

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EXCELSIOR MEDICAL CO., LTD.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020**

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

Note 7: The liquidation procedure of Beijing Dynamic Inc. was completed in November 2018, and the investment had remitted to Dynamic Medical Technologies (Hong Kong) Ltd. in the third place. As of December 31, 2021, the accumulated amount of investment from Taiwan has not been repatriated yet.

Note 8: (1)The upper limit on investment of the Company and Dynamic Medical Technologies Inc. is the 60% of net value.

(2)The upper limit on investment of Arich Enterprise Co., Ltd. is the higher of \$80,000 thousand or 60% of net value.

Note 9: All amounts listed are disclosed in NTD.

3. Significant transactions:

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

(d) Major shareholders:

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

(14) **Segment Information**

Please refer the consolidated financial statements for the year ended December 31, 2021.

EXCELSIOR MEDICAL CO., LTD.
STATEMENT OF CASH AND CASH
EQUIVALENTS

DECEMBER 31, 2021

(Expressed in Thousands of New Taiwan Dollars)

Item	Description	Amount
Cash	Petty cash	\$ 112
Cash in bank	Checking accounts	171
	Demand deposits	393,501
	Foreign deposits	
	USD 1,779 thousand	49,233
	JPY 144,757 thousand	34,814
	EUR 962 thousand	30,142
	CNY 1 thousand	4
		114,193
Total		\$ 507,977

STATEMENT OF NOTES RECEIVABLE

Client Name	Description	Amount	Note
Grant River Co., Ltd.		\$ 6,862	
Youlin Industrial Ltd.		6,025	
Other		55,605	The year-end balance of each client does not exceed 5% of the account balance.
Total		\$ 68,492	

EXCELSIOR MEDICAL CO., LTD.
STATEMENT OF ACCOUNTS RECEIVABLE
DECEMBER 31, 2021

(Expressed in Thousands of New Taiwan Dollars)

Client Name	Description	Amount	Note
Related Parties:			
Bestchain Healthtaiwan Co., Ltd.	Payment for goods	\$ 562,276	
Excelsior Renal Service Co., Limited	"	161,552	
Other	"	<u>38,470</u>	The year-end balance of each client does not exceed 5% of the account balance.
Subtotal		<u>762,298</u>	
Non-related Parties:			
Hi-Clearance Inc.	"	20,221	
Other	"	<u>326,125</u>	The year-end balance of each client does not exceed 5% of the account balance.
Subtotal		<u>346,346</u>	
Total		1,108,644	
Less: Allowance for Impairment		<u>(18,037)</u>	
Net Amount		<u><u>\$ 1,090,607</u></u>	

EXCELSIOR MEDICAL CO., LTD.
STATEMENT OF OTHER RECEIVABLES
DECEMBER 31, 2021

(Expressed in Thousands of New Taiwan Dollars)

Item	Description	Amount	Note
Related Parties:			
Excelsior Renal Service Co., Limited	Advances paid for related parties	\$ 196	
Asia Best Healthcare Co., Limited	"	101	
Other		<u>96</u>	
	Subtotal	<u>393</u>	
Non-related Parties:			
	Interest receivable	5	
	Other	<u>797</u>	
	Subtotal	<u>802</u>	
Total		<u><u>\$ 1,195</u></u>	

STATEMENT OF INVENTORIES

Item	Amount		Note
	Cost	Net realized value	
Merchandise	\$ 527,777	833,954	
Inventory in-transit	<u>85,123</u>	<u>113,018</u>	
Total	<u><u>\$ 612,900</u></u>	<u><u>946,972</u></u>	

EXCELSIOR MEDICAL CO., LTD.
STATEMENT OF CHANGES IN FINANCIAL ASSETS AT FAIR
VALUE THROUGH OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2021

(Expressed in Thousands of New Taiwan Dollars)

Name of financial instrument	Beginning balance		Addition		Decrease		Ending balance		Collateral	Note
	Shares	Fair value	Shares	Amount	Shares	Amount	Shares	Fair value		
SciVision Biotech Inc.	492,650	\$ 30,397	41,875	-	-	3,885	534,525	26,512	None	
3-D Matrix, Ltd.	297,400	23,747	-	13,819	9,000	1,221	288,400	36,345	"	
Caregen Co., Ltd.	55,500	105,055	-	-	15,843	43,081	39,657	61,974	"	
Subtotal		159,199		13,819		48,187		124,831		
<u>Unlisted Stock</u>										
Gie Cheng Co., Ltd.	3,795,000	21,138	-	13,359	-	-	3,795,000	34,497	"	
Missioncare Co., Ltd.	1,580,526	21,827	-	-	-	759	1,580,526	21,068	"	
Missioncare Asset Management Co., Ltd.	669,473	6,936	-	-	669,473	6,936	-	-	"	
Rui Guang Healthcare Co., Ltd.	2,423,951	24,021	-	3,006	-	-	2,423,951	27,027	"	
Arcos Bio Tech Corporation	51,014	294	-	-	51,014	294	-	-	"	
Sunder Biomedical Tech. Co., Ltd.	2,279,578	44,247	-	10,509	-	-	2,279,578	54,756	"	
Linkon International Golf & Country Club	1	8,350	-	950	-	-	1	9,300	"	
Subtotal		126,813		27,824		7,989		146,648		
Total		<u>\$ 286,012</u>		<u>41,643</u>		<u>56,176</u>		<u>271,479</u>		

EXCELSIOR MEDICAL CO., LTD.
STATEMENT OF CHANGES INVESTMENTS ACCOUNTED FOR USING
EQUITY METHOD
FOR THE YEAR ENDED DECEMBER 31, 2021
(Expressed in Thousands of New Taiwan Dollars)

Name of investee	Beginning balance		Addition		Decrease		Ending balance		Market value or net assets value			Collateral	Note
	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Percentage of ownership	Amount	Unit price	Total amount		
<u>Listed companies</u>													
Dynamic Medical Technologies Inc.	11,550,425	\$ 510,182	-	47,232	-	50,097	11,550,425	38.50%	507,317	53.30	615,638	None	
Arich Enterprise Co., Ltd.	29,829,742	710,324	-	31,547	-	16,712	29,829,742	40.00%	725,159	18.00	536,935	"	
<u>Unlisted companies</u>													
Jiate Excesior Co., Ltd.	1,607,200	34,939	-	-	-	15,086	1,607,200	49.00%	19,853	-	-	"	
Bestchain Healthtaiwan Co., Ltd.	41,150,196	510,099	4,115,019	164,120	-	33,461	45,265,215	44.68%	640,758	-	-	"	
Excelsior Healthcare Co., Limited	39,411,623	1,683,345	-	131,097	-	60,919	39,411,623	100.00%	1,753,523	-	-	"	
Bestsmile Co., Ltd.	1,150,874	5,585	-	-	-	3,614	1,150,874	98.02%	1,971	-	-	"	
Visionfront Corporation	2,434,870	23,259	-	-	-	389	2,434,870	44.47%	22,870	-	-	"	
Sunrise Health Care Company	2,085,547	28,064	-	236	-	-	2,085,547	23.97%	28,300	-	-	"	
Excelsior Medical (HK) Co., Limited	53,154,741	1,604,550	-	35,981	-	31,767	53,154,741	64.36%	1,608,764	-	-	"	
Excelsior Beauty Co., Ltd.	11,534,804	136,313	-	12,762	-	2,552	11,534,804	41.02%	146,523	-	-	"	
Excelsior Asset Management Co., Ltd.	80,398,900	606,569	426,600	16,297	-	-	80,825,500	100.00%	622,866	-	-	"	
Medifly Co., Ltd.	3,615,976	83,433	-	15,816	-	9,402	3,615,976	28.66%	89,847	-	-	"	
Total		<u>\$ 5,936,662</u>		<u>455,088</u>		<u>223,999</u>			<u>6,167,751</u>		<u>1,152,573</u>		

Note: Net assets value of unlisted companies was according to the report issued by the investee or the audit report of the investee.

EXCELSIOR MEDICAL CO., LTD.
STATEMENT OF ACCOUNTS PAYABLE

December 31, 2021

(Expressed in Thousands of New Taiwan Dollars)

Client Name	Description	Amount	Note
Related Parties:			
Medifly Co., Ltd.		\$ 5,470	
Bestchain Healthtaiwan Co., Ltd.		849	
Arich Investment Co., Ltd.		97	
Subtotal		<u>6,416</u>	
Non-related Parties:			
Medtronic (Taiwan) Ltd.		232,932	
Asahi Kasei Kuraray Medical Co., Ltd.		62,800	
Chi Sheng Pharma & Biotech Co., Ltd.		70,605	
Sunder Biomedical Tech. Co., Ltd.		61,308	
Kyowa Kirin Taiwan Co., Ltd.		46,516	
Other		254,416	The year-end balance of each client does not exceed 5% of the account balance.
Subtotal		<u>728,577</u>	
Total		<u>\$ 734,993</u>	

STATEMENT OF OTHER PAYABLES

Item	Description	Amount
Other payables	Employee wages and bonuses payable	\$ 75,085
	Salaries and bonuses payable	30,398
	Remuneration payable of directors	19,353
	Compensated absence payable	8,985
	Insurance payable	3,459
	Professional fees payable	3,654
	Other	46,725
Total		<u>\$ 187,659</u>

EXCELSIOR MEDICAL CO., LTD.
STATEMENT OF OPERATING REVENUE
FOR THE YEAR ENDED DECEMBER 31, 2021

(Expressed in Thousands of New Taiwan Dollars)

Item	Quantity	Amount	Note
Sales revenue			
Surgical supplies	2,337,274 pieces	\$ 1,612,322	
Artificial kidneys, blood tubing sets, lumbar puncture needles	11,135,391 pieces /pairs	1,075,394	
Erythropoietin, liquid medicines, powder medicines	3,972,094 doses/buckets/ packs	737,849	
Blood bags	598,562 bags	206,373	
Medical supplies	3,643,185 packs/pieces	133,800	
Medical equipment	845 sets	78,703	
Medicines	1,739,328 pills	88,079	
Household appliances	41,962 sets	160,457	
Other		<u>74,440</u>	
Subtotal		4,167,417	
Repair and maintenance revenue		176,173	
Other operating revenue		<u>29,604</u>	
Net		<u><u>\$ 4,373,194</u></u>	

EXCELSIOR MEDICAL CO., LTD.
STATEMENT OF OPERATING COSTS
FOR THE YEAR ENDED DECEMBER 31, 2021
(Expressed in Thousands of New Taiwan Dollars)

Item	Amount
Cost of Goods Sold	
Inventory, January 1	\$ 614,344
Add: Purchase	3,638,473
Less: transfer to property, plant and equipment	(25,133)
Inventory scrapping	(3,450)
Inventory, December 31	(647,918)
Other	(9,598)
Cost of Goods Sold	3,566,718
Repair and maintenance costs	77,961
Other operating costs	3,184
Reversal on inventory valuation and obsolescence	4,514
Operating costs	\$ 3,652,377

EXCELSIOR MEDICAL CO., LTD.
STATEMENT OF SELLING EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2021
(Expressed in Thousands of New Taiwan Dollars)

Item	Description	Amount	Note
Salary and wages expense		\$ 62,796	
Freight expense		50,068	
Depreciation expense		17,240	
Other		<u>84,549</u>	The year-end balance of each account does not exceed 5% of the account balance.
		<u><u>\$ 214,653</u></u>	

**STATEMENT OF ADMINISTRATIVE
EXPENSES**

Item	Description	Amount	Note
Salary and wages expense		\$ 122,051	
Other		<u>41,097</u>	The year-end balance of each account does not exceed 5% of the account balance.
		<u><u>\$ 163,148</u></u>	

6. Up to the Publication Date of this Annual Report, Has the Group Experienced Financial Turnover Difficulties:
None.

VII. Review and Analysis of Financial Status, Financial Performance, and Risk Management

1. Financial Status

(1) Comparative analysis of financial status

Unit: NT\$ thousands

Item \ Year	2021	2020	Difference	
			Amount	%
Current assets	9,307,543	8,501,800	805,743	9.5
Property, plant and equipment	636,488	534,339	102,149	19.1
Intangible assets	33,004	32,653	351	1.1
Other assets	5,127,965	4,935,840	192,125	3.9
Total assets	15,105,000	14,004,632	1,100,368	7.9
Current liabilities	4,955,029	4,019,932	935,097	23.3
Non-current liabilities	404,259	404,996	(737)	(0.2)
Total liabilities	5,359,288	4,424,928	934,360	21.1
Equity attributable to owners of parent	7,738,389	7,590,897	147,492	1.9
Share capital	1,411,490	1,411,490	0	0.0
Capital surplus	3,276,107	3,276,107	0	0.0
Retained earnings	3,192,892	3,017,380	175,512	5.8
Other equity	(142,100)	(114,080)	(28,020)	24.6
Treasury stock	—	—	—	—
Non-controlling interests	2,007,323	1,988,807	18,516	0.9
Total equity	9,745,712	9,579,704	166,008	1.7
Note:				
1. Current liabilities and total liabilities in 2021 increased mainly due to the increase in other payables of the Group.				
2. Other equity in 2021 decreased mainly due to the increase in loss of exchange differences on translation.				

(2) Future plan shall be described in the case of material impacts: No material impacts have been affected to the Company finance and business.

2. Financial Performance

(1) Comparative analysis of financial performance

Unit: NT\$ thousands

Item \ Year	Financial Information for the last 2 years		Difference	
	2021	2020	Amount	(%)
Operating revenue	6,573,152	6,675,494	(102,342)	(1.5)
Gross profit	1,372,619	1,306,574	66,045	5.1
Net operating income	595,026	529,070	65,956	12.5
Non-operating income and expenses	278,710	300,313	(21,603)	(7.2)
Profit before tax	873,736	829,383	44,353	5.3
Profit from continuing operations	722,289	669,086	53,203	8.0
Loss from discontinuing operations	—	—	—	—
Profit	722,289	669,086	53,203	8.0
Other comprehensive income, net	(35,162)	(28,296)	(6,866)	24.3
Total comprehensive income	687,127	640,790	46,337	7.2
Profit attributable to owners of parent	607,149	571,670	35,479	6.2
Profit attributable to non-controlling interests	115,140	97,416	17,724	18.2
Comprehensive income attributable to owners of parent	578,655	513,296	65,359	12.7
Comprehensive income attributable to non-controlling interests	108,472	127,494	(19,022)	(14.9)
Earnings per share	4.30	4.06	0.24	5.9
Analysis of deviation over 20% and amounts exceeding NT\$10 million: Not applicable.				

(2) Analysis of gross profit deviation: Gross profit increase (decrease) didn't reach 20%.

(3) Provide a sales volume forecast and the basis therefor, and describe the effect upon the Company's financial operations as well as measures to be taken in response: Please see "Report to Shareholders."

3. Cash Flows

(1) Analysis of cash flows in the most recent year

Unit: NT\$ thousands

Cash beginning balance (A)	Net cash flows from operating activities (B)	Net cash flows from non-operating activities (C)	Cash ending balance (deficit) (A) + (B) + (C)	Remedy for cash deficit	
				Investment plan	Financing plan
\$2,618,464	\$945,049	(\$491,249)	\$3,072,264	—	—
<u>Analysis of cash flows in 2021</u>					
1. Operating activities: Mainly due to profit from operations and the increase in other payables.					
2. Investing activities: Mainly due to acquisition of financial assets at amortized cost.					
3. Financing activities: Mainly due to cash dividends distribution.					

(2) Remedy for liquidity shortfall: No liquidity shortfall is expected.

(3) Analysis of cash flows for the coming year

Unit: NT\$ thousands

Cash beginning balance (A)	Expected net cash flows from operating activities (B)	Expected net cash flows from non-operating activities (C)	Expected Cash ending balance (deficit) (A) + (B) + (C)	Remedy for cash deficit	
				Investment plan	Financing plan
\$3,072,264	\$748,655	(\$1,392,884)	\$2,428,035	—	—
<u>Analysis of cash flows in the coming year</u>					
1. Operating activities: Mainly due to profit from operation.					
2. Investing activities: Mainly due to acquisition of investments accounted for using equity method and the increase in property, plant and equipment..					
3. Financing activities: Mainly due to cash dividends distribution.					
4. Remedy for cash deficit: None.					

4. Effect upon Financial Operations of Major Capital Expenditures from Recent Years:

None.

5. Investment Policies, Main Reasons for Profit or Loss and Improvement Plans from Recent Years, and Investment Plans for the Coming Year

Information of investees

Unit: NT\$ thousands

Item	Remarks	Policy	Main Reasons for Profit or Loss in 2020	Action Plan	Other Future Investment Plan
Arich Enterprise Co., Ltd.		Provide pharmaceutical distribution and logistics services in Taiwan to reduce channel and inventory costs.	This company sells medicines from well-known pharmaceutical principals and Excelsior recognized investment income of NT\$22,043 in thousands.	None	None
Dynamic Medical Technologies Inc.		Expand the aesthetic medical industry with high self-pay potential and market value.	This company has positive sales in aesthetic medical devices and consumables, and Excelsior recognized investment income of NT\$47,224 in thousands.	None	None
Excelsior Healthcare Co., Limited		Establish investments and operations in overseas medical industry.	This company mainly invests in Excelsior Renal Service Co., Limited, EG Healthcare Inc., Excelsior Investment (Malaysia) Co., Ltd. and Excelsior Medical (HK) Co., Limited and has sound investment performance, leading Excelsior to recognize investment income of NT\$130,678 in thousands.	None	None
Bestsmile Co., Ltd.		Dental management consultancy service and leasing of related devices.	This company's investment benefit is not good, and it will be sold in the future to reduce losses. Excelsior recognized investment loss of NT\$3,614 in thousands.	The capital reduction to cover losses was completed, and the capital was increased to improve its financial structure, in April 2022.	None
Excelsior Medical (HK) Co., Limited		Establish investments and operations in long-term care business and sale of medical supplies sector.	This company mainly invests in Asia Best Healthcare Co., Ltd. and SinoExcelsior Investment Inc. and has sound investment performance. Excelsior recognized investment income of NT\$35,980 in thousands.	None	None
Excelsior Beauty Co., Ltd.		Operating aesthetic medical and body shaping services and sales of aesthetic medical consumables.	This company's aesthetic medical business was impacted by COVID-19 epidemic, and Excelsior recognized investment income of NT\$12,762 in thousands.	Actively promote sales of products and treatments, while strictly controlling operating expenses, and help investees continues to grow through the integration of channel operating resources.	None

Item	Remarks	Policy	Main Reasons for Profit or Loss in 2020	Action Plan	Other Future Investment Plan
Excelsior Asset Management Co., Ltd.		Leasing services of medical devices and real estate.	This company provides leasing business for affiliate company, and Excelsior recognized investment income of NT\$16,297 in thousands.	None	None
EG Healthcare Inc.		Provide hemodialysis services in Philippines.	This company has sound business development at the Philippines, and Excelsior recognized investment income of NT\$11,958 in thousands.	None	None
SinoExcelsior Investment Inc.		Provide medical supplies sale, lease, and medical management consultancy service in China.	This company is in the transition period of operation conversion, so there is no substantial operation, and Excelsior recognized investment income of NT\$3,228 in thousands.	None	None
Excelsior Investment (Malaysia) Co., Ltd.		Establish investments and operations in medical industry in Malaysia.	This company mainly invests in Renal Laboratories Sdn. Bhd. and Medi-Chem Systems Sdn. Bhd., Excelsior recognized investment income of NT\$391 in thousands.	None	None
Renal Laboratories Sdn. Bhd.		Provide medical device manufacturing service in Southeast Asia.	This company produces hemodialysis products in Malaysia. Due to COVID-19 epidemic impact, Excelsior recognized investment income of NT\$1,870 in thousands.	Improve manufacturing process, produce new products and expand export channels.	None
Medi-Chem Systems Sdn. Bhd.		Provide hemodialysis service in Malaysia.	This company sells hemodialysis and wound and ostomy products in Malaysia. Due to COVID-19 epidemic impact, Excelsior recognized investment loss of NT\$274 in thousands.	Compete for new products agency and expand domestic channels.	None
Renal Management Sdn. Bhd.		Provide leasing and management consultancy service in Malaysia.	This company provides office lease to affiliate company in Malaysia and Excelsior recognized investment income of NT\$63 in thousands.	None	None
Dynamic Medical Technologies (Hong Kong) Ltd.		Actively develop sales of aesthetic medical devices and consumables in Hong Kong and to invest in China.	This company is affected by COVID-19 epidemic and Hong Kong's political economic impacted on revenue decrease. However, due to the growth in performance of the investee company, the overall after-tax net profit increased.	Actively promote product sales. In 2022, the new product AestheFill in Hong Kong was launched, providing more choices for the aesthetic medical market.	None

Item \ Remarks	Policy	Main Reasons for Profit or Loss in 2020	Action Plan	Other Future Investment Plan
Guangzhou Dynamic Inc.	Actively develop sales of aesthetic medical devices and consumables market in China.	This company is in the transition period of operation conversion, so there is no substantial operation, and the current period has loss after tax.	Strictly control operating expenses.	None
CYJ International Taiwan Inc.	Sales of treatments and products related to hair growth and body shaping.	This company mainly promotes new hair care and body shaping services, which are loved by customers, so the treatment performance has grown significantly; due to the impact of the COVID-19, online shopping has become popular, and e-commerce performance has also grown. In addition, operating expenses are controlled so that the growth rate of operating expenses is less than the growth rate of operating revenue, so the overall after-tax net profit has turned into the profit.	None	It is expected that there will be 10 stores opened in 2022.

Note: There are subsidiaries as of December 31, 2021.

6. Risk Management and Assessment from Last Year up to the Time of Report Publication

(1) Effect of changes in interest rate, exchange rate and inflation on corporate finance, and future countermeasures

A. Interest rate

The Group's interest expenses are mostly caused by short-term borrowings. The recent market rate is relatively low, and the Group also regularly evaluates the banks' interest rates and maintains close relations with corresponding banks to seek a more favorable interest rate. Therefore, changes in interest rate have no significant impact on corporate finance.

B. Exchange rate

The Group reduces risks from exchange rate fluctuations by continuing to focus on fluctuations in the international financial market and to timely utilize foreign exchange forward contracts. For instance, for supplier contracts that denote prices in USD, the Group would purchase timely USD forward contracts and deposits in comprehensive consideration of the trends of USD and the purchase amounts. For denoted prices in Euro, the Group negotiates prices for the subsequent year using NTD in each year, and purchases timely Euro forward contracts and deposits in comprehensive consideration of the trends of Euro and the purchase amounts. Since the recent correlation between the Japanese Yen and the NTD is relatively low, and the Yen has adopted a quantitative easing policy, it is also considered a hedging currency. The Group also keeps a close eye on the exchange trends on the Yen and our actual needs, and in case of large appreciations, the Group will purchase timely forward contracts to hedge against possible risks based on actual needs.

C. Inflation

For the Group's products that belong to health insurance reimbursement in accordance with the National Health Insurance Administration, inflation has no significant impact on corporate finance. But products that are categorized as sales of aesthetic medical devices and consumables, and healthcare home appliances are prone to be impacted by market and inflation. Therefore, the Group keeps a close eye on the consumer price index (CPI) in the consumer market and adjusts product portfolio to encourage consumers to spend and to reduce the risk of inflation.

(2) Policies of high-risk, high-leverage investments, fund financing to other parties, endorsement guarantee and derivative commodity trading, and its main reasons for profit or loss and future countermeasures

The Group does not engage in high-risk, high-leverage investments.

The Group only loans funds to companies with inter-company business transaction or with necessary short-term financing need, and is carried out with "Regulations Governing Loaning of Funds." As of December 31, 2021, the Group's balance of loaning of funds was NT\$2,085 in thousands. As of March 31, 2022, the Group's balance of loaning of funds is NT\$2,163 in thousands.

The Group only makes guarantees and endorsements to the parent company, subsidiaries and companies with inter-company business transaction, and is carried out with “Regulations Governing Making of Endorsements/Guarantees.” As of December 31, 2021, the Group’s endorsements/guarantees balance was NT\$2,721,325 in thousands. As of March 31, 2022, the Group’s endorsements/guarantees balance is NT\$1,924,217 in thousands.

The Group’s derivative transactions are all hedging in nature, and does not deal in transactive or speculative transactions.

- (3) Future research & development projects and corresponding budget: The Group is non-manufacturing, so it is not applicable.
- (4) Effects of and response to changes in policies and regulations relating to corporate finance and sales

To target the increasingly active global pharmaceutical market, and seeing that the International has extended the quality management of medicines from manufacturing processes to logistics and distribution, the Ministry of Health and Welfare in Taiwan has also set the reinforced control over pharmaceutical distribution and logistics as a key implementation policy, and phased implementation has commenced since July 2016. Full enactment has come into effect since December 31, 2018. Due to strict requirements for quality and safety, the entry barriers in this industry is extremely high. Only a few companies that continue to focus and invest in comprehensive PIC/S GMP and GDP facilities, can become competitive enterprises with global counterparts. Moreover, the Group continues to acquire GMP and GDP accreditations for medicines approved by the government, and will apply GMP and GDP accreditations for medical devices in this year. Enter into medical device sector, and cooperate with pharmaceutical principals to increase market share. Also, we continue to introduce new products related pharmaceutical and healthcare, strengthen interaction with each customer, and provide more comprehensive and complete professional services.

In response of the enactment of the “Long-term Care Services Act” in June 2017, various services that integrate medical, caring, housing, prevention and daily life support were in favor of Asia Best Healthcare Co., Ltd. to expand long-term care services to satisfy the needs of the aging population.

- (5) Effects of and response to changes in technology and the industry relating to corporate finance and sales

The Group is an integrated channel provider in medical device industry, aesthetic medical industry, and pharmaceutical sales and distribution and logistics industry. Changes in technology and the industry will help to strengthen our supply chain relationship and help the Group to provide new products to satisfy customer needs. By focusing on relevant technological development trends in industries and investing capital and personnel to develop new businesses and new products, the Group hopes to enhance service quality and to lower operating costs.

- (6) The impact of changes in corporate image on corporate risk management, and the Company’s response measures: The Group continues to develop business by maintaining a positive corporate image in providing medical and healthcare services.

- (7) Expected benefits from, risks relating to and response to merger and acquisition plans: Not applicable.
- (8) Expected benefits from, risks relating to and response to factory expansion plans: Not applicable.
- (9) Risks relating to and response to excessive concentration of purchasing sources and excessive customer concentration

A. Purchase

In terms of the purchases of medical devices and healthcare home appliances, the company adopt a dual-brand marketing strategy by both importing from overseas brands and also outsource our own brand to OEMs. This helps the Company to appropriately disperse sources of purchase, and we maintain an adequate purchasing ratio for each supplier and product, and therefore, we do not have risks associated with concentration of purchases.

In terms of the purchases of aesthetic medical industry, the Group mainly acts as an agent of various aesthetic medical devices and consumables, and we actively pursue the latest aesthetic medical technologies and related products. We maintain an adequate purchasing ratio for each supplier and product, so we do not have risks associated with concentration of purchases.

In terms of the purchases of medicines, since the Group sells medicine from well-known pharmaceutical principals with high market shares and revenues, it is not possible to avoid concentration of purchases. To reduce the risk of concentrated purchases, the Group is already actively developing businesses from other pharmaceutical principals, and continue to develop new customers and to increase channel coverage ratio. Concurrently, we are also strengthening customer relationship and marketing strategies to consolidate our agency.

B. Sale

In terms of the sales of medical devices, the Company's sales to Bestchain Healthtaiwan Co., Ltd. ("Bestchain") accounts for approximately 34%. The Company sells surgical consumables from its agency brand Covidien to Bestchain, and Bestchain's sales team would then sell and distribute the products to various medical institutions. The Company's sales to Excelsior Renal Service Co., Limited ("ERS") accounts for approximately 14%. Nevertheless, this sales strategy of hemodialysis products is for ERS to compete for dialysis management service from various public and private medical institutions, and for the Company to provide relevant product sales. For hemodialysis center independently operated by medical institutions, the Company would directly sell to each medical institution and provide relevant after-sale services.

Most of the Group's aesthetic medical devices and consumables are sold to dermatology departments and plastic surgery departments in major public and military hospitals, private dermatology clinics, private plastic surgery clinics, obstetrics and gynecology clinics, family medicine clinics, and pharmacies and chain drugstores in Taiwan. There are many counterparties, so there is no risk associated with concentration of sales.

In terms of the sales of medicine, most of which are sold to domestic medical institutions and pharmacies. There are many counterparties, so there is no risk associated with concentration of sales.

In recent years, the Group has been committed to diversifying operating risks through continuing to introduce products from international principals and by developing the product sales in each medical field. Presently, there is no clear indication of concentration of sales.

- (10) Effects of, risks relating to and response to large shares transfers or changes in shareholdings by directors, supervisors, or shareholders with shareholdings of over 10%: None.
- (11) Effects of, risks relating to and response to the changes in management rights: Not applicable.
- (12) Litigious or non-litigious matters. List major litigious, non-litigious or administrative disputes that: (1) involve the company and/or any company director, any company supervisor, president, any person with actual responsibility for the firm, any major shareholder holding a stake of greater than 10 percent, and/or any company or companies controlled by the company; and (2) have been concluded by means of a final and unappealable judgment, or are still under litigation, where such a dispute could materially affect shareholders' equity or the prices of the company's securities, the company should disclose the facts of the dispute, related amounts, date, main parties involved and current status of the case up to the publication date of this annual report: None.
- (13) Other major risks and measures: None.
- (14) The organizational structure of risk management

The Group's risk management of various activities is managed by each respective management unit, and the internal auditing unit will propose and implement risk-oriented audit plans and review the existing or potential risks at each business. Below are descriptions of each risk management unit:

- A. General Manager's Office: Responsible for management decision-making and supervising and coordinating related matters from each department to reduce strategic risks.
- B. Each business unit: Separately responsible for proposing operating strategies for their respective businesses and to seize market trends to reduce risk of business operations.
- C. Finance and accounting division: Responsible for fund transfer and to stay on top of fluctuations in interest rates and exchange rates at all times to reduce risks of finance, exchange rates, and interest rates. The finance and accounting division has established a credit control mechanism to review credit limit, thereby reducing ratios of bad debt in account receivables.
- D. IT Division: Responsible for the safety and management of physical assets and the safety protective measures of the internet to reduce information security risks.

7. Other Important Matters

Key Performance Indicator (KPI) of the Group

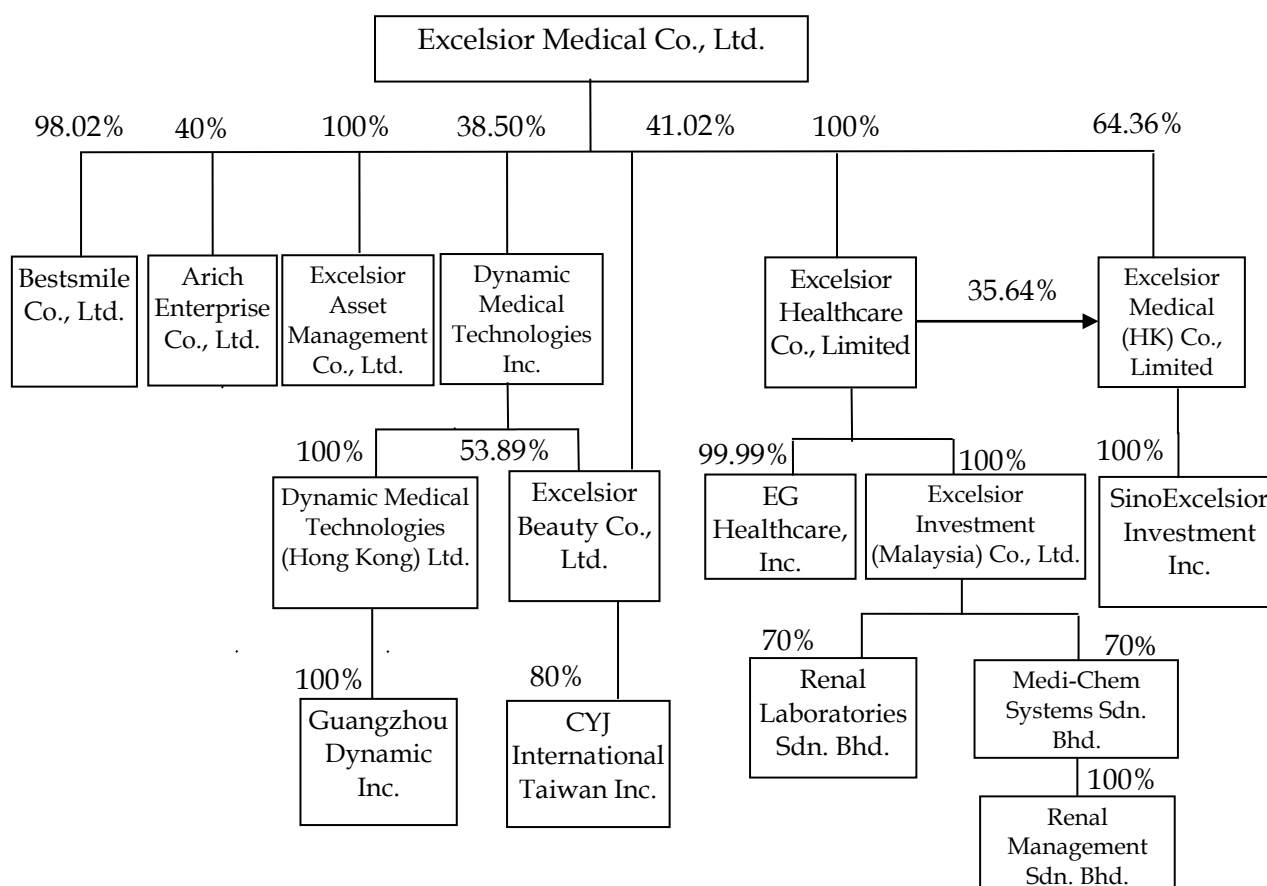
Since the Group is a relatively large-scale integrated channel provider in the domestic medical device industry, aesthetic medical industry, and pharmaceutical sales and distribution and logistics industry, our products encompass various sites ranging from medical institutions, department stores, and chain drugstores in Taiwan. Therefore, “accounts receivable turnover” and “inventory turnover” are key indicators that will affect the funds. The Group’s accounts receivable turnover was 4.3, with average collection period of 85 days in 2021. The inventory turnover in 2021 was 5.9, with average days in sales of 62 days. In addition, our market shares of the new products agency and distribution are non-financial KPI.

VIII. Special Disclosure

1. Information on Affiliated Enterprises

(1) 2021 consolidated business report from affiliated enterprises

A. Organizational chart of affiliated enterprises



B. Information of affiliated enterprises

Unit: unless otherwise stated,
NT\$ thousands

Enterprise Name	Startup Date	Address	Total Amount of Paid in Capital	Major Operations
Arich Enterprise Co., Ltd.	June 2, 1980	14F.-5, No. 880, Zhongzheng Rd., Zhonghe Dist., New Taipei City 235, Taiwan (R.O.C.)	745,744	Sales of medicines, and logistics service
Dynamic Medical Technologies Inc.	October 9, 2003	14F., No. 880, Zhongzheng Rd., Zhonghe Dist., New Taipei City 235, Taiwan (R.O.C.)	300,000	Sales, lease and maintenance of aesthetic medical devices, and sales of aesthetic medical consumables and beauty products
Excelsior Healthcare Co., Limited	December 24, 2002	4th Floor Ellen Skelton Building, 3076 Sir Francis Drake Highway, Road Town, Tortola, British Virgin Islands	USD\$ 39,412 in thousands	Investment business
Bestsmile Co., Ltd.	June 15, 2007	16F.-5, No. 880, Zhongzheng Rd., Zhonghe Dist., New Taipei City 235, Taiwan (R.O.C.)	11,742	Sales of medical devices, and medical management consultancy service

Enterprise Name	Startup Date	Address	Total Amount of Paid in Capital	Major Operations
Excelsior Medical (HK) Co., Limited	June 1, 2010	Room 13, 4F, Block A, Focal Industrial Center, 21 Man Lok Street, Hung Hom, Kowloon, Hong Kong	USD\$ 82,595 in thousands	Investment business
Excelsior Beauty Co., Ltd.	August 15, 1979	14F.-1, No. 880, Zhongzheng Rd., Zhonghe Dist., New Taipei City 235, Taiwan (R.O.C.)	281,210	Sales of body shaping treatments and aesthetic medical products and consumables
Excelsior Asset Management Co., Ltd.	October 27, 2015	17F.-6, No. 880, Zhongzheng Rd., Zhonghe Dist., New Taipei City 235, Taiwan (R.O.C.)	808,255	Leasing services of medical devices and real estate
EG Healthcare, Inc.	July 31, 2003	14/F, Ramon Magsaysay Center, Roxas Boulevard, Manila, Philippines	PHP\$94,275 in thousands	Sales and lease of medical devices, and medical management consultancy service
SinoExcelsior Investment Inc.	January 13, 2011	Room 301-2, No.1089, Kang Ning Lu, Shanghai Shi, China	CNY\$60,000 in thousands	Investment business, sales and lease of medical devices, and medical management consultancy service
Excelsior Investment (Malaysia) Co., Ltd.	February 12, 2018	4 th Floor Ellen Skelton Building, 3076 Sir Francis Drake Highway, Road Town, Tortola, British Virgin Islands	USD\$ 6,341 in thousands	Investment business
Renal Laboratories Sdn. Bhd.	July 20, 1996	PT42, Lengku Teknologi 4, Persiaran Teknologi 4, Techpark@Enstek, 71760 Negeri Sembilan, Malaysia.	MYR\$28,700 in thousands	Manufacture of hemodialysis products in Southeast Asia
Medi-Chem Systems Sdn. Bhd.	October 22, 1985	No. 5 Lorong Perusahaan 3 Taman Industri Kimpal, Batu Caves, 68100 Malaysia	MYR \$500 in thousands	Sales of medical devices in Malaysia
Renal Management Sdn. Bhd.	June 5, 1992	No. 5 Lorong Perusahaan 3 Taman Industri Kimpal, Batu Caves, 68100 Malaysia	MYR \$200 in thousands	Lease and management consultancy service in Malaysia
Dynamic Medical Technologies (Hong Kong) Ltd.	January 25, 2007	Room 13, 4F, Block A, Focal Industrial Center, 21 Man Lok Street, Hung Hom, Kowloon, Hong Kong	HKD \$79,022 in thousands	Sales and maintenance of medical devices
Guangzhou Dynamic Inc.	May 22, 2009	Room 1301,1310, No.363, Dongfeng Zhong Road, Yuexiu District, Guangzhou, China	CNY\$ 10,400 in thousands	Sales and maintenance of medical devices
CYJ International Taiwan Inc.	December 8, 2014	14F.-2, No. 880, Zhongzheng Rd., Zhonghe Dist., New Taipei City 235, Taiwan (R.O.C.)	122,400	Sales of treatments and products related to hair care and body shaping

C. Information on shareholders who are the same as the controlled and affiliated entities: None.

D. Description of overall business scope of affiliates enterprises

The Company's primary businesses are medical and healthcare products and related services, and major agency products include:

Hemodialysis machine and dialyzers: Hemodialysis products from Fresenius, Nikkiso and AsahiKasei.

Solutions and powders: Hemodialysis products from own-brand Renabio which outsource manufacturing to well-known domestic pharmaceutical factories.

Air purifiers and healthcare home appliances: Own-brand ULTRACLEAN and distribution brand Electrolux, etc.

Colostomy products: Hollister wound and ostomy medical products.

Blood bags: Japan's JMS blood bag products.

Surgical products: Covidien surgical products.

Aesthetic medical laser devices: Sale and lease of aesthetic medical devices and medical management consultancy services.

Besides supplying the above products, we also provide comprehensive repair and maintenance support system and IT service repair and consultancy system.

Businesses of affiliates enterprises:

- a. Arich Enterprise Co., Ltd. : This company is a subsidiary invested by Excelsior to expand medicine sales business, and its major businesses include pharmaceutical promotion and distribution logistics services.
- b. Dynamic Medical Technologies Inc. : This company is a subsidiary invested by Excelsior to expand aesthetic medical devices sales, and owns agency or distribution rights for products from various well-known European, American, or Korean aesthetic medical brands. Its major businesses include sale, lease and maintenance of aesthetic medical laser devices, and sale of aesthetic medical consumables and beauty products.
- c. Excelsior Healthcare Co., Limited : This company is a subsidiary invested by Excelsior to expand to foreign medical and healthcare industries. Its major business is investment.
- d. Bestsmile Co., Ltd. : This company is a subsidiary invested by Excelsior to expand sale and lease of dental medical devices. Its major businesses include lease of medical devices and medical management consultancy service.
- e. Excelsior Medical (HK) Co., Limited : This company is an indirect subsidiary invested by Excelsior to expand to foreign medical and healthcare industries. Its major business is investment.
- f. Excelsior Beauty Co., Ltd. : This is an indirect subsidiary invested by Excelsior for cosmetic beauty products. Its major businesses include sales of cosmetic beauty products and aesthetic medical consumables.

- g. Excelsior Asset Management Co., Ltd. : This is a subsidiary invested by Excelsior to expand physical channels for medical and healthcare industries. Its major businesses include sale, acquisition and lease for medical devices and real estate.
- h. EG Healthcare, Inc. : This is an indirect subsidiary invested by Excelsior to expand to the medical and healthcare industry in the Philippines. Its major businesses include sale and lease of medical devices, and medical management consultancy service.
- i. SinoExcelsior Investment Inc. : This is an indirect subsidiary invested by Excelsior to expand to the medical and healthcare industry in China. Its major businesses include investment, sales and lease of medical devices and medical management consultancy service.
- j. Excelsior Investment (Malaysia) Co., Ltd. : This is an indirect subsidiary invested by Excelsior to expand to medical and healthcare industry in Malaysia. Its major business is investment.
- k. Renal Laboratories Sdn. Bhd. : This is an indirect subsidiary invested by Excelsior to expand to hemodialysis product manufacturing and related businesses in Malaysia. Its major businesses include medical devices and consumables manufacturing and sales in Southeast Asia.
- l. Medi-Chem Systems Sdn. Bhd. : This is an indirect subsidiary invested by Excelsior to expand to medical device sales and related businesses in Malaysia. Its major businesses include medical devices and local medical consumables sales.
- m. Renal Management Sdn. Bhd. : This is an indirect subsidiary invested by Excelsior to expand to the medical and healthcare industry in Malaysia. Its major businesses include real estate leasing and management consultancy service.
- n. Dynamic Medical Technologies (Hong Kong) Ltd. : This is an indirect subsidiary invested by Excelsior to expand to the medical and healthcare industry in Hong Kong. Its major businesses include sales and maintenance of medical devices.
- o. Guangzhou Dynamic Inc. : This is an indirect subsidiary invested by Excelsior to expand to the medical and healthcare industry in China. Its major businesses include sales and maintenance of medical devices.
- p. CYJ International Taiwan Inc. : This is an indirect subsidiary invested by Excelsior to set up in Taiwan for hair growth and professional body shaping treatments. Its major businesses include sales of products and treatments related hair growth and body shaping.

E. Directors, supervisors, and general managers of affiliated enterprises

Unit: unless otherwise stated, shares; %

Enterprise Name	Title	Name or Representative	Shareholding	
			Shares	Investment holding %
Arich Enterprise Co., Ltd.	Chairman	Excelsior Medical Co., Ltd. Representative: Fu Hui-Tung	29,829,742	40.00%
	Director	Chang Hsien-Cheng	2,000	0.00%
	Director	Chang Ming-Cheng	-	-
	Director	Excelsior Investment Co., Ltd. Representative: Xue Fu-Quan	1,538	0.00%
		Lin Feng Co., Ltd.	30,768	0.04%
	Director	Representative: Dang Tian-Jian	1,260,000	1.69%
	Director	Xuan Hui Investment Co., Ltd. Representative: Su Wen-Lynn	-	-
	Independent director	Chang Wu-I	-	-
	Independent director	Chan Tzu-Sheng	-	-
	Independent director	Yang Yu-Ming	-	-
General manager	Biao Shih-Wei	2,000	0.00%	
Dynamic Medical Technologies Inc.	Chairman	Fu Hui-Tung	-	-
	Director	Wang Ming-Ting	-	-
	Director	Excelsior Medical Co., Ltd. Representative: Chang Ming-Cheng	11,550,425	38.5%
		Huang Jie-Qing	3,000	0.01%
		Xue Fu-Quan	15,034	0.05%
	Director	Fu Jo-Hsuan	-	-
	Independent director	Shi Mei-Hui	-	-
	Independent director	Yang Yu-Ming	-	-
	Independent director	Liao Yi-Hsing	-	-
General manager	Wu Guo-Long	-	-	
Excelsior Healthcare Co., Limited	Director	Fu Hui-Tung	-	-
			Excelsior Medical Co., Ltd. holds 39,411,623 shares.	100.00%
Bestsmile Co., Ltd.	Chairman	Excelsior Medical Co., Ltd. Representative: Tsai Liang-Jia	1,150,874	98.02%
	Director	Chang Ming-Cheng	1,162	0.10%
	Director	Chang Jing-Kun	-	-
	Supervisor	Excelsior Investment Co., Ltd. Representative: Chou Cheng-Hsiao	291	0.02%
		Tsai Liang-Jia	-	-
General manager		1,162	0.10%	
Excelsior Medical (HK) Co., Limited	Director	Fu Hui-Tung	-	-
			Excelsior Medical Co., Ltd. holds 53,154,741 shares.	64.36%
			Excelsior Healthcare Co., Limited holds 29,439,829 shares.	35.64%
Excelsior Beauty Co., Ltd.	Chairman	Dynamic Medical Technologies Inc. Representative: Wu Guo-Long	15,154,496	53.89%
	Director	Fu Hui-Tung	-	-
	Director	Fu Jo-Hsuan	-	-
	Supervisor	Wang Ming-Ting	-	-
	General manager	Wu Guo-Long	-	-

Enterprise Name	Title	Name or Representative	Shareholding	
			Shares	Investment holding %
Excelsior Asset Management Co., Ltd.	Chairman	Excelsior Medical Co., Ltd.	80,825,500	100.00%
	Director	Representative: Fu Hui-Tung	-	-
	Director	Wang Ming-Ting	-	-
	Supervisor	Fu Jo-Hsuan	-	-
	General manager	Chou Cheng-Hsiao	-	-
		Wang Ming-Ting	-	-
EG Healthcare, Inc.	Chairman	Kao Shen	1	-
	Director	Pan Cong-Ren	1	-
	Director	Romarico I. Gatchalian	1	-
	Director	Addison B. Castro	1	-
	Director	Marianne Macarilay	1	-
	General manager	Pan Cong-Ren	1	-
		Excelsior Healthcare Co., Limited holds 9,427,489 shares.	99.99%	
SinoExcelsior Investment Inc.	Chairman	Kao Shen	-	-
	Director	Fu Hui-Tung	-	-
	Director	Fu Jo-Hsuan	-	-
	Supervisor	Chou Cheng-Hsiao	-	-
	General manager	Kao Shen	-	-
		Excelsior Medical (HK) Co., Limited invested CNY\$60,000 in thousands.	100.00%	
Excelsior Investment (Malaysia) Co., Ltd.	Director	Fu Hui-Tung	-	-
		Excelsior Healthcare Co., Limited holds 6,341,416 shares.	100.00%	
Renal Laboratories Sdn. Bhd.	Chairman	Yong Tuan Heng	-	-
	Managing Director	Jason Nien	-	-
	Director	Stanley Chang	-	-
	Director	Kao-Shen	-	-
	Director	Fu Jou-Hsuen	-	-
	Director	Wong Huey Miin	-	-
	Director	Beh Seok Koon	-	-
			Excelsior Investment (Malaysia) Co., Ltd. holds 16,773,586 shares.	70%
		Renal Resources Sdn. Bhd. holds 7,188,679 shares.	30%	

Enterprise Name	Title	Name or Representative	Shareholding	
			Shares	Investment holding %
Medi-Chem Systems Sdn. Bhd.	Chairman	Yong Tuan Heng	-	-
	Managing Director	Jason Nien	-	-
	Director	Stanley Chang	-	-
	Director	Kao-Shen	-	-
	Director	Fu Jou-Hsuen	-	-
	Director	Wong Huey Miin	-	-
	Director	Beh Seok Koon	-	-
			Excelsior Investment (Malaysia) Co., Ltd. holds 350,000 shares	70%
			Renal Resources Sdn. Bhd. holds 150,000 shares.	30%
Renal Management Sdn. Bhd.	Chairman	Yong Tuan Heng	-	-
	Managing Director	Jason Nien	-	-
	Director	Kao-Shen	-	-
			Medi-Chem Systems Sdn. Bhd. holds 200,000 shares.	100%
Dynamic Medical Technologies (Hong Kong) Ltd.	Director	Fu Jo-Hsuan	-	-
	Director	Wu Guo-Long	-	-
			Dynamic Medical Technologies Inc. holds 79,021,783 shares.	100.00%
Guangzhou Dynamic Inc.	Director	Wu Guo-Long	-	-
	Supervisor	Jiang Zhi-Hao	-	-
			Dynamic Medical Technologies (Hong Kong) Ltd. invested CNY\$10,400 in thousands.	100.00%
CYJ International Taiwan Inc.	Chairman	Excelsior Beauty Co., Ltd.	9,792,000	80.00%
	Director	Representative: Fu Jo-Hsuan	-	-
		Tsai Liang-Jia	-	-
		CYJ INTERNATIONAL COMPANY LIMITED	2,448,040	20.00%
	Director	Representative: Jiang Zhi-Hao	-	-
	Supervisor	Wang Ming-Ting	-	-
	General manager	Fu Jo-Hsuan	-	-

F. Operation results of affiliated enterprises

Unit: NT\$ thousands, except earnings/(loss) per share

Enterprise Name	Capital	Total Assets	Total Liabilities	Net Worth	Operating revenue	Net operating income/(loss)	Profit/(loss)	Earnings/(loss) per share
Arich Enterprise Co., Ltd.	745,744	4,488,761	2,670,773	1,817,988	945,661	54,430	55,305	0.74
Dynamic Medical Technologies Inc.	300,000	1,744,337	460,295	1,284,042	764,638	120,170	123,206	4.11
Excelsior Healthcare Co., Limited	1,244,687	1,776,905	622	1,776,283	0	(177)	130,678	3.32
Bestsmile Co., Ltd.	11,742	12,494	10,483	2,011	7,050	(3,543)	(3,688)	(3.14)
Excelsior Medical (HK) Co., Limited	2,451,275	2,499,833	200	2,499,633	0	(215)	55,904	0.68
Excelsior Beauty Co., Ltd.	281,210	525,350	168,815	356,535	119,743	13,237	30,874	1.1
Excelsior Asset Management Co., Ltd.	808,255	1,151,292	320,503	830,789	46,330	21,882	16,297	0.20
EG Healthcare Inc.	19,256	140,271	63,056	77,215	148,917	34,064	11,958	1.27
SinoExcelsior Investment Inc.	291,579	133,167	53	133,114	1	(681)	3,228	註
Excelsior Investment (Malaysia) Co., Ltd.	192,814	196,043	31,430	164,613	0	(664)	391	0.06
Renal Laboratories Sdn. Bhd.	182,389	169,299	7,493	161,806	82,208	1,937	2,672	0.11
Medi-Chem Systems Sdn. Bhd.	3,178	22,424	8,615	13,809	38,241	(1,976)	(391)	(0.78)
Renal Management Sdn. Bhd.	1,271	9,031	261	8,770	1,150	271	90	0.45
Dynamic Medical Technologies (Hong Kong) Ltd.	305,823	267,065	5,949	261,116	51,552	10,071	12,416	0.16
Guangzhou Dynamic Inc.	44,346	11,748	695	11,053	0	-1,048	(1,015)	Note
CYJ International Taiwan Inc.	122,400	330,310	211,735	118,575	195,762	17,079	21,254	1.74

Note: This company has no shares.

(2) Consolidated financial statements of affiliated enterprises: Same as consolidated financial statements.

(3) Reports of affiliated enterprises: None.

2. Private Placement Securities from Last Year up to the Time of Report Publication:

None.

3. Subsidiaries Holding or Disposal of the Company's Stock List from Last Year up to the Time of Report Publication:

None.

4. Other Necessary Supplements

The evaluation method for accounts of balance sheet

(1) Allowance of accounts receivable

The Group has assessed accounts receivables for indicators of impairment at the end of each reporting period. Accounts receivables are considered to be impaired when there is objective evidence, as a result of one or more events that occurred after the initial recognition of the accounts receivables, that the estimated future cash flows of the accounts receivables have been affected. Such accounts receivables are assessed for impairment on a collective basis even if they were assessed not to be impaired individually.

The amount of the impairment loss recognized is the difference between the asset's carrying amount and the present value of estimated future cash flows (after reflecting effects of collaterals or guarantees), discounted at the financial asset's original effective interest rate. Accounts receivables where the carrying amount is reduced through the use of an allowance account. When accounts receivables are considered uncollectible, they are written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in bad debt losses.

(2) Allowance of inventory valuation

A. Inventories are stated at the lower of cost or net realizable value. Inventory write-downs are made by item, except where it may be appropriate to group similar or related items. Net realizable value is the estimated selling price of inventories less selling expenses. Inventories are recorded at the weighted-average cost.

B. The Group policy on allowance of inventory valuation

a. Inventories shall be stated at the lower of cost or net realizable value.

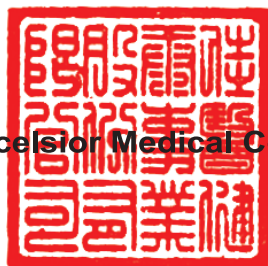
b. Inventory cost shall be compared by each item against its net realizable value. Loss will be recognized for items with lower net realizable values than their respective inventory costs, and no recognition will be made for those whose net realizable values are higher than the inventory costs. For inventories that have been written-down to the net realizable value, in case net realizable values rises, it is necessary to write back the increase in the net realizable value of the inventory within the boundaries of the original write-off, and to recognize "Adjustments to Cost of Sales-Losses on inventory valuation."

c. For items that need to be scrapped in the inventory, 100% of the inventory balance will be recognized for reserve.

d. In case of special circumstances or changes in industry, the Group may adjust inventory products based on their actual circumstances.

5. Matters that Have Significantly Affected Shareholders' Equity and Share Prices Pursuant to Item 2, Paragraph 3, Article 36 of Securities and Exchange Act from Last Year up to the Time of Report Publication:
None.

 Excelsior Medical Co., Ltd.



CHAIRMAN **Fu Hui-Tung**





+ **Excelsior Medical Co., Ltd.**

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