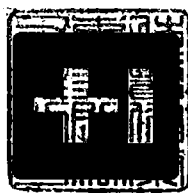


Stock Code: 4104



EXCELSIOR MEDICAL CO., LTD.

**Handbook for the 2017  
Annual Meeting of Shareholders**

Meeting Time: June 16, 2017

Place: 3F, No. 631 Zhongzheng Road Zhonghe  
District, New Taipei City (Four Points by  
Sheraton, 3F Southeast Hall)

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

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## **I. Procedure for the 2017 Annual Meeting of Shareholders**

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

## **II. Annual Shareholders' Meeting Agenda Schedule**

Time: 9:00 AM on June 16, 2017

Place: 3F, No. 631 Zhongzheng Road Zhonghe District , New Taipei City  
(Four Points by Sheraton , 3F Southeast Hall)

1. Call the meeting to order
2. Chairperson takes chair
3. Chairperson remarks
4. Company reports
  - (1) 2016 Business report and the 2017 business plan.
  - (2) Audit Committee's review report on the 2016 financial statement.
  - (3) 2016 Distribution report of director remunerations and employee compensation.
  - (4) Report on the endorsement and guarantee status.
  - (5) Implementation of Investments in China.
5. Proposals
  - (1) Adoption of the Company's 2016 financial statements.
  - (2) Adoption of the proposal for distribution of 2016 profits.
6. Discussion
  - (1) Amend part of the articles of the Company's "Articles of Incorporation".
  - (2) Amend part of the articles of the Company's "Operational Procedures for Acquisition and Disposal of Assets".
  - (3) Release the prohibition on directors from participation in competition businesses.
7. Questions and motions
8. Adjournment

### III. Agenda of Annual Meeting of Shareholders

1. Call the meeting to order

2. Chairperson takes chair

3. Chairperson remarks

4. Company reports

(1) 2016 Business report and 2017 business plan: Please refer to Appendix 3, "Business Report", at page 22 of this Manual.

(2) Audit Committee's review report on the 2016 financial statement. Please refer to Appendix 4, "Audit Committee's Review Report", at page 31 of this Manual.

(3) 2016 Distribution report of director remunerations and employee compensation.

Explanation: As adopted by the Company's Board of Directors on March 9, 2017, 2.5% of the Company's 2016 profits in an amount of NT\$11,875,814, shall be distributed to directors as their remuneration, whereas 5% of the profits in an amount of NT\$23,751,630 shall be distributed to employees as their compensation. The preceding amounts shall be distributed in cash. The amounts are the same as the amounts recognized for the 2016 expenses.

(4) Report on the endorsement and guarantee status

Explanations:

1. Based on the net value of the latest financial statement audited or reviewed by the CPA as the upper limit, the net value at December 31, 2016 was NT\$6,512,521,000.

2. The Company's total endorsement/guarantee amount for a single enterprise did not exceed 20% of the preceding net value.

3. The following were the Company's endorsement recipients as of December 31, 2016:

Unit: thousand NT dollars

Parent company or subsidiary	Company name of the endorsement/guarantee provider	Endorsement/guarantee recipient	Relationship with the endorsement/guarantee recipient	Upper limit of endorsement/guarantee for a single enterprise	The highest endorsement/guarantee balance of this period	Ending endorsement/guarantee balance	Amount actually used	Ratio of accumulated endorsement/guarantee amount to the net value of the latest financial statement	Upper limit of the endorsement/guarantee amount
Parent	Excelsior Medical Co., Ltd.	Animation Medical Technologies Ltd.	2	1,302,504	—	—	—	—	6,512,521
		Bestsmile Co., Ltd.	2	1,302,504	30,166	30,166	19,919	0.46%	6,512,521
		Excelsior Renal Service Co., Limited	1	616,944	—	—	—	—	6,512,521
		Bestchain Healthtaiwan Co., Ltd.	1	1,015,223	750,025	750,025	305,000	11.52%	6,512,521

Parent company or subsidiary	Company name of the endorsement/guarantee provider	Endorsement/guarantee recipient	Relationship with the endorsement/guarantee recipient	Upper limit of endorsement/guarantee for a single enterprise	The highest endorsement/guarantee balance of this period	Ending endorsement/guarantee balance	Amount actually used	Ratio of accumulated endorsement/guarantee amount to the net value of the latest financial statement	Upper limit of the endorsement/guarantee amount
Subsidiary	Animation Medical Technologies Ltd.	Bestchain Healthtaiwan Co., Ltd.	1	—	—	—	—	—	56,063
		Excelsior Medical Co., Ltd.	4	56,063	960	160	—	0.14%	56,063
Subsidiary	Dynamic Medical Technologies Inc.	Dynamic Medical Technologies (Hong Kong) Limited	2	254,165	127,196	61,920	—	4.87%	635,413
2 <sup>nd</sup> -tier subsidiary	Excelsior Beauty Co., Ltd.	Dynamic Medical Technologies Inc.	4	61,079	373	100	—	0.03%	152,699
Subsidiary	Arich Enterprise Co., Ltd.	Bestchain Healthtaiwan Co., Ltd.	1	5,171	—	—	—	—	536,683
		Taiwan Shionogi Inc.	1	139,748	—	—	—	—	536,683
2 <sup>nd</sup> -tier subsidiary	Arich Best Chain Co., Ltd.	Arich Enterprise Co., Ltd.	4	7,258	—	—	—	—	12,097
2 <sup>nd</sup> -tier subsidiary	Sino Excelsior Investment Incorporation	Shanghai Lintech Medicare Co.	1	—	—	—	—	—	631,768

Note 1: The relationships between the endorsement/guarantee provider and endorsement/guarantee recipient are indicated as follows:

1. Company having business relationship with the Company.
2. The Company's subsidiary where the Company directly holds more than 50% of its common stock equity.
3. The invested company where its parent company and subsidiaries in aggregation hold more than 50% of its common stock equity.
4. The parent company which directly holds more than 50% of the common stock equity of the Company or indirectly holds more than 50% of the common stock equity of the Company through its subsidiaries.

(5) Implementations of investment in China

Explanation: The Company and its subsidiaries' investments in China, which were approved by the Investment Commission, MOEA and already implemented as of December 31, 2016, are as follows:

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

Name of the investee	Capital contribution amount	Ratio of shares directly or indirectly invested by the Company	Major production and sales items
Excelsior Healthcare (ShangHai) Corporation (Note 1)	\$ 30,240	-	Sales and lease of medical devices, and medical management and consulting business
Beijing Pacific Bo-Ai Medical Management Co., Ltd.	80,327	7.8%	Investment and medical management and consulting business
Sino Excelsior Investment Incorporation	947,845	81.0%	Investment, sales and lease of medical devices and medical management and

Name of the investee	Capital contribution amount	Ratio of shares directly or indirectly invested by the Company	Major production and sales items
			consulting business
Beijing Yu Jia Cheng Yue Investment Management Co., Ltd	-	41.3%	Investment, sales and lease of medical devices and medical management and consulting business
Shang Hai Wan Li Medical Beauty Co., Ltd.	-	41.3%	Businesses in relation to service provider of professional slimming and beauty/ health products
Shang Hai Bai-Li Management Co., Ltd	-	41.3%	Investment, sales and lease of medical devices and medical management and consulting business
Guangzhou Dynamic Inc.	120,864	38.5%	Medical device sales and maintenance business
Beijing Excelsior Beauty Ltd.	34,424	38.5%	Medical device sales and maintenance business
National Pharmaceutical Logistics Corp., Ltd.	66,603	7.0%	Pharmaceutical logistics

Note 1: Excelsior Healthcare (Shang Hai) Corporation had been liquidated in March 2016; however, the accumulated investment of NT\$30,240,000 has not been remitted back to Taiwan.

## 5. Proposals

Proposal 1: Adoption of the Company's 2016 financial statements (proposed by the Board of Directors).

Explanations:


1. The Company's 2016 individual financial statements and consolidated financial statements have been audited by CPAs Hsu Ting-Chen and Yang Ching-Cheng of Deloitte, Taiwan. The aforesaid financial statements, together with the business report and profits distribution proposal, have been audited by the Audit Committees and adopted by the Company's Board of Directors, and hereby proposed to the Board of Shareholders for adoption.
2. The Company's financial statements, including the "Business Report" (please refer to Appendix 3 at page 22 of this Manual), and the "2016 Individual financial statements and consolidated financial statements along with the CPA's audit report" (please refer to Appendix 5 at page 32 of this Manual), are attached.

Resolution:

Proposal 2: Adoption of the proposal for distribution of 2016 profits (proposed by the Board of Directors)

Explanations:

1. It is proposed in accordance with the Company Act and Company's Articles of Incorporation.
2. The Company's 2016 profits are proposed to be distributed according to the following distribution statement:

  
**Excelsior Textile Co., Ltd.**  
**Profit Distribution Statement Year 2016**

Unit: NTS

<u>Account</u>	<u>Amount</u>
Beginning retained earnings	\$1,544,969,955
Retained earnings adjusted due to investment under the equity method	( 9,858,206)
Retained earnings recognized as remeasurement of defined benefit plan	( 2,300,681)
Undistributed earnings after adjustment	1,532,811,068
Current year net profit after tax	389,556,777
Earnings available for distribution	1,922,367,845
Allocated for legal reserve	( 38,955,678)
Allocated for special reserve	( 115,077,980)
Cash dividend distributed to shareholders — \$2.5 per share	( 319,067,043)
Unappropriated retained earnings (end of period)	<u>\$1,449,267,144</u>

Note 1: As of February 28, 2017, the number of the Company's outstanding shares was 127,626,817.

Chairperson:  
Fu Hui-Tung



Manager:  
Kao Shen



Accounting Chief:  
Chou Cheng-Hsiao



3. For cash dividend distribution, the Board of Directors shall separately determine an ex-dividend base day and process related matters of cash dividend distribution after adoption by the Board of Shareholders. However, in case of any change in the per-share cash dividend rate as a result of the fact that any holder of the convertible corporate bond issued by the Company applies for conversion and repurchase of the Company's shares, or the treasury stock is transferred or deleted, which further affects the number of the Company's outstanding shares, the Board of Directors shall be authorized to adjust the shareholder's cash dividend rate according to the distribution amount adopted by the Board of Shareholders for this proposal and the number of the Company's actual outstanding shares. In addition, the cash dividend shall be calculated to the nearest dollar and the decimal figures shall be rounded off. The amount rounded off from the current cash dividend shall be listed under the Company's other income.

Resolution:



## 6. Discussion

Proposal 1: Amend part of the articles of the Company's "Articles of Incorporation".  
Please proceed to discuss. (proposed by the Board of Directors)

Explanations:

1. In order to conform to the needs of business practice, the company hereby proposes to amend the business items.
2. Comparison table of amendments to the "Articles of Incorporation" is attached. Please refer to Appendix 6 at page 54 of this Manual.

Resolution:

Proposal 2: Amendment of part of the articles of the Company's "Operational Procedures for Acquisition and Disposal of Assets". Please proceed to discuss. (proposed by the Board of Directors)

Explanations:

1. According to the public announcement No. Financial-Supervisory-Secarifies-corporate-1060001296, the company hereby proposes to amend part of the articles.
2. Comparison table of amendments to the "Company's Operational Procedures for Acquisition and Disposal of Assets" is attached. Please refer to Appendix 7 at page 57 of this Manual.

Resolution:

Proposal 3: Release the prohibition on directors from participation in competition businesses. Please proceed to discuss. (proposed by the Board of Directors)

Explanations:

1. According to Article 209 of the Company Act, "a director who acts for themselves or on behalf of others within the Company's business scope shall explain to the Board of Shareholders the essential contents of such an act and obtain its approval".
2. In case that any of the Company's directors invests in or operates a business same as or similar to the Company's and act as a director in such business, they shall submit the case to the Board of Shareholders by law and obtain its approval. If the Company's newly elected directors is also under the aforesaid circumstance, the Company agrees to release the prohibition on directors from participation in competition businesses.
3. List of Release of the prohibition on Directors from participation in competition businesses. Please refer to Appendix 8 at page 64 of this Manual.

Resolution:

## 7. Questions and motions

## 8. Adjournment

## IV. Appendixes

### Appendix 1 : Rules of Procedure for Shareholders' Meetings

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

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

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

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

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

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

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

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

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

acceptance period shall be at least 10 days.

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

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

Article 4: For each shareholders' meeting, a shareholder may appoint a representative with a letter of proxy printed by the Company to attend the meeting on their behalf. The letter of proxy shall state the scope of authorization for the meeting.

A shareholder can issue a letter of attorney and appoint one representative only.

The letter of proxy shall arrive at the Company at least five days before the shareholders' meeting. In case that there is any repetition of the letter of proxy, the first one arriving at the Company shall prevail. However, it is not limited to the situation where revocation of the prior letter of proxy is declared.

After the letter of proxy arrives at the Company, if the shareholder wishes to attend the shareholders' meeting in person, he or she shall notify the Company of the proxy revocation in writing at least two days prior to the shareholders' meeting. In case of any overdue revocation, the voting right exercised by the attending proxy shall prevail.

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

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

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

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

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

The Company shall hand the agenda manual, annual report, attendance certificate, speech note, voting ticket and other meeting materials to the attending

shareholders. In case that the meeting involves director election, the election ballot shall be additionally attached.

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

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

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

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

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

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

The preceding audio and video data shall be retained for at least one year.

However, in case of any litigation filed by a shareholder in accordance with Article 189 of the Company Act, the audio or video evidence shall be kept until closure of such litigation.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

with a letter of proxy to attend the shareholders' meeting, the voting right exercised by the attending representative shall prevail.

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

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

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

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

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

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

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

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

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

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

If the resolution adopted at a shareholders' meeting is regulated by law or

stipulated by Taiwan Stock Exchange Corporation as material information, the Company shall transmit the content to Market Observation Post System within the regulated time limit.

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

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

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

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

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

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

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

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



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

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

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

**Chapter 1 General Provisions**

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

**Chapter 2 Shares**

- Article 5 The Company's headquarters is located in New Taipei City, and, as resolved by the Board of Directors, it may establish branch sales stores, business offices and other

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

### **Chapter 3 Shareholders' Meetings**

- Article 11 The Company's shareholders' meetings come in two types: regular shareholders' meetings and special shareholders' meeting. A regular shareholders' meeting shall be convened by the Board of Directors by law and held within six months after the end of each fiscal year, whereas a special shareholders' meeting shall be convened whenever necessary. If agreed by the counterparty, the notification of a shareholders' meeting can be made via e-mail. For those shareholders who hold less than 1,000 shares of the Company's stock, the Company may notify them via announcement.
- Article 12 If a shareholder cannot attend a shareholders' meeting for any reason, he or she may appoint a proxy to attend the meeting on behalf of him or her in accordance with Article 177 of the Company Act, Paragraph 1 of Article 25-1 of the Securities and

Exchange Act and the “Regulations Governing the Use of Proxies for Attendance at Shareholder Meetings of Public Companies”.

- Article 13 For the Company’s shareholders, each share is entitled to one vote, but it is not limited to those that are restricted or have no voting right as listed in Paragraph 2 of Article 179 of the Company Act.
- Article 14 Unless otherwise prescribed by the Company Act or stated by relevant laws and regulations, a resolution of a shareholders’ meeting shall be adopted by a majority vote of the shareholders present at the meeting and represent more than half of the total number of the issued shares, before implementation.
- Article 15 All of the matters resolved in a shareholders’ meeting shall be recorded in the meeting minutes book which shall be signed or sealed by the chairperson and distributed to respective shareholders within 20 days after the meeting. The production and distribution of the meeting minutes book may be processed in an electronic form. The Company may also distribute the meeting minutes book via announcement. The meeting minutes book, attending shareholders’ attendance book and the letters of proxies shall be retained in the Company according to the laws and regulations.
- Article 15-1 In case that the Company plans to revoke its public offering plan, it shall put it forth to the Board of Shareholders for resolution, and shall remain unchanged during the listing period.

#### **Chapter 4 Directors and managerial officers**

- Article 16 The Company shall have nine to eleven directors and at least three independent directors with a term of three years. They shall be elected from those who have behavioral capacity in the Board of Shareholders and are eligible for re-election. The number of directors shall be determined by the Board meeting. The candidate nomination system shall be adopted for the election of the Company’s directors and independent directors, in which shareholders shall elect directors and independent directors according to the lists of director candidates. In case that a director cannot be present at a meeting for any reason, he or she shall appoint another director by law to attend the meeting on his or her behalf. The total shareholding ratio of the entire body of the Company’s directors shall be processed in accordance with the regulations set up by the securities management competent authorities. The matters regarding independent directors’ professional qualifications, shareholdings, restrictions on holding of concurrent positions, nomination, election method and other matters required to be followed shall be processed in accordance with the relevant regulations stipulated by the securities competent authorities.
- Article 16-1 According to Article 14-4 of the Securities and Exchange Act, the Company shall set up an audit committee. The audit committee shall be constituted by the entire body of independent directors, and the number of its members shall not be less than three, in which one of them shall be the convener and at least one of them shall be equipped with accounting or financial expertise. The audit committee or its members shall be responsible for exercising a supervisor’s power and authority as required by the Company Act, Securities and Exchange Act and other relevant laws and regulations.
- Article 17 The Board of Directors is constituted by directors; a chairperson or a

vice-chairperson shall be elected from among directors by passing a majority vote of the directors who are present at the meeting and represent more than two-thirds of the total directors. The chairperson shall externally represent the Company, and his or her rights shall be subject to laws, regulations, the Company's Article of Incorporation, and the resolutions adopted by the Board of Shareholders and the Board of Directors.

- Article 17-1 The notification of convening a Board meeting shall be sent to respective directors at least seven days prior to the meeting. However, in case of any emergency, the Company may convene a Board meeting at any time. The Company may convene its Board meeting by means of a written notice, e-mail or facsimile.
- Article 18 The functions and authorities of the Board of Directors are as follows:
1. Determine the Company's business directions.
  2. Review budgets and settlements of final accounts.
  3. Draft plans for profits distribution and loss recovering.
  4. Lay down the capital increase or decrease plan.
  5. Other authorities granted by statutory laws and regulations and the Board of Shareholders.
- Article 19 Unless otherwise prescribed by the Company Act, any of the resolutions of the Board of Directors shall be adopted by a majority of the directors who are present at the meeting and represent a majority of the entire body of directors before implementation. All of the resolution matters shall be recorded in the meeting minutes which shall be signed or sealed by the chairperson and retained in the Company.
- Article 20 In case that the chairperson is on leave or cannot exercise his or her power and authority for any reason, a deputy shall be selected in accordance with Paragraph 3 of Article 208 of the Company Act. If the Board of Directors adopts a video meeting, those directors who attend the video meeting shall be deemed to have attended the meeting in person.
- Article 21 According to the resolution adopted by the Board of Directors, the Company shall have a general chief executive officer in charge of the business operation and operating policies for the Company and all of its associates and joint ventures. In addition, the Company may also have a general manger and several deputy general managers, and their appointment, dismissal and remuneration shall be processed in accordance with Article 29 of the Company Act.
- Article 22 The Company shall pay a transportation allowance fee to its directors for their attendance of the meetings of the Board of Directors. The Company shall pay remuneration to its directors for their duty execution regardless of gain or loss of the Company's business. The Board of Directors shall be authorized to determine the remuneration according to the status of a director's duty execution and by referring to the practice of the peer group.
- Article 22-1 The Company shall authorize its Board of Directors to purchase liability insurance for its directors within their term of office and according to their duty execution scope.
- Article 22-2 The salaries, remuneration and transportation allowance fees of directors shall be reviewed by the remuneration committee.

## **Chapter 5 Accounting**

- Article 23 The Company's fiscal year is from January 1 to December 31, and the financial statements shall be processed at the end of each fiscal year.
- Article 24 At the end of each fiscal year, the Company's Board of Directors shall prepare (1) the business report (2) the financial statements (3) the proposal of profits distribution or loss recovering, and submit the statements and documents above to the audit committee for examination, to the Board of Directors for approval, and finally to the regular shareholders' meeting for acknowledgement.
- Article 25 If the Company has any annual profit (referring to the net profit before deducting employee compensation and director remuneration from before-tax profit), it shall allocate an amount no less than 1% for employee compensation and no more than 5% as director remuneration. However, in the circumstance where the Company has accumulated loss (including adjustment of undistributed earnings), an allowance for the loss shall be set aside in advance.
- The preceding employee compensation shall be distributed by stock or cash, and the recipients shall cover the employees of the subordinate companies meeting the terms set up by the Board of Directors. The preceding director remuneration shall be paid by cash only.
- The preceding two issues shall be resolved by the Board of Directors, and reported to the Board of Shareholders.
- Prior to the Company setting up its audit committee, the supervisor's remuneration shall be included in the director's remuneration, which shall be distributed with an amount no more than 5% of the Company's annual profit and subject to this Article.
- Article 25-1 If the Company has any current period after-tax profit left in its financial statements, it shall first use the profit to cover accumulated loss (including adjustment of undistributed earnings), followed by setting 10% aside as the legal reserve. However, it is not limited to the situation where the legal reserve already reaches the Company's total paid-in capital. Furthermore, a special reserve shall be allocated or reversed in accordance with statutory laws and regulations or competent authorities' stipulations. Afterwards, the Board of Directors shall draft a profits distribution proposal for the remaining earnings along with the beginning undistributed earnings (including adjustment of undistributed earnings) and put it forth to the shareholders' meeting for resolution of shareholder dividend and bonus distribution.

## **Chapter 6 Supplementary Provisions**

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

dividend amount.

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

Article 29 The Articles of Incorporation was instituted on January 27, 1988

1<sup>st</sup> revision was made on June 28, 1988

2<sup>nd</sup> revision was made on March 23, 1989

3<sup>rd</sup> revision was made on March 7, 1990

4<sup>th</sup> revision was made on March 15, 1991

5<sup>th</sup> revision was made on May 15, 1991

6<sup>th</sup> revision was made on September 18, 1991

7<sup>th</sup> revision was made on September 18, 1993

8<sup>th</sup> revision was made on December 1, 1994

9<sup>th</sup> revision was made on January 11, 1997

10<sup>th</sup> revision was made on February 4, 1997

11<sup>th</sup> revision was made on April 21, 1997

12<sup>th</sup> revision was made on April 11, 1998

13<sup>th</sup> revision was made on May 15, 1998

14<sup>th</sup> revision was made on April 20, 1999

15<sup>th</sup> revision was made on June 16, 2000

16<sup>th</sup> revision was made on April 30, 2001

17<sup>th</sup> revision was made on November 12, 2001

18<sup>th</sup> revision was made on May 20, 2002

19<sup>th</sup> revision was made on March 31, 2003

20<sup>th</sup> revision was made on May 31, 2004

21<sup>st</sup> revision was made on June 17, 2005

22<sup>nd</sup> revision was made on June 14, 2006

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

24<sup>th</sup> revision was made on October 12, 2007

25<sup>th</sup> revision was made on June 13, 2008

26<sup>th</sup> revision was made on June 10, 2009

27<sup>th</sup> revision was made on June 10, 2009

28<sup>th</sup> revision was made on June 15, 2010

29<sup>th</sup> revision was made on June 15, 2011

30<sup>th</sup> revision was made on June 18, 2012

31<sup>st</sup> revision was made on June 14, 2013

32<sup>nd</sup> revision was made on June 24, 2014

33<sup>rd</sup> revision was made on June 16, 2016

## Appendix 3 : Business Report

### Business Report

Dear Shareholders:

First of all, I would like to thank you for sparing the time to attend the Company's annual shareholders' meeting. It allows our management team to elaborate on our 2016 business performance and the outlook, face to face. I hereby represent our management team and the entire staff to express our sincere welcome to you. Your opinions and comments will be highly appreciated.

In 2016, besides aggressively promoting and developing our product line, we have kept our competitive edge by steadily expanding our overseas Chinese market. Even though the global economic situation is increasingly volatile after the UK's vote to leave the EU and the US presidential election, however, Excelsior is a well-established distributor with a system integrating medical and healthcare products in the local market; compared with other industries, our business is relatively unscathed from the change in the performance of the global economy.

As for the outlook for 2017, the Company will continue diverse development. In terms of aesthetic medicine, we have the products of Picoway laser and Ulthera ultrasound as well as the promotion of DR CYJ hair growth brand and sales channels. For the pharmaceutical sector, we have devoted our efforts to developing a cooperation relationship with international pharmaceutical manufacturers, from which we continue the introduction of new drugs and healthcare products. In the aspect of long-term care system, as the "Long-term Care Services Act" is expected to be officially enforced in June 2017, we are constructing various services such as "medical care, nursing care, housing, prevention and life support" to facilitate the expansion of long-term care service sites and satisfy the requirements of the ageing population. With regard to healthy home electrical appliances, in addition to strengthening our corporate awareness and private brand awareness, and promoting the "ULTRACLEAN" series, we have also made every effort to expand our local and foreign sales markets, in which public health is the first and foremost development goal.

The Company's 2016 operating results and 2017 business plan are reported as follows:

#### I. Report on the 2016 operating results

##### 1. Implementation outcome of the business plan

###### (1) Entity statement of comprehensive income

- i. The increase of the profit from operations from the previous year mainly resulted from the growth of operating revenue. Although the gross profit was reduced as a result of the depreciation of the NT dollar, there was still a net profit because the Company controlled its operating expenses properly.
- ii. The increase of non-operating income and expense and the profit before income tax

from the previous year mainly resulted from the profit increase of the subsidiaries, associates and joint ventures recognized under the equity method.

- iii. The increase in total comprehensive gain/loss from the previous year mainly resulted from the increase in the current year's net profit after tax and decrease in the unrealized loss on available-for-sale financial assets.

Unit: thousand NT dollars

Item	2016	2015	Increase (decrease) percentage
Operating revenue	3,404,487	3,188,362	6.78%
Gross profit	474,765	482,401	(1.58%)
Profit from operations	165,028	153,366	7.60%
Non-operating income and expenses	274,377	241,117	13.79%
Profit before income tax	439,405	394,483	11.39%
Net profit after tax	389,557	379,000	2.79%
Other comprehensive income (loss)	(207,098)	(227,106)	8.81%
Total comprehensive income	182,459	151,894	20.12%

(2) Consolidated statement of comprehensive income

- i. The increase in the profit from operations and the net profit after tax from the previous year mainly resulted from the growth of operating revenue. Although the gross profit was reduced as a result of the depreciation of the NT dollar, there was still a net profit because the Company's controlled the operating expenses properly.
- ii. The increase in total comprehensive gain/loss from the previous year mainly resulted from the increase in the current year's net profit after tax and decrease in the unrealized loss on available-for-sale financial assets.

Unit: thousand NT dollars

Item	2016	2015	Increase (decrease) percentage
Operating revenue	6,205,758	6,202,884	0.05%
Gross profit	1,196,720	1,231,879	(2.85%)
Profit from operations	379,496	348,173	9.00%
Non-operating income and expenses	199,118	198,844	0.14%



Profit before income tax	578,614	547,017	5.78%
Net profit after tax	477,302	467,746	2.04%
Other comprehensive income (loss)	(247,902)	(254,534)	2.61%
Total comprehensive income	229,400	213,212	7.59%

2. Status of budget implementation: this is not applicable since the Company did not prepare any financial forecast.

3. Status of financial revenue and expense

1. Entity statement of cash flows

Unit: thousand NT dollars

Item	2016	Description
Beginning cash balance	579,882	The balance of the 2015 final account.
Net cash generated from operating activities	321,119	Mainly resulting from the current year profit from operations.
Net cash generated from investment activities	248,586	Mainly resulting from receiving the proceeds from disposal of non-current assets held for sale and dividends received from subsidiaries and associates.
Net cash used in financing activities	(96,267)	Mainly resulting from dividends paid.
Cash balance at the end of the year	1,053,320	The balance of the 2016 final account.

2. Consolidated statement of cash flows

Unit: thousand NT dollars

Item	2016	Description
Beginning cash balance	2,902,808	The balance of the 2015 final account.
Net cash generated from operating activities	449,713	Mainly resulting from the current year profit from operations.
Net cash used in investment activities	(311,426)	Mainly resulting from the increased purchase of debt investments with no active market.
Net cash used in financing activities	(76,179)	Mainly resulting from dividends paid.
Impact of changes in exchange rates	(88,150)	Effect of Exchange rate
Cash balance at the end of the year	2,876,766	The balance of the 2016 final account.

#### 4. Analysis and comparison of profitability

##### 1. Analysis of entity profitability

Item	2016	2015	Description
Return on assets (%)	5.0	5.0	Resulting from the increased profit of sales of real estate and the profit of subsidiaries, associates and joint ventures recognized under the equity method in 2016, which led to the increased net profit after tax. Otherwise, asset increased as a result of receiving the amounts of the cash from the sale of real estate and real estate with repurchase agreement. Hence, the return on assets over the past two years was similar.
Return on equity(%)	6.0	6.0	Resulting from the increased profit of sales of real estate and the profit of subsidiaries, associates and joint ventures recognized under the equity method in 2016, which led to the increased net profit after tax. Otherwise, the return on equity increased as a result of some of the convertible bonds being converted into common stock shares. Hence, the return on equity over the past two years was similar.
Ratio of before-tax profit to the paid-in capital(%)	34.4	32.4	Resulting from the increase in the 2016 profit of subsidiaries, associates and joint ventures recognized under the equity method, which led to increase in the profit before income tax.
Net profit margin (%)	11.4	11.9	Resulting from the increase in the 2016 operating revenue and decrease in the gross profit margin due to the depreciation of the NT dollar.
Basic after-tax earnings per share (NT\$) (note)	3.09	3.27	Resulting from the conversion of some of the convertible bonds into common stock shares in 2016, which led to an increase in weighted average shares outstanding.

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

## 2. Analysis of consolidated profitability

Item	2016	2015	Description
Return on assets (%)	3.1	3.3	Resulting from the increase in other receivables of the 2016 consolidated pharmaceutical logistics company, which led to the increase in the total asset amount.
Return on equity (%)	5.8	5.8	Resulting from the increased profit of sales of real estate and the profit of associates and joint ventures recognized under the equity method in 2016, which led to the increased net profit after tax. Otherwise, the return on equity increased as a result of some of the convertible bonds being converted into common stock shares. Hence, the return on equity over the past two years was similar.
Ratio of before-tax profit to the paid-in capital (%)	45.3	44.9	Resulting from the increase in the 2016 profit of associates and joint ventures recognized under the equity method, which led to increase in the profit before income tax.
Net profit margin (%)	7.7	7.5	Resulting from the increase in the 2016 profit of associates and joint ventures recognized under the equity method, which led to increase in the net profit after tax.
Basic after-tax earnings per share (NT\$) (note)	3.09	3.27	Resulting from the conversion of some of the convertible bonds into common stock shares in 2016, which led to an increase in weighted average shares outstanding.

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

## 5. R&D status

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

## II. The 2017 business plan

### 1. Management guidelines

(1) Reinforce investment deployment: In addition to making every effort to develop dialysis, medical products and healthy home appliances, the Company will more aggressively promote the DR CYJ hair-growth industry, healthcare peripheral indication drugs and diversified combinations of medical products. Furthermore, by integrating the up- and down-stream resources of the medical care market through investment, the Company hopes to enhance the deployment of distribution channels and extend profit sources, while concurrently paying attention to investment in aesthetic medicine in China and expansion of the Southeast Asian market.

(2) Brand strategy: Promote the privately-owned brand of the “ULTRACLEAN” Series of healthy home appliances, and cooperate with Korean leading bio-tech manufacturer, Caregen Co., Ltd. (hereafter referred to as “Caregen”) to promote DR CYJ hair-growth brand products.

(3) Focus on the long-term care service market: In response to the enforcement of the “Long-term Care Services Act”, we will expand long-term care service sites, so as to provide integrated long-term care services and satisfy the requirements of the ageing population.

(4) Establish medical real estate: Combine the advantageous resources of Shinkong Excelsior Management Co. Ltd. to jointly develop the real estate deployment related to healthcare industries.

(5) Hedge currency risk: Reduce the currency risk by using foreign currency hedge instruments in the environment where the global stock and forex markets are facing critical volatility.

(6) Strengthen the corporate governance system: Follow the statutory laws and regulations to carry out the corporate governance principle and evaluation indexes, reinforce corporate information transparency and effectively enhance corporate image, so as to perfect good corporate management.

### 2. Expected sales of major products

In 2017, Excelsior Healthcare Group will put its development focus on dialysis, medical products, aesthetic medicine, pharmaceutical drugs, long-term care medical real estate, healthy home appliances, and the China market. In addition to integrating the Group’s resources to provide the public with well-rounded professional services, the Company will actively seek any opportunities to cooperate with varying businesses domestically and overseas.

## III. Future corporate development strategies

The adverse impact of climate change caused by global warming is quickly

approaching. In the face of severe challenges, including food crisis, food safety, air pollution, etc., public health and wellbeing have become the core contents of corporate social responsibility. On the basis of the medical products currently represented by the Company, as well as the healthy home appliances, the Company has actively sought to represent more peripheral products. It is hoped that by launching the privately-owned brand “ULTRACLEAN” healthy home appliances, such as air purifiers, VF energy-saving fans, and soy milk makers, the Company will be able to fulfill its social responsibility for global sustainable development, public health and wellbeing.

The Company has invested in Dynamic Medical Technologies Inc. (4138.TW), which has mainly engaged in the businesses such as trading and maintenance of domestic aesthetic medical laser equipment, injection filler and aesthetic medical care products. After being listed on the OTC market, it has expanded its business deployment to cover Taiwan, Hong Kong and China, aggressively developed its products and won over the authorities of product agencies in various regions, with defined beauty as its goal for sustainable endeavors. The subsequent sales force of Dynamic Medical will be placed on the Picoway laser, Ulthera ultrasound, Fotona 4D lift, Hyadermis LA dermal filler, Viveve system, DR CYJ hair growth products and Faith care products.

The Company has also invested in Arich Enterprise Co., Ltd. (4173.TW), which has engaged in businesses such as domestic pharmaceutical sales and logistics. As Arich Enterprise has already been successfully listed on the OTC market, it will aggressively seek cooperation with original manufacturers to expand its drug distribution logistics. At the same time, it will cooperate with international specialty companies to continuously develop and introduce new products related to medical care and nursing care series, so as to reinforce Arich Enterprise’s interaction with customers and provide well-rounded professional services.

The Company has invested in Asia Best Healthcare (ABH) Company. Besides constructing hardware equipment, such as high-end nursing homes, medical affairs management and care industry exhibition and training centers, the invested company also offers multi-dimensional group activities in an attempt to provide the elderly with more mental care, in addition to physical care. In conjunction with the enforcement of the “Long-term Care Service Act”, the strength generated from the long-term care industry will create a new milestone for the elderly welfare and services.

The Company has invested in Sino Excelsior Investment Incorporation, which has expanded aesthetic medical services in Shanghai, China, in an attempt to stably expand the business, and create an aesthetic medical core brand in China through Excelsior Group’s years of profound experience and refined service quality in the aesthetic medical sector.

The Company has invested in Shinkong Excelsior Asset Management Co., Ltd. It is jointly established by Shinkong International Leasing Co., Ltd. and the Company. The

former has expertise in the sector of real estate leasing and trading, while the Company has the capacity to expand the healthcare-related industries. The combination of both parties' advantageous resources will facilitate the real estate deployment of healthcare-related industries.

In view of the global ageing trend and the growth of minimally invasive surgery, the Company invested in Baui Biotech Co., Ltd. in 2017. It is a company equipped with the exclusive capacity for developing the minimally invasive spinal fixation system, which has garnered a number of patents. The purpose of the investment is to combine the strength that Excelsior has accumulated from its many years of efforts to profoundly cultivate the medical device market and work hand-in-hand with Baui Biotech to develop the high-end medical device brands.

#### IV. Effect of the external competitive environment, legal environment and overall business environment

As indicated in the IEK research report issued by the Industrial Technology Research Institute, the population aged 65 and over is going to be its peak between 2011 and 2029. Also, as published by the Council for Economic Planning and Development, Executive Yuan, Taiwan became an aging society in 1993. According to the data announced by the Ministry of the Interior, as of the end of 2016, Taiwan's population aged 65 or more reached 3,106,105, having increased by 167,526 persons compared to the end of 2015, and accounting for 13.20% of the total population of 23,539,816 persons. It is estimated that by 2018, the elderly population will account for about 14%, in an aging society; by 2025, the elderly population will surge to 20%, marking the arrival of a hyper-aged society. The rapid rise of the elderly population has forced those who are middle-aged to seriously face their parents' and their own retirement lives. Thus, early planning for elderly health care has turned out to be a critical issue.

Taiwan's government has successively promoted the "Ten-year Plan Long-term Care", "Long-term Care Service Network Plan" and "Long-term Care Capacity Enhancement Plan" in recent years in order to facilitate the development of long-term care-related resources, improve service quality and efficiency, enrich and balance the services and manpower in constructing a comprehensive long-term care system in different phases. In response to the government policy, we have provided the nursing facilities with long-term care service, in which we offer around-the-clock care or night-care service at the nursing facilities, reinforced long-term care personnel's training and certification, strengthened the popularity and localization of long-term care services and elevated the long-term care service quality.

Under such circumstances, the Company will put its future development focus in the beauty business as well as the related markets for elderly care and chronic diseases. To this

end, the intact healthcare system integrated by Excelsior Medical's Groups will continue to wield Excelsior Medical's spirit of "dedication, initiative, innovation and forward-thinking" to provide the health care industry with well-rounded health services.

Finally, we wish you and your family good health and happiness!

Fu Hui-Tung, Chairperson



Kao Shen, General Manager



Chou Cheng-Hsiao, Accounting Chief



Appendix 4 : Audit Committee's Review Report

Excelsior Medical Co., Ltd.

Audit Committee's Review Report

The Board of Directors has prepared the Company's 2016 Business Report, Financial Statements, and proposal for allocation of profits. The CPA firm of Deloitte & Touche was retained to audit Excelsior Medical Co., Ltd. Financial Statements and has issued an audit report relating to the Financial Statements.

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

For your adoption.

To

The 2017 Annual Shareholders' Meeting

Excelsior Medical Co., Ltd.

Chairman of the Audit Committee: Chan Tzu-Sheng



March 9, 2017



## Appendix 5 : Financial Report

### INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders  
Excelsior Medical Co., Ltd.

We have audited the accompanying financial statements of Excelsior Medical Co., Ltd. (the Company), which comprise the balance sheets as of December 31, 2016 and 2015, and the statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the financial statements, including a summary of significant accounting policies.

In our opinion, based on our audits and the reports of other auditors (refer to the Other Matter section of this report), the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2016 and 2015, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

#### **Basis for Opinion**

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and the auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the year ended December 31, 2016. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters for the Company's financial statements for the year ended December 31, 2016 are stated as follows:

#### Impairment Assessment on Receivables

To assess the impairment of receivables, the management of the Company performed its assessment thereof by taking into consideration the ageing report and the recoverability of receivables. Refer to Notes 4, 5, and 10 to the financial statements for information on the allowance for receivables. 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.

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 documentation adopted by the management for assessing the impairment of receivables, and reviewing the accuracy of the calculation of the allowance for receivables.

### **Other Matter**

We did not audit the financial statements of certain investees of the Company which were reflected in the accompanying financial statements using the equity method of accounting. The financial statements of such investees were audited by other auditors. Our opinion, insofar as it relates to the amounts included for such investees, is based solely on the reports of other auditors. As of December 31, 2016 and 2015, the carrying amounts of these investments were NT\$2,906,860 thousand and NT\$3,019,729 thousand, respectively, which represented 36% and 39%, respectively, of the total assets of the Company. The share of comprehensive income of subsidiaries, associates and joint ventures recognized on these investments for the years ended December 31, 2016 and 2015 amounted to NT\$75,826 thousand and NT\$119,936 thousand, respectively, which represented 42% and 79%, respectively, of the total comprehensive income of the Company.

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

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

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

Those charged with governance, including the audit committee, are responsible for overseeing the Company's financial reporting process.

### **Auditors' Responsibilities for the Audit of the Financial Statements**

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

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

1. Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations,

or the override of internal control.

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of entities or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision, and performance of the audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements for the year ended December 31, 2016 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 Ting-Chen Hsu and Ching-Cheng Yang.

Deloitte & Touche  
Taipei, Taiwan  
Republic of China

March 9, 2017

#### Notice to Readers

The accompanying financial statements are intended only to present the financial position, financial performance and cash flows in accordance with 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 financial statements are those generally applied in the Republic of China.

For the convenience of readers, the independent auditors' report and the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' report and financial statements shall prevail. Also, as stated in Note 4 to the financial statements, the additional footnote disclosures that are not required under generally accepted accounting principles were not translated into English.

**EXCELSIOR MEDICAL CO., LTD.**

**BALANCE SHEETS**

**DECEMBER 31, 2016 AND 2015**

(In Thousands of New Taiwan Dollars)

ASSETS	2016		2015	
	Amount	%	Amount	%
<b>CURRENT ASSETS</b>				
Cash and cash equivalents (Note 6)	\$ 1,053,320	13	\$ 579,882	7
Financial assets at fair value through profit or loss - current (Note 7)	6,634	-	804	-
Available-for-sale financial assets - current (Note 8)	45,076	1	-	-
Notes receivable (Note 10)	97,015	1	75,846	1
Trade receivables (Note 10)	283,764	4	299,693	4
Trade receivables from related parties (Note 30)	639,885	8	447,900	6
Other receivables (Note 10)	4,393	-	2,459	-
Other receivables from related parties (Note 30)	632	-	521	-
Inventories (Note 11)	589,417	7	703,089	9
Non-current assets held for sale (Note 12)	-	-	127,397	2
Other current assets (Notes 16 and 30)	17,598	-	20,974	-
<b>Total current assets</b>	<b>2,737,734</b>	<b>34</b>	<b>2,258,565</b>	<b>29</b>
<b>NON-CURRENT ASSETS</b>				
Available-for-sale financial assets - non-current (Note 8)	296,244	4	382,786	5
Financial assets measured at cost - non-current (Note 9)	104,603	1	100,151	2
Investments accounted for using equity method (Note 13)	4,575,157	56	4,623,876	59
Property, plant and equipment (Notes 14 and 31)	158,072	2	164,517	2
Investment properties (Note 15)	219,492	3	232,739	3
Computer software	47	-	94	-
Other intangible assets	643	-	10,206	-
Deferred tax assets (Note 24)	17,235	-	22,015	-
Refundable deposits	5,898	-	4,530	-
Prepayments for investments	-	-	4,452	-
Other non-current assets (Note 16)	8,043	-	7,933	-
<b>Total non-current assets</b>	<b>5,385,434</b>	<b>66</b>	<b>5,553,299</b>	<b>71</b>
<b>TOTAL</b>	<b>\$ 8,123,168</b>	<b>100</b>	<b>\$ 7,811,864</b>	<b>100</b>
<b>LIABILITIES AND EQUITY</b>				
<b>CURRENT LIABILITIES</b>				
Notes payable (Note 18)	\$ 352	-	\$ -	-
Trade payables (Note 18)	900,993	11	718,689	9
Trade payables to related parties (Note 30)	8,922	-	8,793	-
Other payables (Note 19)	124,053	2	113,067	2
Other payables to related parties (Note 30)	19,419	-	6,624	-
Current tax liabilities (Note 24)	18,472	-	3,474	-
Provisions - current (Note 20)	32,653	1	26,256	-
Other current liabilities (Note 19)	13,777	-	76,288	1
<b>Total current liabilities</b>	<b>1,118,641</b>	<b>14</b>	<b>953,191</b>	<b>12</b>
<b>NON-CURRENT LIABILITIES</b>				
Bonds payable (Note 17)	18,388	-	237,197	3
Provisions - non-current (Note 20)	1	-	7	-
Deferred tax liabilities (Note 24)	65,092	1	80,624	1
Long-term payables to a related party (Notes 30 and 32)	382,261	5	122,700	2
Net defined benefit liabilities - non-current (Note 21)	6,473	-	4,321	-
Deposits received	666	-	666	-
Other non-current liabilities (Note 19)	19,125	-	-	-
<b>Total non-current liabilities</b>	<b>492,006</b>	<b>6</b>	<b>445,515</b>	<b>6</b>
<b>Total liabilities</b>	<b>1,610,647</b>	<b>20</b>	<b>1,398,706</b>	<b>18</b>
<b>EQUITY (Note 22)</b>				
Share capital				
Ordinary shares	1,275,815	16	1,204,524	16
Certificates of bond-to-stock conversion	427	-	13,282	-
<b>Total share capital</b>	<b>1,276,242</b>	<b>16</b>	<b>1,217,806</b>	<b>16</b>
Capital surplus	2,825,966	35	2,662,188	34
Retained earnings				
Legal reserve	603,022	7	565,122	7
Unappropriated earnings	1,922,369	24	1,887,322	24
<b>Total retained earnings</b>	<b>2,525,391</b>	<b>31</b>	<b>2,452,444</b>	<b>31</b>
Other equity	(115,078)	(2)	80,720	1
<b>Total equity</b>	<b>6,512,521</b>	<b>80</b>	<b>6,413,158</b>	<b>82</b>
<b>TOTAL</b>	<b>\$ 8,123,168</b>	<b>100</b>	<b>\$ 7,811,864</b>	<b>100</b>

The accompanying notes are an integral part of the financial statements.

(With Deloitte & Touche auditors' report dated March 9, 2017)

## EXCELSIOR MEDICAL CO., LTD.

### STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2016		2015	
	Amount	%	Amount	%
OPERATING REVENUE (Note 30)				
Sales	\$ 3,260,497	96	\$ 3,029,967	95
Workshop service	121,668	3	109,425	3
Other operating revenue	<u>22,322</u>	<u>1</u>	<u>48,970</u>	<u>2</u>
Total operating revenue	<u>3,404,487</u>	<u>100</u>	<u>3,188,362</u>	<u>100</u>
OPERATING COSTS (Notes 11, 23 and 30)				
Cost of goods sold	2,853,872	84	2,629,500	83
Cost of workshop service	61,157	2	62,928	2
Other operating cost	<u>13,691</u>	<u>-</u>	<u>14,556</u>	<u>-</u>
Total operating costs	<u>2,928,720</u>	<u>86</u>	<u>2,706,984</u>	<u>85</u>
GROSS PROFIT	475,767	14	481,378	15
UNREALIZED GAIN ON THE TRANSACTIONS WITH SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES				
	(72,190)	(2)	(68,206)	(2)
REALIZED GAIN ON THE TRANSACTIONS WITH SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES				
	<u>71,188</u>	<u>2</u>	<u>69,229</u>	<u>2</u>
REALIZED GROSS PROFIT	<u>474,765</u>	<u>14</u>	<u>482,401</u>	<u>15</u>
OPERATING EXPENSES (Notes 23 and 30)				
Selling and marketing expenses	180,756	5	194,705	6
General and administrative expenses	<u>128,981</u>	<u>4</u>	<u>134,330</u>	<u>4</u>
Total operating expenses	<u>309,737</u>	<u>9</u>	<u>329,035</u>	<u>10</u>
PROFIT FROM OPERATIONS	<u>165,028</u>	<u>5</u>	<u>153,366</u>	<u>5</u>
NON-OPERATING INCOME AND EXPENSES				
Other income (Note 23)	4,065	-	1,914	-
Other gains and losses (Note 23)	47,953	1	68,668	2
Finance costs (Note 23)	(6,551)	-	(4,217)	-
Share of profit or loss of subsidiaries, associates and joint ventures	<u>228,910</u>	<u>7</u>	<u>174,752</u>	<u>5</u>
Total non-operating income and expenses	<u>274,377</u>	<u>8</u>	<u>241,117</u>	<u>7</u>

(Continued)

## EXCELSIOR MEDICAL CO., LTD.

### STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2016		2015	
	Amount	%	Amount	%
PROFIT BEFORE INCOME TAX	439,405	13	394,483	12
INCOME TAX EXPENSE (Note 24)	<u>49,848</u>	<u>2</u>	<u>15,483</u>	<u>-</u>
NET PROFIT FOR THE YEAR	<u>389,557</u>	<u>11</u>	<u>379,000</u>	<u>12</u>
OTHER COMPREHENSIVE INCOME				
Items that will not be reclassified subsequently to profit or loss				
Remeasurement of defined benefit plans (Note 21)	(2,772)	-	(5,422)	-
Share of other comprehensive income (loss) of subsidiaries, associates and joint ventures accounted for using the equity method	(10,763)	-	761	-
Income tax relating to items that will not be reclassified subsequently to profit or loss (Note 24)	<u>2,235</u>	<u>-</u>	<u>150</u>	<u>-</u>
Total items that will not be reclassified subsequently to profit or loss	<u>(11,300)</u>	<u>-</u>	<u>(4,511)</u>	<u>-</u>
Items that may be reclassified subsequently to profit or loss				
Exchange differences on translating foreign operations	(103,050)	(3)	9,740	-
Unrealized loss on available-for-sale financial assets	(83,388)	(3)	(218,772)	(7)
Share of other comprehensive income (loss) of subsidiaries, associates and joint ventures accounted for using the equity method	(38,083)	(1)	(14,077)	-
Income tax relating to items that may be reclassified subsequently to profit or loss (Note 24)	<u>28,723</u>	<u>1</u>	<u>514</u>	<u>-</u>
Total items that may be reclassified subsequently to profit or loss	<u>(195,798)</u>	<u>(6)</u>	<u>(222,595)</u>	<u>(7)</u>
Other comprehensive income (loss) for the year, net of income tax	<u>(207,098)</u>	<u>(6)</u>	<u>(227,106)</u>	<u>(7)</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 182,459</u>	<u>5</u>	<u>\$ 151,894</u>	<u>5</u>
EARNINGS PER SHARE (Note 25)				
Basic	<u>\$ 3.09</u>		<u>\$ 3.27</u>	
Diluted	<u>\$ 3.04</u>		<u>\$ 3.20</u>	

The accompanying notes are an integral part of the financial statements.

(With Deloitte & Touche auditors' report dated March 9, 2017)

(Concluded)

**EXCELSIOR MEDICAL CO., LTD.**

**STATEMENTS OF CHANGES IN EQUITY  
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015  
(In Thousands of New Taiwan Dollars)**

	Share Capital		Total	Capital Surplus		Legal Reserve	Retained Earnings		Total	Other Equity				Total	Total Equity
	Ordinary Shares	Certificates of Bond-to-Stock Conversion		Unappropriated Earnings	Unappropriated Earnings		Exchange Differences on Transacting Foreign Operations	Unrealized Gain (Loss) on Available-for-sale Financial Assets		Other	Other				
BALANCE, JANUARY 1, 2015	\$ 1,129,524	\$ -	\$ 1,129,524	\$ 2,381,354	\$ 536,554	\$ 1,825,210	\$ 2,361,764	\$ 120,324	\$ 396,857	\$ (212,352)	\$ 304,822	\$ 6,177,464			
Appropriation of the 2014 earnings	-	-	-	-	28,568	(28,568)	-	-	-	-	-	-			
Legal reserve	-	-	-	-	-	(282,381)	-	-	-	-	-	(282,381)			
Cash dividends	-	-	-	-	-	-	-	-	-	-	-	-			
Recognition of employee share options	-	-	-	2,042	-	-	-	-	-	-	-	2,042			
Issue of ordinary shares for cash	75,000	-	75,000	224,250	-	-	-	-	-	-	-	299,250			
Equity component of convertible bonds	-	-	-	10,792	-	-	-	-	-	-	-	10,792			
Share of changes in equity of associates	-	-	-	120	-	-	-	-	-	-	-	120			
Partial acquisition or disposal of interests in subsidiaries	-	-	-	203	-	(116)	(116)	-	-	-	-	87			
Changes in percentage of ownership interest in subsidiaries	-	-	-	6,975	-	(1,312)	(1,312)	(205)	(1,302)	-	(1,507)	4,156			
Convertible bonds converted to certificates of bond-to-stock conversion	-	13,282	13,282	36,452	-	-	-	-	-	-	-	49,734			
Net profit for the year ended December 31, 2015	-	-	-	-	-	379,000	379,000	-	-	-	-	379,000			
Other comprehensive income (loss) for the year ended December 31, 2015	-	-	-	-	-	(4,511)	(4,511)	10,603	(233,198)	-	(222,595)	(227,106)			
Total comprehensive income (loss) for the year ended December 31, 2015	-	-	-	-	-	374,489	374,489	10,603	(233,198)	-	(222,595)	151,894			
BALANCE, DECEMBER 31, 2015	1,204,524	13,282	1,217,806	2,662,188	565,122	1,887,322	2,452,444	130,722	162,357	(212,359)	80,720	6,413,158			
Appropriation of the 2015 earnings	-	-	-	-	37,900	(37,900)	-	-	-	-	-	-			
Legal reserve	-	-	-	-	-	(304,451)	(304,451)	-	-	-	-	(304,451)			
Cash dividends	-	-	-	-	-	-	-	-	-	-	-	-			
Share of changes in equity of associates	-	-	-	191	-	-	-	-	-	-	-	191			
Convertible bonds converted to certificates of bond-to-stock conversion	-	58,436	58,436	161,062	-	-	-	-	-	-	-	219,498			
Certificates of bond-to-stock conversion converted to ordinary shares	-	(71,291)	-	-	-	(859)	(859)	-	-	-	-	-			
Partial acquisition of interests in subsidiaries	-	-	-	2,525	-	(859)	(859)	-	-	-	-	1,666			
Net profit for the year ended December 31, 2016	-	-	-	-	-	389,557	389,557	-	-	-	-	389,557			
Other comprehensive income (loss) for the year ended December 31, 2016	-	-	-	-	-	(11,300)	(11,300)	(88,668)	(107,130)	-	(195,798)	(207,098)			
Total comprehensive income (loss) for the year ended December 31, 2016	-	-	-	-	-	378,257	378,257	(88,668)	(107,130)	-	(195,798)	182,459			
BALANCE, DECEMBER 31, 2016	\$ 1,275,815	\$ 427	\$ 1,276,242	\$ 2,825,966	\$ 603,022	\$ 1,922,369	\$ 2,525,321	\$ 42,054	\$ 55,227	\$ (212,359)	\$ (115,078)	\$ 6,512,521			

The accompanying notes are an integral part of the financial statements.  
(With Deloitte & Touche auditors' report dated March 9, 2017)



# EXCELSIOR MEDICAL CO., LTD.

## STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015 (In Thousands of New Taiwan Dollars)

	2016	2015
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before income tax	\$ 439,405	\$ 394,483
Adjustments for:		
Depreciation expenses	23,587	28,457
Amortization expenses	2,613	2,534
Impairment loss recognized on receivables	8,447	12,446
Gain on fair value change of financial assets and financial liabilities at fair value through profit or loss	(258)	(2,662)
Finance costs	6,551	4,217
Interest income	(1,561)	(438)
Dividend income	(2,504)	(1,476)
Compensation cost of employee share options	-	2,042
Gain on disposal of non-current assets held for sale	(54,018)	-
Share of profit of subsidiaries, associates and joint ventures	(228,910)	(174,752)
Gain on disposal of investments	(4,415)	(88,233)
Impairment loss recognized on financial assets	-	4,243
Reversal of impairment loss on financial assets	(3,506)	-
Impairment loss recognized on non-financial assets	9,015	9,015
Unrealized gain on the transactions with subsidiaries, associates and joint ventures	72,190	68,206
Realized gain on the transactions with subsidiaries, associates and joint ventures	(71,188)	(69,229)
Others	(1,642)	-
Changes in operating assets and liabilities		
Financial assets held for trading	(5,572)	1,858
Notes receivable	(21,169)	(15,337)
Trade receivables	7,482	(11,761)
Trade receivables from related parties	(191,985)	(70,771)
Other receivables	(1,951)	6,464
Other receivables from related parties	(111)	262
Inventories	110,209	(2,162)
Net defined benefit assets	-	546
Other current assets	3,376	(7,559)
Financial liabilities held for trading	-	(109)
Notes payable	352	-
Trade payables	182,304	125,504
Trade payables to related parties	129	(18,277)
Other payables	10,986	31,259
Other payables to related parties	12,795	(6,120)
Provisions	6,391	22,716
Other current liabilities	9,189	30
Net defined benefit liabilities	(620)	(1,100)
Other operating liabilities	19,125	-
Cash generated from operations	334,736	244,296
Interest received	1,578	455

(Continued)

# EXCELSIOR MEDICAL CO., LTD.

## STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015 (In Thousands of New Taiwan Dollars)

	<u>2016</u>	<u>2015</u>
Income tax paid	(15,195)	(28,577)
Net cash generated from operating activities	<u>321,119</u>	<u>216,174</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of available-for-sale financial assets	(45,000)	-
Proceeds from disposal of available-for-sale financial assets	7,491	134,537
Acquisition of investments accounted for using equity method	(19,122)	(147,000)
Increase in prepayments for investments	-	(4,452)
Proceeds from liquidation of an investee accounted for using equity method	4,844	-
Proceeds from disposal of non-current assets held for sale	161,613	-
Payments for property, plant and equipment	(226)	(1,091)
Increase in advance receipts - disposal of assets	-	71,700
Increase in refundable deposits	(1,368)	-
Decrease in refundable deposits	-	167
Payments for intangible assets	-	(1,140)
Payments for investment properties	-	(9,179)
Increase in other non-current assets	(2,334)	(1,132)
Dividends received from subsidiaries and associates	140,184	139,157
Other dividends received	<u>2,504</u>	<u>1,476</u>
Net cash generated from investing activities	<u>248,586</u>	<u>183,043</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Decrease in short-term borrowings	-	(300,000)
Decrease in short-term bills payable	-	(99,913)
Proceeds from issue of bonds	-	300,000
Increase in long-term payables to a related party	259,561	122,700
Dividends paid	(304,451)	(282,381)
Proceeds from issue of ordinary shares	-	299,250
Partial acquisition of interests in subsidiaries	(46,066)	(82,463)
Partial disposal of interests in subsidiaries	-	798
Interest paid	<u>(5,311)</u>	<u>(2,841)</u>
Net cash used in financing activities	<u>(96,267)</u>	<u>(44,850)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	473,438	354,367
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>579,882</u>	<u>225,515</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 1,053,320</u>	<u>\$ 579,882</u>

The accompanying notes are an integral part of the financial statements.  
(With Deloitte & Touche auditors' report dated March 9, 2017)

(Concluded)

## **INDEPENDENT AUDITORS' REPORT**

The Board of Directors and Shareholders  
Excelsior Medical Co., Ltd.

We have audited the accompanying consolidated financial statements of Excelsior Medical Co., Ltd. and its subsidiaries (the Group), which comprise the consolidated balance sheets as of December 31, 2016 and 2015, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and the 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 (refer to the Other Matter section of this report), the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2016 and 2015, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (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 Attestation 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 Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2016. 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.

Key audit matters for the Group's consolidated financial statements for the year ended December 31, 2016 are stated as follows:

#### Impairment Assessment on Receivables

To assess the impairment of receivables, the management of the Group performed its assessment thereof by taking into consideration the ageing report and the recoverability of receivables. Refer to Notes 4, 5, 9, 10, and 11 to the consolidated financial statements for information on the allowance for receivables. 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.

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 documentation adopted by the management for assessing the impairment of receivables, and reviewing the accuracy of the calculation of the allowance for receivables.

#### **Other Matter**

We did not audit the financial statements of certain subsidiaries included in the consolidated financial statements of the Group, but such financial statements were audited by other auditors. 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, 2016 and 2015, the total assets of these subsidiaries were NT\$1,347,712 thousand and NT\$1,405,053 thousand, respectively, which represented 8% and 9%, respectively, of the total assets of the Group. The operating revenue of these subsidiaries for the years ended December 31, 2016 and 2015 were NT\$135,514 thousand and NT\$205,940 thousand, respectively, which represented 2% and 3%, respectively, of the total operating revenue of the Group. We also did not audit the financial statements of certain associates and joint ventures included in the consolidated financial statements of the Group, but such financial statements were audited by other auditors. Our opinion, insofar as it relates to the amounts included for such associates and joint ventures, is based solely on the report of other auditors. As of December 31, 2016 and 2015, the carrying amounts of these investments were NT\$1,963,111 thousand and NT\$1,992,063 thousand, respectively, which represented 12% and 13%, respectively, of the total assets of the Group. The share of comprehensive income of associates and joint ventures recognized on these investments for the years ended December 31, 2016 and 2015 amounted to NT\$67,293 thousand and NT\$117,306 thousand, respectively, which represented 29% and 55%, respectively, of the total comprehensive income of the Group.

We have also audited the parent company only financial statements of Excelsior Medical Co., Ltd. as of and for the years ended December 31, 2016 and 2015 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 International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (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.

#### **Auditors' 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 auditors' 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 the 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 auditors' 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 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 for the year ended December 31, 2016

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 Ting-Chen Hsu and Ching-Cheng Yang.

Deloitte & Touche  
Taipei, Taiwan  
Republic of China

March 9, 2017

Notice to Readers

*The accompanying consolidated financial statements are intended only to present the consolidated financial position, financial performance and cash flows in accordance with 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 applied in the Republic of China.*

*For the convenience of readers, the independent auditors' report and the accompanying consolidated financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' report and consolidated financial statements shall prevail. Also, as stated in Note 4 to the consolidated financial statements, the additional footnote disclosures that are not required under generally accepted accounting principles were not translated into English.*

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

**CONSOLIDATED BALANCE SHEETS**  
**DECEMBER 31, 2016 AND 2015**  
(In Thousands of New Taiwan Dollars)

ASSETS	2016		2015	
	Amount	%	Amount	%
<b>CURRENT ASSETS</b>				
Cash and cash equivalents (Note 6)	\$ 2,876,766	17	\$ 2,902,808	18
Financial assets at fair value through profit or loss - current (Note 7)	7,350	-	804	-
Available-for-sale financial assets - current (Note 13)	45,076	-	-	-
Debt investments with no active market - current (Note 8)	924,099	6	596,421	4
Notes receivable (Notes 9 and 38)	406,934	2	359,426	2
Other notes receivable (Notes 11 and 38)	452,004	3	415,416	3
Notes receivable from related parties (Note 37)	13	-	26	-
Other notes receivable from related parties (Note 37)	8,878	-	4,241	-
Trade receivables (Notes 9 and 38)	665,288	4	662,194	4
Finance lease receivables (Note 10)	6,307	-	8,471	-
Trade receivables from related parties (Note 37)	623,884	4	433,487	3
Other receivables (Notes 11 and 38)	4,769,726	28	3,883,788	25
Other receivables from related parties (Note 37)	14,074	-	15,176	-
Inventories (Note 12)	1,025,183	6	1,115,299	7
Non-current assets held for sale (Note 15)	-	-	127,397	1
Other financial assets - current (Note 38)	482,355	3	258,514	2
Other current assets (Notes 20 and 37)	130,034	1	141,914	1
Total current assets	12,437,971	74	10,925,382	70
<b>NON-CURRENT ASSETS</b>				
Available-for-sale financial assets - non-current (Note 13)	436,420	3	552,494	4
Financial assets measured at cost - non-current (Note 14)	199,558	1	195,581	1
Investments accounted for using equity method (Note 17)	2,482,068	15	2,584,846	17
Property, plant and equipment (Notes 18 and 38)	271,012	2	329,208	2
Investment properties (Note 19)	219,492	1	222,656	1
Computer software	2,519	-	2,478	-
Goodwill	37,041	-	49,434	-
Other intangible assets	4,201	-	14,617	-
Deferred tax assets (Note 29)	139,784	1	123,157	1
Refundable deposits	521,543	3	541,542	4
Long-term notes receivable (Note 9)	4,859	-	4,786	-
Long-term trade receivables (Note 9)	4,794	-	2,009	-
Long-term finance lease receivables (Note 10)	9,797	-	7,706	-
Prepayments for investments	11,974	-	16,640	-
Net defined benefit assets - non-current (Note 26)	10,255	-	12,623	-
Other financial assets - non-current (Note 38)	16,510	-	6,505	-
Other non-current assets (Note 20)	16,256	-	23,498	-
Total non-current assets	4,388,083	26	4,689,780	30
<b>TOTAL</b>	<b>\$ 16,826,054</b>	<b>100</b>	<b>\$ 15,615,162</b>	<b>100</b>
<b>LIABILITIES AND EQUITY</b>				
<b>CURRENT LIABILITIES</b>				
Short-term borrowings (Note 21)	\$ 905,000	5	\$ 893,000	6
Notes payable (Note 23)	352	-	470	-
Trade payables (Note 23)	1,221,619	7	1,099,195	7
Trade payables to related parties (Note 37)	8,988	-	12,018	-
Other payables (Note 11)	4,742,370	28	3,846,422	25
Other payables to related parties (Note 37)	20,148	-	1,801	-
Current tax liabilities (Note 29)	66,004	1	34,523	-
Provisions - current (Note 24)	92,024	1	142,888	1
Current portion of long-term borrowings (Note 21)	2,989	-	5,700	-
Other current liabilities (Notes 25 and 37)	621,403	4	373,680	2
Total current liabilities	7,680,897	46	6,409,697	41
<b>NON-CURRENT LIABILITIES</b>				
Bonds payable (Note 22)	312,905	2	526,699	3
Long-term borrowings (Note 21)	6,931	-	9,927	-
Provisions - non-current (Note 24)	3,588	-	4,015	-
Deferred tax liabilities (Note 29)	84,128	1	104,196	1
Long-term payables to a related party (Notes 37 and 39)	382,261	2	122,700	1
Net defined benefit liabilities - non-current (Note 26)	26,826	-	39,349	-
Deposits received	833	-	848	-
Other non-current liabilities (Note 25)	19,125	-	219,714	2
Total non-current liabilities	836,597	5	1,027,448	7
Total liabilities	8,517,494	51	7,437,145	48
<b>EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Note 27)</b>				
Share capital				
Ordinary shares	1,275,815	8	1,204,524	8
Certificates of bond-to-stock conversion	427	-	13,282	-
Total share capital	1,276,242	8	1,217,806	8
Capital surplus	2,825,966	17	2,662,188	17
Retained earnings				
Legal reserve	603,022	4	565,122	4
Unappropriated earnings	1,922,369	11	1,887,322	12
Total retained earnings	2,525,391	15	2,452,444	16
Other equity	(115,078)	(1)	80,720	-
Total equity attributable to owners of the Company	6,512,521	39	6,413,158	41
<b>NON-CONTROLLING INTERESTS</b>	<b>1,796,039</b>	<b>10</b>	<b>1,764,859</b>	<b>11</b>
Total equity	8,308,560	49	8,178,017	52
<b>TOTAL</b>	<b>\$ 16,826,054</b>	<b>100</b>	<b>\$ 15,615,162</b>	<b>100</b>

The accompanying notes are an integral part of the consolidated financial statements.

(With Deloitte & Touche auditors' report dated March 9, 2017)

# EXCELSIOR MEDICAL CO., LTD. AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2016		2015	
	Amount	%	Amount	%
OPERATING REVENUE (Note 37)				
Sales	\$ 5,367,235	87	\$ 5,399,721	87
Workshop service	200,514	3	221,578	4
Other operating revenue	<u>638,009</u>	<u>10</u>	<u>581,585</u>	<u>9</u>
Total operating revenue	<u>6,205,758</u>	<u>100</u>	<u>6,202,884</u>	<u>100</u>
OPERATING COSTS (Notes 12, 28 and 37)				
Cost of goods sold	4,530,045	73	4,527,198	73
Cost of workshop service	110,593	2	121,429	2
Other operating cost	<u>367,399</u>	<u>6</u>	<u>323,236</u>	<u>5</u>
Total operating costs	<u>5,008,037</u>	<u>81</u>	<u>4,971,863</u>	<u>80</u>
GROSS PROFIT	1,197,721	19	1,231,021	20
UNREALIZED GAIN ON THE TRANSACTIONS WITH ASSOCIATES AND JOINT VENTURES	67,146	1	58,920	1
REALIZED GAIN ON THE TRANSACTIONS WITH ASSOCIATES AND JOINT VENTURES	<u>66,145</u>	<u>1</u>	<u>59,778</u>	<u>1</u>
REALIZED GROSS PROFIT	<u>1,196,720</u>	<u>19</u>	<u>1,231,879</u>	<u>20</u>
OPERATING EXPENSES (Notes 28 and 37)				
Selling and marketing expenses	472,092	8	500,645	8
General and administrative expenses	<u>345,132</u>	<u>5</u>	<u>383,061</u>	<u>6</u>
Total operating expenses	<u>817,224</u>	<u>13</u>	<u>883,706</u>	<u>14</u>
PROFIT FROM OPERATIONS	<u>379,496</u>	<u>6</u>	<u>348,173</u>	<u>6</u>
NON-OPERATING INCOME AND EXPENSES				
Other income (Note 28)	46,003	1	51,408	1
Other gains and losses (Note 28)	71,381	1	112,104	2
Finance costs (Note 28)	(39,135)	(1)	(35,417)	(1)
Share of profit or loss of associates and joint ventures	<u>120,869</u>	<u>2</u>	<u>70,749</u>	<u>1</u>
Total non-operating income and expenses	<u>199,118</u>	<u>3</u>	<u>198,844</u>	<u>3</u>
PROFIT BEFORE INCOME TAX	578,614	9	547,017	9

(Continued)



# EXCELSIOR MEDICAL CO., LTD. AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2016		2015	
	Amount	%	Amount	%
INCOME TAX EXPENSE (Note 29)	<u>101,312</u>	<u>1</u>	<u>79,271</u>	<u>2</u>
NET PROFIT FOR THE YEAR	<u>477,302</u>	<u>8</u>	<u>467,746</u>	<u>7</u>
OTHER COMPREHENSIVE INCOME				
Items that will not be reclassified subsequently to profit or loss				
Remeasurement of defined benefit plans (Note 26)	(2,245)	-	(14,972)	-
Share of other comprehensive income (loss) of associates and joint ventures accounted for using the equity method	(10,198)	-	2,511	-
Income tax relating to items that will not be reclassified subsequently to profit or loss (Note 29)	<u>955</u>	<u>-</u>	<u>1,773</u>	<u>-</u>
Total items that will not be reclassified subsequently to profit or loss	<u>(11,488)</u>	<u>-</u>	<u>(10,688)</u>	<u>-</u>
Items that may be reclassified subsequently to profit or loss				
Exchange differences on translating foreign operations	(132,652)	(2)	14,797	-
Unrealized loss on available-for-sale financial assets	(112,923)	(2)	(247,320)	(4)
Share of other comprehensive income (loss) of associates and joint ventures accounted for using the equity method	(25,039)	-	(2,563)	-
Income tax relating to items that may be reclassified subsequently to profit or loss (Note 29)	<u>34,200</u>	<u>-</u>	<u>(8,760)</u>	<u>-</u>
Total items that may be reclassified subsequently to profit or loss	<u>(236,414)</u>	<u>(4)</u>	<u>(243,846)</u>	<u>(4)</u>
Other comprehensive income (loss) for the year, net of income tax	<u>(247,902)</u>	<u>(4)</u>	<u>(254,534)</u>	<u>(4)</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 229,400</u>	<u>4</u>	<u>\$ 213,212</u>	<u>3</u>
NET PROFIT ATTRIBUTABLE TO:				
Owners of the Company	\$ 389,557	6	\$ 379,000	6
Non-controlling interests	<u>87,745</u>	<u>2</u>	<u>88,746</u>	<u>2</u>
	<u>\$ 477,302</u>	<u>8</u>	<u>\$ 467,746</u>	<u>8</u>

(Continued)

# EXCELSIOR MEDICAL CO., LTD. AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2016		2015	
	Amount	%	Amount	%
TOTAL COMPREHENSIVE INCOME				
ATTRIBUTABLE TO:				
Owners of the Company	\$ 182,459	3	\$ 151,894	2
Non-controlling interests	<u>46,941</u>	<u>1</u>	<u>61,318</u>	<u>1</u>
	<u>\$ 229,400</u>	<u>4</u>	<u>\$ 213,212</u>	<u>3</u>
EARNINGS PER SHARE (Note 30)				
Basic	<u>\$ 3.09</u>		<u>\$ 3.27</u>	
Diluted	<u>\$ 3.04</u>		<u>\$ 3.20</u>	

The accompanying notes are an integral part of the consolidated financial statements.

(With Deloitte & Touche auditors' report dated March 9, 2017)

(Concluded)

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

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY  
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015  
(In Thousands of New Taiwan Dollars)

	Equity Attributable to Owners of the Company										Total Equity		
	Share Capital		Retained Earnings		Other Equity		Unrealized Gain		Non-controlling Interests				
	Ordinary Shares	Certificates of Conversion	Legal Reserve	Unappropriated Earnings	Capital Surplus	Legal Reserve	Unappropriated Earnings	Exchange on Transferring Foreign Operations	(Loss) on Available-for-sale Financial Assets	Other		Total	
BALANCE, JANUARY 1, 2015	\$ 1,129,524	\$ -	\$ 536,554	\$ 1,825,210	\$ 2,381,354	\$ -	\$ 1,825,210	\$ 120,324	\$ 395,857	\$ (212,359)	\$ 6,177,454	\$ 1,676,523	\$ 7,853,987
Appropriation of the 2014 earnings	-	-	28,568	(28,568)	-	-	(28,568)	-	-	-	-	-	(28,568)
Legal reserve	-	-	(282,381)	(282,381)	-	-	(282,381)	-	-	-	-	-	(282,381)
Cash dividends	-	-	2,042	2,042	-	-	2,042	-	-	-	-	-	2,042
Recognition of employee share options	-	-	-	-	-	-	-	-	-	-	-	-	-
Issue of ordinary shares for cash	75,000	-	-	-	224,250	-	224,250	-	-	-	299,250	-	299,250
Equity component of convertible bonds	-	-	-	-	10,792	-	10,792	-	-	-	10,792	-	10,792
Share of changes in equity of associates	-	-	120	-	-	-	-	-	-	-	120	-	120
Disposal of subsidiaries	-	-	-	-	-	-	-	-	-	-	-	(22,301)	(22,301)
Partial acquisition or disposal of interests in subsidiaries	-	-	-	(116)	203	-	(116)	-	-	-	87	(16,718)	(16,631)
Changes in percentage of ownership interest in subsidiaries	-	-	-	(1,312)	6,975	-	(1,312)	(205)	(1,302)	-	4,156	(4,156)	-
Convertible bonds converted to certificates of bond-to-stock conversion	-	13,282	-	-	36,452	-	-	-	-	-	49,734	-	49,734
Increase in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	70,193	70,193
Net profit for the year ended December 31, 2015	-	-	-	379,000	-	-	379,000	-	-	-	379,000	88,746	467,746
Other comprehensive income (loss) for the year ended December 31, 2015	-	-	-	(4,511)	-	-	(4,511)	10,602	(233,198)	-	(227,106)	(27,428)	(254,524)
Total comprehensive income (loss) for the year ended December 31, 2015	-	-	-	374,489	-	-	374,489	10,602	(233,198)	-	151,894	61,318	213,212
BALANCE, DECEMBER 31, 2015	1,204,524	13,282	563,122	1,887,322	2,652,188	563,122	1,887,322	130,722	162,357	(212,359)	6,413,158	1,765,859	8,178,017
Appropriation of the 2015 earnings	-	-	37,900	(37,900)	-	-	(37,900)	-	-	-	-	-	(37,900)
Legal reserve	-	-	(304,451)	(304,451)	-	-	(304,451)	-	-	-	-	-	(304,451)
Cash dividends	-	-	-	-	-	-	-	-	-	-	-	-	-
Share of changes in equity of associates	-	-	191	-	-	-	-	-	-	-	191	-	191
Convertible bonds converted to certificates of bond-to-stock conversion	-	58,436	-	-	161,062	-	-	-	-	-	219,498	-	219,498
Certificates of bond-to-stock conversion converted to ordinary shares	71,291	(71,291)	-	-	-	-	-	-	-	-	-	-	-
Partial acquisition of interests in subsidiaries	-	-	-	(852)	(852)	-	(852)	-	-	-	1,656	(54,052)	(52,396)
Increase in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	38,271	38,271
Net profit for the year ended December 31, 2016	-	-	-	389,557	-	-	389,557	-	-	-	389,557	87,745	477,302
Other comprehensive income (loss) for the year ended December 31, 2016	-	-	-	(11,300)	-	-	(11,300)	(88,668)	(107,130)	-	(207,098)	(40,804)	(247,902)
Total comprehensive income (loss) for the year ended December 31, 2016	-	-	-	378,257	-	-	378,257	(88,668)	(107,130)	-	182,459	46,941	279,400
BALANCE, DECEMBER 31, 2016	1,275,815	427	603,022	1,922,969	2,825,966	603,022	1,922,969	42,054	55,227	(212,359)	6,514,521	1,796,039	8,308,560

The accompanying notes are an integral part of the consolidated financial statements.  
(With Deloitte & Touche auditors' report dated March 9, 2017)

# EXCELSIOR MEDICAL CO., LTD. AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015 (In Thousands of New Taiwan Dollars)

	2016	2015
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before income tax	\$ 578,614	\$ 547,017
Adjustments for:		
Depreciation expenses	84,774	112,926
Amortization expenses	11,975	12,462
Impairment loss recognized on receivables	9,689	16,049
Loss (gain) on fair value change of financial assets and financial liabilities at fair value through profit or loss	557	(2,662)
Finance costs	39,135	35,417
Interest income	(38,129)	(46,379)
Dividend income	(7,442)	(4,596)
Compensation cost of employee share options	-	2,042
Share of profit of associates and joint ventures	(120,869)	(70,749)
Loss (gain) on disposal of property, plant and equipment	(12,651)	1,878
Gain on disposal of non-current assets held for sale	(54,018)	-
Gain on disposal of investments	(4,415)	(106,136)
Impairment loss recognized on financial assets	-	4,243
Reversal of impairment loss on financial assets	(3,506)	-
Impairment loss recognized on non-financial assets	18,665	5,042
Unrealized gain on the transactions with associates and joint ventures	67,146	58,920
Realized gain on the transactions with associates and joint ventures	(66,145)	(59,778)
Others	(1,642)	-
Changes in operating assets and liabilities		
Financial assets held for trading	(7,103)	1,858
Notes receivable	(47,642)	26,504
Notes receivable from related parties	13	7,826
Trade receivables	(22,758)	32,397
Trade receivables from related parties	(190,397)	(62,332)
Other receivables	(925,707)	(248,413)
Other receivables from related parties	(3,535)	1,746
Inventories	68,791	108,210
Net defined benefit assets	1,560	(11,442)
Other current assets	11,628	(41,227)
Other operating assets	6,663	19,426
Financial liabilities held for trading	-	(109)
Notes payable	(118)	(7,471)
Trade payables	122,424	39,833
Trade payables to related parties	(3,030)	(8,172)
Other payables	888,953	370,334
Other payables to related parties	18,347	(4,109)
Provisions	(51,194)	30,075
Other current liabilities	115,028	44,301
Net defined benefit liabilities	(12,523)	(5,611)
Other operating liabilities	19,125	-

(Continued)

# EXCELSIOR MEDICAL CO., LTD. AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015 (In Thousands of New Taiwan Dollars)

	2016	2015
Cash generated from operations	490,263	799,320
Interest received	37,268	43,054
Income tax paid	<u>(77,818)</u>	<u>(102,415)</u>
Net cash generated from operating activities	<u>449,713</u>	<u>739,959</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of available-for-sale financial assets	(45,000)	-
Proceeds from disposal of available-for-sale financial assets	7,491	166,188
Purchase of debt investments with no active market	(1,088,505)	(1,128,444)
Proceeds from disposal of debt investments with no active market	732,885	1,133,799
Proceeds from disposal of financial assets measured at cost	-	6,717
Acquisition of investments accounted for using equity method	(19,122)	(223,363)
Increase in prepayments for investments	-	(16,639)
Net cash outflow on disposal of subsidiaries	-	(18,686)
Proceeds from liquidation of an investee accounted for using equity method	4,844	-
Proceeds from disposal of non-current assets held for sale	161,613	-
Payments for property, plant and equipment	(29,781)	(24,965)
Proceeds from disposal of property, plant and equipment	28,577	5,891
Increase in advance receipts - disposal of assets	-	71,700
Payments for intangible assets	(1,323)	(3,452)
Increase in refundable deposits	(23,953)	(50,948)
Decrease in refundable deposits	43,952	14,905
Payments for investment properties	-	(9,179)
Proceeds from disposal of subsidiaries	15,561	-
Increase in other financial assets	(233,846)	-
Decrease in other financial assets	-	232,723
Increase in other non-current assets	(7,430)	(5,016)
Decrease in other non-current assets	4,479	420
Dividends received from associates	130,690	77,433
Other dividends received	<u>7,442</u>	<u>4,596</u>
Net cash generated from (used in) investing activities	<u>(311,426)</u>	<u>233,680</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Increase (decrease) in short-term borrowings	12,000	(671,000)
Decrease in short-term bills payable	-	(99,913)
Proceeds from issue of bonds	-	600,000
Proceeds from long-term borrowings	-	15,000
Repayments of long-term borrowings	(5,707)	(29,051)
Increase in deposits received	-	79
Decrease in deposits received	(15)	-
Increase in long-term payables to a related party	259,561	122,700
Dividends paid to owners of the Company	<u>(304,451)</u>	<u>(282,381)</u>

(Continued)

## EXCELSIOR MEDICAL CO., LTD. AND SUBSIDIARIES

### CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015 (In Thousands of New Taiwan Dollars)

	<u>2016</u>	<u>2015</u>
Proceeds from issue of ordinary shares	-	299,250
Partial acquisition of interests in subsidiaries	(52,366)	(17,429)
Partial disposal of interests in subsidiaries	-	798
Interest paid	(23,472)	(29,772)
Dividends paid to non-controlling interests	(75,665)	(88,118)
Non-controlling interests subscribed for ordinary shares issued by subsidiaries	<u>113,936</u>	<u>146,839</u>
Net cash used in financing activities	<u>(76,179)</u>	<u>(32,998)</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	<u>(88,150)</u>	<u>(11,547)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(26,042)	929,094
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>2,902,808</u>	<u>1,973,714</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 2,876,766</u>	<u>\$ 2,902,808</u>

The accompanying notes are an integral part of the consolidated financial statements.

(With Deloitte & Touche auditors' report dated March 9, 2017)

(Concluded)

Appendix 6 : Comparison Table of Amendments to the “Articles of Incorporation”

**Excelsior Medical Co., Ltd.**

**Comparison Table of Amendments to the Articles of Incorporation**

After Amendment		Before Amendment		Reason for amendment
Article 2	The businesses engaged by the Company are as follows: 1.F108031 Wholesale of Drugs, Medical Goods 2.F113010 Wholesale of Machinery 3.F113020 Wholesale of Household Appliance 4.F107080 Wholesale of Environment Medicines 5.F113030 Wholesale of Precision Instruments 6.F113050 Wholesale of Computing and Business Machinery Equipment 7.F113070 Wholesale of Telecom Instruments 8.F117010 Wholesale of Fire Fighting Equipment 9.F118010 Wholesale of Computer Software 10.F401010 International Trade 11.I301010 Software Design Services 12.CB01030 Pollution Controlling Equipment Manufacturing 13.F113100 Wholesale of Pollution Controlling Equipment 14.F213100 Retail Sale of Pollution Controlling Equipment 15.F108021 Wholesale of Drugs and Medicines 16.H703100 Real Estate Rental and Leasing 17.JA02010 Electric Appliance and Audiovisual Electric Products Repair Shops 18.IF01010 Fire Fighting Equipment Overhauling 19.JA02990 Other Repair Shops 20.JE01010 Rental and Leasing Business 21.F401021 Restrained Telecom Radio Frequency Equipment and Materials Import 22.F208040 Retail Sale of Cosmetics	Article 2	The businesses engaged by the Company are as follows: 1.F108031 Wholesale of Drugs, Medical Goods 2.F113010 Wholesale of Machinery 3.F113020 Wholesale of Household Appliance 4.F107080 Wholesale of Environment Medicines 5.F113030 Wholesale of Precision Instruments 6.F113050 Wholesale of Computing and Business Machinery Equipment 7.F113070 Wholesale of Telecom Instruments 8.F117010 Wholesale of Fire Fighting Equipment 9.F118010 Wholesale of Computer Software 10.F401010 International Trade 11.I301010 Software Design Services 12.CB01030 Pollution Controlling Equipment Manufacturing 13.F113100 Wholesale of Pollution Controlling Equipment 14.F213100 Retail Sale of Pollution Controlling Equipment 15.F108021 Wholesale of Drugs and Medicines 16.H703100 Real Estate Rental and Leasing 17.JA02010 Electric Appliance and Audiovisual Electric Products Repair Shops 18.IF01010 Fire Fighting Equipment Overhauling 19.JA02990 Other Repair Shops 20.JE01010 Rental and Leasing	Amendment of the incorporated charter to conform to fae heeds of commercial practice.

After Amendment		Before Amendment		Reason for amendment
	<u>23.C802041 Drugs and Medicines Manufacturing</u> <u>24.C802060 Animal Use Medicine Manufacturing</u> <u>25.C802100 Cosmetics Manufacturing</u> <u>26.CF01011 Medical Materials and Equipment Manufacturing</u> <u>27.F208031 Retail sale of Medical Equipments</u> <u>28.ZZ99999 All business items that are not prohibited or restricted by law, except those that are subject to special approval.</u>		Business 21.F401021 Restrained Telecom Radio Frequency Equipment and Materials Import 22.F208040 Retail Sale of Cosmetics 23.ZZ99999 All business items that are not prohibited or restricted by law, except those that are subject to special approval.	
Article <u>28</u>	1 <sup>st</sup> revision was made on June 28, 1988 2 <sup>nd</sup> revision was made on March 23, 1989 3 <sup>rd</sup> revision was made on March 7, 1990 4 <sup>th</sup> revision was made on March 15, 1991 5 <sup>th</sup> revision was made on May 15, 1991 6 <sup>th</sup> revision was made on September 18, 1991 7 <sup>th</sup> revision was made on September 18, 1993 8 <sup>th</sup> revision was made on December 1, 1994 9 <sup>th</sup> revision was made on January 11, 1997 10 <sup>th</sup> revision was made on February 4, 1997 11 <sup>th</sup> revision was made on April 21, 1997 12 <sup>th</sup> revision was made on April 11, 1998 13 <sup>th</sup> revision was made on May 15, 1998 14 <sup>th</sup> revision was made on April 20, 1999 15 <sup>th</sup> revision was made on June 16, 2000 16 <sup>th</sup> revision was made on April 30, 2001 17 <sup>th</sup> revision was made on November 12, 2001 18 <sup>th</sup> revision was made on May 20, 2002 19 <sup>th</sup> revision was made on March 31, 2003 20 <sup>th</sup> revision was made on May 31, 2004 21 <sup>st</sup> revision was made on June 17, 2005 22 <sup>nd</sup> revision was made on June 14, 2006 23 <sup>rd</sup> revision was made on June 15, 2007; however, the amended articles of Articles 6-1 and 6-2 regarding the expensing of employee bonus shall become effective from the date of announcement by the competent authorities (January 1, 2008). 24 <sup>th</sup> revision was made on October 12, 2007 25 <sup>th</sup> revision was made on June 13, 2008	Article <u>29</u>	1 <sup>st</sup> revision was made on June 28, 1988 2 <sup>nd</sup> revision was made on March 23, 1989 3 <sup>rd</sup> revision was made on March 7, 1990 4 <sup>th</sup> revision was made on March 15, 1991 5 <sup>th</sup> revision was made on May 15, 1991 6 <sup>th</sup> revision was made on September 18, 1991 7 <sup>th</sup> revision was made on September 18, 1993 8 <sup>th</sup> revision was made on December 1, 1994 9 <sup>th</sup> revision was made on January 11, 1997 10 <sup>th</sup> revision was made on February 4, 1997 11 <sup>th</sup> revision was made on April 21, 1997 12 <sup>th</sup> revision was made on April 11, 1998 13 <sup>th</sup> revision was made on May 15, 1998 14 <sup>th</sup> revision was made on April 20, 1999 15 <sup>th</sup> revision was made on June 16, 2000 16 <sup>th</sup> revision was made on April 30, 2001 17 <sup>th</sup> revision was made on November 12, 2001	Add the date of the 34 <sup>rd</sup> amendment and amend the Article Nos.



After Amendment	Before Amendment	Reason for amendment
<p>26<sup>th</sup> revision was made on June 10, 2009  27<sup>th</sup> revision was made on June 10, 2009  28<sup>th</sup> revision was made on June 15, 2010  29<sup>th</sup> revision was made on June 15, 2011  30<sup>th</sup> revision was made on June 18, 2012  31<sup>st</sup> revision was made on June 14, 2013  32<sup>nd</sup> revision was made on June 24, 2014  33<sup>rd</sup> revision was made on June 16, 2016  34<sup>rd</sup> revision was made on June 16, 2017</p>	<p>18<sup>th</sup> revision was made on May 20, 2002  19<sup>th</sup> revision was made on March 31, 2003  20<sup>th</sup> revision was made on May 31, 2004  21<sup>st</sup> revision was made on June 17, 2005  22<sup>nd</sup> revision was made on June 14, 2006  23<sup>rd</sup> revision was made on June 15, 2007; however, the amended articles of Articles 6-1 and 6-2 regarding the expensing of employee bonus shall become effective from the date of announcement by the competent authorities (January 1, 2008).  24<sup>th</sup> revision was made on October 12, 2007  25<sup>th</sup> revision was made on June 13, 2008  26<sup>th</sup> revision was made on June 10, 2009  27<sup>th</sup> revision was made on June 10, 2009  28<sup>th</sup> revision was made on June 15, 2010  29<sup>th</sup> revision was made on June 15, 2011  30<sup>th</sup> revision was made on June 18, 2012  31<sup>st</sup> revision was made on June 14, 2013  32<sup>nd</sup> revision was made on June 24, 2014  33<sup>rd</sup> revision was made on June 16, 2016</p>	

Appendix 7 : Comparison Table of Amendments to the “Operational Procedures for Acquisition and Disposal of Assets”

**Excelsior Medical Co., Ltd.**

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

Amended Article	After Amendment	Before Amendment	Reason for amendment
Article 4	<p>The procedure to disclose the information on acquisition or disposal of the assets defined by the Operational Procedures is as follows:</p> <p>1. Items required to be publicly announced and reported, and the public announcement and reporting standards.</p> <p>(1) Where real estate is acquired or disposed from, or with, a related party, or other assets beyond real estate from, or with, a related party, and the transaction amount reaches 20% of the Company’s paid-in capital, 10% of the Company’s total asset amount, or more than NT\$300 million. However, this is not limited to the transactions of government bonds or bonds under repurchase and resale agreement, or subscription, or <u>repurchase of the money market funds issued by local securities investment trust enterprises.</u></p> <p>(2) Where merger, demerger, acquisition or share transfer is processed.</p> <p>(3) Where the losses from derivatives trading reaches the limits on aggregate losses or losses on individual contracts set out in the handling procedures.</p> <p>(4) <u>Where the category of the acquired or disposed asset is of equipment for business use, and the trading counterparty is not a related party, in which the transaction amount shall meet any of the following terms:</u></p> <p><u>1. Where the paid-in capital is less than NT\$10 billion, and the transaction amount is more than</u></p>	<p>The procedure to disclose the information on acquisition or disposal of the assets defined by the Operational Procedures is as follows:</p> <p>1. Items required to be publicly announced and reported, and the public announcement and reporting standards.</p> <p>(1) Where real estate is acquired or disposed from, or with, a related party, or other assets beyond real estate from, or with, a related party, and the transaction amount reaches 20% of the Company’s paid-in capital, 10% of the Company’s total asset amount, or more than NT\$300 million. However, this is not limited to the transactions of government bonds or bonds under repurchase and resale agreement, or subscription, or redemption of the domestic money market funds.</p> <p>(2) Where merger, demerger, acquisition or share transfer is processed.</p> <p>(3) Where the losses from derivatives trading reaches the limits on aggregate losses or losses on individual contracts set out in the handling procedures.</p> <p>(4) <u>Where the amount of an asset transaction, disposal of receivables by a financial institution, or an investment in China, other than those referred to in the preceding three subparagraphs, reaches 20% of the Company’s paid-in capital, or is more than NT\$300 million.</u></p>	Article amended in accordance with the laws

Amended Article	After Amendment	Before Amendment	Reason for amendment
	<p>NT\$500 million.</p> <p><u>2. Where the paid-in capital is over NT\$10 billion and the transaction amount is more than NT\$1 billion.</u></p> <p>(5) Where the real estate is acquired or disposed for construction use when engaging in the construction business, the tradingcounterparty is not a related party and the transaction amount is more than NT\$500 million.</p> <p>(6) Where the real estate is acquired in the form of construction assigned by the land owner or for the leased land, joint construction and allocation of housing units or ownership percentages, or joint construction with separate sale, and the transaction amount is expected to be more than NT\$500 million.</p> <p>(7) Where the amount of an asset transaction, disposal of receivables by a financial institution, or an investment in China, other than those referred to in the preceding <u>six</u> subparagraphs, reaches 20% of the Company's paid-in capital, or is more than NT\$300 million. Nevertheless, the circumstances below are not applicable:</p> <ol style="list-style-type: none"> <li>1. Trading of government bonds.</li> <li>2. The securities trading conducted by the Company when engaging in the investment business at domestic and foreign securities exchanges or securities firms' sales outlets, or the <u>subscription, offer or issuance of common corporate bonds in the domestic primary market and general financial debentures not involving</u></li> </ol>	<p>Nevertheless, the circumstances below are not applicable:</p> <ol style="list-style-type: none"> <li>1. Trading of government bonds.</li> <li>2. The securities trading conducted by the Company when engaging in the investment business at domestic and foreign securities exchanges or securities firms' sales outlets, or the securities subscribed by the securities firms in the primary market or subscribed according to laws.</li> <li>3. Trading of bonds underrepurchase and resale agreement, subscription or redemption of the domestic money market funds.</li> <li>4. Where the category of the acquired or disposed asset is of equipment for business use, the tradingcounterparty is not a related party and the transaction amount is under NT\$500 million.</li> <li>5. Where the real estate is acquired or disposed for construction use when engaging in the construction business, the tradingcounterparty is not a related party and the transaction amount is <u>under</u> NT\$500 million.</li> <li>6. Where the real estate is acquired in the form of construction assigned by the land owner or for the leased land, joint construction and allocation of housing units or ownership percentages, or joint construction with separate sale, and the transaction amount is expected to be under NT\$500 million.</li> </ol> <p>(5) Calculation of the trading amounts referred to in the preceding <u>subparagraph 4</u> is as follows. Also, the "within one year" refers to the one year time immediately before the occurrence day of this</p>	

Amended Article	After Amendment	Before Amendment	Reason for amendment
	<p><u>equity.</u></p> <p>3. Trading of bonds under repurchase and resale agreement, subscription or <u>repurchase</u> of the money market funds <u>issued by domestic securities investment trust enterprises.</u></p> <p>(8) Calculation of the trading amounts referred to in the preceding <u>seven</u> subparagraphs is as follows. Also, the “within one year” refers to the one year time immediately before the occurrence day of this transaction. The part which was already publicly announced as stipulated can be exempted from the calculation.</p> <ol style="list-style-type: none"> <li>1. The amount of each individual transaction.</li> <li>2. The cumulative transaction amount of acquisitions and disposals of the same type of subject matter with the same trading counterparty within one year.</li> <li>3. The cumulative transaction amount of real estate acquisitions and disposals (acquisitions and disposals are accumulated separately) of the same development project within one year.</li> <li>4. The cumulative transaction amount of acquisitions or disposals (acquisitions and disposals are accumulated separately) of the same securities within one year.</li> </ol> <p>(9) The 10% of the total asset amount required by the Procedure shall be calculated according to the total asset amount of the latest entity or individual financial report stipulated in the Regulations Governing the Preparation of Financial Reports</p>	<p>transaction. The part which was already publicly announced as stipulated can be exempted from the calculation.</p> <ol style="list-style-type: none"> <li>1. The amount of each individual transaction.</li> <li>2. The cumulative transaction amount of acquisitions and disposals of the same type of subject matter with the same trading counterparty within one year.</li> <li>3. The cumulative transaction amount of real estate acquisitions and disposals (acquisitions and disposals are accumulated separately) of the same development project within one year.</li> <li>4. The cumulative transaction amount of acquisitions or disposals (acquisitions and disposals are accumulated separately) of the same securities within one year.</li> </ol> <p>(6) The 10% of the total asset amount required by the Procedure shall be calculated according to the total asset amount of the latest entity or individual financial report stipulated in the Regulations Governing the Preparation of Financial Reports by Securities Issuers.</p> <p>(7) In the case that a company’s stock does not have a face value or the face value is not NTD10 per share, when calculating the transaction amount of 20% of the paid-in capital referred to in the Procedures, 10% of the owner’s equity of the parent company shall be used in the calculation.</p>	

Amended Article	After Amendment	Before Amendment	Reason for amendment
	<p>by Securities Issuers.</p> <p>(10) In the case that a company's stock does not have a face value or the face value is not NTD10 per share, when calculating the transaction amount of 20% of the paid-in capital referred to in the Procedures, 10% of the owner's equity of the parent company shall be used in the calculation.</p> <p>(Paragraph 2 skipped)</p> <p>3. Public announcement and regulatory filing procedures</p> <p>(1) The Company shall publicly announce and report the relevant information on the website designated by the Securities and Futures Commission.</p> <p>(2) The Company shall input the status of the derivatives trading engaged by it and its subsidiaries which are not publicly listed in Taiwan before the end of the previous month, on a monthly basis, on the information declaration website designated by the Securities and Futures Commission in accordance with the required format before the 10<sup>th</sup> of each month.</p> <p>(3) For the items required to be publicly announced by the Company, if any error or omission is made in the public announcement which requires correction, all items shall be publicly announced and reported again <u>within two days after learning of the error or omission.</u></p> <p>(The rest are the same and skipped)</p>	<p>(Paragraph 2 skipped)</p> <p>3. Public announcement and regulatory filing procedures</p> <p>(1) The Company shall publicly announce and report the relevant information on the website designated by the Securities and Futures Commission.</p> <p>(2) The Company shall input the status of the derivatives trading engaged by it and its subsidiaries which are not publicly listed in Taiwan before the end of the previous month, on a monthly basis, on the information declaration website designated by the Securities and Futures Commission in accordance with the required format before the 10<sup>th</sup> of each month.</p> <p>(3) For the items required to be publicly announced by the Company, if any error or omission is made in the public announcement which requires correction, all items shall be publicly announced and reported again.</p> <p>(The rest are the same and skipped)</p>	
Article 5	<p>When acquiring or disposing of assets, the Company shall follow the stipulations below to entrust objective, impartial, detached and independent experts to issue a report respectively in accordance with the asset type:</p> <p>1. For acquisition or disposal of real estate or equipment, except for transactions with government</p>	<p>When acquiring or disposing of assets, the Company shall follow the stipulations below to entrust objective, impartial, detached and independent experts to issue a report respectively in accordance with the asset type:</p> <p>1. For acquisition or disposal of real estate or equipment, except for transactions with government</p>	Article amended in accordance with the laws

Amended Article	After Amendment	Before Amendment	Reason for amendment
	<p><u>agencies</u>, the construction assigned by the land owner or for the leased land, or the equipment acquired or disposed for the business use, if the transaction amount is more than 20% of the Company's paid-in capital or NTD300 million, a professional appraiser shall be entrusted to issue an appraisal report before the fact occurrence day, and the following stipulations shall be complied with: (Paragraph 1 (1) – (5) and Paragraphs 2 and 3 skipped)</p> <p>4. If the transaction amount of the Company's acquisition or disposal of membership certificates or intangible assets is over 20% of its paid-in capital or NTD300 million, except for the transactions with the government <u>agencies</u>, the Company shall request its CPA to express the opinion on the rationality of the transaction price before the fact occurrence day, with which the CPA shall process the case in accordance with the Statements on Auditing Standard No. 20 published by the Accounting Research and Development Foundation. (The rest are the same and skipped)</p>	<p><u>organizations</u>, the construction assigned by the land owner or for the leased land, or the equipment acquired or disposed for the business use, if the transaction amount is more than 20% of the Company's paid-in capital or NTD300 million, a professional appraiser shall be entrusted to issue an appraisal report before the fact occurrence day, and the following stipulations shall be complied with: (Paragraph 1 (1) – (5) and Paragraphs 2 and 3 skipped)</p> <p>4. If the transaction amount of the Company's acquisition or disposal of membership certificates or intangible assets is over 20% of its paid-in capital or NTD300 million, except for the transactions with the government <u>organizations</u>, the Company shall request its CPA to express the opinion on the rationality of the transaction price before the fact occurrence day, with which the CPA shall process the case in accordance with the Statements on Auditing Standard No. 20 published by the Accounting Research and Development Foundation. (The rest are the same and skipped)</p>	
Article 6	<p>The Company's handling procedure for transactions with related parties is as follows: (Paragraph 1 skipped)</p> <p>2. Assessment and operation procedure In case that the Company acquires or disposes of real estate from, or with, a related party, or other assets beyond real estate from, or with, a related party, and the transaction amount reaches 20% of the Company's paid-in capital, 10% of the Company's total asset amount or more than NTD300 million, except for the transactions of government bonds or bonds under repurchase and resale agreement, or subscription or <u>repurchase</u> of the money market funds issued by</p>	<p>The Company's handling procedure for transactions with related parties is as follows: (Paragraph 1 skipped)</p> <p>2. Assessment and operation procedure In case that the Company acquires or disposes of real estate from, or with, a related party, or other assets beyond real estate from, or with, a related party, and the transaction amount reaches 20% of the Company's paid-in capital, 10% of the Company's total asset amount or more than NTD300 million, except for the transactions of government bonds or bonds under repurchase and resale agreement, or subscription or redemption of the domestic money market funds, the</p>	Article amended in accordance with the laws

Amended Article	After Amendment	Before Amendment	Reason for amendment
	<p><u>domestic securities investment trust enterprises</u>, the following data shall be approved by a majority of the total audit committee members and submitted to the board of directors for resolution and adoption, for which the transaction contract shall be signed and the payment shall be made after the data are resolved and adopted by the board of directors:</p> <p>(Subparagraphs (1) to (8) skipped)</p> <p>(9) The acquisition or disposal of business-use equipment between the Company and its parent company or subsidiaries shall be ratified according to the quota authorized under Article 10 for equipment.</p> <p>(The rest are the same and skipped)</p>	<p>following data shall be approved by a majority of the total audit committee members and submitted to the board of directors for resolution and adoption, for which the transaction contract shall be signed and the payment shall be made after the data are resolved and adopted by the board of directors:</p> <p>(Subparagraphs (1) to (8) skipped)</p> <p>(9) The acquisition or disposal of business-use equipment between the Company and its parent company or subsidiaries shall be ratified according to the quota authorized under Article 10 for equipment. <u>However, the ratification shall be submitted to the next Board meeting for retroactive ratification.</u></p> <p>(The rest are the same and skipped)</p>	<p>Paragraph 2-(9) is amended according to Question 21 of the publicly announced F AQ on the Acquisition or Disposal SOP for Company Assets</p>
Article 8	<p>Handling procedure for processing merger, demerger, acquisition and share transfer</p> <p>1. Assessment and operation procedure</p> <p>(1) When processing a merger, demerger, acquisition or share transfer, the Company shall request its attorney, CPA and underwriter to jointly study the legal procedure and set up a scheduled timetable, and organize a project panel to implement the case in accordance with the legal procedure. In addition, prior to holding a board meeting for the resolution, the Company shall also request opinions from its CPA, attorney or securities underwriter on the rationality of the conversion ratio, acquisition price, or cash or other property distributed to shareholders, and the opinions shall be submitted to the board of directors for discussion and adoption. <u>However, the aforesaid rational opinions provided by experts can</u></p>	<p>Handling procedure for processing merger, demerger, acquisition and share transfer</p> <p>1. Assessment and operation procedure</p> <p>(1) When processing a merger, demerger, acquisition or share transfer, the Company shall request its attorney, CPA and underwriter to jointly study the legal procedure and set up a scheduled timetable, and organize a project panel to implement the case in accordance with the legal procedure. In addition, prior to holding a board meeting for the resolution, the Company shall also request opinions from its CPA, attorney or securities underwriter on the rationality of the conversion ratio, acquisition price, or cash or other property distributed to shareholders, and the opinions shall be submitted to the board of directors for discussion and adoption.</p>	<p>Article amended in accordance with the laws</p>

Amended Article	After Amendment	Before Amendment	Reason for amendment
	<p><u>be exempt if the Company merges a subsidiary of which it has directly or indirectly owned 100% of the subsidiary's issued shares or total capital, or the merger is conducted between the subsidiaries where the Company has directly or indirectly owned 100% of the subsidiaries' issued shares or total capital.</u></p> <p>(The rest is the same and skipped)</p>	<p>(The rest is the same and skipped)</p>	
Article 10	<p>The acquisition or disposal of the Company's assets shall be ratified by the authorization unit in accordance with the authorized scope below:</p> <p>(The authorized items are the same and skipped)</p> <p>(Deletion) note 3</p>	<p>The acquisition or disposal of the Company's assets shall be ratified by the authorization unit in accordance with the authorized scope below:</p> <p>(The authorized items are the same and skipped)</p> <p><u>Note 3:</u>For the acquisition or disposal of business-use equipment between the Company and its subsidiaries, if such transaction is due to the overall business planning, where the transfer of the business-use equipment is necessary and required and its nature belongs to one of an general recurrent business act, the transaction shall be submitted to the next board meeting for retroactive ratification if the transaction amount is under NTD5 million and that its resolution was not made by the Board of Directors.</p>	<p>Amended according to Question 21 of the publicly announced FAQ on the Acquisition or Disposal SOP for Company Assets</p>



Appendix 8 : List of Release of the prohibition on directors from participation in competition businesses.

Title and Name	Company Name and Concurrent Position
Director : Excelsior Group Holdings Co., Ltd. Institutional representatives: Yang Lung-He	Director of Great China Technology Development Limited (H.K.)
Director : Fu Jo-Hsuan	Director of Great China Technology Development Limited (H.K.)
	Director of Sino Excelsior Investment Incorporation
	Director of Excelsior Beauty Limited (H.K.)
	Chairman of CYJ INTERNATIONAL TAIWAN INC.
	Director of Guangzhou Dynamic Inc.
Supervisor of BAUI Biotech Co. Ltd.	

Appendix 9 : The Impact of Stock Dividend Issuance on Business Performance, EPS and Shareholders Return Rate

Description		2017 (forecast)	
Opening paid-in capital		NT\$1,276,241,510	
Status of current year dividend distribution (Note 1)	Cash dividend per share (note 2)	NT\$2.5	
	Per-share stock dividend from capital increase by earnings recapitalization	0 shares	
	Per-share stock dividend from capital increase by capital surplus	0 shares	
Change in business performance	Profit from operations	N/A (Note 3)	
	Increase (decrease) ratio of profit from operations from the same period of the previous year	N/A (Note 3)	
	Net profit after tax	N/A (Note 3)	
	Increase (decrease) ratio of net profit after tax from the same period of the previous year	N/A (Note 3)	
	EPS (retroactive adjustment)	N/A (Note 3)	
	Increase (decrease) ratio of EPS from the same period of the previous year.	N/A (Note 3)	
	Annual average ROI (annual average P/E ratio)	N/A (Note 3)	
Pro forma EPS and P/E	If the capital increase by earnings recapitalization is totally distributed as the cash dividend	Pro forma EPS	N/A (Note 3)
		Pro forma annual average ROI	N/A (Note 3)
	If the capital increase by capital surplus is not processed	Pro forma EPS	N/A (Note 3)
		Pro forma annual average ROI	N/A (Note 3)
	If the capital surplus is not processed, and the capital increase by earnings recapitalization is distributed as the cash dividend	Pro forma EPS	N/A (Note 3)
		Pro forma annual average ROI	N/A (Note 3)

Note 1: To be resolved at the 2017 shareholders' meeting.

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

Note 3: According to the "Regulations Governing the Publication of Financial Forecasts of Public Companies", the Company is not required to release its 2017 financial forecast, so such information is not available.

## Appendix 10 : Shareholding of Directors

- Shares required to be held by the Company's current directors and supervisors are as follows:
 

The Company's common stock shares	127,626,817 shares
The ratio of the shares required to be held by the entire body of directors (note)	10%
The shares required to be held by the entire body of directors (note)	8,000,000 shares

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

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

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

Title	Name	As of 4/18/2017 – the date suspending share ownership transfer	
		Shares	Shareholding ratio
Director	Fu Hui-Tung	436,763	0.34%
Director	Wang Ming-Ting	47,792	0.04%
Director	Hsieh Yen-Sheng	595,865	0.47%
Director	Excelsior Group Holdings Co., Ltd. Institutional representatives: Chen Tun-Ling, Yang Lung-He	13,860,296	10.86%
Director	Fu Jo-Hsuan	0	0%
Independent director	Chan Tzu-Sheng	892	0%
Independent director	Chang Wu-Yi	0	0%
Independent director	Kuo Yu-Chia	0	0%
Total shares held by directors and their total shareholding ratio		14,941,608	11.71%