Stock Code:4104

EXCELSIOR MEDICAL CO., LTD.
AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS

With Independent Auditors' Report
For the Years Ended December 31, 2018 and 2017

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

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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, 2018 under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports, and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with International Financial Reporting Standards No. 10 endorsed by the Financial Supervisory Commission, "Consolidated Financial Statements." In addition, the information required to be disclosed in the combined financial statements is included in the consolidated financial statements. Consequently, Excelsior Medical Co., Ltd. and Subsidiaries do not prepare a separate set of combined financial statements.

Excelsior Medical Co., Ltd.
Fu Hui-Tung
March 20, 2019

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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, 2018 and 2017, 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, 2018 and 2017, 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, 2017, the total assets of these subsidiaries were NT$1,087,267 thousand, constituting 7% of consolidated total assets. The total operating revenues of these subsidiaries for the year ended December 31, 2017 were NT$62,321 thousand, constituting 1% of consolidated total operating revenues. We also did not audit the financial statements of certain associates and joint ventures, which represented investment in other entities accounted for using the equity method of the Group. Those statements were audited by other auditors, whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for such entities, is based solely on the reports of other auditors. As of December 31, 2018 and 2017, the carrying amounts of these investments were NT$215,973 thousand and NT$310,467 thousand, respectively, both were constituting 2% of consolidated total assets. The share of comprehensive income of associates and joint ventures accounted for using the equity method for the years ended December 31, 2018 and 2017, amounted to NT$17,967 thousand and NT$17,748 thousand, respectively, both were constituting 4% of consolidated total comprehensive income.

Excelsior Medical Co., Ltd. has prepared its parent-company-only financial statements as of and for the years ended December 31, 2018 and 2017, 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 20, 2019

Notes to Readers

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

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

EXCELSIOR MEDICAL CO., LTD. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEET

DECEMBER 31, 2018 AND 2017

(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

	ASSETS	2018.12.31 Amount	%	2017.12.31 Amount	%
	Current assets:				
1100	Cash and cash equivalents (Note (6)(a))	$ 3,100,081	22	2,473,892	16
1110	Current financial assets at fair value through profit or loss (Note (6)(b))	15,168	-	700	-
1126	Current available-for-sale financial assets (Note (6)(d))	-	-	45,244	-
1136	Current financial assets at amortized cost (Note (6)(e))	233,664	2	-	-
1147	Current investments in debt instrument without active market (Note (6)(g))	-	-	925,192	6
1151	Notes receivable (Notes (6)(h), (7) and (8))	382,138	3	362,447	2
1152	Other notes receivable (Notes (6)(h), (7) and (8))	360,254	3	390,405	3
1170	Accounts receivable (Notes (6)(h), (7) and (8))	1,223,123	9	1,446,820	10
1200	Other receivables (Notes (6)(h), (7) and (8))	3,405,421	24	3,562,727	24
130X	Inventories (Note (6)(i))	1,008,284	7	1,121,982	8
1476	Other current financial assets (Note (8))	74,853	-	80,535	1
1479	Other current assets, others	136,292	1	120,946	1
		9,939,278	71	10,530,890	71
	Non-current assets:				
1517	Non-current financial assets at fair value through other comprehensive income (Note (6)(c))	714,418	5	-	-
1523	Non-current available-for-sale financial assets (Note (6)(d))	-	-	389,967	2
1543	Non-current financial assets at cost (Note (6)(f))	-	-	229,782	2
1550	Investments accounted for using equity method (Note (6)(j))	2,418,116	17	2,508,952	17
1600	Property, plant and equipment (Notes (6)(n) and (8))	286,345	2	270,490	2
1760	Investment property, net (Note (6)(o))	194,209	2	197,114	1
1780	Intangible assets (Note (6)(p))	39,585	-	39,901	-
1840	Deferred tax assets (Note (6)(z))	198,713	2	160,832	1
1930	Long-term notes and accounts receivable (Note (6)(h))	27,591	-	42,598	-
1975	Net defined benefit asset (Note (6)(y))	2,592	-	10,431	-
1980	Other non-current financial assets (Note (8))	134,384	1	544,747	4
1990	Other non-current assets, others	25,639	-	25,775	-
		4,041,592	29	4,420,589	29
	TOTAL ASSETS	$ 13,980,870	100	14,951,479	100

	LIABILITIES AND EQUITY	2018.12.31 Amount	%	2017.12.31 Amount	%
	Current liabilities:				
2100	Short-term borrowings (Note (6)(q))	$ 1,110,000	8	1,160,000	8
2120	Current financial liabilities at fair value through profit or loss (Note (6)(b))	-	-	1,582	-
2130	Current contract liabilities	316,539	2	-	-
2150	Notes payable	2,204	-	2,042	-
2170	Accounts payable (Note (7))	1,012,475	7	1,027,294	7
2200	Other payables (Notes (6)(t) and (7))	2,498,680	18	3,262,492	22
2230	Current tax liabilities	59,089	-	52,663	-
2321	Bonds payable, current portion (Note (6)(s))	-	-	310,879	2
2399	Other current liabilities, others (Notes (6)(u), (v), (w) and (7))	106,989	1	589,124	4
		5,105,976	36	6,406,076	43
	Non-Current liabilities:				
2570	Deferred tax liabilities (Note (6)(z))	105,553	1	85,577	1
2622	Long-term accounts payable to a related party (Note (7))	393,109	3	387,647	2
2640	Net defined benefit liability (Note (6)(y))	21,911	-	29,655	-
2670	Other non-current liabilities, others (Notes (6)(v) and (7))	11,918	-	17,721	-
		532,491	4	520,600	3
	Total liabilities	5,638,467	40	6,926,676	46
	Equity attributable to owners of parent (Note (6)(aa)):				
3100	Share capital	1,281,490	9	1,278,274	9
3200	Capital surplus	2,812,704	20	2,804,995	19
3300	Retained earnings	2,739,276	20	2,596,032	17
3400	Other equity interest	(26,629)	-	(262,832)	(2)
	Total equity attributable to owners of parent	6,806,841	49	6,416,469	43
36XX	**Non-controlling interests (Note (6)(l))**	1,535,562	11	1,608,334	11
	Total equity	8,342,403	60	8,024,803	54
	TOTAL LIABILITIES AND EQUITY	$ 13,980,870	100	14,951,479	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, 2018 AND 2017

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

		For the Years Ended December 31,			
		2018		2017	
		Amount	%	Amount	%
4000	**Operating revenue (Notes (6)(ac), (ad) and (7))**	$ 6,345,031	100	6,095,337	100
5000	**Operating costs (Note (6)(i))**	5,145,925	81	4,888,446	80
	Gross profit from operations	1,199,106	19	1,206,891	20
5910	Less: Unrealized profit from sales	125,043	2	111,180	2
5920	Add: Realized profit from sales	125,102	2	110,587	2
		1,199,165	19	1,206,298	20
	Operating expenses:				
6100	Selling expenses	489,605	8	483,736	8
6200	Administrative expenses	259,316	4	270,000	5
6450	Expected credit loss (Note (6)(h))	12,125	-	-	-
		761,046	12	753,736	13
	Net operating income	438,119	7	452,562	7
	Non-operating income and expenses:				
7010	Other income (Note (6)(af))	46,850	1	51,985	1
7020	Other gains and losses (Notes (6)(af) and (7))	25,961	-	(26,102)	-
7050	Finance costs (Note (6)(af))	(22,045)	-	(31,781)	(1)
7060	Share of profit (loss) of associates and joint ventures accounted for using equity method (Note (6)(j))	159,615	3	107,573	2
		210,381	4	101,675	2
7900	**Profit before tax**	648,500	11	554,237	9
7950	**Less: Tax expense (Note (6)(z))**	100,077	2	83,229	1
	Profit	548,423	9	471,008	8
	Other comprehensive income (loss):				
8310	**Items that will not be reclassified subsequently to profit and loss**				
8311	Losses remeasurements of defined benefit plans	(169)	-	(3,742)	-
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	(47,201)	(1)	-	-
8320	Share of other comprehensive income of associates and joint ventures accounted for using equity method, components of other comprehensive income that will not be reclassified to profit or loss	(5,122)	-	(4,849)	-
8349	Income tax benefit (expense) related to items that will not be reclassified subsequently	15,377	-	1,409	-
	Total items that will not be reclassified subsequently to profit and loss	(37,115)	(1)	(7,182)	-
8360	**Items that will be reclassified to profit or loss**				
8361	Exchange differences on translation	(57,498)	(1)	(116,530)	(2)
8362	Unrealized gains (losses) on valuation of available-for-sale financial assets	-	-	(40,324)	(1)
8370	Share of other comprehensive income of associates and joint ventures accounted for using equity method, components of other comprehensive income that will be reclassified to profit or loss	44,325	1	(32,324)	-
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss	1,899	-	18,620	-
	Total items that will be reclassified subsequently to profit and loss	(11,274)	-	(170,558)	(3)
	Other comprehensive income, net	(48,389)	(1)	(177,740)	(3)
8500	**Total comprehensive income**	$ 500,034	8	293,268	5
	Profit attributable to:				
8610	Owners of parent	$ 451,562	7	399,047	7
8620	Non-controlling interests	96,861	2	71,961	1
		$ 548,423	9	471,008	8
	Comprehensive income attributable to:				
8710	Owners of parent	$ 417,581	7	244,206	4
8720	Non-controlling interests	82,453	1	49,062	1
		$ 500,034	8	293,268	5
	Earnings per share (Note (6)(ab))				
9750	**Basic earnings per share (NT dollars)**	$	3.53		3.12
9850	**Diluted earnings per share (NT dollars)**	$	3.50		3.10

(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, 2018 AND 2017

(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

	Equity attributable to owners of parent												
	Share capital			Retained earnings			Total other equity interest						
	Ordinary shares	Certificate of entitlement to new shares from convertible bond	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	Unrealized gains (losses) on available for sale financial assets	Others	Equity attributable to owners of parent	Non-controlling interests	Total equity
Balance at January 1, 2017	$ 1,275,815	427	2,825,966	603,022	-	1,922,369	42,054	-	55,227	(212,359)	6,512,521	1,796,039	8,308,560
Profit for the year	-	-	-	-	-	399,047	-	-	-	-	399,047	71,961	471,008
Other comprehensive income (loss) for the year	-	-	-	-	-	(7,087)	(103,073)	-	(44,681)	-	(154,841)	(22,899)	(177,740)
Total comprehensive income (loss) for the year	-	-	-	-	-	391,960	(103,073)	-	(44,681)	-	244,206	49,062	293,268
Appropriation and distribution of retained earnings:													
Legal reserve appropriated	-	-	-	38,956	-	(38,956)	-	-	-	-	-	-	-
Special reserve appropriated	-	-	-	-	115,078	(115,078)	-	-	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	-	(319,067)	-	-	-	-	(319,067)	-	(319,067)
Changes in equity of associates and joint ventures accounted for using equity method	-	-	64	-	-	(1,321)	-	-	-	-	(1,257)	-	(1,257)
Conversion of convertible bonds	-	2,032	5,319	-	-	-	-	-	-	-	7,351	-	7,351
Conversion of certificates of bonds-to-share	1,840	(1,840)	-	-	-	-	-	-	-	-	-	-	-
Changes in ownership interests in subsidiaries	-	-	(26,354)	-	-	(931)	-	-	-	-	(27,285)	(156,640)	(183,925)
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(80,127)	(80,127)
Balance at December 31, 2017	1,277,655	619	2,804,995	641,978	115,078	1,838,976	(61,019)	-	10,546	(212,359)	6,416,469	1,608,334	8,024,803
Effects of retrospective application	-	-	-	-	-	21,345	-	97,579	(10,546)	-	108,378	89,400	197,778
Equity at beginning of period after adjustments	1,277,655	619	2,804,995	641,978	115,078	1,860,321	(61,019)	97,579	-	(212,359)	6,524,847	1,697,734	8,222,581
Profit for the year	-	-	-	-	-	451,562	-	-	-	-	451,562	96,861	548,423
Other comprehensive income (loss) for the year	-	-	-	-	-	(6,117)	(517)	(27,347)	-	-	(33,981)	(14,408)	(48,389)
Total comprehensive income (loss) for the year	-	-	-	-	-	445,445	(517)	(27,347)	-	-	417,581	82,453	500,034
Appropriation and distribution of retained earnings:													
Legal reserve appropriated	-	-	-	39,905	-	(39,905)	-	-	-	-	-	-	-
Special reserve appropriated	-	-	-	-	147,754	(147,754)	-	-	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	-	(357,917)	-	-	-	-	(357,917)	-	(357,917)
Changes in equity of associates and joint ventures accounted for using equity method	-	-	(264)	-	-	(954)	-	-	-	-	(1,218)	-	(1,218)
Conversion of convertible bonds	-	3,216	8,079	-	-	-	-	-	-	-	11,295	-	11,295
Conversion of certificates of bonds-to-share	3,835	(3,835)	-	-	-	-	-	-	-	-	-	-	-
Changes in ownership interests in subsidiaries	-	-	(106)	-	-	-	-	-	-	212,359	212,253	(170,943)	41,310
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(73,682)	(73,682)
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	-	35,325	-	(35,325)	-	-	-	-	-
Balance at December 31, 2018	$ 1,281,490	-	2,812,704	681,883	262,832	1,794,561	(61,536)	34,907	-	-	6,806,841	1,535,562	8,342,403

(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, 2018 AND 2017

(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

	For the Years Ended December 31, 2018	2017
Cash flows from operating activities:		
Profit before tax	$ 648,500	554,237
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation expense	73,720	74,508
Amortization expense	6,547	10,307
Expected credit loss / Reversal of provision for bad debt expense	12,125	(21,623)
Net loss (gain) on financial assets or liabilities at fair value through profit or loss	380	16,636
Interest expense	22,045	31,781
Interest income	(28,867)	(38,243)
Dividend income	(14,681)	(13,301)
Share of profit of associates and joint ventures accounted for using equity method	(159,615)	(107,573)
(Gain) loss on disposal of property, plan and equipment	(525)	544
Gain on disposal of investment property	-	(4,820)
Loss (gain) on disposal of investments	2,780	(4,550)
Gain on disposal of subsidiaries	-	(2,620)
Impairment loss on financial assets	-	5,000
Impairment loss on non-financial assets	-	1,489
Reversal of impairment loss on non-financial assets	(6,490)	-
Unrealized profit from sales	125,043	111,180
Realized profit from sales	(125,102)	(110,587)
Others	(248)	(8,723)
Total adjustments to reconcile profit (loss)	(92,888)	(60,595)
Changes in operating assets and liabilities:		
Changes in operating assets:		
Financial assets held for trading	-	(9,986)
Notes receivable	(19,282)	42,182
Accounts receivable	209,570	(148,701)
Other receivables	182,201	1,244,175
Inventories	65,661	(155,417)
Net defined benefit asset	(237)	(262)
Other current assets	(15,966)	7,347
Other operating assets	15,007	(23,148)
Total changes in operating assets	436,954	956,190
Changes in operating liabilities:		
Financial liabilities held for trading	(1,441)	1,582
Contract liabilities	33,318	-
Notes payable	162	1,690
Accounts payable	(14,819)	(199,990)
Other payables	(762,368)	(1,549,695)
Other current liabilities	12,352	(122,577)
Net defined benefit liability	162	(1,111)
Other operating liabilities	(5,181)	(5,777)
Total changes in operating liabilities	(737,815)	(1,875,878)
Total changes in operating assets and liabilities	(300,861)	(919,688)
Total adjustments	(393,749)	(980,283)
Cash inflow (outflow) generated from operations	254,751	(426,046)
Interest received	32,011	38,361
Income taxes paid	(94,328)	(99,703)
Net cash flows from (used in) operating activities	192,434	(487,388)

(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, 2018 AND 2017

(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

	For the Years Ended December 31,	
	2018	2017
Cash flows from investing activities:		
Proceeds from disposal of financial assets at fair value through other comprehensive income	56,312	-
Acquisition of financial assets at amortized cost	(1,027,056)	-
Proceeds from disposal of financial assets at amortized cost	1,716,236	-
Proceeds from disposal of financial assets at fair value through profit or loss	30,263	-
Proceeds from disposal of available-for-sale financial assets	-	10,517
Acquisition of investments in debt instrument without active market	-	(715,670)
Proceeds from disposal of investments in debt instrument without active market	-	704,797
Acquisition of financial assets at cost	-	(37,283)
Acquisition of investments accounted for using equity method	(25,262)	(119,545)
Proceeds from disposal of investments accounted for using equity method	128,402	-
Net cash flow from disposal of subsidiaries	-	17,184
Proceeds from capital reduction of investments accounted for using equity method	84,953	-
Acquisition of property, plant and equipment	(33,040)	(34,193)
Proceeds from disposal of property, plant and equipment	1,321	9,915
Increase in refundable deposits	(2,540)	(17,109)
Decrease in refundable deposits	413,965	10,400
Acquisition of intangible assets	(3,189)	(2,678)
Proceeds from disposal of investment property	-	24,105
Decrease in receivables for disposal of investments	-	34,742
Decrease in receivables for disposal of subsidiaries	-	28,379
Decrease in other financial assets	4,682	400,995
Decrease in other non-current assets	15,835	540
Dividends received	94,961	110,874
Net cash flows from investing activities	1,455,843	425,970
Cash flows from financing activities:		
Increase in short-term borrowings	-	255,000
Decrease in short-term borrowings	(50,000)	-
Repayments of bonds	(300,000)	-
Repayments of long-term borrowings	-	(9,920)
Decrease in guarantee deposits received	(622)	(48)
Cash dividends paid	(357,917)	(319,067)
Acquisition of ownership interests in subsidiaries	(203,787)	(129,870)
Interest paid	(15,724)	(19,173)
Change in non-controlling interests	(73,682)	(80,127)
Net cash flows used in financing activities	(1,001,732)	(303,205)
Effect of exchange rate changes on cash and cash equivalents	(20,356)	(38,251)
Net increase (decrease) in cash and cash equivalents	626,189	(402,874)
Cash and cash equivalents at beginning of period	2,473,892	2,876,766
Cash and cash equivalents at end of period	$ 3,100,081	2,473,892

(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) engage 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 20, 2019.

(3) New Standards, Amendments and Interpretations Adopted:

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

The following new standards, interpretations and amendments have been endorsed by the FSC and are effective for annual periods beginning on or after January 1, 2018.

The differences between the current version and the previous version are as follows:

New, Revised or Amended Standards and Interpretations	Effective date per IASB
Amendment to IFRS 2 "Classification and Measurement of Share-based Payment Transactions"	January 1, 2018
Amendments to IFRS 4 "Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts"	January 1, 2018
IFRS 9 "Financial Instruments"	January 1, 2018
IFRS 15 "Revenue from Contracts with Customers"	January 1, 2018
Amendment to IAS 7 "Statement of Cash Flows -Disclosure Initiative"	January 1, 2017
Amendment to IAS 12 "Income Taxes- Recognition of Deferred Tax Assets for Unrealized Losses"	January 1, 2017
Amendments to IAS 40 "Transfers of Investment Property"	January 1, 2018
Annual Improvements to IFRS Standards 2014–2016 Cycle:	
Amendments to IFRS 12	January 1, 2017
Amendments to IFRS 1 and Amendments to IAS 28	January 1, 2018
IFRIC 22 "Foreign Currency Transactions and Advance Consideration"	January 1, 2018

Except for the following items, the Group believes that the adoption of the above IFRSs would not have any material impact on its consolidated financial statements. The extent and impact of signification changes are as follows:

(i) IFRS 15 "Revenue from Contracts with Customers"

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognized. It replaces the existing revenue recognition guidance, including IAS 18 "Revenue" and IAS 11 "Construction Contracts". The Group applies this standard retrospectively with the cumulative effect, it need not restate those contracts, but instead, continues to apply IAS 11, IAS 18 and the related Interpretations for comparative reporting period. The Group recognizes the cumulative effect upon the initially application of this Standard as an adjustment to the opening balance of retained earnings on January 1, 2018.

The Group uses the practical expedients for completed contracts, which means it need not restate those contracts that have been completed on January 1, 2018.

The following are the nature and impacts on changing of accounting policies:

1) Sales of goods

For the sale of products, revenue is currently recognized when the goods are delivered to the customers' premises, which is taken to be the point in time at which the customer accepts the goods and the related risks and rewards of ownership transfer. Revenue is recognized at this point provided that the revenue and costs can be measured reliably, the recovery of the consideration is probable and there is no continuing management involvement with the goods. Under IFRS 15, revenue will be recognized when a customer obtains control of the goods.

2) Rending of services

The Group is involved in repair and maintenance services. If the services under a single arrangement are rendered in different reporting periods, then the consideration is allocated on a relative fair value basis between the different services. Revenue is currently recognized using the stage-of-completion method. Under IFRS 15, the total consideration in the service contracts is allocated to all services based on their stand-alone selling prices. The stand-alone selling prices is determined based on the list prices at which the Group sells the services in separate transactions.

3) Contract liabilities

If customer pays consideration, or the Group has a right to an amount of consideration that is unconditional, before the Group transfers goods or services to the customer, the Group previously presents the contract as advance sales receipts. Under IFRS 15, the Group shall recognize the contract liabilities when the payment is made,f or the payment is due. The contract liabilities are the Group's obligation to transfer goods or services to customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

4) Impacts on financial statements

The adoption of IFRS 15 did not have any significant impact on the Group's consolidated financial statements.

(ii) IFRS 9 "Financial Instruments"

IFRS 9 replaces IAS 39 "Financial Instruments: Recognition and Measurement" which contains classification and measurement of financial instruments, impairment and hedge accounting.

As a result of the adoption of IFRS 9, the Group adopted the consequential amendments to IAS 1 "Presentation of Financial Statements" which requires impairment of financial assets to be presented in a separate line item in the statement of profit or loss and OCI. Previously, the Group's approach was to include the impairment of trade receivables in administrative expenses and selling expenses. Additionally, the Group adopted the consequential amendments to IFRS 7 Financial Instruments: Disclosures that are applied to disclosures about 2018 but generally have not been applied to comparative information.

The detail of new significant accounting policies and the nature and effect of the changes to previous accounting policies are set out below:

1) Classification of financial assets and financial liabilities

IFRS 9 contains three principal classification categories for financial assets: measured at amortized cost, fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVTPL). The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. The standard eliminates the previous IAS 39 categories of held to maturity, loans and receivables and available for sale. Under IFRS 9, derivatives embedded in contracts where the host is a financial asset in the scope of the standard are never bifurcated. Instead, the hybrid financial instrument as a whole is assessed for classification. For an explanation of how the Group classifies and measures financial assets and accounts for related gains and losses under IFRS 9, please see note 4(g).

The adoption of IFRS 9 did not have any significant impact on its accounting policies on financial liabilities.

2) Impairment of financial assets

IFRS 9 replaces the 'incurred loss' model in IAS 39 with the 'expected credit loss' (ECL) model. The new impairment model applies to financial assets measured at amortized cost, contract assets and debt investments at FVOCI, but not to investments in equity instruments. Under IFRS 9, credit losses are recognized earlier than they are under IAS 39 – please see note 4(g).

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

3) Transition

The adoption of IFRS 9 have been applied retrospectively, except as described below,

- Differences in the carrying amounts of financial assets and financial liabilities resulting from the adoption of IFRS 9 are recognized in retained earnings and other equity as on January 1, 2018. Accordingly, the information presented for 2017 does not generally reflect the requirements of IFRS 9 and therefore is not comparable to the information presented for 2018 under IFRS 9.

- The following assessments have been made on the basis of the facts and circumstances that existed at the date of initial application.

  - The determination of the business model within which a financial asset is held.

  - The designation and revocation of previous designations of certain financial assets and financial liabilities as measured at FVTPL.

  - The designation of certain investments in equity instruments not held for trading as at FVOCI.

- If an investment in a debt security had low credit risk at the date of initial application of IFRS 9, then the Group assumed that the credit risk on its asset will not increase significantly since its initial recognition.

4) Classification of financial assets on the date of initial application of IFRS 9

The following table shows the original measurement categories under IAS 39 and the new measurement categories under IFRS 9 for each class of the Group's financial assets as of January 1, 2018.

	IAS39		IFRS9	
	Measurement categories	Carrying Amount	Measurement categories	Carrying Amount
Financial Assets				
Cash and Cash equivalents	Loans and receivables	2,473,892	Amortized cost	2,473,892
Derivative instruments	Held-for-trading	700	Mandatorily at FVTPL	700
Debt securities	Available-for-sale (note 1)	45,244	FVTPL	45,244
	Loans and receivables (Bond investment without an active market) (note 2)	925,192	Amortized cost	925,192
Equity instruments	Available-for-sale (note 3)	389,967	FVOCI	389,967
	Financial assets measured at cost (note 3)	229,782	FVOCI	427,649
Trade and other receivables	Loans and receivables (note 4)	5,804,997	Amortized cost	5,804,997
Other financial assets (Guarantee deposits paid and pledged time deposit)	Loans and receivables	625,282	Amortized cost	625,282

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

Note1: The beneficiary certificates open end mutual funds are categorized as available-for-sale under IAS 39. The Group assesses that these investments are held within a business model whose objective is achieved by selling securities. Consequently, the Group has designated these investments at the date of initial application as measured at FVTPL. Due to the above change, the retained earnings and other equity increases $244 and decreases $244, respectively, were recognized on January 1, 2018.

Note2: Corporate debt securities that were previously classified as held-to-maturity and bond investment without an active market are now classified at amortized cost. The Group intends to hold the assets to maturity to collect contractual cash flows and these cash flows consist solely of payments of principal and interest on the principal amount outstanding.

Note3: These equity securities (including available-for-sale and financial assets measured at cost) represent investments that the Group intends to hold for the long term for strategic purposes. As permitted by IFRS 9, the Group has designated these investments at the date of initial application as measured at FVOCI, resulting in an increase of $197,867 thousand in those assets recognized, an increase of $87,277 thousand in other equity, as well as an increase of $21,190 thousand and $89,400 thousand in retained earnings and non-controlling interests were recognized on January 1, 2018.

Note4: Trade, lease and other receivables that were classified as loans and receivables under IAS 39 are now classified at amortized cost.

The following table reconciles the carrying amounts of financial assets under IAS 39 to the carrying amounts under IFRS 9 upon transition to IFRS 9 on 1 January, 2018.

	2017.12.31 IAS 39 Carrying Amount	Reclassifications	Remeasurements	2018.1.1 IFRS 9 Carrying Amount	2018.1.1 Retained earnings	2018.1.1 Other equity	Non-controlling interests
Fair value through profit or loss							
Beginning balance of FVTPL (IAS 39)	$ 700	-	-		-	-	-
Beginning balance of available for sale (IAS 39)	45,244	(45,244)	-		-	-	-
Additions – debt instruments:							
From available for sale	-	45,244	-		244	(244)	-
Total	$ 45,944	-	-	45,944	244	(244)	-
Fair value through other comprehensive income							
Beginning balance of available for sale (including measured at cost) (IAS 39)	$ 619,749	(619,749)	-		-	-	-
Addition – equity instruments:							
Available for sale to FVOCI	-	389,967	-		-	-	-
Financial assets measured at cost to FVOCI	-	229,782	197,867		21,190	87,277	89,400
Total	$ 619,749	-	197,867	817,616	21,190	87,277	89,400

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

	2017.12.31 IAS 39 Carrying Amount	Reclassifications	Remeasurements	2018.1.1 IFRS 9 Carrying Amount	2018.1.1 Retained earnings	2018.1.1 Other equity	Non-controlling interests
Amortized cost							
Beginning balance of bond investment without an active market, held-to-maturity, receivables, and other financial assets (IAS 39)	$ 9,829,363	-	-		-	-	-
Total	$ 9,829,363	-	-	9,829,363	-	-	-

(b) The impact of IFRS endorsed by FSC but not yet effective

The following new standards, interpretations and amendments have been endorsed by the FSC and are effective for annual periods beginning on or after January 1, 2019 in accordance with Ruling No. 1070324857 issued by the FSC on July 17, 2018:

New, Revised or Amended Standards and Interpretations	Effective date per IASB
IFRS 16 "Leases"	January 1, 2019
IFRIC 23 "Uncertainty over Income Tax Treatments"	January 1, 2019
Amendments to IFRS 9 "Prepayment features with negative compensation"	January 1, 2019
Amendments to IAS 19 "Plan Amendment, Curtailment or Settlement"	January 1, 2019
Amendments to IAS 28 "Long-term interests in associates and joint ventures"	January 1, 2019
Annual Improvements to IFRS Standards 2015–2017 Cycle	January 1, 2019

Except for the following items, the Group believes that the adoption of the above IFRSs would not have any material impact on its consolidated financial statements. The extent and impact of signification changes are as follows:

(i) IFRS 16"Leases"

IFRS 16 replaces the existing leases guidance, including IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases – Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease.

IFRS 16 introduces a single and an on-balance sheet lease accounting model for lessees. A lessee recognizes a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. In addition, the nature of expenses related to those leases will now be changed since IFRS 16 replaces the straight-line operating lease expense with a depreciation charge for right-of-use assets and interest expense on lease liabilities. There are recognition exemptions for short-term leases and leases of low-value items. The lessor accounting remains similar to the current standard – i.e. the lessors will continue to classify leases as finance or operating leases.

1) Determining whether an arrangement contains a lease

On transition to IFRS 16, the Group can choose to apply either of the following:

— IFRS 16 definition of a lease to all its contracts; or

— a practical expedient that does not need any reassessment whether a contract is, or contains, a lease.

The Group plans to apply the practical expedient to grandfather the definition of a lease upon transition. This means that it will apply IFRS 16 to all contracts entered into before January 1, 2019 and identified as leases in accordance with IAS 17 and IFRIC 4.

2) Transition

As a lessee, the Group can apply the standard using either of the following:

— retrospective approach; or

— modified retrospective approach with optional practical expedients.

The lessee applies the election consistently to all of its leases.

On January 1, 2019, the Group plans to initially apply IFRS 16 using the modified retrospective approach. Therefore, the cumulative effect of adopting IFRS 16 will be recognized as an adjustment to the profit or loss in 2019 and years after, with no restatement of comparative information and adjustment to the opening balance of retained earnings at January 1.

When applying the modified retrospective approach to leases previously classified as operating leases under IAS 17, the lessee can elect, on a lease-by-lease basis, whether to apply a number of practical expedients on transition. The Group chooses to apply the following practical expedients:

— apply a single discount rate to a portfolio of leases with similar characteristics.

— adjust the right-of-use assets, based on the amount reflected in IAS 37 onerous contract provision, immediately before the date of initial application, as an alternative to an impairment review.

— apply the exemption not to recognize the right-of-use assets and liabilities to leases with lease term that ends within 12 months of the date of initial application.

— exclude the initial direct costs from measuring the right-of-use assets at the date of initial application.

— use hindsight when determining the lease term if the contract contains options to extend or terminate the lease.

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

3) So far, the most significant impact identified is that the Group will have to recognize the new assets and liabilities for the operating leases of its offices, warehouses, and phone devices. The Group estimated that the right-of-use assets, the lease liabilities, and decommissioning liabilities to increase by $346,240 thousand, $342,456 thousand, and $4,391 thousand, respectively, that included the amount of rent payable due to the pre-transition rent leveling $607 thousand. No significant impact is expected for the Group's finance leases. Besides, the Group does not expect the adoption of IFRS 16 to have any impact on its ability to comply with the revised maximum leverage threshold loan covenant.

The actual impacts of adopting the standards may change depending on the economic environment and conditions which may occur in the future.

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

As of the date, the following IFRSs have been issued by the IASB, but have yet to be endorsed by the FSC:

New, Revised or Amended Standards and Interpretations	Effective date per IASB
Amendments to IFRS 3 "Definition of a Business"	January 1, 2020
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture"	Effective date to be determined by IASB
IFRS 17 "Insurance Contracts"	January 1, 2021
Amendments to IAS 1 and IAS 8 "Definition of Material"	January 1, 2020

The Group assessed that the above IFRSs may not be relevant to the Group.

(4) Summary of Significant Accounting Policies

The significant accounting policies presented in the consolidated financial statements are summarized below. Except for those spectifically indicated in Note 3, 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 FSC (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 measured at fair value through profit or loss;

2) Fair value through other comprehensive income (Available-for-sale financial assets) measured at fair value;

3) The net defined benefit liability (or asset) is recognized as the fair value of plan assets, net of aggregation of the present value of the defined benefit obligation, with a limit based on a defined benefit asset.

2. Functional and presentation currency

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

(c) Basis of consolidation

1. Principle of preparation of the consolidated financial statements

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

The financial statements of the subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. Intra-group balances and transactions, and any unrealized income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Losses applicable to the non-controlling interests in a subsidiary are allocated to non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

Accounting policies of subsidiaries have been adjusted to ensure consistency with the policies adopted by the Group.

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 differences between the Group' s share of net assets before and after the change, and any considerations received or paid, are adjusted to or against the Group reserves.

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

Upon the loss of control of a subsidiary, the Company derecognizes the carrying amounts of the assets (including goodwill) and liabilities of the subsidiary and non-controlling interests. Any interest retained in the former subsidiary is measured at fair value when control is lost. The gain or loss is measured as the difference between: (i) the aggregate of the fair value of the consideration received and the fair value of any retained non-controlling investment in the former subsidiary at the date when the Company loses control; and (ii) the aggregate of the carrying amount of the former subsidiary's assets (including goodwill), liabilities, and non-controlling interests at the date when the Company loses control. The Company shall account for all amounts previously recognized in other comprehensive income in relation to that subsidiary on the same basis as would be required if the Company had directly disposed of the related assets or liabilities.

2.List of subsidiaries in the consolidated financial statements：

Name of Investor	Name of Subsidiary	Principal Activity	Shareholding 2018.12.31	Shareholding 2017.12.31	Note
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	39.51 %	39.51 %	Note 1
The Company and Excelsior Healthcare	Excelsior Medical Co., Limited (Hong Kong) ("Hong Kong Excelsior")	Investment business	100.00 %	100.00 %	
Dynamic	Dynamic Medical Technologies (Hong Kong) Ltd. ("Hong Kong Dynamic")	Retail and wholesale of medical equipment, cosmetic health-care products and medical herbs and academic training	100.00 %	100.00 %	
The Company and Dynamic	Excelsior Beauty Co., Ltd. ("Excelsior Beauty")	Sale of aesthetic medical and cosmetic health-care products	94.91 %	94.91 %	
Hong Kong Dynamic	Guangzhou Dynamic Inc. ("Guangzhou Dynamic")	Sale and maintenance of medical equipment	100.00 %	100.00 %	
〃	Excelsior Beauty Limited of Hong Kong ("Hong Kong Excelsior Beauty")	Sale of professional weight-loss and cosmetic health-care products	100.00 %	100.00 %	
〃	Beijing Dynamic Inc. ("Beijing Dynamic")	Sale and maintenance of medical equipment	- %	100.00 %	Note 2

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

Name of Investor	Name of Subsidiary	Principal Activity	Shareholding 2018.12.31	Shareholding 2017.12.31	Note
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 %	- %	Note 3
Hong Kong Excelsior	SinoExcelsior Investment Inc. ("SinoExcesior Investment")	Medical management consultancy service	100.00 %	81.00 %	Note 4
SinoExcelsior	Beijing Sinoexcelsior Investment Management Co., Ltd. ("Beijing Sinoexcelsior")	Investment business, sale and lease of medical equipment, and medical management consultancy service	100.00 %	100.00 %	
Beijing Sinoexcelsior	Shanghai Wanli Medical Cosmetology Clinic Co., Ltd. ("Shanghai Wanli")	Sale of professional weight-loss and cosmetic health-care products	100.00 %	100.00 %	

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

Note 2: Liquidation ended in November 2018.

Note 3: Excelsior Healthcare established Excelsior Investment (Malaysia) Co., Ltd. in March, 2018.

Note 4: In June 2018, SinoExcelsior Investment Inc. passed a resolution that changes the name to SinoExcelsior Investment Inc. at the shareholders' meeting, and the authority approved the amendment. Moreover, the Board of SinoExcelsior Investment agreed to reduce the registered capital, and to change the name again at the board meeting in September. In November, the authority approved the Company to change its name to SinoExcelsior Investment Inc.

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

(d) Foreign Currencies

1. Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortized cost in the functional currency at the beginning of the period adjusted for effective interest and payments during the period, and the amortized cost in foreign currency translated at the exchange rate at the end of the period.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items in a foreign currency that are measured based on historical cost are translated using the exchange rate at the date of the transaction.

Foreign currency differences arising on retranslation are recognized in profit or loss, except for those differences relating to the following, which are recognized in other comprehensive income:

1) Fair value through other comprehensive income (Available-for-sale equity investment);

2) A financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective, and

3) Qualifying cash flow hedges to the extent the hedge is effective.

2. Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to New Taiwan dollars at exchange rates at the reporting date. The income and expenses of foreign operations are translated at the average exchange rate. Translation 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 any 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 any 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, foreign exchange gains and losses arising from such a monetary item that are considered to form part of the net investment in the foreign operation are recognized in other comprehensive income.

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

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

1.It is expected to be realized, or intended to be sold or consumed, in the normal operating cycle;

2.It is held primarily for the purpose of trading;

3.It is expected to be realized within twelve months after the reporting period; or

4.The asset is cash or a cash equivalent, unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

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

1.It is expected to be settled in the normal operating cycle;

2.It is held primarily for the purpose of trading;

3.It is due to be settled within twelve months after the reporting period; or

4.It 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 comprise cash on hand and current deposits. Cash equivalents are investments that are subject to an insignificant risk of changes in their fair value, are able to transfer to certain amounts of cash at any time, and are highly liquid. Time deposits which conform to above conditions and are used for short term cash commitment instead of investment or other reason are classified 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

1.Financial assets (policy applicable from January 1, 2018)

Financial assets are classified into the following categories: measured at amortized cost, fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVTPL).

The Group shall reclassify all affected financial assets only when it changes its business model for managing its financial assets/them.

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.

A financial asset measured at amortized cost is initially recognized at fair value, plus any directly attributable transaction costs. These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses, and impairment loss, 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 accounts 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 and presented as accounts receivable.

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 investment-by-investment basis.

A financial asset measured at FVOCI is initially recognized at fair value, plus any directly attributable transaction costs. These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses, and impairment losses, deriving from debt investments are recognized in profit or loss; whereas dividends deriving from equity investments 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 of financial assets measured at FVOCI are recognized in OCI. On derecognition, gains and losses accumulated in OCI of debt investments are reclassified to profit or loss. However, gains and losses accumulated in OCI of equity investments are reclassified to retain earnings instead of profit or loss.

Dividend income derived from equity investments is recognized on the date that the Group's right to receive payment is established.

3) Fair value through profit or loss (FVTPL)

All financial assets not classified as amortized cost or FVOCI described as above are measured at FVTPL, including derivative financial assets and beneficiary certificate-open-end mutual fund. 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.

Financial assets in this category are measured at fair value at initial recognition. Attributable transaction costs are recognized in profit or loss as incurred. Subsequent changes that are measured at fair value, which take into account any dividend and interest income, are recognized in profit or loss.

4) Impairment of financial assets

The Group recognizes loss allowances for expected credit losses on financial assets measured at amortized cost (including cash and cash equivalents, amortized costs, notes receivable, accounts receivable, other receivable, leases receivable and other financial assets), debt investments measured at FVOCI, accounts receivable measured at FVOCI and contract assets.

The Group measures loss allowances at an amount equal to lifetime expected credit loss (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 and contract assets are always measured at an amount equal to lifetime ECL.

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

12-month ECLs are the portion of ECLs 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 ECLs is the maximum contractual period over which the Group is exposed to credit risk.

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 and including forward-looking information.

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls. 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. ECLs are discounted at the effective interest rate of the financial asset.

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

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being past due;

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

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets. For debt securities at FVOCI, the loss allowance is recognized in other comprehensive income instead of reducing the carrying amount of the assets. The Group recognized the amount of expected credit losses (or reversal) in profit or loss, as an impairment gain or loss.

The gross carrying amount of a financial asset is written off either partially or in full to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-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

Financial assets are derecognized when the contractual rights of the cash inflow from the assets are terminated, or when the Group transfers substantially all the risks and rewards of ownership of the financial assets.

On derecognition of a debt instrument in its entirety, the Group recognizes the difference between its carrying amount and the sum of the consideration received or receivable and any cumulative gain or loss that had been recognized in other comprehensive income and presented in " other equity – unrealized gains or losses on fair value through other comprehensive income", in profit or loss.

On derecognition of a part of debt instruments in which the part transferred qualifies for derecognition in its entirety, the previous carrying amount of the financial asset shall be allocated between the part that continues to be recognized and the part to be derecognized, on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part derecognized and the sum of the consideration received for the part derecognized, and any cumulative gain or loss allocated to it that had been recognized in other comprehensive income, shall be recognized in profit or loss. The accumulative profit or loss recognized in other comprehensive income is allocated between the part that continues to be recognized and the part that is derecognized, base on the relative fair values.

2.Financial assets (policy applicable before January 1, 2018)

Financial assets are classified into the following categories: financial assets at fair value through profit or loss, available-for-sale financial assets, and receivables.

1) Financial assets at fair value through profit or loss

Financial assets are classified in this category if they are classified as held-for-trading or are designated as such on initial recognition.

Financial assets are classified as held-for-trading if they are acquired principally for the purpose of selling in the short term. The Group designates financial assets, other than those classified as held-for-trading, as at fair value through profit or loss at initial recognition under one of the following situations:

A.Designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise.

B.Performance of the financial asset is evaluated on a fair value basis.

C.A hybrid instrument contains one or more embedded derivatives.

Financial assets in this category are measured at fair value at initial recognition. Attributable transaction costs are recognized in profit or loss as incurred. Financial assets at fair value through profit or loss are measured at fair value, and changes therein, which takes into account any dividend and interest income, are recognized in profit or loss, under other income and other gains and losses of non-operating income and expenses. A regular way purchase or sale of financial assets is recognized and derecognized, as applicable, using trade date accounting.

Investments in equity instruments that do not have a quoted market price in an active market, and whose fair value cannot be reliably measured, are measured at amortized cost, and are included in financial assets measured at cost.

2) Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are designated as available for sale or are not classified in any of the other categories of financial assets. Available-for-sale financial assets are recognized initially at fair value plus any directly attributable transaction cost. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses, interest income calculated using the effective interest method, dividend income, and foreign currency differences on available-for-sale debt instruments, are recognized in other comprehensive income and presented in the fair value reserve in equity. When an investment is derecognized, the gain or loss accumulated in equity is reclassified to profit or loss, under other gains and losses of non-operating income and expenses. A regular way purchase or sale of financial assets shall be recognized and derecognized, as applicable, using trade date accounting.

Investments in equity instruments that do not have a quoted market price in an active market, and whose fair value cannot be reliably measured, are measured at amortized cost, and are included in financial assets measured at cost.

Dividend income is recognized in profit or loss on the date that the Group's right to receive payment is established, which in the case of quoted securities is normally the ex-dividend date. Such dividend income is included in other income of non-operating income and expenses.

Interest income from investment in debt security is recognized in profit or loss, under other income of non-operating income and expenses.

3) Receivables

Receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Receivables comprise trade receivables, other receivables, long-term receivables and debit investment without active market. Such assets are recognized initially at fair value, plus, any directly attributable transaction costs. Subsequent to initial recognition, receivables are measured at amortized cost using the effective interest method, less any impairment losses other than insignificant interest on short-term receivables. A regular way purchase or sale of financial assets is recognized and derecognized, as applicable, using trade date accounting.

Interest income is recognized in profit or loss, under other income of non-operating income and expense.

4) Impairment of financial assets

Except for financial assets at fair value through profit or loss, financial assets are assessed for impairment at each reporting date. A financial asset is impaired if, and only if, there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset that can be estimated reliably.

Objective evidence that financial assets are impaired includes default or delinquency by a debtor, restructuring of an amount due to the Group on terms that the Group would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, adverse changes in the payment status of borrowers or issuers, economic conditions that correlate with defaults or the disappearance of an active market for a security. In addition, for an investment in an equity security, a significant or prolonged decline in its fair value below its cost is considered objective evidence of impairment.

All individually significant receivables are assessed for specific impairment. Receivables that are not individually significant are collectively assessed for impairment by grouping together assets with similar risk characteristics. In assessing collective impairment, the Group uses historical trends of the probability of default, the timing of recoveries and the amount of loss incurred, adjusted for management's judgment as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than the those suggested by historical trends.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate.

An impairment loss in respect of a financial asset measured at cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversible in subsequent periods.

An impairment loss in respect of a financial asset is deducted from the carrying amount except for accounts receivable, for which an impairment loss is reflected in an allowance account against the receivables. When it is determined a receivable is uncollectible, it is written off from the allowance account. Changes in the amount of the allowance account are recognized in profit or loss.

Impairment losses on available-for-sale financial assets are recognized by reclassifying the losses accumulated in the fair value reserve in equity to profit or loss.

If, in a subsequent period, the amount of impairment loss on a financial asset measured at amortized cost decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the decrease in impairment loss is reversed through profit or loss to the extent that the carrying value of the asset does not exceed its amortized cost before the impairment was recognized at the reversal date.

Impairment losses recognized on an available-for-sale equity security are not reversed through profit or loss. Any subsequent recovery in the fair value of an impaired available-for-sale equity security is recognized in other comprehensive income, and accumulated in other equity. If, in a subsequent period, the fair value of an impaired available-for-sale debt security increases and the increase can be related objectively to an event occurring after the impairment loss was recognized, then the impairment loss is reversed, with the amount of the reversal recognized in profit or loss.

Impairment losses and recoveries of accounts receivable are recognized in operating expenses; impairment losses and recoveries of other financial assets are recognized in other gains and losses of non-operating income and expenses.

5) Derecognition of financial assets

Financial assets are derecognized when the contractual rights of the cash inflow from the assets are terminated, or when the Group transfers substantially all the risks and rewards of ownership of the financial assets.

On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received or receivable and any cumulative gain or loss that had been recognized in other comprehensive income and presented in "other equity – unrealized gains or losses on available-for-sale financial assets" is recognized in profit or loss, under other gains and losses of non-operating income and expenses.

When the Group does not derecognize a financial assets in its entity, it separates the part that continue to be recognized and the part that is derecognized, based on the relative fair values of those parts on the date of the transfer.

The difference between the carrying amount of and the consideration received for financial assets derecognized and any cumulative gain or loss allocated to such financial assets that had been recognized in other comprehensive income, are recognized in profit or loss under other gains or losses of non-operating revenues and expenses. A cumulative gain or loss that had been recognized in other comprehensive income is allocated between the part that continues to be recognized and the part that is derecognized, based on the relative fair values of those parts.

3.Financial liabilities and equity instruments

1) Classification of debt or equity

Debt or equity instruments issued by the Group are classified as financial liabilities or equity in accordance with the substance of the contractual agreement.

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.

Compound financial instruments issued by the Group comprise convertible notes that can be converted to share capital at the option of the holder, when the number of shares to be issued is fixed.

The liability component of a compound financial instrument is recognized initially at the fair value of a similar liability that does not have an equity conversion option. The equity component is recognized initially at the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts.

Subsequent to initial recognition, the liability component of a compound financial instrument is measured at amortized cost using the effective interest method. The equity component of a compound financial instrument is not remeasured subsequent to initial recognition.

Interest related to the financial liability is recognized in profit or loss, under finance costs of non-operating income and expenses.

On conversion, the financial liability is reclassified to equity, and no gain or loss is recognized.

2) Financial liabilities at fair value through profit or loss

A financial liability is classified in this category if it is classified as held-for-trading or is designated as such on initial recognition.

Financial liability is classified as held-for-trading if it is acquired principally for the purpose of selling in the short term. The Group designates financial liabilities, other than the ones classified as held-for-trading, as at fair value through profit or loss at initial recognition under one of the following situations:

A. Such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities or recognizing the gains and losses on them on a different basis.

B. Performance of the financial liabilities is evaluated on a fair value basis.

C. A hybrid instrument contains one or more embedded derivatives.

Attributable transaction costs are recognized in profit or loss as incurred. Financial liabilities at fair value through profit or loss are measured at fair value and changes therein, which takes into account any interest expense, are recognized in profit or loss, under other gains and losses of non-operating income and expenses.

3) Other financial liabilities

Financial liabilities not classified as held-for-trading, or designated as at fair value through profit or loss which comprise of short-term and long-term borrowings, and trade and other payables, are measured at fair value plus any directly attributable transaction cost at the time of initial recognition. Subsequent to initial recognition, they are measured at amortized cost calculated using the effective interest method. Interest expense not capitalized as capital cost is recognized in profit or loss, under financial costs of non-operating income and expenses.

4) Derecognition of financial liabilities

A financial liability is derecognized when its contractual obligation has been discharged or cancelled or has expired. The difference between the carrying amount of a financial liability removed and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss, under other gains and losses of non-operating income and expenses.

4.Derivative financial instruments (policy applicable from January 1, 2018)

The Group holds derivative financial instruments to hedge its foreign currency and interest rate exposures. Derivatives are initially measured at fair value. Any attributable transaction costs thereof are recognized in profit or loss as incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are recognized in profit or loss. When the fair value of a derivative instrument is positive, it is classified as a financial asset, whereas when the fair value is negative, it is classified as a financial liability.

5.Derivative financial instruments, including hedge accounting (policy applicable before January 1, 2018)

Except for the following items, the Group applies the same accounting policies as applicable from January 1, 2018.

For derivatives that are linked to investments in equity instruments that do not have a quoted market price in an active market and must be settled by delivery of such an unquoted equity instrument, such derivatives that are classified as financial assets are measured at cost; and derivatives that are classified as financial liabilities are measured at cost.

For all cash flow hedges, including hedges of transactions resulting in the recognition of non-financial items, the amounts accumulated in the cash flow hedge reserve were reclassified to profit or loss in the same period or periods during which the hedged expected future cash flows affected profit or loss. Furthermore, for cash flow hedges that were terminated before January 1, 2018, forward points were recognized immediately in profit or loss.

(h) Inventories

Inventories are measured at the lower of cost and net realizable value. The cost of inventories is based on 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 existing location and condition.

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

(i) Investment in Associates

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

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

The consolidated financial statements include the Group' s share of the profit or loss and other comprehensive income of associates, after adjustments to align their accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases. The Group recognizes any changes, proportionately with the shareholding ratio under 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 controlling power.

Unrealized profits resulting from transactions between the Group and an associate are eliminated to the extent of the Group's interest in the associate. Unrealized losses on transactions with associates are eliminated in the same way, except to the extent that the underlying asset is impaired.

When the Group's share of losses exceeds its interests in an associate, the carrying amount of the investment, including any long-term interests that form part thereof, is reduced to zero, and the recognition of further losses is discontinued except to the extent the Group has an obligation or has made payments on behalf of the investee.

The Group shall discontinue the use of the equity method from the date when its investment ceases to be an associate or a joint venture. The Group shall measure the retained interest at fair value. The difference between the fair value of retained interest and proceeds from disposal, and the carrying amount of the investment at the date the equity method was discontinued is recognized in profit or loss. The Group shall account for all the amounts previously recognized in other comprehensive income in relation to that investment on the same basis as would have been required if the associates had directly disposed of the related assets or liabilities. If a gain or loss previously recognized in other comprehensive income would be reclassified to profit or loss (or retained earnings) on the disposal of the related assets or liabilities, the entity shall reclassify the gain or loss from equity to profit or loss (or retained earnings) (as a reclassification adjustment) when the equity method is discontinued. If an entity's ownership interest in an associate or a joint venture is reduced while the entity continues to apply the equity method, the entity shall reclassify the proportion of the gain or loss that had previously been recognized in other comprehensive income relating to that reduction in ownership interest to profit or loss.

(j) Joint Arrangements

A joint arrangement is an arrangement in which two or more parties have joint control. The IFRS classifies joint arrangements into two types—joint operations and joint ventures, which have the following characteristics: (a) the participants are bound by a contractual arrangement; and (b) the contractual arrangement gives two or more of those parties joint control of the arrangement. IFRS 11 " Joint Arrangements" defines joint control as the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities (i.e. activities that significantly affect the returns of the arrangement) require the unanimous consent of the parties sharing control.

1.Joint operations

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement (i.e. joint operators) have rights to the assets, and obligations for the liabilities, relating to the arrangement. A joint operator shall account for the assets, liabilities, revenues and expenses relating to its interest in a joint operation in accordance with the IFRSs applicable to the particular assets, liabilities, revenues and expenses.

2.Joint ventures

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement (i.e. joint venturers) have rights to the net assets of the arrangement. A joint venturer shall recognize its interest in a joint venture as an investment and shall account for that investment using the equity method in accordance with IAS 28 " Investments in Associates and Joint Ventures", unless the entity is exempted from applying the equity method as specified in that Standard.

(k) Investment Property

Investment property is a 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 method, useful lives, and residual values shall be treated in accordance with the regulations of Property, plant, and equipment. Cost includes expenditure that is directly attributable to the acquisition of the investment property. The cost of self-constructed investment property includes the cost of raw materials and direct labor, and any other costs directly attributable to bringing the investment property to a working condition for their intended use and capitalized borrowing costs.

When the use of an investment property changes such that it is reclassified as property, plant and equipment, its book value at the date of reclassification becomes its cost for subsequent accounting.

(l) Property, Plant, and Equipment

1.Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditure that is directly attributed to the acquisition of the asset.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item shall be depreciated separately, unless the useful life and the depreciation method of the significant part of an item of property, plant and equipment are the same as the useful life and depreciation method of another significant part of that same item.

The gain or loss arising from the derecognition of an item of property, plant and equipment shall be determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item, and shall be recognized in profit or loss, under other gains and losses.

2.Subsequent cost

Subsequent expenditure is capitalized only when it is probable that future economic benefits associated with the expenditure will flow to the Group. The carrying amount of those parts that are replaced is derecognized. Ongoing repairs and maintenance is expensed as incurred.

3.Depreciation

The depreciable amount of an asset is determined after deducting its residual amount, and it shall be allocated on a systematic basis over its useful life. Items of property, plant and equipment with the same useful life may be grouped in determining the depreciation charge. The remainder of the items may be depreciated separately. The depreciation charge for each period shall be recognized in profit or loss.

Leased assets are depreciated by the straight-line method during the period of expected use, consistent with the depreciation policy the lessee adopts for depreciable assets that are owned. If there is reasonably certainty that the lessee will obtain ownership by the end of the lease term, the period of expected use is the useful life of the asset; otherwise, the asset is depreciated over the shorter of the lease term and its useful life.

Land has an unlimited useful life and therefore is not depreciated.

The estimated useful lives for the current and comparative years of significant items of property, plant and equipment are as follows:

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

The depreciation methods, useful lives, and residual values are reviewed at each reporting date. If expectations differ from previous estimates, the changes are accounted for as changes in accounting estimates.

(m) Leases

1.Lessor

A finance lease asset is recognized on a net basis as lease receivable. Initial direct costs incurred in negotiating and arranging an operating lease are added to the net investment in the leased asset. The finance income is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the receivable.

Lease income from an operating lease is recognized in income on a straight-line basis over the lease term. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset, and recognized as an expense over the lease term on the same basis as the lease income.

2.Lessee

Payments made under operating lease (excluding insurance and maintenance expenses) are recognized in expense in a straight-line basis over the term of the lease.

(n) Intangible Assets

1.Goodwill

Goodwill generated from acquisition of subsidiaries is included in intangible assets. Goodwill is measured at cost less accumulated impairment losses. Impairment loss on equity investment in investees accounted for under the equity method is not allocated to any asset, including goodwill that forms part of the carrying amount of such investment.

2.Other Intangible Assets

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

3.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 expenditures, including expenditure on internally generated goodwill and brands, are recognized in profit or loss as incurred.

4.Amortization

The amortizable amount is the cost of an asset less its residual value. Except for goodwill and intangible assets with indefinite useful lives, amortization is recognized in profit or loss on a straight-line basis over the estimated useful lives of intangible assets from the date that they are available for use. The estimated useful lives for the current and comparative periods are as follows:

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

The residual value, amortization period, and amortization method for an intangible asset with a finite useful life shall be reviewed at least annually at each reporting date. Any change shall be accounted for as a change in accounting estimate.

(o) Impairment of Non-Financial Assets

The carrying amounts of the Group's non-financial assets, other than assets arising from inventories, deferred tax assets, and assets arising from employee benefits, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset' s recoverable amount is estimated. If it is not possible to determine the recoverable amount for the individual asset, then the Group will have to determine the recoverable amount for the asset's cash generating unit (CGU).

Notwithstanding whether indication of impairment exists, impairment of goodwill and intangible assets with indefinite useful lives or those not yet in use is required to be tested annually.

The recoverable amount for an individual asset or a CGU is the higher of its fair value less costs to sell and its value in use. When evaluating value in use, the pre tax discount rate is used to estimate the future cash flows. The discount rate should reflect the evaluation of specific risk resulting from the impact of the current market on the time value of money and on the asset or CGU.

If, and only if, the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset shall be reduced to its recoverable amount; and that reduction will be accounted as an impairment loss, which shall be recognized immediately in profit or loss.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the acquirer's CGUs, or groups of CGUs, that are expected to benefit from the synergies of the combination. If the carrying amount of each of the CGUs exceeds the recoverable amount of the unit, impairment loss recognized is first to reduce the carrying amount of any goodwill allocated to the CGUs, and then to the other assets of the unit pro rata on the basis of the carrying amount of each asset in the unit. Reversal of an impairment loss for goodwill is prohibited.

An assessment is made at the end of each reporting period as to whether there is any indication that an impairment loss recognized in prior periods for an asset other than goodwill may no longer exist or may have decreased. An impairment loss recognized in prior periods for an asset other than goodwill shall be reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If this is the case, the carrying amount of the asset shall be increased to its recoverable amount. The reversal of an impairment loss shall not exceed the carrying amount that would have been determined (net of depreciation or amortization) had no impairment loss been recognized for the asset in prior years.

(p) Provisions

A provision is recognized if, as a result of a past event, the Group has a present legal or constructive 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.

(q) Revenue

1.Revenue from contracts with customers (policy applicable from January 1, 2018)

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.

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.

2.Revenue (policy applicable before January 1, 2018)

1) Goods sold

Revenue from the sale of goods in the course of ordinary activities is measured at the fair value of the consideration received or receivable, net of returns, trade discounts and volume rebates. Revenue is recognized when persuasive evidence exists, usually in the form of an executed sales agreement, that the significant risks and rewards of ownership have been transferred to the customer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably. If it is probable that discounts will be granted and the amount can be measured reliably, then the discount is recognized as a reduction of revenue as the sales are recognized. The timing of the transfers of risks and rewards varies depending on the individual terms of the sales agreement.

2) Service

Revenue from services rendered is recognized in profit or loss in proportion to the stage of completion of the transaction at the reporting date. The stage of completion is assessed by reference to services performed to date as a percentage of total servcies to be performed.

(r) Employee Benefits

1.Defined contribution plans

Obligations for contributions to defined contribution pension plans are recognized as an employee benefit expense in profit or loss in the periods during which services are rendered by employees.

2.Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Group's net obligation in respect of defined benefit pension plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefits is discounted to determine its present value. Any unrecognized past service costs and fair value of any plan assets are deducted. The discount rate is the yield at the reporting date (market yields of high-quality corporate bonds or government bonds) on bonds that have maturity dates approximating the terms of the Group's obligations and that are denominated in the same currency in which the benefits are expected to be paid.

The calculation is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a benefit to the Group, the recognized asset is limited to the total of any unrecognized past services costs and 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. In order to calculate the present value of economic benefits, consideration is given to any minimum funding requirements that apply to any plan in the Group. An economic benefit is available to the Group if it is realizable during the life of the plan, or on settlement of the plan liabilities.

When the benefits of a plan are improved, the portion of the increased benefit relating to past service by employees, is recognized immediately in profit or loss.

Remeasurements of the net defined benefit liability (asset), which comprise (1) actuarial gains and losses, (2) the return on plan assets (excluding interest), and (3) the effect of the asset ceiling (if any, excluding interest), are recognized immediately in other comprehensive income. The Group reclassifies the amounts recognized in other comprehensive income to retained earnings.

Gains or losses on the curtailment or settlement of a defined benefit plan are recognized when the curtailment or settlement occurs. The gain or loss on curtailment arises from any change in the fair value of plan assets, any change in the present value of the defined benefit obligation, and any related actuarial gains or losses and past service cost which had not previously been recognized.

3.Termination benefits

Termination benefits are recognized as an expense when the Group is committed demonstrably, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. The Group is required to recognize the termination benefits at the earlier of when the Group can no longer withdraw the offer of those benefits and when it recognizes any related restructuring costs. If benefits are payable more than 12 months after the reporting period, then they are discounted to their present value.

4.Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

(s) Income Taxes

Income tax expenses include both current taxes and deferred taxes. Except for expenses related to business combinations or these recognized directly in equity or other comprehensive income, all current and deferred taxes shall be recognized in profit or loss.

Current taxes include tax payables and tax deduction receivables on taxable gains (losses) for the year calculated using the statutory tax rate on the reporting date or the actual legislative tax rate, as well as tax adjustments related to prior years.

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 recognized except for the following:

1.Assets and liabilities that are initially recognized but are not related to the business combination and have no effect on net income or taxable gains (losses) during the transaction.

2.Temporary differences arising from equity investments in subsidiaries or joint ventures where there is a high probability that such temporary differences will not reverse.

3.Initial recognition of goodwill.

Deferred tax assets and liabilities shall be measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and liabilities may be offset against each other if the following criteria are met:

1. The entity has the legal right to settle tax assets and liabilities on a net basis; and

2. The taxing of deferred tax assets and liabilities fulfill one of the below scenarios:

(1)levied by the same taxing authority; or

(2)levied by different taxing authorities, but where each such authority intends to settle tax assets and liabilities (where such amounts are significant) on a net basis every year of the period of expected asset realization or debt liquidation, or where the timing of asset realization and debt liquidation is matched.

A deferred tax asset is 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 profit will be available against which the unused tax losses, unused tax credits, and deductible temporary differences can be utilized. Such unused tax losses, unused tax credits, and deductible temporary differences shall also be re-evaluated every year on the financial reporting date, and adjusted based on the probability that future taxable profit will be available against which the unused tax losses, unused tax credits, and deductible temporary differences can be utilized.

(t) Earnings per Share

The Group discloses the Company's basic and diluted earnings per share attributable to ordinary equity holders of the Company. The calculation of basic earnings per share is based on the profit attributable to the ordinary shareholders of the Company divided by the weighted-average number of ordinary shares outstanding. The calculation of diluted earnings per share is based on 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, such as convertible bond.

(u) Operating Segments

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

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

The preparation of the consolidated financial statements in conformity with the Regulations and the IFRSs endorsed by the FSC requires management to make judgments, estimates, and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income, and expenses. Actual results may differ from these estimates.

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

Information about 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)(h).

(6) Explanation of Significant Accounts

(a) Cash and cash equivalents

		2018.12.31	2017.12.31
Cash on hand, demand deposits and checking accounts	$	1,774,989	1,771,917
Time deposits		1,325,092	701,975
Cash and cash equivalents in consoildated statement of cash flows	$	3,100,081	2,473,892

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

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

	2018.12.31	2017.12.31
Mandatorily measured at fair value through profit or loss:		
Derivative instruments not used for hedging		
Stocks warrants	$ 21	-
Beneficiary certificates-open-end mutual funds	15,147	-
Financial assets held-for-trading		
Derivative instruments not used for hedging		
Foreign exchange forward contracts	-	-
Stock warrants	-	700
Total	$ 15,168	700
Held-for-trading financial liabilities		
Derivative instruments not used for hedging		
Foreign exchange forward contracts	$ -	1,582

The Group acquired the stock warrants issued by Viveve Medical, Inc. in April 2016. The stock warrants will expire in April 2026.

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 on December 31, 2017:

Forward exchange contracts:

	2017.12.31		
	Amount (in thousands)	Currency	Maturity period
Foreign exchange forward purchased	USD 7,186	USD against TWD	2018.01~2018.02

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

	2018.12.31
Equity investments at fair value through other comprehensive income	
Domestic listed shares	$ 146,910
Foreign listed shares	206,013
Domestic unlisted common shares	138,942
Foreign unlisted common shares	222,553
Total	$ 714,418

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

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. These investments were classified as available-for-sale financial assets on December 31, 2017.

The Group has sold its common stocks designated at fair value through other comprehensive income because of operation strategies . The shares sold had a fair value of $56,562 thousand for the year ended December 31, 2018 and the Group realized a gain of $35,325 thousand, which is already included in other comprehensive income. The gain has been transferred to retained earnings from other equity.

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

3.As of December 31, 2018, the aforesaid financial assets were not pledged as collateral.

(d) Available-for-sale financial assets

	2017.12.31
Domestic listed shares	$ 109,082
Foreign listed shares	280,885
Beneficiary certificates-open-end mutual funds	45,244
Total	$ 435,211

1.For credit risk and market risk, please refer to Note (6)(ah).

2.As of December 31, 2017, the aforesaid financial assets were not pledged as collateral.

(e) Financial assets measured at amortized cost

	2018.12.31
Time deposits with original maturity of more than 3 months	$ 233,664

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 were classified as financial assets measured at amortized cost on January 1, 2018.

The market interest rates of the time deposits with original maturity of more than 3 moths was 0.66%~1.76% per annum as of December 31, 2018.

(f) Financial assets measured at cost

	2017.12.31
Domestic unlisted common shares	$ 138,568
Foreign unlisted common shares	91,214
Total	$ 229,782

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

The aforementioned investments held by the Group were measured at amortized cost as of December 31, 2017, given the range of reasonable fair value estimates is large and the probability for each estimate cannot be reasonably determined; therefore, the Group management had determined that the fair value cannot be measured reliably. These investments were classified as financial assets at fair value through other comprehensive income on December 31, 2018.

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

As of December 31, 2017, the aforesaid financial assets were not pledged as collateral.

(g) Current investments in debt instrument without active market

	2017.12.31
Time deposits with original maturity of more than 3 months	$ 925,192

The market interest rate of the time deposits with original maturity of more than 3 months was 0.50%~2.03% per annum as of December 31, 2017.

(h) Notes receivable, accounts receivable, lease payment receivable, overdue receivable and other receivables

	2018.12.31	2017.12.31
Notes receivable	$ 395,206	381,799
Other notes receivable	360,254	390,405
Accounts receivable	1,253,281	1,492,071
Trade receivables - fair value through other comprehensive income	26,070	-
Lease payment receivable	19,275	26,428
Other receivables	3,416,770	3,572,163
Overdue receivable	-	14,931
Less: Loss allowance	(71,738)	(71,041)
Unrealized interests income	(591)	(1,759)
Net	$ 5,398,527	5,804,997

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.

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

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 on December 31, 2018. 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. The loss allowance provision on December 31, 2018 was determined as follows:

	Gross carrying amount	Weighted-average loss rate	Loss allowance provision
Current	$ 5,242,771	0.56%	(29,605)
1 to 90 days past due	119,040	6.57%	(7,815)
91 to 180 days past due	23,346	10.37%	(2,421)
181 to 365 days past due	8,441	20.21%	(1,706)
More than 365 days past due	48,407	62.37%	(30,191)
Total	$ 5,442,005		(71,738)

As of December 31, 2017, the Group applies the incurred loss model to consider the loss allowance provision of receivables.

The average credit period of sales of goods was 30-180 days. Allowance for impairment loss is recognized against trade receivables based on estimated irrecoverable amounts determined by reference to past default experience of the counterparties and an analysis of their current financial position. The aging of receivables which were past due but not impaired was as follows:

	2017.12.31
1~90 days past due	$ 134,246
91~180 days past due	4,118
181~365 days past due	4,698
More than 365 days past due	18,962
Total	$ 162,024

The Group's lease payment are receivables were as follows:

	Gross investment in the leases	Unearned revenue	Present value of minimum lease payments receivable
December 31, 2018			
Within 1 year	$ 6,819	(996)	5,823
1 to 5 years	14,585	(1,133)	13,452
	$ 21,404	(2,129)	19,275

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

	Gross investment in the leases	Unearned revenue	Present value of minimum lease payments receivable
December 31, 2017			
Within 1 year	$ 10,478	(1,356)	9,122
1 to 5 years	19,161	(1,855)	17,306
	$ 29,639	(3,211)	26,428

The Group entered into finance lease arrangements for certain equipment. All leases were denominated in New Taiwan dollars. The average term of finance leases entered into was 2-5 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 6.00%~7.00% per annum as of December 31, 2018 and 2017.

The lease payment receivables as of December 31, 2018 and 2017 were neither past due nor impaired.

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

	For the Year Ended December 31, 2018	For the Years Ended December 31, 2017 Individually assessed impairment	Collectively assessed impairment
Balance on January 1, 2018 and 2017 per IAS 39	$ 71,041	78,749	30,644
Adjustment on initial application of IFRS 9	-		
Balance on January 1, 2018 per IFRS 9	71,041		
Impairment losses recognized	15,153	1,424	5,447
Impairment losses reversed	(3,028)	(25,003)	(3,491)
Amount written off	(11,467)	(14,432)	(36)
Effect of disposal of subsidiaries	-	-	(20)
Effect of movements in exchange rate	39	(810)	(1,431)
Balance on December 31, 2018 and 2017	$ 71,738	39,928	31,113

As of December 31, 2018 and 2017, the receivables from installment sales were $22,712 thousan and $37,545 thousand, respectively, and the related unrealized interest income were $591 thousan and 1,759 thousand, respectively.

The details of accounts receivable sold were as follows:

(Unit: Foreign currency/TWD in thousands)

2018.12.31

Purchaser	Assignment Facility	Factoring Line	Advanced Amount	Range of Interest Rate	Collateral
Financial institution	$ 4,354	10,000	-	-%	None
Hotai Finance Co., Ltd.	$ 10,935	20,160	10,935	3.89%-6.01%	None
Chailease Finance Co., Ltd.	$ 17,354	28,134	17,354	1.70%-2.26%	None

2017.12.31

Purchaser	Assignment Facility	Factoring Line	Advanced Amount	Range of Interest Rate	Collateral
Financial institution	$ 3,458	10,000	-	-%	None
Hotai Finance Co., Ltd.	$ 10,375	10,385	10,375	4.02%-6.01%	None

The Group entered into a trade receivable factoring agreement with a financial institution, Hotai Finance Co., Ltd., and Chailease Finance Co., Ltd.. According to the agreement, 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.

(i) Inventories

	2018.12.31	2017.12.31
Merchandise	$ 927,310	1,002,677
Inventory in-transit	80,974	119,305
Total	$ 1,008,284	1,121,982

The details of cost of goods sold were as follows :

	For the Years Ended December 31, 2018	2017
Cost of goods sold	$ 4,653,862	4,446,512
Losses on inventory valuation and obsolescence	68,097	336
Repair and maintenance costs	112,855	100,636
Others operating costs	311,111	340,962
Total	$ 5,145,925	4,888,446

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

(j) 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:

	2018.12.31	2017.12.31
Associates	$ 2,289,852	2,390,363
Joint ventures	128,264	118,589
	$ 2,418,116	2,508,952

1.Associates

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

Name of Affiliates	Nature of Relationship with the Group	Main operating location/ Registered Country of the Company	Proportion of shareholding and voting rights 2018.12.31	2017.12.31
Asia Best Healthcare	Long-term care and rehabilitation services	Cayman Islands	49.38 %	49.38 %

1) Asia Best Healthcare:

	2018.12.31	2017.12.31
Current assets	$ 1,246,307	1,327,511
Non-current assets	1,703,422	1,676,324
Current liabilities	(138,481)	(262,276)
Non-Current liabilities	(25,138)	(28,442)
Net assets	$ 2,786,110	2,713,117
Net assets attributable to the Group	$ 1,416,683	1,381,994

	For the Years Ended December 31, 2018	2017
Operating revenue	$ 465,448	355,863
Profit	$ 60,304	41,430
Other comprehensive income	113,530	(101,324)
Total comprehensive income	$ 173,834	(59,894)
Dividends received	$ 20,248	36,074

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

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

	2018.12.31	2017.12.31
The carrying amount of individually insignificant associates' equity	$ 873,169	1,008,369

	For the Years Ended December 31, 2018	2017
Attributable to the Group:		
Profit	$ 122,223	78,919
Other comprehensive income	(8,761)	13,098
Total comprehensive income	$ 113,462	92,017

2.Joint ventures

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

	2018.12.31	2017.12.31
Individually insignificant joint venture	$ 128,264	118,589

	For the Years Ended December 31, 2018	2017
Attributable to the Group:		
Profit	$ 7,614	8,196
Other comprehensive income	-	-
Total comprehensive income	$ 7,614	8,196

The Group and the other shareholder held 49% and 51%, respectively, of the joint venture Shinkong Excelsior Medical Asset Management Co., Ltd. ("Shinkong Excelsior Medical") that is not individually significant.

Under the shareholders' agreement, the Group and the other shareholder have the power to appoint two and three, respectively, of the five directors of Shinkong Excelsior Medical. Significant matters should be decided by more than two-thirds of directors present in the meeting, and the directors present in the meeting should be more than two-thirds of all directors. Therefore, the Group and the other shareholder of the joint venture have joint control over Shinkong Excelsior Medical.

The Group and the other two shareholders held 50%, 30%, and 20%, respectively, of the joint venture Cosplus China Ltd. that is not individually significant.

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

Under the shareholders' agreement, the Group and the other two shareholders have the power to appoint two, one, and one, respectively, of the five directors of Cosplus China Ltd., and another director is appointed by the Group and the other two shareholders together. Significant matters should be decided by more than two-thirds of all directors. Therefore, the Group and the other two shareholders of the joint venture have joint control over Cosplus China Ltd..

In October 2018, the Group sold the 50% ownership of Cosplus China Ltd. with a consideration of $21,803 thousand.

The Group did not provide any investments accounted for using the equity method as collateral.

(k) Acquisitions of non-controlling interests

In June 2018, the Group acquired additional interests in SinoExcelsior Investment for $203,787 thousand, increasing its ownership from 81.00% to 100.00%.

The effects of the changes in shareholdings were as follows:

Carrying amount of non-controlling interest on acquisition	$	200,424
Consideration paid to non-controlling interests		(203,787)
Other liabilities		203,787
Other equity		(196,973)
Effect of exchange rate		(3,557)
Capital surplus, difference between consideration and carrying amount of subsidiaries acquired	$	(106)

In March 2017, the Group acquired additional interests in Beijing Sinoexcelsior for $163,925 thousand, increasing its ownership from 51% to 100%.

The effects of the changes in shareholdings were as follows:

Carrying amount of non-controlling interest on acquisition	$	137,598
Consideration paid to non-controlling interests		(163,925)
Unappropriated retained earnings		931
Capital surplus, difference between consideration and carrying amount of subsidiaries acquired	$	(25,396)

In July 2017, the Group acquired additional interests in Excelsior Beauty for $10,000 thousand, increasing its ownership from 92.68% to 94.91%.

The effects of the changes in shareholdings were as follows:

Carrying amount of non-controlling interest on acquisition	$	9,133
Consideration paid to non-controlling interests		(10,000)
Capital surplus, difference between consideration and carrying amount of subsidiaries acquired	$	(867)

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

In July 2017, the Group acquired additional interests in Bestsmile for $10,000 thousand, increasing its ownership from 86.62% to 98.02%.

The effects of the changes in shareholdings were as follows:

Carrying amount of non-controlling interest on acquisition	$	9,909
Consideration paid to non-controlling interests		(10,000)
Capital surplus, difference between consideration and carrying amount of subsidiaries acquired	$	(91)

(l) 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 2018.12.31	2017.12.31
Dynamic	Taiwan	61.50 %	61.50 %
Arich	Taiwan	60.50 %	60.50 %
SinoExcelsior Investment	China	- %	19.00 %

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

1.Collective financial information of Dynamic and its subsidiaries:

	2018.12.31	2017.12.31
Current assets	$ 1,595,387	1,830,746
Non-current assets	423,782	479,469
Current liabilities	(577,416)	(892,210)
Non-Current liabilities	(8,654)	(8,770)
Net assets	$ 1,433,099	1,409,235
Non-controlling interests	$ 786,234	766,901

	For the Years Ended December 31, 2018	2017
Operating revenue	$ 1,164,815	1,156,622
Net income	$ 122,282	143,318
Other comprehensive income	25,320	(35,048)
Total comprehensive income	$ 147,602	108,270
Profit, attributable to non-controlling interests	$ 66,576	73,731
Comprehensive income, attributable to non-controlling interests	$ 82,592	52,178

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

	For the Years Ended December 31, 2018	For the Years Ended December 31, 2017
Net cash flows from operating activities	$ 145,787	143,683
Net cash flows from investing activities	219,289	(7,102)
Net cash flows from financing activities	(428,052)	(116,848)
Effect of exchange rate changes on cash and cash equivalents	6,397	(13,076)
Net (decrease) increase in cash and cash equivalents	$ (56,579)	6,657
Dividends paid to non-controlling interests	$ 62,729	65,682

2.Collective financial information of Arich and its subsidiaries:

	2018.12.31	2017.12.31
Current assets	$ 4,396,165	5,045,538
Non-current assets	315,011	285,161
Current liabilities	(3,483,311)	(4,257,381)
Non-Current liabilities	(18,817)	(18,726)
Net assets	$ 1,209,048	1,054,592
Non-controlling interests	$ 731,326	637,901

	For the Years Ended December 31, 2018	For the Years Ended December 31, 2017
Operating revenue	$ 1,301,764	1,204,477
Net income	$ 50,280	5,187
Other comprehensive income	(27,591)	(84)
Total comprehensive income	$ 22,689	5,103
Profit, attributable to non-controlling interests	$ 30,413	3,591
Comprehensive income, attributable to non-controlling interests	$ 13,724	3,540

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

	For the Years Ended December 31,	
	2018	2017
Net cash flows from operating activities	$ (248,737)	(626,718)
Net cash flows from investing activities	93,943	410,352
Net cash flows from financing activities	(63,375)	231,124
Net (decrease) increase in cash and cash equivalents	$ (218,169)	14,758
Dividends paid to non-controlling interests	$ 8,089	14,445

3.Collective financial information of SinoExcelsior Investment and its subsidiaries:

	2017.12.31
Current assets	$ 742,445
Non-current assets	344,822
Current liabilities	(44,498)
Non- current liabilities	-
Net assets	$ 1,042,769
Non-controlling interests	$ 184,558

	For the Year Ended December 31, 2017
Operating revenue	$ 62,321
Net income (loss)	$ (26,879)
Other comprehensive income	(7,130)
Total comprehensive income	$ (34,009)
Profit, attributable to non-controlling interests	$ (3,830)
Comprehensive income, attributable to non-controlling interests	$ 5,185
Net cash flows from operating activities	$ 4,765
Net cash flows from investing activities	(199,165)
Net cash flows from financing activities	-
Effect of exchange rate changes on cash and cash equivalents	(16,971)
Net decrease in cash and cash equivalents	$ (211,371)
Dividends paid to non-controlling interests	$ -

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

In June 2018, the Group acquired 19% interests in SinoExcelsior Investment for $203,787 thousand, the related information please refer to note (6)(k).

(m) Loss control of subsidiaries

On March 10, 2017, the Group sold 51% ownership of Arich Best Chain to Bestchain Health with a consideration of $12,295 thousand. The Group recognized a loss on disposal of $60 thousand and recorded it as other gains and losses.

The carrying amount of assets and liabilities of Arich Best Chain on the date of disposal were as follows:

Cash and cash equivalents	$	9,825
Notes receivable and accounts receivable, net		6,608
Other receivables		1,003
Inventories		9,094
Other current assets		25
Intangible assets		412
Other non-current assets		1,182
Accounts payable		(3,323)
Other payables		(455)
Provisions		(2)
Other current liabilities		(143)
	$	24,226

On December 29, 2017, the Group sold the other 49% ownership of Arich Best Chain to Bestchain Health with a consideration of $14,714 thousand. The Group recognized a gain on disposal of $2,680 thousand and recorded it as other gains and losses.

(n) Property, plant and equipment

The cost, depreciation, and impairment loss of the property, plant and equipment of the Group for the years ended December 31, 2018 and 2017 were as follows:

		Land	Buildings	Medical equipment	Miscellaneous equipment	Equipment to be inspected and construction in progress	Total
Cost or deemed cost:							
Balance as of January 1, 2018	$	75,758	98,867	233,579	254,652	-	662,856
Additions		-	82	17,034	8,400	7,524	33,040
Disposal and obsolescence		-	(224)	(10,481)	(4,970)	-	(15,675)
Transfer from inventories		-	-	48,836	15,858	-	64,694
Transfer to inventories		-	-	(30,735)	(21,907)	-	(52,642)
Reclassification and others		-	218	397	(397)	-	218
Effect of movements in exchange rate		-	-	(925)	(305)	-	(1,230)
Balance as of December 31, 2018	$	75,758	98,943	257,705	251,331	7,524	691,261

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

		Land	Buildings	Medical equipment	Miscellaneous equipment	Equipment to be inspected and construction in progress	Total
Balance as of January 1, 2017	$	75,758	96,364	254,942	282,120	1,553	710,737
Additions		-	1,849	6,992	24,702	650	34,193
Disposal and obsolescence		-	(99)	(18,892)	(71,465)	-	(90,456)
Transfer from inventories		-	-	35,505	15,637	-	51,142
Transfer to inventories		-	-	(30,199)	(2,584)	-	(32,783)
Reclassification and others		-	753	(11,031)	10,278	(2,141)	(2,141)
Effect of movements in exchange rate		-	-	(3,738)	(4,036)	(62)	(7,836)
Balance as of December 31, 2017	$	75,758	98,867	233,579	254,652	-	662,856
Depreciation and impairment losses:							
Balance as of January 1, 2018	$	4,000	36,166	157,240	194,960	-	392,366
Depreciation for the period		-	2,934	36,545	31,336	-	70,815
Impairment loss recognized (reversed)		-	-	(1,671)	(4,819)	-	(6,490)
Disposal and obsolescence		-	(75)	(9,963)	(4,841)	-	(14,879)
Transfer from inventories		-	-	-	116	-	116
Transfer to inventories		-	-	(23,523)	(12,578)	-	(36,101)
Reclassification and others		-	-	(621)	621	-	-
Effect of movements in exchange rate		-	-	(708)	(203)	-	(911)
Balance as of December 31, 2018	$	4,000	39,025	157,299	204,592	-	404,916
Balance as of January 1, 2017	$	4,000	32,586	176,967	226,172	-	439,725
Depreciation for the period		-	2,926	36,499	31,990	-	71,415
Impairment loss recognized (reversed)		-	-	(1,050)	(674)	-	(1,724)
Disposal and obsolescence		-	(99)	(18,593)	(61,305)	-	(79,997)
Transfer to inventories		-	-	(28,815)	(2,351)	-	(31,166)
Reclassification and others		-	753	(5,378)	4,625	-	-
Effect of movements in exchange rate		-	-	(2,390)	(3,497)	-	(5,887)
Balance as of December 31, 2017	$	4,000	36,166	157,240	194,960	-	392,366
Book values:							
Balance as of December 31, 2018	$	71,758	59,918	100,406	46,739	7,524	286,345
Balance as of January 1, 2017	$	71,758	63,778	77,975	55,948	1,553	271,012
Balance as of December 31, 2017	$	71,758	62,701	76,339	59,692	-	270,490

As of December 31, 2018 and 2017, the property, plant and equipment of the Group had been pledged as collateral for long-term borrowings. Please refer to note(8).

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

(o) Investment property

		Buildings
Cost or deemed cost:		
Balance as of January 1, 2018	$	220,645
Balance as of December 31, 2018	$	**220,645**
Balance as of January 1, 2017	$	242,141
Disposal		(21,496)
Balance as of December 31, 2017	$	**220,645**
Depreciation and impairment losses:		
Balance as of January 1, 2018	$	23,531
Depreciation for the year		2,905
Balance as of December 31, 2018	$	**26,436**
Balance as of January 1, 2017	$	22,649
Depreciation for the year		3,093
Disposal		(2,211)
Balance as of December 31, 2017	$	**23,531**
Book value:		
Balance as of December 31, 2018	$	**194,209**
Balance as of January 1, 2017	$	**219,492**
Balance as of December 31, 2017	$	**197,114**
Fair Value:		
Balance as of December 31, 2018	$	**404,100**
Balance as of December 31, 2017	$	**404,100**

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, 2018 and 2017, the aforesaid investment properties were not pledged as collateral.

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

(p) Intangible assets

The costs of intangible assets, amortization, and impairment loss of the Group for the years ended December 31, 2018 and 2017, were as follows:

	Goodwill	Software	Other intangible assets	Total
Cost:				
Balance as of January 1, 2018	$ 46,686	9,632	79,335	135,653
Acquisition	-	3,189	-	3,189
Reclassification	-	462	-	462
Disposal and obsolescence	-	(2)	-	(2)
Effect of movement in exchange rate	(555)	(45)	-	(600)
Balance as of December 31, 2018	$ 46,131	13,236	79,335	138,702
Balance as of January 1, 2017	$ 47,621	7,808	79,335	134,764
Acquisition	-	2,678	-	2,678
Effect of disposal of subsidiaries	-	(675)	-	(675)
Effect of movement in exchange rate	(935)	(179)	-	(1,114)
Balance as of December 31, 2017	$ 46,686	9,632	79,335	135,653
Amortization and impairment loss:				
Balance as of January 1, 2018	$ 13,139	6,534	76,079	95,752
Amortization	-	2,729	887	3,616
Disposal	-	(2)	-	(2)
Effect of movement in exchange rate	(213)	(36)	-	(249)
Balance as of December 31, 2018	$ 12,926	9,225	76,966	99,117
Balance as of January 1, 2017	$ 10,580	5,289	75,134	91,003
Amortization	-	1,667	945	2,612
Impairment loss recognized	3,213	-	-	3,213
Effect of disposal of subsidiaries	-	(263)	-	(263)
Effect of movement in exchange rate	(654)	(159)	-	(813)
Balance as of December 31, 2017	$ 13,139	6,534	76,079	95,752
Book value:				
Balance as of December 31, 2018	$ 33,205	4,011	2,369	39,585
Balance as of January 1, 2017	$ 37,041	2,519	4,201	43,761
Balance as of December 31, 2017	$ 33,547	3,098	3,256	39,901

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

1.Amortization

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

	For the Years Ended December 31, 2018	2017
Operating costs	$ 887	945
Operating expenses	2,729	1,667
Total	$ 3,616	2,612

(q) Short-term borrowings

	2018.12.31	2017.12.31
Secured bank loans	$ 10,000	850,000
Unsecured bank loans	1,100,000	310,000
Total	$ 1,110,000	1,160,000
Unused short-term credit lines	$ 1,335,397	3,355,571
Range of interest rates	1.01%~1.70%	1.03%~1.70%

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)(ah).

(r) Long-term borrowings

1.The loan was paid in monthly installments from April 2015 to March 2020. However, the loan was paid early in August 2017.

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

(s) Bonds payable

The details of the convertible bonds of the Group were as follows:

	2018.12.31	2017.12.31
The Company's fifth domestic secured convertible bonds(1)	$ -	11,400
Dynamic's second domestic secured convertible bonds(2)	-	300,000
Less: Unamortized discount	-	(521)
Current portion	-	(310,879)
	$ -	-

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

1.On September 7, 2015, the Company issued the fifth domestic secured convertible bonds of $300,000 thousand at face value, with a face interest rate of 0% and a maturity date of September 7, 2018. The bonds are guaranteed by KGI Bank. The bonds may be converted into ordinary shares of the Company at any time during the period from the day one month after issuance to the day of maturity. The initial conversion price was NT$39.3 per share, which is subject to adjustment according to an agreed upon formula (the conversion price was adjusted to NT$33.57 per share from July 26, 2018). During the period from the day one month after issuance to the day forty days before maturity, the Group may redeem all of the bonds at face value, provided that the average closing price exceeds the then conversion price by 30% or more for 30 consecutive trade days or the total amount of the outstanding bonds is less than 10% of the total amount of the bonds initially issued. Other than in the cases of conversion or redemption mentioned above, the Company shall redeem the bonds by cash on their maturity. As of August 21, 2018, the bondholders who held convertible bonds of $300,000 thousand at face value had exercised the rights to convert the bonds.

The Company' s fifth domestic secured convertible bonds contained both liability and equity components. The equity component was presented in equity under the heading of capital surplus - options. The effective interest rate of the liability component was 1.63% per annum on initial recognition.

Proceeds from issue (less transaction costs $4,250 thousand)	$	295,750
Equity component (less transaction costs allocated to the equity component of $155 thousand and related tax effect of $26 thousand)		(10,792)
Deferred tax assets		723
Liability component at the date of issue (less transaction costs allocated to the liability component of $4,095 thousand and related tax effect of $697 thousand)		285,681
Interest charged at an effective interest rate of 1.63%		2,870
Convertible bonds converted into ordinary shares		(277,278)
Liability component at December 31, 2017		11,273
Interest charged at an effective interest rate of 1.63%		49
Convertible bonds converted into ordinary shares		(11,322)
Liability component at December 31, 2018	$	-

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

2.On January 29, 2015, Dynamic issued the second domestic secured convertible bonds of $300,000 thousand at face value, with a face interest rate of 0% and a maturity date of January 29, 2018. The bonds are guaranteed by Taiwan Cooperative Bank. The bonds may be converted into ordinary shares of Dynamic at any time during the period from the day one month after issuance to the day of maturity. The initial conversion price was NT$73.5 per share, which is subject to adjustment according to an agreed upon formula (the conversion price was adjusted to NT$61.97 per share from August 7, 2017). During the period from the day one month after issuance to the day forty days before maturity, Dynamic may redeem all of the bonds at face value, provided that the average closing price exceeds the then conversion price by 30% or more for 30 consecutive trade days or the total amount of the outstanding bonds is less than 10% of the total amount of the bonds initially issued. Other than in the cases of conversion or redemption mentioned above, Dynamic shall redeem the bonds by cash on their maturity. As of January 29, 2018, no bondholder had exercised the rights to convert the bonds.

Dynamic' s second domestic secured convertible bonds contain both liability and equity components. The equity component was presented in equity under the heading of capital surplus - arising from changes in percentage of ownership interest in subsidiaries. The effective interest rate of the liability component was 1.71% per annum on initial recognition.

Proceeds from issue (less transaction costs $4,300 thousand)	$	295,700
Equity component (less transaction costs allocated to the equity component of $166 thousand and add related tax effect of $28 thousand)		(11,472)
Deferred tax assets		731
Liability component at the date of issue (less transaction costs allocated to the liability component of $4,134 thousand and add related tax effect of $703 thousand)		284,959
Interest charged at an effective interest rate of 1.71%		14,647
Liability component at December 31, 2017		299,606
Interest charged at an effective interest rate of 1.71%		394
Liability component at January 29, 2018	$	**300,000**

(t) Other payables

	2018.12.31	2017.12.31
Logistics services payable	$ 2,092,364	2,853,061
Others	406,316	409,431
	$ **2,498,680**	**3,262,492**

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

(u) Refund liabilities

	2018.12.31	2017.12.31
Refund liabilities	$ 31,395	-

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.

(v) Provisions

	2018.12.31	2017.12.31
Warranties	$ 17,237	17,352
Sales returns and discounts	-	32,216
	$ 17,237	49,568

	Warranties	Sales returns and discounts	Total
Balance at January 1, 2018	$ 17,352	32,216	49,568
Effects of retrospective application	-	(32,216)	(32,216)
Additions	17,076	-	17,076
Provisions reversed or used	(17,212)	-	(17,212)
Effect of exchange rate changes	21	-	21
Balance at December 31, 2018	$ 17,237	-	17,237
Balance at January 1, 2017	$ 17,895	77,717	95,612
Additions	18,513	-	18,513
Provisions reversed or used	(18,941)	(45,501)	(64,442)
Effect of exchange rate changes	(115)	-	(115)
Balance at December 31, 2017	$ 17,352	32,216	49,568

1.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.

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

2.Sales returns and discounts

The provision of sales returns and discounts was based on historical experience, management's judgments and other known reasons estimated product returns and discounts may occur in the year. The provision was recognized as a reduction of operating revenue in the periods of the related goods sold. As of December 31, 2018, sales returns and discounts are recognized as other current liabilities, please refer to note (6)(u) refund liabilities.

(w) Other current liabilities

Hong Kong Excelsior and Sinopharm Group Co., Ltd. ("Sinopharm Group") signed an agreement about capital reduction and equity transfer of SinoExcelsior Investment on July 1, 2013. According to the agreement, within four months after three years from the date Sinopharm Group transferred 32% of equity of SinoExcelsior Investment to Hong Kong Excelsior (depends on issue date of SinoExcelsior Investment's new business license), Sinopharm Group has the rights to ask Hong Kong Excelsior to buy the shares of SinoExcelsior Investment which are held by Sinopharm Group. The purchase price is 19% of net assets value of SinoExcelsior Investment on June 30, 2013. Financial liabilities recognized by the Group according to this agreement amounted to $202,767 thousand as of December 31, 2017, and were recognized as other current liabilities. In June 2018, Hong Kong Excelsior was asked to buy the shares of SinoExcelsior Investment which were held by Sinopharm Group. Related liabilities were eliminated. Please refer to note (6)(k).

(x) Operating leases

1.Leases as lessee

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

Non-cancellable operating lease rentals payable were as follows:

	2018.12.31	2017.12.31
Within 1 year	$ 82,264	71,804
1 to 5 years	159,702	126,575
More than 5 years	36,078	21,247
	$ 278,044	219,626

The total of future minimum sublease payments expected to be received under non-cancellable subleases at December 31, 2018 and 2017 were $98,836 thousand and $69,609 thousand, respectively.

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

2.Leases as lessor

Operating leases relate to leasing and subleasing of real estate and leasing of equipment with lease terms between 1 to 10 years. The lessees do not have bargain purchase options to acquire the real estate and equipment at the expiration of the lease periods.

The future minimum lease payments under non-cancellable leases are as follows:

	2018.12.31	2017.12.31
Within 1 year	$ 32,855	31,613
1 to 5 years	61,440	51,756
More than 5 years	13,003	1,111
	$ 107,298	84,480

In addition to the minimum lease payments receivable, the above property sublease contracts also include contingent rental clauses that the lessees shall pay contingent rentals based on a specific percentage of monthly operating revenue.

(y) Employee benefits

1.Defined benefit plans

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

	2018.12.31	2017.12.31
Present value of defined benefit obligations	$ 105,174	100,816
Fair value of plan assets	(85,855)	(81,592)
Net defined benefit liabilities	$ 19,319	19,224

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

1) Composition of plan assets

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

The Group' s Bank of Taiwan labor pension reserve account balance amounted to $85,677 thousand as of December 31, 2018. 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.

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

2) Movements in present value of the defined benefit obligations

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

	For the Years Ended December 31, 2018	2017
Defined benefit obligation at January 1	$ 100,816	101,007
Current service costs and interest	3,455	2,525
Remeasurement on the net defined benefit obligation		
—Actuarial gains and losses arising from experience adjustments	1,577	1,827
—Actuarial gains and losses arising from changes in population assumption	236	260
—Actuarial gains and losses arising from changes in financial assumptions	1,178	1,297
Exchange differences on foreign plans	(28)	(226)
Benefit paid	(1,782)	(5,874)
Other adjustments	(278)	-
Defined benefit obligation at December 31	$ 105,174	100,816

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, 2018	2017
Fair value of plan assets at January 1	$ 81,592	84,436
Interest income	925	1,058
Remeasurement on the net defined benefit obilgation		
—Return on plan assets (excluding current interest)	2,459	(358)
Contribution paid by the employer	2,582	2,367
Exchange differences on foreign plans	(6)	(37)
Benefits paid	(1,782)	(5,874)
Other adjustments	85	-
Fair value of plan assets at December 31	$ 85,855	81,592

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

4) Expenses recognized in profit or loss

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

	For the Years Ended December 31,	
	2018	2017
Current service costs	$ 2,166	1,121
Net interest of net defined benefit obligation	364	346
	$ 2,530	1,467
Operating costs and expenses	$ 2,530	1,467

5) Actuarial assumptions

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

	2018.12.31	2017.12.31
Discount rate	1.125%~7.530%	1.250%~5.380%
Future salary increases rate	2.125%~5.000%	2.130%~5.000%

The expected allocation payment to be made by the Group to the defined benefit plans for the one-year period after the reporting date is $4,564 thousand.

The weighted average lifetime of the defined benefits plans is 12~15 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, 2018		
Discount rate	$ (2,757)	2,898
Future salary increasing rate	2,780	(2,661)
December 31, 2017		
Discount rate	$ (2,856)	3,014
Future salary increasing rate	2,910	(2,729)

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions remain 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.

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

There is no change in the method and assumptions used in the preparation of sensitivity analysis for 2018 and 2017.

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 $18,257 thousand and $17,561 thousand for the years ended December 31, 2018 and 2017, respectively.

The foreign Company's pension costs under the local laws were $4,330 thousand and $2,815 thousand for the years ended December 31, 2018 and 2017, respectively.

(z) Income taxes

According to the amendments to the "Income Tax Act" enacted by the office of the President of the Republic of China (Taiwan) on February 7, 2018, an increase in the corporate income tax rate from 17% to 20% is applicable upon filing the corporate income tax return commencing financial year 2018.

1.Income tax expense

The components of income tax in the years 2018 and 2017 were as follows:

	For the Years Ended December 31, 2018	2017
Current tax expense		
Current period	$ 101,038	93,752
Adjustment for prior periods	(65)	(9,302)
	100,973	84,450
Deferred tax expense		
Origination and reversal of temporary differences	11,633	(706)
Adjustment in tax rate	(15,119)	-
Adjustment for prior periods	2,590	(515)
	(896)	(1,221)
Income tax expense from continuing operations	$ 100,077	83,229

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

The amount of income tax recognized directly in equity for 2018 and 2017 were as follows:

	For the Years Ended December 31, 2018	2017
Convertible bonds	$ -	1

The amount of income tax recognized in other comprehensive income for 2018 and 2017 were as follows:

	For the Years Ended December 31, 2018	2017
Items that will not be reclassified subsequently to profit or loss:		
Remeasurement from defined benefit plans	$ 3,670	615
Unrealized gains (losses) on equity instruments at fair value through other comprehensive income	11,707	-
Share of other comprehensive income of associates and joint ventures accounted for using equity method, components of other comprehensive income	-	794
	$ 15,377	1,409
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation	$ 1,899	23,318
Unrealized gains (losses) on available-for-sale financial assets	-	(4,698)
	$ 1,899	18,620

Reconciliation of income tax and profit before tax for 2018 and 2017 was as follows.

	For the Years Ended December 31, 2018	2017
Profit before tax	$ 648,500	554,237
Income tax using the Group's statutory tax rate	$ 144,100	109,019
Adjustment in tax rate	(15,119)	-
Permanent differences	(30,858)	(9,289)
Tax-exempt income	(337)	(6,219)
Unrecognized deductible temporary differences	(1,147)	924
Unrecognized unused loss carryforwards	879	(1,400)
Adjustments for prior periods-current tax expense	(65)	(9,302)
Adjustments for prior periods-deferred tax expense	2,590	(516)
Undistributed earnings additional tax	34	12
Income tax expense	$ 100,077	83,229

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

2.Deferred tax assets and liabilities

1) Unrecognized deferred tax assets

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

	2018.12.31	2017.12.31
Tax effect of deductible temporary differences	$ 27,100	23,361
Tax losses	35,832	47,706
	$ 62,932	71,067

2) Recognized deferred tax assets and liabilities

Changes in the amount of deferred tax assets and liabilities for the years ended December 31, 2018 and 2017 were as follows:

	Deferred sales returns and allowance	Unrealized losses on inventories	Unrealized gains on investment	Loss carry-forwards	Others	Total
Deferred tax assets:						
Balance at January 1, 2018	$ 13,075	12,185	13,556	56,443	65,573	160,832
Recognized in profit or loss	(6,307)	11,530	8,082	8,533	8,644	30,482
Recognized in other comprehensive income	-	-	-	-	7,261	7,261
Effect of movements in exchange rate	-	82	-	50	6	138
Balance at December 31, 2018	$ 6,768	23,797	21,638	65,026	81,484	198,713
Balance at January 1, 2017	$ 67,225	13,267	10,550	1,323	47,419	139,784
Recognized in profit or loss	(54,150)	(696)	3,006	56,237	3,640	8,037
Recognized in other comprehensive income	-	-	-	-	14,709	14,709
Recognized Directly in Equity	-	-	-	-	(1)	(1)
Effect of movements in exchange rate	-	(338)	-	-	(177)	(515)
Effect of Disposal of Subsidiaries	-	(48)	-	(1,117)	-	(1,165)
Others	-	-	-	-	(17)	(17)
Balance at December 31, 2017	$ 13,075	12,185	13,556	56,443	65,573	160,832

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

		Deferred sales returns and allowance	Unrealized losses on inventories	Unrealized gains on investment	Loss carry-forwards	Others	Total
Deferred tax liabilities:							
Balance at January 1, 2018	$	-	-	55,040	-	30,537	85,577
Recognized in profit and loss		-	-	27,684	-	1,902	29,586
Recognized in other comprehensive income		-	-	-	-	(10,015)	(10,015)
Effect of movements in exchange rate		-	-	-	-	405	405
Balance at December 31, 2018	$	-	-	82,724	-	22,829	105,553
Balance at January 1, 2017	$	-	-	43,650	-	40,478	84,128
Recognized in profit or loss		-	-	11,390	-	(4,574)	6,816
Recognized in other comprehensive income		-	-	-	-	(5,367)	(5,367)
Balance at December 31, 2017	$	-	-	55,040	-	30,537	85,577

3.As of December 31, 2018, the Group's unused prior-years loss carryforwards and the expiry years of the loss carryforwards were as follows:

Year of loss		Unused amount	Year of expiry
2013	$	9,238	2018
2014		29,195	2019~2024
2015		28,575	2020~2025
2016		17,717	2021~2026
2017		300,234	2022~2027
2018		69,806	2023~2028
		19,543	No expiration date
	$	474,308	

4.The tax returns examination and approval

The Company's income tax returns through 2016 have been examined and approved by the Tax Authority.

5.Arich disagreed with the tax authority's assessment of its 2012 income tax return about allowance for impairment loss on logistics services receivables. Arich was levied additional $3,132 thousand and had recognized and paid for the income tax assessed by the tax authority. Arich applied for administrative remedies and received notice of dismissal from the Supreme Administrative Court on October 12, 2017. Arich did not apply for trial after evaluation.

(aa) Capital and other equity

1.Share capital

	2018.12.31	2017.12.31
Number of shares authorized (in thousands)	200,000	200,000
Shares authorized	$ 2,000,000	2,000,000
Number of shares issued and fully paid (in thousands)	128,149	127,765
Shares issued	$ 1,281,490	1,277,655
Number of shares of certificates of bond-to-stock conversion (in thousands)	-	62
Certificates of bond-to-stock conversion	$ -	619

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.

As of December 31, 2018 and 2017, the bondholders of the fifth domestic convertible bonds had exercised the rights to conversion into certificates of bond-to-stock conversion. The subscription dates were November 5, 2018 and January 25, 2018, respectively.

2.Capital surplus

	2018.12.31	2017.12.31
Additional paid-in capital arising from ordinary share	$ 1,364,262	1,364,262
Additional paid-in capital arising from bond conversion	1,072,079	1,063,592
Difference between consideration and carrying amount of subsidiaries acquired or disposed	98,181	96,578
Changes in ownership interest in subsidiaries	234,022	186,637
Changes in equity of associates accounted for using equity method	300	564
Share options	-	49,502
Others	43,860	43,860
	$ 2,812,704	2,804,995

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

3.Retained earnings

The Company's article of incorporation stipulate that Company's net earnings should first be used to offset the prior years' deficits, if any, before paying any income taxes. Of the remaining balance, 10% is to be appropriated as legal reserve, and then any remaining profit together with any undistributed retained earnings shall be distributed according to the distribution plan proposed by the Board of Directors and submitted to the stockholders' meeting for approval.

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

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

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

During the shareholder's meeting on June 21, 2018 and June 16, 2017, the shareholders approved to distribute the 2017 and 2016 earnings, respectively, as follows:

	2017		2016	
	Dividend per share ($)	Amount	Divident per share ($)	Amount
Dividends distributed to common shareholders				
Cash	$ 2.80	357,917	2.50	319,067

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

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	Unrealized gains (losses) on available-for-sale financial assets	Other equity interest-other	Total
Balance at January 1, 2018	$ (61,019)	-	10,546	(212,359)	(262,832)
Effects of retrospective application	-	97,579	(10,546)	-	87,033
Balance at January 1, 2018 after adjustments	(61,019)	97,579	-	(212,359)	(175,799)
Exchange differences on translation of foreign financial statement	(44,842)	-	-	-	(44,842)
Exchange differences on associates accounted for using equity method	44,325	-	-	-	44,325
Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	-	(31,070)	-	-	(31,070)
Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income, associates accounted for using equity method	-	3,723	-	-	3,723
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	(35,325)	-	-	(35,325)
Other	-	-	-	212,359	212,359
Balance at December 31, 2018	$ (61,536)	34,907	-	-	(26,629)
Balance at January 1, 2017	$ 42,054	-	55,227	(212,359)	(115,078)
Exchange differences on translation of foreign financial statement	(81,130)	-	-	-	(81,130)
Exchange differences on associates accounted for using equity method	(21,943)	-	-	-	(21,943)
Unrealized gains or losses on available-for-sale financial assets	-	-	(29,750)	-	(29,750)
Cumulative gains or losses reclassified to profit or loss on disposal of available-for-sale financial assets	-	-	(4,550)	-	(4,550)
Unrealized gains or losses on available-for-sale financial assets of associates accounted for using equity method	-	-	(10,381)	-	(10,381)
Balance at December 31, 2017	$ (61,019)	-	10,546	(212,359)	(262,832)

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

5.Non-controlling interests after tax

	For the Years Ended December 31, 2018	2017
Balance, beginning of year	$ 1,608,334	1,796,039
Effects of refrospective application	89,400	
Shares attributed to non-controlling interests		
Net income	96,861	71,961
Exchange differences on translation of foreign financial statements	(10,757)	(12,082)
Unrealized gains or losses on available-for-sale financial assets	-	(10,722)
Unrealized gains or losses from financial assets measured at fair value through other comprehensive income	(4,424)	-
Gains or losses on remeasurements of defined benefit plans	773	(95)
Acquisition of non-controlling interests in subsidiaries	(170,943)	(156,640)
Cash dividends of subsidiaries distributed to non-controlling interests	(73,682)	(80,127)
Balance, end of year	$ 1,535,562	1,608,334

(ab) Earnings per share

For the years ended December 31, 2018 and 2017, the basic and diluted earnings per share were calculated as follows:

1.Basic earnings per share

	For the Years Ended December 31, 2018	2017
Profit attributable to ordinary shareholders of the Company	$ 451,562	399,047
Weighted average number of ordinary shares (basic)	128,064	127,706

2.Diluted earnings per share

	For the Years Ended December 31, 2018	2017
Profit attributable to the Company	$ 451,562	399,047
Effect of potentially dilutive ordinary shares -convertible bonds	49	254
Profit attributable to ordinary shareholders of the Company	$ 451,611	399,301

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

	For the Years Ended December 31,	
	2018	2017
Weighted average number of ordinary shares (basic)	128,064	127,706
Convertible bonds	85	443
Effect of employee stock compensation	725	634
Weighted average number of ordinary shares (diluted)	128,874	128,783

(ac) Revenue from contracts with customers

1.Disaggregation of revenue

	For the Year Ended December 31, 2018
Primary geographical markets:	
Taiwan	$ 5,899,759
Hong Kong	184,812
Mainland China	108,516
Philippines	129,323
	$ 6,322,410
Major products:	
Product revenue	
Medical equipment and Supplies	$ 3,375,877
Medicines	1,124,628
Aesthetic medical equipment and Supplies	1,010,661
Household appliances	37,155
Other	86,108
Repair and maintenance revenue	209,354
Other operating revenue	478,627
	$ 6,322,410

For details on revenue for the year ended December 31, 2017, please refer to note (6)(ad).

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

(ad) Operating revenue

	For the Years Ended December 31, 2018	2017
Sales revenue	$ -	5,367,119
Repair and maintenance revenue	-	205,227
Other operating revenue	-	502,709
Rental revenue	22,621	20,282
Total	$ 22,621	6,095,337

For details on revenue for the year ended December 31, 2018, please refer to note (6)(ac).

(ae) 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 recipients of shares and cash may include the employees of the Company's affiliated companies who meet certain conditions.

For the years ended December 31, 2018 and 2017, the Company estimated its employee compensation amounting to $28,831 thousand and $24,285 thousand, and directors' remuneration amounting to $14,416 thousand and $12,143 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 2018 and 2017. Related information would be available at the Market Observation Post System website. The aforesaid amounts are identical to those stated in the individual reports. The employee compensation and the directors' remuneration for 2018 is still to be determined by the Board meeting and the shareholders' meeting. The difference between the actual amounts and the estimation of employee remuneration in 2018 will be treated as changes in accounting estimates and adjusted in profit or loss in the following year.

(af) Non-operating income and expenses

1.Other income

The details of other income were as follows:

	For the Years Ended December 31, 2018	2017
Interest income		
Interest income from bank deposits	$ 25,588	36,030
Receivables	3,279	2,213
Dividend income	14,681	13,301
Other income	3,302	441
Total	$ 46,850	51,985

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

2.Financial costs

The details of financial costs were as follows:

	For the Years Ended December 31, 2018	2017
Interest expenses		
Bank borrowings	$ 16,138	19,173
Interest on convertible bonds	443	5,342
Others	5,464	7,266
	$ 22,045	31,781

3.Other gains and losses

The details of other gains and losses were as follows:

	For the Years Ended December 31, 2018	2017
Gains on disposal of property, plant, and equipment	$ 525	4,278
Gain on disposal of available-for-sale financial assets	-	4,550
Gain on disposal of subsidiaries	-	2,620
Losses on disposals of investments	(2,780)	-
Foreign exchange gains (losses)	19,260	(23,937)
Net gains or losses on financial assets (liabilities) measured at fair value through profit or loss	(380)	(16,636)
Impairment loss recognized on financial assets	-	(5,000)
Impairment loss recognized on non-financial assets	(838)	(2,609)
Others	10,174	10,632
Total	$ 25,961	(26,102)

(ag) 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, 2018	2017
Available-for-sale financial assets		
Net changes in fair value	$ -	(35,774)
Net changes of fair value reclassified to profit or loss	-	(4,550)
Equity instruments at fair value through other comprehensive income		
Net changes in fair value	(83,655)	-
Net changes of fair vlaue reclassified to retained earnings	35,325	-
Net gains or losses recognized in other comprehensive income	$ (48,330)	(40,324)

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

(ah) Financial instruments

1. Credit risks

1) Credit risk exposure

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

2) Concentration of credit risk

To minimize credit risks of receivables, the Group periodically evaluates the customers' financial positions and the possibility of collecting trade receivables. And, the impairment losses are always within the management's expectation. As of December 31, 2018 and 2017, 34% and 33%, respectively, of accounts receivable were two major customers. Thus, credit risk is significantly centralized.

2.Liquidity risks

The following are the contractual maturities of financial liabilities of the Group, including estimated interest payments and 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, 2018								
Non-derivative financial liabilities								
Short-term borrowings	$ 1,110,000	1,110,015	1,100,000	-	10,015	-	-	-
Payables	3,906,468	3,920,225	913,693	352,125	2,233,307	1,086	8,822	411,192
	$ 5,016,468	5,030,240	2,013,693	352,125	2,243,322	1,086	8,822	411,192
December 31, 2017								
Non-derivative financial liabilities								
Long-term and short-term borrowings and bonds payable	$ 1,470,879	1,471,415	500,015	960,000	-	11,400	-	-
Payables	4,679,475	4,703,943	712,988	274,515	3,239,811	7,448	60,452	408,729
Derivative financial liabilities								
Foreign exchange forward contract								
Outflows	213,708	213,708	171,979	41,729	-	-	-	-
Inflows	(215,290)	(215,290)	(173,293)	(41,997)	-	-	-	-
	$ 6,148,772	6,173,776	1,211,689	1,234,247	3,239,811	18,848	60,452	408,729

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

3.Market risks

1) Currency risks

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

			2018.12.31	
Functional currency	**Exchange rate**	**Currency**	**Foreign currency (in thousands)**	**Carrying amount (TWD)**
Financial assets				
Monetary items				
TWD	30.715	USD	$ 8,556	262,784
TWD	0.278	JPY	600,867	167,161
CNY	6.868	USD	29,848	916,781
HKD	7.833	USD	6,556	201,365
Non-Monetary items				
TWD	0.028	KRW	6,373,923	177,073
CNY	6.868	USD	46,806	1,437,660
USD	0.128	HKD	97,010	380,378
Financial liabilities				
Monetary items				
TWD	0.278	JPY	480,543	133,687

			2017.12.31	
Functional currency	**Exchange rate**	**Currency**	**Foreign currency (in thousands)**	**Carrying amount (TWD)**
Financial assets				
Monetary items				
TWD	29.760	USD	$ 4,622	137,559
TWD	0.264	JPY	604,805	159,790
CNY	6.512	USD	15,604	464,374
HKD	7.817	USD	6,333	188,467
Non-Monetary items				
TWD	0.264	JPY	242,222	63,995
TWD	0.028	KRW	7,713,000	216,890
CNY	6.512	USD	47,143	1,402,962
USD	0.128	HKD	98,920	376,588
Financial liabilities				
Monetary items				
TWD	29.760	USD	9,945	295,955
TWD	0.264	JPY	549,397	145,151

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, 2018 and 2017, foreign exchange gains or losses amounted to gains of $19,260 thousand and losses of $23,937 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, financial assets measured at amortized cost (debt instrument without active market), financial assets at fair value through other comprehensive income (available-for-sale financial assets) 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, 2018 and 2017 would have increased or decreased the net profit after tax by $12,073 thousand and $5,032 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 $8,267 thousand and $7,169 thousand for the years ended December 31, 2018 and 2017, respectively. The changes are mainly due to floating rate bank deposits and borrowings of the Group.

4) Other price risks

Assuming that the analysis is performed on the same basis for both periods, if equity prices had been 1% higher/lower, pre-tax other comprehensive income for the years ended December 31, 2018 and 2017 would have increased/decreased by $7,296 thousand and $4,352 thousand, respectively, as a result of the changes in fair values of financial assets at fair value through profit and loss, financial assets at fair value through other comprehensive income and available-for-sale financial assets.

4.Fair value information

The Group uses the observable market data to evaluate its assets and liabilities when it is possible. The different inputs of levels of fair value hierarchy in determination of the fair value are as follows:

·Level 1: quoted prices (unadjusted) in active markets of identifiable assets or liabilities.

·Level 2: inputs other than quoted prices included within level 1 that are observable for the assets or liabilities, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

· Level 3: inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

1) The categories and fair values of financial instruments

Financial assets and liabilities at fair value through profit or loss and financial assets at fair value through other comprehensive income (available for sale financial assets) are measured on a recurring basis. However, for financial instruments not measured at fair value whose carrying amount is estimated reasonably close to the fair value, and for equity investments that have no quoted prices in the active markets and whose fair value cannot be reliably measured, the disclosure of their fair value information is not required :

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

	2018.12.31				
		Fair value			
	Book value	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss					
Derivative financial assets	$ 21	-	-	21	21
Beneficiary certificates, open-end mutual funds	15,147	15,147	-	-	15,147
Sub-total	15,168	15,147	-	21	15,168
Financial assets at fair value through other comprehensive income					
Domestic listed shares	146,910	146,910	-	-	146,910
Foreign listed shares	206,013	206,013	-	-	206,013
Domestic unlisted shares	138,942	-	-	138,942	138,942
Foreign unlisted shares	222,553	-	-	222,553	222,553
Sub-total	714,418	352,923	-	361,495	714,418
Financial assets at amortized cost					
Cash and cash equivalents	3,100,081	-	-	-	-
Time deposits with original maturity of more than 3 months	233,664	-	-	-	-
Receivables	5,398,527	-	-	-	-
Other financial assets	209,237	-	-	-	-
Sub-total	8,941,509	-	-	-	-
Total	$ 9,671,095	368,070	-	361,516	729,586
Financial liabilities at amortized cost					
Short-term borrowings	$ 1,110,000	-	-	-	-
Payables	3,906,468	-	-	-	-
Total	$ 5,016,468	-	-	-	-

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

	2017.12.31				
		Fair value			
	Book value	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss					
Derivative financial assets	$ 700	-	-	700	700
Available-for-sale financial assets					
Domestic listed shares	109,082	109,082	-	-	109,082
Foreign listed shares	280,885	280,885	-	-	280,885
Beneficiary certificates, open-end mutual funds	45,244	45,244	-	-	45,244
Sub-total	435,211	435,211	-	-	435,211
Financial assets at cost	229,782	-	-	-	-
Loans and receivables					
Cash and cash equivalents	2,473,892	-	-	-	-
Investment in debt instrument without active market	925,192	-	-	-	-
Receivables	5,804,997	-	-	-	-
Other financial assets	625,282	-	-	-	-
Sub-total	9,829,363	-	-	-	-
Total	$ 10,495,056	435,211	-	700	435,911
Financial liabilities at fair value through profit or loss					
Derivative financial liabilities	$ 1,582	-	1,582	-	1,582
Financial liabilities at amortized cost					
Short-term borrowings	1,160,000	-	-	-	-
Payables	4,679,475	-	-	-	-
Bonds payable, current portion	310,879	-	311,226	-	311,226
Sub-total	6,150,354	-	311,226	-	311,226
Total	$ 6,151,936	-	312,808	-	312,808

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 (held-to-maturity financial assets)

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 measured at amortized cost (debt investment that has no active markets) 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 and beneficiary certificates, open-end mutual fund.

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

Debt instrument that has no quoted prices: The discounted cash flow model is used to estimate the fair values. The main assumption for the model is to discount the expected future cash flows by using a discount rate that reflects the time value of money and risks.

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.

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

4) For the years ended December 31, 2018 and 2017, there were no transferring from each level in the fair value hierarchy.

5) Changes in level 3 of the fair value

	Financial assets at fair value through profit or loss	Fair value through other comprehensive income (Available-for-sale financial assets)
	Derivative financial assets	unquoted equity instruments
Balance as of January 1, 2018	$ 700	427,649
Total gains and losses recognized		
In profit or loss	(687)	-
In other comprehensive income	-	(68,147)
Reclassification and effect of movements in exchange rate	8	1,993
Balance as of December 31, 2018	$ 21	361,495
Balance as of January 1, 2017	$ 716	-
Total gains and losses recognized		
In profit or loss	45	-
Effect of movements in exchange rate	(61)	-
Balance as of December 31, 2017	$ 700	-

For the years ended December 31, 2018 and 2017, 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, 2018	2017
Total gains and losses recognized		
In profit or loss (accounted as "other gains and losses")	$ (687)	45
In other comprehensive income, and presented in "unrealized gains and losses from financial assets at fair value through other comprehensive income"	(68,147)	-

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

6) 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 measured at fair value through profit or loss – derivative instruments" and "fair value through other comprehensive income (available-for-sale financial assets) – 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 profit or loss—Derivatives, Stock warrants	Option pricing models	· Historical volatility (35.32% and 29.30% on December 31, 2018 and 2017, respectively)	·The higher the historical volatility, the higher the fair value.
Financial assets at fair value through other comprehensive income —equity instruments investments without an active market	Comparable Listed Companies Method	· P/B Value Multiple (1.11~3.25 on December 31, 2018) · Discount due to Lack of Market liquidity (13.07%~35.22%) on December 31, 2018	· The estimated fair value would increase (decrease) if the price of earnings ratio multiple is higher (lower) and the marketability discount is lower (higher)

7) 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	Impact on Fair Value Change on Other Comprehensive income or loss — Unfavorable Change
December 31, 2018				
Financial assets at fair value through other comprehensive income				
Equity instruments without an active market	P/B Value Multiple	5%	$ 17,756	(17,756)
	Discount due to Lack of Market liquidity	5%	23,967	(23,967)
			$ 41,723	(41,723)

(ai) 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.

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, 2018.

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.

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 foreign exchange forward 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.

(aj) 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.

(7) Related Party Transactions

(a) Names and relationship with related parties

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

Name of related party	Relationship with the Group
Excelsior Investment Co., Ltd.	Entities with significant influence over the Group
Excelsior Group Holdings Co., Ltd.	〃
Jiate Excesior Co., Ltd. (Jiate)	Associate
Bestchain Healthtaiwan Co., Ltd. (Bestchain)	〃
Visionfront Corporation	〃
Sunrise Health Care Company	〃
Excelsior Renal Service Co., Limited (ERS)	〃
Asia Best Healthcare Co., Limited (ABH)	〃
Medifly Co., Ltd.	〃
Asia Best Biomedical Co., Ltd.	〃
CYJ INTERNATIONAL COMPANY LIMITED (CYJ)	〃
Medytox Taiwan Inc.	〃
CYJ International Taiwan Inc. (CYJ Taiwan)	〃
Arich Best Chain Co., Ltd.(Arich Best Chain)	Associate (Subsidiary before March 10, 2017)
BAUI Biotech Co., Ltd.	Associate before November 28, 2018

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

Name of related party	Relationship with the Group
Shinkong Excelsior Medical Asset Management Co., Ltd. (Shinkong Excelsior Medical)	Joint venture
Arcos Bio-Tech Corporation	The Company is one of its directors
SciVision Biotech Inc.	Other related parties
Triple AI Technology Co., Ltd.	〃
Join Fun Co., Ltd.	〃
Excelsior Health Foundation	〃
Cosplus China Ltd.	Joint venture before October 11, 2018

(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, 2018	2017
Associates－Bestchain	$ 1,440,170	1,290,590
Associates－ERS	687,146	690,681
Associates－Others	21,863	34,552
Other related parties	-	165
	$ 2,149,179	2,015,988

The aforementioned transactions, except the sales to Jiate, 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, 2018	2017
Associates－ERS	$ 67,590	66,509
Associates－Others	832	3,841
	$ 68,422	70,350

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

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,	
	2018	2017
Entities with significant influence over the Group	$ 72	72
Associates－CYJ Taiwan	5,090	4,969
Associates－ERS	2,261	2,166
Associates－Others	2,011	2,038
Joint venture－Shinkong Excelsior Medical	5,517	5,517
Other related parties	47	11
	$ 14,998	14,773

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,	
	2018	2017
Associates	$ 10,557	11,594
Joint venture－Shinkong Excelsior Medical	3,000	3,000
Joint venture－others	5,001	-
	$ 18,558	14,594

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,	
	2018	2017
Associates	$ 7,962	12,253
Other related parties	65,069	40,027
	$ 73,031	52,280

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

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

3.Receivables from related parties

Receivables from related parties were as follows:

Accounted for as	Category of related party	2018.12.31	2017.12.31
Notes receivable	Associates	$ -	5
Other notes receivable	Associates	5,120	9,926
Accounts receivable	Associates— Bestchain	405,710	463,059
Accounts receivable	Associates—ERS	140,444	139,935
Accounts receivable	Associates—Others	8,212	9,051
Accounts receivable	Joint venture—Shinkong Excelsior Medical	263	263
Other receivables	Associates	5,545	8,853
Other receivables	Joint venture—Shinkong Excelsior Medical	35	-
		$ 565,329	631,092

4.Payables to related parties

Payables to related parties were as follows:

Accounted for as	Category of related party	2018.12.31	2017.12.31
Accounts payable	Associates	$ 3,102	3,205
Accounts payable	Other related parties	21,672	10,395
Other payables	Associates	10,546	20,513
Other payables	Joint venture—Shinkong Excelsior Medical	4	7
Long-term payables	Joint venture—Shinkong Excelsior Medical (Note)	393,109	387,647
		$ 428,433	421,767

Note：For details related to Shinkong Excelsior Medical, please refer to Note (9)7.

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

5.Property transactions

1) Disposals of property, plant and equipment

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

	For the Years Ended December 31,			
	2018		2017	
Category of related party	Disposal price	Gains (losses) from disposal	Disposal price	Gains (losses) from disposal
Associates	$ 321	295	8,401	27

2) Acquisitions of financial assets

The acquisitions of financial assets from related parties are summarized as follows:

		For the Years Ended December 31,					
		2018			2017		
Relationship	Account	Number of shares	Purpose	Acquisition price	Number of shares	Purpose	Acquisition price
Associates-Bestchain	Investments accounted for using equity method	-	-	$ -	341,190	Ordinary shares of Sunrise Health Care Company	4,504
Associates-Bestchain	Investments accounted for using equity method	-	-	-	1,003,600	Ordinary shares of Visionfront Corporation	11,040
				$ -			15,544

3) Disposals of financial assets

The disposals of financial assets to related parties are summarized as follows:

		For the Years Ended December 31,							
		2018				2017			
Relationship	Account	Number of shares	Purpose	Disposal price	Gain (loss) on disposal	Number of shares	Purpose	Disposal price	Gain (loss) on disposal
Associates－Bestchain	Investments accounted for using equity method			$ -	-	3,000,000	Ordinary shares of Arich Best Chain	27,009	2,620

6.Guarantee

As of December 31, 2018 and 2017, the Group provided associates guarantees for loans. The credit limit of the guarantees were $760,000 thousand and $840,016 thousand, respectively, and the amount utilized were $165,000 thousand and $267,000 thousand, respectively.

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

7.Others

	For the Years Ended December 31, 2018	2017
Associates and Other related parties		
Other revenue-rental revenue	$ 372	372
Fright and warehousing expenses	(39,962)	(36,982)
Rent expense	(287)	(1,484)
Other expense	(2,174)	(1,231)
Other revenue	-	1
	$ (42,051)	(39,324)
Joint venture		
Other revenue	$ 3	-
Rent expense	(2,404)	(2,404)
Other expense	(249)	-
	$ (2,650)	(2,404)

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

As of December 31, 2018 and 2017, the Group had received long-term collections in advance (included in other non-current liabilities) from the joint venture for $8,162 thousand and $13,643 thousand, respectively. The Group had also received collections in advance from the joint venture for $5,311 thousand and $5,311 thousand, respectively. In addition, the Group had received collections in advance from associates for $1,344 thousand and $0 thousand as of December 31, 2018 and 2017, respectively.

The outstanding receivables from related parties are unsecured. For the years ended December 31, 2018 and 2017, 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, 2018	2017
Short-term employee benefits	$ 62,579	59,110
Post-employment benefit	804	917
	$ 63,383	60,027

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

(8) Pledged Assets

The book values of pledged assets were as follows:

Pledged assets	Object	2018.12.31	2017.12.31
Current deposits and time deposits	Bank loans, bank guarantee and credit card document receiving service guarantee	$ 92,356	97,035
Notes receivable and other notes receivable	Guarantee of short-term loan or strengthening credit	261,721	225,159
Accounts receivable and other receivables	〃	-	235,488
Property, plant and equipment	Bank loans	102,579	103,671
		$ 456,656	661,353

(9) Significant Commitments and Contingencies

(a) Unrecognized contractual commitments

1. As of December 31, 2018 and 2017, the unused letters of credit were $62,999 thousand and $55,160 thousand, respectively.

2. In January 2007, the Company sold 51% equity interest in Jiate Excelsior to a Hong Kong-based company and entered into a joint venture agreement with the Hong Kong-based company. Pursuant to the agreement, the parties had established a joint venture, Excelsior Renal Service, in Hong Kong, of which 49% is held by Excelsior Healthcare, a subsidiary of the Company, and 51% by the Hong Kong-based company. Excelsior Renal Service had established a branch in Taiwan to engage in the sale and lease of medical supplies and equipment. Pursuant to the agreement, the Hong Kong-based company shall also have a right to purchase all of the Company' s equity interest in Jiate Excelsior and all of Excelsior Healthcare' s equity interest in Excelsior Renal Service from the fifth anniversary of the date of the agreement at a price to be negotiated by the parties.

3. In January 2007, the Company entered into a supply agreement with the Hong Kong-based company mentioned in 2. above. Pursuant to the agreement, the Company shall purchase certain products from the Hong Kong-based company in agreed quantities at agreed prices annually. If the Company fails to purchase the agreed quantities in a year, the Company shall make an additional payment at specified percentages of the values of the under-purchased products.

4. In December 2012, the Company entered into a revised patent license agreement with a U.S.-based company for a period ending on the date of the expiration of the patent (expiring in October 2019). Pursuant to the agreement, the Company shall pay the greater of (a) royalties at the amount calculated based on the quantities of the sold licensed products or (b) the minimum amount (as defined) due to the Company's manufacture and sale of licensed products for the first two years during the agreement period and shall pay royalties at the amount calculated based on the quantities of the sold licensed products after the first two years during the agreement period.

5. 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.

6. In June 2011, a lawsuit was filed against the Company demanding compensation of $11,447 thousand for losses from the early rescission of a contract. In July 2014, the Taiwan High Court ruled that the Company should pay $6,700 thousand in compensation and related interest, but the Company appealed to the court against the sentence. In December 2015, the Taiwan Supreme Court returned the case to the Taiwan High Court, the Taiwan High Court ruled that the Company should pay $5,400 thousand and related interests, but the Company appealed to the Taiwan Supreme Court against the sentence. In June 2018, the Taiwan High Court dismissed the appeal and the compensation losses were recorded.

7. In November 2015, the Company entered into a repurchase agreement with Shinkong Excelsior Medical regarding the real estate in Taichung. Pursuant to the agreement, the Company will sell the real estate located in Taichung to Shinkong Excelsior Medical with a buyback clause. Total proceeds of the sale will be $409,000 thousand (including business tax). Shinkong Excelsior Medical shall request the Company to repurchase the real estate at the original price within 1 year from the end of the accounting year if any of the following happens: The present tenant of the real estate terminates the original tenancy within 5 years from June 14, 2015, the commencement date of the lease. The present tenant does not extend the lease after 5 years from June 14, 2015, the commencement of the lease and Shinkong Excelsior Medical cannot meet its operating target (annual net profit target is a certain ratio of the paid-in capital) due to delay in finding new tenants, changes in rent revenue or in cost structure.

   Due to the characteristics of the repurchase agreement, the real estate transaction is viewed as leasing, and the total proceeds from the transaction are recognized as debt; the real estate is not derecognized and no profit or loss is recognized.

   Payments for the repurchase are considered as the repayment of debt. If the Company will not repurchase the real estate, the real estate will be derecognized and the difference between the proceeds and cost will be recognized as profit or loss from disposal of asset upon the expiration of the right to repurchase. As of December 31, 2017, the Company has collected $393,109 thousand from the transaction, which has been included in long-term payables to a related party.

(10) Losses Due to Major Disasters : None.

(11) Subsequent Events : None.

(12) Others

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

By function / By item	For the Years Ended December 31, 2018			For the Years Ended December 31, 2017		
	Operating cost	Operating expense	Total	Operating cost	Operating expense	Total
Employee benefits						
Salary	140,138	367,299	507,437	139,190	347,128	486,318
Labor and health insurance	12,571	23,728	36,299	12,963	23,681	36,644
Pension	7,046	18,071	25,117	7,241	14,602	21,843
Others	8,232	12,210	20,442	9,608	14,869	24,477
Depreciation	39,946	33,774	73,720	40,505	34,003	74,508
Amortization	980	5,567	6,547	2,048	8,259	10,307

(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, 2018:

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	Beijing Sinoexcelsior Investment Management Co., Ltd.	Shanghai Wanli Medical Cosmetology Clinic Co., Ltd.	Other receivables	Yes	22,360	-	-	2.00%	2	-	Operating Capital	-		-	29,486	29,486

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 amount allowance (Note 9)	Guarantee provided by parent company	Guarantee provided by a subsidiary	Guarantee provided to subsidiaries in Mainland China
		Name	Nature of relationship (Note 2)										
0	The Company	Excelsior Investment (Malaysia) Co.,Ltd. (Note 4)	2	1,361,368	212,520	202,194	-	-	2.97 %	6,806,841	Y		
0	〃	EG Healthcare, Inc. (Note 4)	2	1,361,368	58,060	30,715	-	-	0.45 %	6,806,841	Y		
0	〃	Bestsmile Co., Ltd. (Note 4)	2	1,361,368	20,000	20,000	10,000	-	0.29 %	6,806,841	Y		
0	〃	Excelsior Renal Service Co., Limited (Note 3)	1	687,146	-	-	-	-	- %	6,806,841			
0	〃	Bestchain Healthtaiwan Co., Ltd. (Note 3)	1	1,439,737	910,006	760,000	165,000	-	11.17 %	6,806,841			
1	Dynamic Medical Technologies Inc.	Dynamic Medical Technologies (Hong Kong) Ltd. (Note 6)	2	254,249	76,910	58,973	-	-	4.64 %	635,622	Y		
2	Excelsior Beauty Co., Ltd.	Dynamic Medical Technologies Inc. (Note 7)	3	70,316	520	520	-	-	0.15 %	175,791		Y	
3	Arich Enterprise Co., Ltd.	Taiwan Shionogi Inc. (Note 5)	1	115,330	-	-	-	-	- %	604,524			
4	Excelsior Medical Co., Limited (Hong Kong)	SinoExcelsior Investment Inc. (Note 8)	2	1,259,604	-	-	-	-	- %	1,259,604	Y		Y

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 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 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 reviewed report.

Note 8: The total amount of guarantee and endorsement cannot exceed 50% of Hong Kong Excelsior's of net asset value from the most recent reviewed report.

Note 9: The total amount of guarantee and endorsement cannot exceed the Company's net asset value from the most recent review report: Dynamic, Excelsior Beauty, Hong Kong Excelsior and Arich cannot exceed 50% of their net asset value from the most recent reviewed report.

Note 10: 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		
	Stock								
The Company	SciVision Biotech Inc.	-	Fair value through other comprehensive income	1,110,000	72,705	2.09 %	72,705	3.55 %	
〃	3-D Matrix, Ltd.	-	〃	302,400	28,940	1.11 %	28,940	1.26 %	
〃	Caregen Co., Ltd.	-	〃	55,500	109,195	0.52 %	109,195	0.52 %	
〃	Gie Cheng Co., Ltd.	-	〃	3,795,000	32,485	17.25 %	32,485	17.25 %	
〃	Missioncare Co., Ltd.	-	〃	1,580,526	17,702	1.09 %	17,702	1.09 %	
〃	Missioncare Asset Management Co., Ltd.	-	〃	669,473	6,614	1.05 %	6,614	1.05 %	
〃	Rui Guang Healthcare Co., Ltd.	-	〃	2,423,951	24,870	7.70 %	24,870	8.02 %	
〃	Arcos Bio-Tech Corporation	The Company is one of its directors	〃	51,014	474	3.03 %	474	7.48 %	
〃	Sunder Biomedical Tech. Co., Ltd.	-	〃	2,279,578	44,429	3.80 %	44,429	3.80 %	
〃	Linkon International Golf & Country Club	-	〃	1	8,400	0.10 %	8,400	0.10 %	
	Mutual Fund								
〃	Taiwan Cooperative Securities Investment Trust Money market fund	-	Financial assets at fair value through profit or loss	1,492,983	15,147	- %	15,147	- %	
	Stock								
Excelsior Healthcare Co. Limited	Chai Tai Bo Ai Investment Limited	-	Fair value through other comprehensive income	10,000	39,048	8.00 %	39,048	8.00 %	
EG Healthcare, Inc.	The Orchard Golf & Country Club	-	〃	1	396	- %	396	- %	
Dynamic Medical Technologies Inc.	SciVision Biotech Inc.	Other related parties	〃	1,132,895	74,205	2.13 %	74,205	2.13 %	
〃		-	〃	34,500	67,878	0.32 %	67,878	0.32 %	
	Stock Warrant								
Dynamic Medical Technologies (Hong Kong) Ltd.		-	Financial assets at fair value through profit or loss	25,000	21	- %	21	- %	
	Stock								
Excelsior Beauty Co., Ltd.	Join Fun Co., Ltd.	-	Fair value through other comprehensive income	250,800	3,967	19.00 %	3,967	19.00 %	
	Stock								
Arich Enterprise Co., Ltd.	National Pharmaceutical Logistics Corp., Ltd.	Entities with significant influence over the Group	〃	-	183,110	17.65 %	183,110	17.65 %	Note

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				Reasons why and description of how the transaction conditions differ from general transactions		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	(687,146)	(19.38)%	Net 30-60 days	-		140,444	13.89 %	Note 1
〃	Bestchain Healthtaiwan Co., Ltd.	〃	〃	(1,439,737)	(40.60)%	Net 30-90 days	-		405,710	40.13 %	Note 1
Dynamic Medical Technologies Inc.	Dynamic Medical Technologies (Hong Kong) Ltd.	Subsidiary of Dynamic Medical Technologies Inc.	〃	(169,331)	(16.85)%	Net 150 days	-		39,244	15.84 %	Note 2
Dynamic Medical Technologies (Hong Kong) Ltd.	Dynamic Medical Technologies Inc.	Parent company of Dynamic Medical Technologies (Hong Kong) Ltd.	Purchases	169,331	78.44 %	Net 150 days	-		(39,244)	(100.00)%	Note 3

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 unit price of cost of goods sold for Dynamic is based on cost-plus pricing approach that is lower than average; because, the expense of goods sold for Hong Kong Dynamic is lower than average price as well.
Note 3: The unit price of cost of goods purchased for Hong Kong Dynamic is based on cost-plus pricing approach that is lower than average; because, the expense of goods sold for Hong Kong Dynamic is lower than average price as well.
Note 4: The aforementioned inter-company transactions have been eliminated in the consolidated financial statements.

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	140,444	5.00	-	-	66,652	-
〃	Bestchain Healthtaiwan Co., Ltd.	〃	405,710	3.31	-	-	129,172	-

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)(ah) 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 2018			
				Account name	Amount	Terms of trading	Percentage of the total consolidated revenue or total assets
0	Excelsior Medical Co., Ltd.	EG Healthcare, Inc.	1	Account Receivable	17,669	The same as the term for other general trading partners	0.13 %
〃	〃	〃	1	Sales	39,503	Usual terms and conditions	0.62 %
1	Dynamic Medical Technologies Inc.	Dynamic Medical Technologies (Hong Kong) Ltd.	3	Account Receivable	39,244	The same as the term for other general trading partners	0.28 %
〃	〃	〃	3	Sales	169,331	Base on cost-plus pricing	2.67 %
	〃	Excelsior Beauty Co., Ltd.	3	Account Receivable	9,577	The same as the term for other general trading partners	0.07 %
〃	〃	〃	3	Sales	39,473	Usual terms and conditions	0.62 %

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.

(b) Information on investees:

For the year ended December 31, 2018, 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 %	32,264	49.00 %	20,752	10,168	Associates
〃	Bestchain Healthtaiwan Co., Ltd.	New Taipei City	Sale of medical equipment and medicines, interagation of warehousing and information	277,647	277,647	33,593,171	44.68 %	324,270	44.68 %	105,294	47,007	Associates (Note 1)
〃	Arich Enterprise Co., Ltd.	New Taipei City	Sale of medicines, and logistics service	197,604	197,604	17,612,921	39.51 %	475,726	39.51 %	50,280	19,868	Subsidiary (Notes 2、4)

(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	Initial investment amount: Beginning balance	Ending balance: Shares	Ending balance: Ratio of shares	Ending balance: Book value	Peak Holding Percentage	Net income (loss) of the investee	Investment income (losses)	Notes
The Company	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 %	502,601	38.50 %	104,975	40,417	Subsidiary (Note 4)
〃	Excelsior Healthcare Co., Limited	British Virgin Islands	Investment business	1,244,687	1,244,687	39,411,623	100.00 %	1,567,600	100.00 %	70,999	70,999	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 %	7,204	98.02 %	(1,323)	(1,297)	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 %	25,518	44.47 %	(1,905)	(847)	Associates
〃	Sunrise Health Care Company	New Taipei City	Sale of medical equipment, and medical management consultancy service	18,806	18,806	2,085,547	29.79 %	28,509	34.76 %	3,258	1,067	Associates
〃	Excelsior Medical Co., Limited (Hong Kong)	Hong Kong	Investment business	1,588,746	1,588,746	53,154,741	64.36 %	1,621,363	65.39 %	29,522	18,853	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 %	143,999	41.02 %	37,273	15,391	Subsidiary (Note 4)
〃	Shinkong Excelsior Medical Asset Management Co., Ltd.	New Taipei City	Sales of medical equipment, precision instrument and real estate	154,056	154,056	16,800,336	49.00 %	128,264	49.00 %	19,978	9,790	sub-subsidiary(Note 4)
〃	BAUI Biotech Co., Ltd.	New Taipei City	Sale of medical equipment	-	104,000	-	- %	-	23.13 %	2,715	628	Associates
〃	Medifly Co., Ltd.	Taichung	Sale of medical equipment and medicines	31,899	31,899	3,228,550	28.66 %	59,200	28.66 %	22,619	6,482	Associates
Excelsior Healthcare Co., Limited	EG Healthcare, Inc.	Philippines	Sale and lease of medical equipment, and medical management consultancy service	19,256	19,256	3,060,261	99.99 %	60,377	99.99 %	1,179	-	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 %	380,378	49.00 %	126,352	-	Associates
〃	Excelsior Medical Co., Limited (Hong Kong)	Hong Kong	Investment business	862,529	824,582	29,439,829	35.64 %	897,845	35.64 %	29,522	-	Subsidiary (Note 4)
〃	Excelsior Investment (Malaysia) Co., Ltd	British Virgin Islands	Investment business	15,438	-	500,000	100.00 %	14,634	100.00 %	(870)	-	Sub-subsidiary
Dynamic Medical Technologies Inc.	Dynamic Medical Technologies (Hong Kong) Ltd.	Hong Kong	Sale of medical equipment and medicines, academic training	382,278	382,278	98,777,228	100.00 %	279,716	100.00 %	(28,449)	-	Subsidiary (Note 3)
〃	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 %	185,340	53.89 %	37,273	-	Subsidiary (Note 1、3)
〃	Medytox Taiwan Inc.	New Taipei City	Sale of cosmetic health-care products	18,000	18,000	1,800,000	40.00 %	3,517	40.00 %	(3,456)	-	Associates

Name of the investor	Name of investee	Location	Major operations	Initial investment amount		Ending balance			Peak	Net income	Investment	Notes
				Ending balance	Beginning balance	Shares	Ratio of shares	Book value	Holding Percentage	(loss) of the investee	income (losses)	
Dynamic Medical Technologies (Hong Kong) Ltd.	Excelsior Beauty Limited of Hong Kong	Hong Kong	Sale of professional weight-loss and cosmetic health-care products	25,198	25,198	6,500,000	100.00 %	1,772	100.00 %	(74)	-	Sub-subsidiary (Note 4)
〃	CYJ INTERNATIONAL COMPANY LIMITED	Hong Kong	Sale and treatment of hair regrowth and conditioning	66,547	152,269	2,150,000	50.00 %	20,399	50.00 %	(10,631)	-	Associates
Excelsior Medical Co., Limited (Hong Kong)	Asia Best Healthcare Co., Ltd.	Cayman Islands	Long-term care business	1,395,079	1,395,079	338,800	49.38 %	1,416,683	49.38 %	60,304	-	Associates

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

(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, 2018	Investment flows		Accumulated outflow of investment from Taiwan as of December 31, 2018	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 5)	Sale and lease of medical equipment, and medical management consultancy service	-	(2)	30,240	-	-	30,240	-	- %	- %	-	-	-
Pacific Beijing Bo-Ai Medical Management Consulting Co., Ltd.	Investment business and medical management consultancy service	84,187	(2)	80,327	-	-	80,327	(48,032)	7.80 %	7.80 %	-	39,048	-
SinoExcelsior Investment Inc. (Note 6)	Medical management consultancy service	291,579	(2)	947,845	-	-	947,845	8,163	100.00 %	100.00 %	8,163	164,168	-
Beijing Sinoexcelsior Investment Management Co. Ltd.	Investment business, sale and lease of medical equipment, and medical management consultancy service	224,150	(2)	-	-	-	-	(11,307)	100.00 %	100.00 %	(11,307)	73,716	-
Shanghai Wanli Medical Cosmetology Clinic Co., Ltd.	Sale of professional weight-loss and cosmetic health-care products	68,330	(2)	-	-	-	-	(11,446)	100.00 %	100.00 %	(11,446)	7,716	-
Guangzhou Dynamic Inc.	Sale and maintenance of medical equipment	119,598	(2)	119,598	-	-	119,598	(23,698)	38.50 %	100.00 %	(23,698)	25,572	-
Beijing Dynamic Inc. (Note 7)	Sale and maintenance of medical equipment	-	(2)	34,424	-	-	34,424	2,504	- %	100.00 %	2,504	-	-
National Pharmaceutical Logistics Corp., Ltd.	Medical logistics	370,493	(3)	66,603	-	-	66,603	133,744	7.00 %	17.65 %	-	183,110	27,492

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

2. Limitation on investment in Mainland China:

Company	Accumulated Investment in Mainland China as of December 31, 2018 (Note 3、4)	Investment Amounts Authorized by Investment Commission, MOEA (Note 3、4)	Upper Limit on Investment(Note 8)
The Company	1,087,625	1,289,640	4,084,105

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) Incorporation of an investee company in a third region and indirect re-investment in Mainland China through the new entity.
(3) Indirect investment in Mainland China through an existing investee company in a third region.
(4) 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: Initial investment amounting to $29,213 thousand, has included in accumulated and authorized investment amount; however, the disposal was completed in December 2015. As of December 31, 2018, the original investment amount of $29,213 thousand from Taiwan has not been repatriated yet.

Note 4: The current accumulated and authorized investment amount are not included the subsidiaries, Dynamic and Arich, investment in Mainland China.

Note 5: The liquidation procedure was completed in March 2016. As of December 31, 2018, the accumulated amount of investment from Taiwan has not been repatriated yet.

Note 6: Current investment outflow and inflow are not included the direct investment amount of $207,380 thousand through the third region, and the amount of $892,366 thousand capital reduction remitted to the third place.

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

Note 8: The upper limit on investment of Excelsior Medical Co., Ltd. is the 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".

(14) Segment Information

(a) General information

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

1.Excelsior segment - the Company.

2.Dynamic segment - Dynamic, Hong Kong Dynamic, Excelsior Beauty, Guangzhou Dynamic, Hong Kong Excelsior Beauty and Beijing Dynamic.

3.Arich segment - Arich.

4.Hong Kong Excelsior segment - Hong Kong Excelsior, SinoExcelsior Investment, Beijing Sinoexcelsior, Shanghai Wanli and Shanghai Baili.

5.Other segment - Bestsmile, Excelsior Healthcare, Animation, EG Healthcare and Excelsior Investment (Malaysia).

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

(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.

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:

For the Years Ended December 31, 2018	Excelsior segment	Dynamic segment	Arich segment	Hong Kong Excelsior segment	Others	Adjustment and Elimination	Total
Revenue							
Revenue from external customers	$ 3,687,068	1,164,232	1,300,761	56,053	136,917	-	6,345,031
Inter-segment revenue	46,271	583	1,003	-	694	(48,551)	-
Interest revenue	3,827	7,167	723	14,703	2,447	-	28,867
Total	$ 3,737,166	1,171,982	1,302,487	70,756	140,058	(48,551)	6,373,898
Interest expense	$ 5,511	394	15,968	2	170	-	22,045
Depreciation and amortization	25,749	35,683	5,355	6,733	6,747	-	80,267
Reportable segment profit (loss)	$ 533,379	142,423	46,342	29,522	61,065	(164,231)	648,500

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

For the Years Ended December 31, 2017	Excelsior segment	Dynamic segment	Airch segment	Hong Kong Excelsior segment	Others	Adjustment and Elimination	Total
Revenue							
Revenue from external customers	$ 3,539,213	1,155,410	1,204,417	62,321	133,976	-	6,095,337
Inter-segment revenue	22,075	1,212	60	-	460	(23,807)	-
Interest revenue	762	6,248	666	28,471	2,096	-	38,243
Total	$ 3,562,050	1,162,870	1,205,143	90,792	136,532	(23,807)	6,133,580
Interest expense	$ 5,640	5,088	18,897	1,880	276	-	31,781
Depreciation and amortization	22,675	36,764	7,993	8,681	8,711	(9)	84,815
Reportable segment profit (loss)	$ 449,273	175,606	(2,791)	2,141	64,596	(134,588)	554,237

(c) Product and service information

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

Name of products and services	For the Years Ended December 31, 2018	2017
Product revenue		
Medical equipment and supplies	$ 3,375,877	3,233,420
Medicines	1,124,628	1,033,741
Aesthetic medical equipment and supplies	1,010,661	965,142
Household appliances	37,155	33,058
Others	86,108	101,758
Repair and maintenance revenue	209,354	205,227
Rental revenue	22,621	20,282
Other operating revenue	478,627	502,709
Total	$ 6,345,031	6,095,337

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

(d) Geographical information

By region	For the Years Ended December 31, 2018	2017
Revenue from external customers:		
Taiwan	$ 5,921,967	5,699,024
Hong Kong	184,812	172,191
China	108,929	99,792
Philippines	129,323	124,330
Total	$ 6,345,031	6,095,337

By region	2018.12.31	2017.12.31
Non-current assets：		
Taiwan	$ 468,042	469,220
Hong Kong	2,343	5,341
China	58,870	47,786
Philippines	16,523	10,933
Total	$ 545,778	533,280

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

(e) Revenue from main customers

	For the Years Ended December 31, 2018	2017
Bestchain	$ 1,443,830	1,297,397
Excelsior Renal Service	762,795	764,004
	$ 2,206,625	2,061,401