Stock Code:4104

EXCELSIOR MEDICAL CO., LTD.
AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS

With Independent Auditors' Report
For the Years Ended December 31, 2019 and 2018

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

Table of contents

Representation Letter

The entities that are required to be included in the combined financial statements of Excelsior Medical Co., Ltd. as of and for the year ended December 31, 2019 under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports, and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with International Financial Reporting Standards No. 10 endorsed by the Financial Supervisory Commission, "Consolidated Financial Statements." In addition, the information required to be disclosed in the combined financial statements is included in the consolidated financial statements. Consequently, Excelsior Medical Co., Ltd. and Subsidiaries do not prepare a separate set of combined financial statements.

Company name: Excelsior Medical Co., Ltd.
Chairman: Fu Hui-Tung
Date: March 12, 2020

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Independent Auditors' Report

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

Opinion

We have audited the consolidated financial statements of Excelsior Medical Co., Ltd. and its subsidiaries ("the Group"), which comprise the consolidated statement of financial position as of December 31, 2019 and 2018, the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, based on our audits and the reports of other auditors (please refer to Other Matter paragraph), the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2019 and 2018, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and with the International Financial Reporting Standards (" IFRSs"), International Accounting Standards (" IASs"), Interpretations developed by the International Financial Reporting Interpretations Committee ("IFRIC") or the former Standing Interpretations Committee ("SIC") endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

We conducted our audit of the Consolidated financial statements as of and for the year ended December 31, 2019 in accordance with the Regulations Governing Auditing and Certification of Financial Statements by Certified Public Accountants, Rule No. 1090360805 issued by the Financial Supervisory Commission, and the auditing standards generally accepted in the Republic of China. Furthermore, we conducted our audit of the consolidated financial statements as of and for the year ended December 31, 2018 in accordance with the Regulations Governing Auditing and Certification of Financial Statements by Certified Public Accountants, and the auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Certified Public Accountants Code of Professional Ethics in Republic of China (" the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. Based on our audits and the reports of other auditors, we believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our opinion.

Key Audit Matters

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

1. Impairment Assessment on Receivables

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

Description of key audit matter:

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

How the matter was addressed in our audit:

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

Other Matter

We did not audit the financial statements of certain subsidiaries included in the consolidated financial statements of the Group. Those statements were audited by other auditors, whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for such subsidiaries, is based solely on the report of other auditors. As of December 31, 2019, the total assets of these subsidiaries were NT$231,936 thousand, constituting 2% of consolidated total assets. The total operating revenues of these subsidiaries for the year ended December 31, 2019 were NT$95,717 thousand, constituting 1% of consolidated total operating revenues. We also did not audit the financial statements of certain associates and joint ventures, which represented investment in other entities accounted for using the equity method of the Group. Those statements were audited by other auditors, whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for such entities, is based solely on the reports of other auditors. As of December 31, 2019 and 2018, the carrying amounts of these investments were NT$101,609 thousand and NT$215,973 thousand, constituting 1% and 2% of consolidated total assets, respectively. The share of comprehensive income of associates and joint ventures accounted for using the equity method for the years ended December 31, 2019 and 2018, amounted to NT$19,784 thousand and NT$17,967 thousand, were constituting 3% and 4% of consolidated total comprehensive income, respectively.

Excelsior Medical Co., Ltd. has prepared its parent-company-only financial statements as of and for the years ended December 31, 2019 and 2018, on which we have issued an unmodified opinion with an Other Matter paragraph.

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

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

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

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

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

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

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

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

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

6. Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

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

KPMG

Taipei, Taiwan (Republic of China)
March 12, 2020

Notes to Readers

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

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

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

EXCELSIOR MEDICAL CO., LTD. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEET

DECEMBER 31, 2019 AND 2018

(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

	ASSETS	2019.12.31 Amount	%	2018.12.31 Amount	%
	Current assets:				
1100	Cash and cash equivalents (Note (6)(a))	$ 2,828,776	21	3,100,081	22
1110	Current financial assets at fair value through profit or loss (Note (6)(b))	-	-	15,168	-
1136	Current financial assets at amortized cost (Note (6)(d))	524,614	4	233,664	2
1151	Notes receivable (Notes (6)(e), (7) and (8))	267,181	2	382,138	3
1152	Other notes receivable (Notes (6)(e), (7) and (8))	225,191	2	360,254	3
1170	Accounts receivable (Notes (6)(e) and (7))	1,294,654	9	1,223,123	9
1200	Other receivables (Notes (6)(e) and (7))	2,461,811	18	3,405,421	24
130X	Inventories (Note (6)(f))	853,185	6	1,008,284	7
1476	Other current financial assets (Note (8))	59,308	-	74,853	-
1479	Other current assets, others	99,965	1	136,292	1
		8,614,685	63	9,939,278	71
	Non-current assets:				
1517	Non-current financial assets at fair value through other comprehensive income (Note (6)(c))	690,085	5	714,418	5
1550	Investments accounted for using equity method (Note (6)(g))	2,368,562	17	2,418,116	17
1600	Property, plant and equipment (Notes (6)(l) and (8))	560,863	4	286,345	2
1755	Right-of-use assets (Note (6)(m))	238,971	2	-	-
1760	Investment property, net (Note (6)(n))	788,628	6	194,209	2
1780	Intangible assets (Note (6)(o))	31,967	-	39,585	-
1840	Deferred tax assets (Note (6)(z))	219,928	2	198,713	2
1930	Long-term notes and accounts receivable (Note (6)(e))	18,378	-	27,591	-
1975	Net defined benefit asset (Note (6)(y))	6,033	-	2,592	-
1980	Other non-current financial assets (Note (8))	203,172	1	134,384	1
1990	Other non-current assets, others	23,712	-	25,639	-
		5,150,299	37	4,041,592	29
	TOTAL ASSETS	$ 13,764,984	100	13,980,870	100

	LIABILITIES AND EQUITY	2019.12.31 Amount	%	2018.12.31 Amount	%
	Current liabilities:				
2100	Short-term borrowings (Note (6)(p))	$ 1,212,967	9	1,110,000	8
2130	Current contract liabilities (Note (7))	320,562	2	316,539	2
2150	Notes payable	6,171	-	2,204	-
2170	Accounts payable (Note (7))	1,053,107	8	1,012,475	7
2200	Other payables (Notes (6)(r) and (7))	1,809,771	13	2,498,680	18
2230	Current tax liabilities	67,448	-	59,089	-
2280	Current lease liabilities (Note (6)(v))	77,418	1	-	-
2322	Long-term borrowings, current portion (Note (6)(u))	8,055	-	-	-
2399	Other current liabilities, others (Notes (6)(s), (t), (x) and (7))	273,603	2	106,989	1
		4,829,102	35	5,105,976	36
	Non-Current liabilities:				
2540	Long-term borrowings (Note (6)(u))	644	-	-	-
2570	Deferred tax liabilities (Note (6)(z))	115,730	1	105,553	1
2622	Long-term accounts payable to a related party (Notes (7) and (9))	-	-	393,109	3
2640	Net defined benefit liability (Note (6)(y))	17,152	-	21,911	-
2580	Non-current lease liabilities (Note (6)(v))	163,791	1	-	-
2670	Other non-current liabilities, others (Notes (6)(t) and (7))	6,653	-	11,918	-
		303,970	2	532,491	4
	Total liabilities	5,133,072	37	5,638,467	40
	Equity attributable to owners of parent (Note (6)(aa)):				
3100	Share capital	1,281,490	9	1,281,490	9
3200	Capital surplus	2,816,807	21	2,812,704	20
3300	Retained earnings	2,904,393	21	2,739,276	20
3400	Other equity	(56,349)	-	(26,629)	-
	Total equity attributable to owners of parent	6,946,341	51	6,806,841	49
36XX	Non-controlling interests (Notes (6)(k) and (aa))	1,685,571	12	1,535,562	11
	Total equity	8,631,912	63	8,342,403	60
	TOTAL LIABILITIES AND EQUITY	$ 13,764,984	100	13,980,870	100

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

EXCELSIOR MEDICAL CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

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

		For the Years Ended December 31,			
		2019		2018	
		Amount	%	Amount	%
4000	**Operating revenue (Notes (6)(ad) and (7))**	$ 6,457,362	100	6,345,031	100
5000	**Operating costs (Note (6)(f))**	5,218,965	81	5,145,925	81
	Gross profit from operations	1,238,397	19	1,199,106	19
5910	Less: Unrealized profit from sales	91,697	1	125,043	2
5920	Add: Realized profit from sales	89,355	1	125,102	2
		1,236,055	19	1,199,165	19
	Operating expenses:				
6100	Selling expenses (Note (7))	463,877	7	489,605	8
6200	Administrative expenses (Note (7))	304,073	5	259,316	4
6450	Expected credit loss (Note (6)(e))	4,066	-	12,125	-
		772,016	12	761,046	12
	Net operating income	464,039	7	438,119	7
	Non-operating income and expenses:				
7010	Other income (Notes (6)(af) and (7))	71,283	1	46,850	1
7020	Other gains and losses (Notes (6)(af) and (7))	45,006	1	25,961	-
7050	Finance costs (Note (6)(af))	(23,820)	-	(22,045)	-
7060	Share of profit of associates and joint ventures accounted for using equity method (Note (6)(g))	190,317	3	159,615	3
		282,786	5	210,381	4
7900	**Profit before tax**	746,825	12	648,500	11
7950	**Less: Tax expense (Note (6)(z))**	124,551	2	100,077	2
	Profit	622,274	10	548,423	9
	Other comprehensive income (loss):				
8310	**Items that may not be reclassified subsequently to profit or loss:**				
8311	Gains (losses) on remeasurements of defined benefit plans	10,391	-	(169)	-
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	26,307	-	(47,201)	(1)
8320	Share of other comprehensive income of associates and joint ventures accounted for using equity method, components of other comprehensive income that will not be reclassified to profit or loss	33,302	1	(5,122)	-
8349	Less: Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	(4,774)	-	(15,377)	-
	Total items that will not be reclassified subsequently to profit and loss	74,774	1	(37,115)	(1)
8360	**Items that will be reclassified to profit or loss**				
8361	Exchange differences on translation	(94,348)	(1)	(57,498)	(1)
8370	Share of other comprehensive income of associates and joint ventures accounted for using equity method, components of other comprehensive income that will be reclassified to profit or loss	31,315	-	44,325	1
8399	Less: Income tax related to components of other comprehensive income that will be reclassified to profit or loss	(12,174)	-	(1,899)	-
	Total items that will be reclassified subsequently to profit and loss	(50,859)	(1)	(11,274)	-
	Other comprehensive income, net	23,915	-	(48,389)	(1)
8500	**Total comprehensive income**	$ 646,189	10	500,034	8
	Profit attributable to:				
8610	Owners of parent	$ 514,755	8	451,562	7
8620	Non-controlling interests	107,519	2	96,861	2
		$ 622,274	10	548,423	9
	Comprehensive income attributable to:				
8710	Owners of parent	$ 523,062	8	417,581	7
8720	Non-controlling interests	123,127	2	82,453	1
		$ 646,189	10	500,034	8
	Earnings per share (Note (6)(ac))				
9750	**Basic earnings per share (NT dollars)**	$	4.02		3.53
9850	**Diluted earnings per share (NT dollars)**	$	3.99		3.50

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

EXCELSIOR MEDICAL CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

	Equity attributable to owners of parent											
	Share capital			Retained earnings			Total other equity interest					
	Ordinary shares	Certificate of entitlement to new shares from convertible bond	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	Others	Equity attributable to owners of parent	Non-controlling interests	Total equity
Balance at January 1, 2018	$ 1,277,655	619	2,804,995	641,978	115,078	1,860,321	(61,019)	97,579	(212,359)	6,524,847	1,697,734	8,222,581
Profit for the year	-	-	-	-	-	451,562	-	-	-	451,562	96,861	548,423
Other comprehensive income (loss) for the year	-	-	-	-	-	(6,117)	(517)	(27,347)	-	(33,981)	(14,408)	(48,389)
Total comprehensive income (loss) for the year	-	-	-	-	-	445,445	(517)	(27,347)	-	417,581	82,453	500,034
Appropriation and distribution of retained earnings:												
Legal reserve appropriated	-	-	-	39,905	-	(39,905)	-	-	-	-	-	-
Special reserve appropriated	-	-	-	-	147,754	(147,754)	-	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	-	(357,917)	-	-	-	(357,917)	-	(357,917)
Changes in equity of associates and joint ventures accounted for using equity method	-	-	(264)	-	-	(954)	-	-	-	(1,218)	-	(1,218)
Conversion of convertible bonds	-	3,216	8,079	-	-	-	-	-	-	11,295	-	11,295
Conversion of certificates of bonds-to-share	3,835	(3,835)	-	-	-	-	-	-	-	-	-	-
Changes in ownership interests in subsidiaries	-	-	(106)	-	-	-	-	-	212,359	212,253	(170,943)	41,310
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	(73,682)	(73,682)
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	-	35,325	-	(35,325)	-	-	-	-
Balance at December 31, 2018	1,281,490	-	2,812,704	681,883	262,832	1,794,561	(61,536)	34,907	-	6,806,841	1,535,562	8,342,403
Effects of retrospective application	-	-	-	-	-	(1,632)	-	-	-	(1,632)	-	(1,632)
Equity at beginning of period after adjustments	1,281,490	-	2,812,704	681,883	262,832	1,792,929	(61,536)	34,907	-	6,805,209	1,535,562	8,340,771
Profit for the year	-	-	-	-	-	514,755	-	-	-	514,755	107,519	622,274
Other comprehensive income (loss) for the year	-	-	-	-	-	3,431	(46,367)	51,243	-	8,307	15,608	23,915
Total comprehensive income (loss) for the year	-	-	-	-	-	518,186	(46,367)	51,243	-	523,062	123,127	646,189
Appropriation and distribution of retained earnings:												
Legal reserve appropriated	-	-	-	45,156	-	(45,156)	-	-	-	-	-	-
Special reserve reversed	-	-	-	-	(236,203)	236,203	-	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	-	(384,447)	-	-	-	(384,447)	-	(384,447)
Changes in equity of associates and joint ventures accounted for using equity method	-	-	(176)	-	-	(1,586)	-	-	-	(1,762)	-	(1,762)
Changes in ownership interests in subsidiaries	-	-	957	-	-	-	-	-	-	957	113,049	114,006
Employee stock options	-	-	3,322	-	-	-	-	-	-	3,322	-	3,322
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	(86,167)	(86,167)
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	-	34,596	-	(34,596)	-	-	-	-
Balance at December 31, 2019	$ 1,281,490	-	2,816,807	727,039	26,629	2,150,725	(107,903)	51,554	-	6,946,341	1,685,571	8,631,912

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

EXCELSIOR MEDICAL CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

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

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

EXCELSIOR MEDICAL CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

	For the Years Ended December 31,	
	2019	2018
Cash flows from investing activities:		
Acquisition of financial assets at fair value through other comprehensive income	(7,362)	-
Proceeds from disposal of financial assets at fair value through other comprehensive income	57,295	56,312
Acquisition of financial assets at amortized cost	(406,787)	(1,027,056)
Proceeds from disposal of financial assets at amortized cost	113,666	1,716,236
Proceeds from disposal of financial assets at fair value through profit or loss	15,200	30,263
Acquisition of investments accounted for using equity method	-	(25,262)
Proceeds from disposal of investments accounted for using equity method	-	128,402
Net cash flow from acquisition of subsidiaries	(359,957)	-
Net cash flow from disposal of subsidiaries	1,859	-
Proceeds from capital reduction of investments accounted for using equity method	-	84,953
Acquisition of property, plant and equipment	(51,275)	(33,040)
Proceeds from disposal of property, plant and equipment	2,740	1,321
Increase in refundable deposits	(58,031)	(2,540)
Decrease in refundable deposits	3,188	413,965
Acquisition of intangible assets	(727)	(3,189)
Decrease in other financial assets	9,345	4,682
Increase in other non-current assets	(1,685)	-
Decrease in other non-current assets	-	15,835
Dividends received	140,311	94,961
Net cash flows (used in) from investing activities	(542,220)	1,455,843
Cash flows from financing activities:		
Increase in short-term borrowings	74,867	-
Decrease in short-term borrowings	-	(50,000)
Repayments of bonds	-	(300,000)
Repayments of long-term borrowings	(398,607)	-
Increase in guarantee deposits received	6	-
Decrease in guarantee deposits received	-	(622)
Cash dividends paid	(384,447)	(357,917)
Acquisition of ownership interests in subsidiaries	-	(203,787)
Payment of lease liabilities	(71,225)	-
Interest paid	(19,361)	(15,724)
Change in non-controlling interests	(86,167)	(73,682)
Net cash flows used in financing activities	(884,934)	(1,001,732)
Effect of exchange rate changes on cash and cash equivalents	(38,647)	(20,356)
Net (decrease) increase in cash and cash equivalents	(271,305)	626,189
Cash and cash equivalents at beginning of period	3,100,081	2,473,892
Cash and cash equivalents at end of period	$ 2,828,776	3,100,081

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

(1) Company History

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

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

(2) Financial Statements Authorization Date and Authorization Process

The consolidated financial statements were authorized for issuance by the Board of Directors on March 12, 2020.

(3) New Standards, Amendments and Interpretations Adopted:

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

The following new standards, interpretations and amendments have been endorsed by the FSC and are effective for annual periods beginning on or after January 1, 2019.

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

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

(i) IFRS 16"Leases"

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

The Group applied IFRS 16 using the modified retrospective approach, under which the cumulative effect of initial application is recognized as an adjustment to the profit or loss in 2019 and years after, with no restatement of comparative information and adjustment to the retained earnings on January 1, 2019. The details of the changes in accounting policies are disclosed below,

1). Definition of a lease

Previously, the Group determined at contract inception whether an arrangement is or contains a lease under IFRIC 4. Under IFRS 16, the Group assesses whether a contract is or contains a lease based on the definition of a lease, as explained in Note 4(m).

On transition to IFRS 16, the Group elected to apply the practical expedient to grandfather the assessment of which transactions are leases. The Group applied IFRS 16 only to contracts that were previously identified as leases. Contracts that were not identified as leases under IAS 17 and IFRIC 4 were not reassessed for whether there is a lease. Therefore, the definition of a lease under IFRS 16 was applied only to contracts entered into or changed on or after January 1, 2019.

2) As a lessee

As a lessee, the Group previously classified leases as operating or finance leases based on its assessment of whether the lease transferred significantly all of the risks and rewards incidental to ownership of the underlying asset to the Group. Under IFRS 16, the Group recognizes right-of-use assets and lease liabilities for most leases – i.e. these leases are on-balance sheet.

The Group decided to apply recognition exemptions to short-term leases of storage room, machinery and parking space.

- Leases classified as operating leases under IAS 17

  At transition, lease liabilities were measured at the present value of the remaining lease payments, discounted at the Group's incremental borrowing rate as at January 1, 2019. Right-of-use assets are measured at either:

  – their carrying amount as if IFRS 16 had been applied since the commencement date, discounted using the lessee' s incremental borrowing rate at the date of initial application – the Group applied this approach to its largest property leases; or

  – an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments – the Group applied this approach to all other lease.

In addition, the Group used the following practical expedients when applying IFRS 16 to leases.

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

— Adjusted the right-of-use assets by the amount of IAS 37 onerous contract provision immediately before the date of initial application, as an alternative to an impairment review.

— Applied the exemption not to recognize right-of-use assets and liabilities for leases with less than 12 months of lease term.

— Excluded initial direct costs from measuring the right-of-use asset at the date of initial application.

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

3) As a lessor

The Group is not required to make any adjustments on transition to IFRS 16 for leases in which it acts as a lessor, except for a sub-lease. The Group accounted for its leases in accordance with IFRS 16 from the date of initial application.

Under IFRS 16, the Group is required to assess the classification of a sub-lease by reference to the right-of-use asset, not the underlying asset. On transition, the Group reassessed the classification of a sub-lease contract previously classified as an operating lease under IAS 17. The Group concluded that the sub-lease is a finance lease under IFRS 16.

4) Impacts on financial statements

On transition to IFRS 16, the Group recognized the additional amounts of $346,497 thousand of right-of-use assets and $342,713 thousands of lease liabilities, with the difference resulting from the amount of rent payable due to the pre-transition rent leveling, which caused the right-of-use assets and decommissioning liabilities to increase by $607 thousand and $4,391 thousand, respectively. When measuring lease liabilities, the Group discounted the lease payments using its incremental borrowing rate at January 1, 2019, with the weighted-average rate of 1.74%.

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

The explanation of differences between operating lease commitments disclosed at the end of the annual reporting period immediately preceding the date of initial application, and lease liabilities recognized in the statement of financial position at the date of initial application disclosed as follows:

	January 1, 2019
Operating lease commitment at December 31, 2018 as disclosed in the Group's consolidated financial statements	$ 275,368
Recognition exemption for:	
short-term leases	(1,598)
Extension and termination options reasonably certain to be exercised	83,782
	$ 357,552
Discounted using the incremental borrowing rate at January 1, 2019	$ 342,713
Finance lease liabilities recognized as at December 31, 2018	-
Lease liabilities recognized at January 1, 2019	$ 342,713

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

The following new standards, interpretations and amendments have been endorsed by the FSC and are effective for annual periods beginning on or after January 1, 2020 in accordance with Rule No. 1080323028 issued by the FSC on July 29, 2019:

New, Revised or Amended Standards and Interpretations	Effective date per IASB
Amendments to IFRS 3 "Definition of a Business"	January 1, 2020
Amendments to IFRS 9, IAS39 and IFRS7 "Interest Rate Benchmark Reform"	January 1, 2020
Amendments to IAS 1 and IAS 8 "Definition of Material"	January 1, 2020

The Group assesses that the adoption of the abovementioned standards would not have any material impact on its consolidated financial statements.

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

As of the date, the following IFRSs that have been issued by the International Accounting Standards Board (IASB), but have yet to be endorsed by the FSC:

New, Revised or Amended Standards and Interpretations	Effective date per IASB
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture"	Effective date to be determined by IASB
IFRS 17 "Insurance Contracts"	January 1, 2021
Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"	January 1, 2022

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

(4) Summary of Significant Accounting Policies

The significant accounting policies presented in the consolidated financial statements are summarized below. Except for those specifically indicated in Note (3), the following accounting policies were applied consistently throughout the periods presented in the consolidated financial statements.

(a) Statement of compliance

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

(b) Basis of preparation

1. Basis of measurement

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

1) Financial assets at fair value through profit or loss are measured at fair value;

2) Financial assets at fair value through other comprehensive income are measured at fair value;

3) The defined benefit liabilities (or assets) are measured at fair value of plan assets, net of aggregation of the present value of the defined benefit obligation, with a limit based on a defined benefit asset.

2. Functional and presentation currency

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

(c) Basis of consolidation

1. Principle of preparation of the consolidated financial statements

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

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

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

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

When the Group loses control over a subsidiary, it derecognizes the assets (including any goodwill) and liabilities of the subsidiary, and any related non-controlling interests and other components of equity. Any interest retained in the former subsidiary is measured at fair value when control is lost, with the resulting gain or loss being recognized in profit or loss. The Group recognizes as gain or loss in profit or loss the difference between (i) the fair value of the consideration received as well as any investment retained in the former subsidiary at its fair value at the date when control is lost ;and (ii) the assets (including any goodwill), liabilities of the subsidiary as well as any related non-controlling interests at their carrying amounts at the date when control is lost, as gain or loss in profit or loss. When the Group loses control of its subsidiary, it accounts for all amounts previously recognized in other comprehensive income in relation to that subsidiary on the same basis as would be required if it had directly disposed of the related assets or liabilities.

2.List of subsidiaries in the consolidated financial statements：

Name of Investor	Name of Subsidiary	Principal Activity	Shareholding		Note
			2019.12.31	2018.12.31	
The Company	Dynamic Medical Technologies Inc. ("Dynamic")	Sale, maintenance and lease of laser medical equipment for beauty treatment, and sale of consumables of beauty treatment and cosmetic products	38.50 %	38.50 %	Note 1
〃	Bestsmile Co., Ltd. ("Bestsmile")	Sale of medical equipment, and medical management consultancy service	98.02 %	98.02 %	
〃	Excelsior Healthcare Co., Limited (Excelsior Healthcare)	Investment business	100.00 %	100.00 %	
〃	Arich Enterprise Co., Ltd. (Arich)	Sale of medicines, and logistics service	39.51 %	39.51 %	Note 1
〃	Excelsior Asset Management Co., Ltd. ("Excelsior Asset")	Sales of medical equipment, precision instrument and real estate	100.00 %	- %	Note 4

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

Name of Investor	Name of Subsidiary	Principal Activity	Shareholding 2019.12.31	Shareholding 2018.12.31	Note
The Company and Excelsior Healthcare	Excelsior Medical Co., Limited (Hong Kong) ("Hong Kong Excelsior")	Investment business	100.00 %	100.00 %	
Dynamic	Dynamic Medical Technologies (Hong Kong) Ltd. ("Hong Kong Dynamic")	Retail and wholesale of medical equipment, cosmetic health-care products and medical herbs and academic training	100.00 %	100.00 %	
The Company and Dynamic	Excelsior Beauty Co., Ltd. ("Excelsior Beauty")	Sale of aesthetic medical and cosmetic health-care products	94.91 %	94.91 %	
Hong Kong Dynamic	Guangzhou Dynamic Inc. ("Guangzhou Dynamic")	Sale and maintenance of medical equipment	100.00 %	100.00 %	
〃	Excelsior Beauty Limited of Hong Kong ("Hong Kong Excelsior Beauty")	Sale of professional weight-loss and cosmetic health-care products	100.00 %	100.00 %	
〃	Beijing Dynamic Inc. ("Beijing Dynamic")	Sale and maintenance of medical equipment	- %	- %	Note 2
Excelsior Beauty	CYJ International Taiwan Inc. (CYJ Taiwan)	Sales and treatment of hair protecting and conditioning	80.00 %	- %	Note 3
Excelsior Healthcare	EG Healthcare, Inc.	Sale and lease of medical equipment, and medical management consultancy service	99.99 %	99.99 %	
〃	Excelsior Investment (Malaysia) Co., Ltd.	Investment business	100.00 %	100.00 %	
Hong Kong Excelsior	SinoExcelsior Investment Inc. ("SinoExcesior Investment")	Medical management consultancy service	100.00 %	100.00 %	
SinoExcelsior	Beijing Sinoexcelsior Investment Management Co., Ltd. ("Beijing Sinoexcelsior")	Investment business, sale and lease of medical equipment, and medical management consultancy service	- %	100.00 %	Note 5
Beijing Sinoexcelsior	Shanghai Wanli Medical Cosmetology Clinic Co., Ltd. ("Shanghai Wanli")	Sale of professional weight-loss and cosmetic health-care products	- %	100.00 %	Note 5
Excelsior Investment (Malaysia) Co., Ltd.	RENAL LABORATORIES SDN. BHD.	Manufacture of medical equipment	70.00 %	- %	
〃	MEDI-CHEM SYSTEMS SDN. BHD.	Sale of medical equipment	70.00 %	- %	

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

Name of Investor	Name of Subsidiary	Principal Activity	Shareholding 2019.12.31	Shareholding 2018.12.31	Note
MEDI-CHEM SYSTEMS SDN. BHD.	RENAL MANAGEMENT SDN. BHD.	Lease business	100.00 %	- %	

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

Note 2: Liquidation ended in November 2018.

Note 3: On October 1, 2019, Excelsior Beauty acquired 80% shares of CYJ Taiwan, which has since been included in the consolidated financial statements.

Note 4: In August 2019, the board of directors passed a resolution to change the name of Shinkong Excelsior Medical Asset Management Co., Ltd. to Excelsior Asset Management Co., Ltd., with the approval from the relevant authority. Moreover, the Company acquired 100% shares of Excelsior Medical Asset Management on August 2, 2019; therefore, it has been included in its consolidated financial statements since.

Note 5: On October 31 2019, SinoExcelsior disposed its entire shares in Beijing Sinoexcelsior Investment Management Co., Ltd. and Shanghai Wanli Medical Cosmetology Clinic Co., Ltd., a 100% owned subsidiary of Beijing Sinoexcelsior, resulting in the Group to lose control over these subsidiaries.

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

(d) Foreign Currencies

1.Foreign currency transactions

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

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

1) an investment in equity securities designated as at fair value through other comprehensive income;

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

3) qualifying cash flow hedges to the extent that the hedges are effective.

2.Foreign operations

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

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

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

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

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

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

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

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

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

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

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

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

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

4.The Group does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by issuing equity instruments do not affect its classification.

(f) Cash and Cash Equivalents

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

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

(g) Financial instruments

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

1.Financial assets

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

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

1) Financial assets measured at amortized cost

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

· it is held within a business model whose objective is to hold assets to collect contractual cash flows; and

· its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

2) Fair value through other comprehensive income (FVOCI)

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

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

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

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

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

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

3) Fair value through profit or loss (FVTPL)

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

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

4) Impairment of financial assets

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

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

·debt securities that are determined to have low credit risk at the reporting date; and

·other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

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

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

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

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

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

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

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

·significant financial difficulty of the borrower or issuer;

·a breach of contract such as a default or being past due;

·the lender of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider;

·it is probable that the borrower will enter bankruptcy or other financial reorganization;or

·the disappearance of an active market for a security because of financial difficulties.

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

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

5) Derecognition of financial assets

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

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

2.Financial liabilities and equity instruments

1) Classification of debt or equity

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

2) Equity instrument

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

3) Compound financial instruments

Compound financial instruments issued by the Group comprise convertible bonds that can be converted to ordinary shares at the option of the holder, when the number of shares to be issued is fixed and does not vary with changes in fair value.

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

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

Interest related to the financial liability is recognized in profit or loss. On conversion at maturity, the financial liability is reclassified to equity and no gain or loss is recognized.

4) Financial liabilities

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

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

5) Derecognition of financial liabilities

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

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

6) Offsetting of financial assets and liabilities

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

3.Derivative financial instruments and hedge accounting

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

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

The Group designates certain hedging instruments (which include derivatives, embedded derivatives and non-derivatives in respect of foreign currency risk) as either fair value hedges, cash flow hedges, or hedges of net investments in foreign operations. Hedges of foreign exchange risk on firm commitments are accounted for as cash flow hedges.

At inception of designated hedging relationships, the Group documents the risk management objective and strategy for undertaking the hedge. The Group also documents the economic relationship between the hedged item and the hedging instrument, including whether the changes in cash flows of the hedged item and hedging instrument are expected to offset each other.

(h) Inventories

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

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

(i) Investment in Associates

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

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

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

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

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

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

(j) Joint Arrangements

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

1.Joint ventures

A joint venture is a joint arrangement whereby the Group has joint control of the arrangement (i.e. joint venturers) in which the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities. The Group recognizes its interest in a joint venture as an investment and accounts for that investment using the equity method in accordance with IAS 28 "Investments in Associates and Joint Ventures", unless the Group qualifies for exemption from that Standard.

When assessing the classification of a joint arrangement, the Group considers the structure and legal form of the arrangement, the terms in the contractual arrangement, and other facts and circumstances. When the facts and circumstances change, the Company reevaluates whether the classification of the joint arrangement has changed.

2.Joint operations

A joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. The Group accounts for the assets, liabilities, revenues and expenses in relation to its interest in a joint operation in accordance with the IFRSs applicable to the particular assets, liabilities, revenues and expenses. When assessing whether a joint arrangement is a joint operation or a joint venture, the Group considers the structure and legal form of the arrangement, the terms agreed by the parties in the contractual arrangement and, when relevant, other facts and circumstances.

(k) Investment Property

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

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

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

(l) Property, Plant, and Equipment

1.Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

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

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

2.Subsequent expenditure

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

3.Depreciation

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

Land is not depreciated.

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

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

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

(m) Leases

Applicable from January 1, 2019

(i) Identifying a lease

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

1) the contract involves the use of an identified asset – this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified; and

2) the customer has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and

3) the customer has the right to direct the use of the asset throughout the period of use only if either:

- the customer has the right to direct how and for what purpose the asset is used throughout the period of use; or

- the relevant decisions about how and for what purpose the asset is used are predetermined and:

  — the customer has the right to operate the asset throughout the period of use, without the supplier having the right to change those operating instructions; or

  — the customer designed the asset in a way that predetermines how and for what purpose it will be used throughout the period of use.

(ii) As a leasee

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

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

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

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

— fixed payments, including in-substance fixed payments;

— variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;

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

— there is a change in future lease payments arising from the change in an index or rate; or

— there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee; or

— there is a change in the lease term resulting from a change of its assessment on whether it will exercise an option to purchase the underlying asset, or

— there is a change of its assessment on whether it will exercise a extension or termination option; or

— there is any lease modifications

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

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

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

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

(iii) As a leasor

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

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

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

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

Applicable before January 1, 2019

1.Lessor

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

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

2.Lessee

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

(n) Intangible Assets

1.Recognition and measurement

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

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

2.Subsequent expenditure

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

3.Amortization

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

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

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

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

(o) Impairment of Non-Financial Assets

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

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

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

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

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

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

(p) Provisions

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

(q) Revenue

1.Revenue from contracts with customers

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

1) Sale of goods

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

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

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

2) Services

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

3) Financing components

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

(r) Employee Benefits

1.Defined contribution plans

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

2.Defined benefit plans

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

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

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

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

3.Other long-term employee benefits

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

4.Termination benefits

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

5.Short-term employee benefits

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

(s) Share-based Payment

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

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

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

(t) Income Taxes

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

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

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

1.temporary differences on the initial recognition of assets and liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profits (losses) at the time of the transaction;

2.temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and

3.taxable temporary differences arising on the initial recognition of goodwill.

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

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

1.the Group has a legally enforceable right to set off current tax assets against current tax liabilities; and

2.the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:

1) the same taxable entity; or

2) different taxable entities which intend to settle current tax assets and liabilities on a net basis, or to realize the assets and liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

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

(u) Business Combination

The Company accounts for business combinations using the acquisition method. The goodwill arising from an acquisition is measured as the excess of (i) the consideration transferred (which is generally measured at fair value) and (ii) the amount of non-controlling interest in the acquiree, both over the identifiable net assets acquired at the acquisition date. If the amount calculated above is a deficit balance, the Company recognized that amount as a gain on a bargain purchase in profit or loss immediately after reassessing whether it has correctly identified all of the assets acquired and all of the liabilities assumed.

All acquisition-related transaction costs are expensed as incurred, except for the issuance of debt or equity instruments.

For each business combination, the Group measures any non-controlling interests in the acquiree either at fair value or at the non-controlling interest' s proportionate share of the acquiree' s identifiable net assets, if the non-controlling interests are present ownership interests and entitle their holders to a proportionate share of the acquire' s net assets in the event of liquidation. Other components of non-controlling interests are measured at their acquisition-date fair values, unless another measurement basis is required by the IFRSs endorsed by the FSC.

(v) Earnings per Share

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

(w) Operating Segments

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

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

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

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

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

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

The loss allowance of trade receivable

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

(6) Explanation of Significant Accounts

(a) Cash and cash equivalents

	2019.12.31	2018.12.31
Cash on hand, demand deposits and checking accounts	$ 1,586,972	1,774,989
Time deposits	1,241,804	1,325,092
Cash and cash equivalents in consoildated statement of cash flows	$ 2,828,776	3,100,081

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

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

	2019.12.31	2018.12.31
Mandatorily measured at fair value through profit or loss:		
Derivative instruments not used for hedging		
Stocks warrants	$ -	21
Beneficiary certificates-open-end mutual funds	-	15,147
Total	$ -	15,168

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

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

	2019.12.31	2018.12.31
Equity investments at fair value through other comprehensive income		
Domestic listed shares	$ 115,303	146,910
Foreign listed shares	174,161	206,013
Domestic unlisted common shares	153,089	138,942
Foreign unlisted common shares	247,532	222,553
Total	$ 690,085	714,418

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

1.Equity investments at fair value through other comprehensive income

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

The Group has sold its common stocks designated at fair value through other comprehensive income because of operation strategies. The shares sold had a fair value of $57,550 thousand and $56,562 thousand for the year ended December 31, 2019 and 2018 and the Group realized a gain of $34,596 thousand and $35,325 thousand, which is already included in other comprehensive income. The gain has been transferred to retained earnings from other equity.

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

3.As of December 31, 2019 and 2018, the aforesaid financial assets were not pledged as collateral.

(d) Financial assets measured at amortized cost

	2019.12.31	2018.12.31
Time deposits with original maturity of more than 3 months	$ 524,614	233,664

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

The market interest rates of the time deposits with original maturity of more than 3 moths were 0.66%~2.23% and 0.66%~1.76% per annum as of December 31, 2019 and 2018, respectively.

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

	2019.12.31	2018.12.31
Notes receivable	$ 277,061	395,206
Other notes receivable	225,191	360,254
Accounts receivable	1,338,712	1,253,281
Trade receivables - fair value through other comprehensive income	19,314	26,070
Lease payment receivable	14,490	19,275
Other receivables	2,466,550	3,416,770
Less: Loss allowance	(73,738)	(71,738)
Unrealized interests income	(365)	(591)
	$ 4,267,215	5,398,527

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

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

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

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

	2019.12.31		
	Gross carrying amount	Weighted-average loss rate	Loss allowance provision
Current	$ 4,192,338	0.58%	(24,435)
1 to 90 days past due	57,358	5.87%	(3,368)
91 to 180 days past due	8,813	15.67%	(1,381)
181 to 365 days past due	8,190	17.68%	(1,448)
More than 365 days past due	48,894	88.16%	(43,106)
	$ 4,315,593		(73,738)

	2018.12.31		
	Gross carrying amount	Weighted-average loss rate	Loss allowance provision
Current	$ 5,242,771	0.56%	(29,605)
1 to 90 days past due	119,040	6.57%	(7,815)
91 to 180 days past due	23,346	10.37%	(2,421)
181 to 365 days past due	8,441	20.21%	(1,706)
More than 365 days past due	48,407	62.37%	(30,191)
	$ 5,442,005		(71,738)

The Group's lease payment receivables were as follows:

	Gross investment in the lease	Unearned finance income	Present value of minimum lease payments receivable
December 31, 2019			
Less than one year	$ 6,257	(715)	5,542
Between one and five years	9,501	(553)	8,948
	$ 15,758	(1,268)	14,490

	Gross investment in the lease	Unearned finance income	Present value of minimum lease payments receivable
December 31, 2018			
Less than one year	$ 6,819	(996)	5,823
Between one and five years	14,585	(1,133)	13,452
	$ 21,404	(2,129)	19,275

The Group entered into finance lease arrangements for certain equipment. All leases were denominated in New Taiwan dollars. The average term of finance leases entered into was 2-5 years.

The interest rate inherent in the leases was fixed at the contract date for the entire lease term. The average effective interest rate contracted was approximately 6.00%~7.00% per annum as of December 31, 2019 and 2018.

The lease payment receivables as of December 31, 2019 and 2018 were neither past due nor impaired.

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

	For the Years Ended December 31, 2019	2018
Balance at January 1	$ 71,738	71,041
Impairment losses recognized	13,749	15,153
Impairment losses reversed	(9,683)	(3,028)
Amounts written off	(1,926)	(11,467)
Effect of movements in exchange rate	(140)	39
Balance at December 31	$ 73,738	71,738

As of December 31, 2019 and 2018, the receivables from installment sales were $13,703 thousand and $22,712 thousand, respectively, and the related unrealized interest income were $365 thousand and $591 thousand, respectively.

The details of accounts receivable sold were as follows:

(Unit: TWD in Thousands)

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

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

	December 31, 2018					
Purchaser	Amount Derecognized	Amount Advanced Unpaid	Amount Advanced Paid	Amount Recognized in Other Receivables	Range of Interest Rate	Significant Transferring Terms
Financial institution	$ 4,354	-	4,354	4,354	-%	None
Hotai Finance Co., Ltd.	$ 10,935	-	10,935	10,935	3.89%-6.01%	None
Chailease Finance Co., Ltd.	$ 17,354	-	17,354	17,354	1.70%-2.26%	None

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

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

(f) Inventories

	2019.12.31	2018.12.31
Merchandise	$ 766,067	927,310
Inventory in-transit	87,118	80,974
Total	$ 853,185	1,008,284

The details of cost of goods sold were as follows :

	For the Years Ended December 31,	
	2019	2018
Cost of goods sold	$ 4,684,140	4,653,862
Losses on inventory valuation and obsolescence	31,121	68,097
Loss on inventory scrapped	20,717	-
Repair and maintenance costs	118,717	112,855
Others operating costs	364,270	311,111
Total	$ 5,218,965	5,145,925

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

(g) Investments accounted for using equity method

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

	2019.12.31	2018.12.31
Associates	$ 2,368,562	2,289,852
Joint ventures	-	128,264
	$ 2,368,562	2,418,116

1.Associates

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

Name of Associates	Nature of Relationship with the Group	Main operating location/ Registered Country of the Company	Proportion of shareholding and voting rights 2019.12.31	2018.12.31
Asia Best Healthcare	Long-term care and rehabilitation services	Cayman Islands	49.38 %	49.38 %

1) Asia Best Healthcare:

	2019.12.31	2018.12.31
Current assets	$ 1,426,680	1,246,307
Non-current assets	3,778,958	1,703,422
Current liabilities	(247,640)	(138,481)
Non-Current liabilities	(2,172,816)	(25,138)
Net assets	$ 2,785,182	2,786,110
Net assets attributable to the Group	$ 1,414,743	1,416,683

	For the Years Ended December 31, 2019	2018
Operating revenue	$ 317,880	465,448
Profit	$ 90,663	60,304
Other comprehensive income	30,067	113,530
Total comprehensive income	$ 120,730	173,834
Dividends received	$ 26,308	20,248

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

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

	2019.12.31	2018.12.31
Carrying amount of individually insignificant associates' equity	$ 953,819	873,169

	For the Years Ended December 31,	
	2019	2018
Attributable to the Group:		
Profit	$ 144,748	122,223
Other comprehensive income (loss)	51,569	(8,761)
Total comprehensive income	$ 196,317	113,462

2.Joint ventures

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

	2019.12.31	2018.12.31
Individually insignificant joint venture	$ -	128,264

	For the Years Ended December 31,	
	2019	2018
Attributable to the Group:		
Profit	$ 623	7,614
Other comprehensive income	-	-
Total comprehensive income	$ 623	7,614

As of December 31, 2018, the Group and the other shareholder held 49% and 51%, respectively, of the joint venture Shinkong Excelsior Medical Asset Management Co., Ltd. (" Shinkong Excelsior Medical") that is not individually significant.

Under the shareholders' agreement, the Group and the other shareholder have the power to appoint two and three, respectively, of the five directors of Shinkong Excelsior Medical. Significant matters should be decided by more than two-thirds of directors present in the meeting, and the directors present in the meeting should be more than two-thirds of all directors. Therefore, the Group and the other shareholders of the joint venture have joint control over Shinkong Excelsior Medical, which the Group acquired its entire shares and gained control over it on August 2, 2019. Please refer to note (6)(h).

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

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

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

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

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

(h) Business combination

1.Acquisitions of subsidiaries - Excelsior Asset Management Co., Ltd.

On August 2, 2019, the Group obtained control over Excelsior Asset Management Co., Ltd. ("Excelsior Asset") by acquiring 51% of its shares and voting interests. As a result, the Group's equity interest in Excelsior Asset increased from 49% to 100%.

Major class of consideration transferred and the amounts of assets acquired, liabilities assumed and Goodwill recognized at the acquisition date were as follows:

1) The following table summarizes the acquisition date fair value of major class of consideration transferred:

Cash	$ 187,313

2) The following table summarizes the recognized amounts of assets acquired and liabilities assumed at the acquisition date:

Cash and cash equivalents	$ 2,820
Trade receivable and long-term receivables	398,045
Other current assets	10,494
Property, plant and equipment	106
Investment property	383,123
Other payables	(1,167)
Other current liabilities	(802)
Short-term and long-term borrowing	(422,352)
Other non-current liabilities	(2,833)
Total identifiable net assets acquired	$ 367,434

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

3) Goodwill

Goodwill arising from the acquisition has been recognized as follows:

Consideration transferred	$	187,313
Add: Non-controlling interest in the acquiree		78
Fair value of pre-existing interest in Excelsior Asset		180,043
Less: Fair value of identifiable net assets		(367,434)
Goodwill	$	-

The fair value of identifiable net assets the Group acquired on the acquisition date included a part of the net income from the non-controlling interests.

2.Acquisitions of subsidiaries - RENAL LABORATORIES SDN. BHD.

On July 11, 2019, the Group obtained control over RENAL LABORATORIES SDN. BHD. by acquiring 70% of its shares and voting interests.

Major class of consideration transferred and the amounts of assets acquired, liabilities assumed and Goodwill recognized at the acquisition date were as follows:

1) The following table summarizes the acquisition date fair value of major class of consideration transferred:

Cash	$	171,792

2) The following table summarizes the recognized amounts of assets acquired and liabilities assumed at the acquisition date:

Cash and cash equivalents	$	12,227
Trade receivables		39,188
Inventories		16,739
Other current assets		3,796
Property, plant and equipment		162,955
Other non-current financial assets		1,700
Trade and other payables		(7,536)
Short-term and long-term borrowing		(13,278)
Other non-current liabilities		(60)
Total identifiable net assets acquired	$	215,731

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

3) Goodwill

Goodwill arising from the acquisition has been recognized as follows:

Consideration transferred	$	171,792
Add: Non-controlling interest in the acquiree		64,719
Less: Fair value of identifiable net assets		(215,731)
Goodwill	$	20,780

3.Acquisitions of subsidiaries - MEDI-CHEM SYSTEMS SDN. BHD. and RENAL MANAGEMENT SDN. BHD.

On July 11, 2019, the Group obtained control over MEDI-CHEM SYSTEMS SDN. BHD. by acquiring 70% of its shares and voting interests. Consequently, the Group obtained control over RENAL MANAGEMENT SDN. BHD., which is a fully owned subsidiary of MEDI-CHEM SYSTEMS SDN. BHD.

Major class of consideration transferred and the amounts of assets acquired, liabilities assumed and Goodwill recognized at the acquisition date were as follows:

1) The following table summarizes the acquisition date fair value of major class of consideration transferred:

Cash	$	44,268

2) The following table summarizes the recognized amounts of assets acquired and liabilities assumed at the acquisition date:

Cash and cash equivalents	$	11,013
Trade receivables		5,522
Inventories		3,624
Other current assets		293
Property, plant and equipment		69,007
Other non-current financial assets		203
Trade and other payables		(7,584)
Other non-current liabilities		(346)
Total identifiable net assets acquired	$	81,732

3) Goodwill

Goodwill arising from the acquisition has been recognized as follows:

Consideration transferred	$	44,268
Add: Non-controlling interest in the acquiree		24,520
Less: Fair value of identifiable net assets		(81,732)
Goodwill	$	(12,944)

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

4.Acquisitions of subsidiaries - CYJ International Taiwan Inc.

On October 1, 2019, the Group obtained control over CYJ International Taiwan Inc. by acquiring 80% of its shares and voting interests.

Major class of consideration transferred and the amounts of assets acquired, liabilities assumed and Goodwill recognized at the acquisition date were as follows:

1) The following table summarizes the acquisition date fair value of major class of consideration transferred:

Cash	$ **97,920**

2) The following table summarizes the recognized amounts of assets acquired and liabilities assumed at the acquisition date:

Cash and cash equivalents	$ 115,276
Trade receivables, net	5,364
Inventories	15,442
Other current assets	17,111
Property, plant and equipment	35,794
Right-of-use assets	60,266
Guarantee deposits paid	1,844
Other non-current financial assets	7,000
Current contract liabilities	(43,790)
Notes payables	(8,260)
Trade payables	(2,197)
Other payables	(21,448)
Lease liabilities	(61,184)
Other current liabilities	(2,559)
Total identifiable net assets acquired	$ **118,659**

3) Goodwill

Goodwill arising from the acquisition has been recognized as follows:

Consideration transferred	$ 97,920
Add: Non-controlling interest in the acquiree	23,732
Less: Fair value of identifiable net assets	(118,659)
Goodwill	$ **2,993**

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

5.Acquisitions of non-controlling interests

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

The effects of the changes in shareholdings were as follows:

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

(i) Changes in ownership interests in subsidiaries

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

(j) Loss control of subsidiaries

On October 31, 2019, the Group sold all of its shares in Beijing Sinoexcelsior Investment Management Co., Ltd. and its fully owned subsidiary, Shanghai Wanli Medical Cosmetology Clinic Co., Ltd., amounting to $7,976 thousand.

The Group recognized the gain on disposal of $13,167 thousand as other gains and losses, wherein the exchange differences on translation amounting to $492 thousand was included in gain on disposal.

The carrying amounts of assets and liabilities of Beijing Sinoexcelsior on the date of disposal were as follows:

Cash and cash equivalents	$	6,117
Inventories		1,928
Trade and other receivables		6,581
Property, plant and equipment		3,512
Intangible assets		69
Other current and non-current assets		4,154
Payables		(1,102)
Other current liabilities		(25,958)
Carrying amounts of net assets	$	(4,699)

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

(k) Material non-controlling interests of subsidiaries

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

Subsidiaries	Main operating location/ Registered Country of the Company	Proportion of shareholding and voting rights 2019.12.31	2018.12.31
Dynamic	Taiwan	61.50 %	61.50 %
Arich	Taiwan	60.50 %	60.50 %

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

1.Collective financial information of Dynamic and its subsidiaries:

	2019.12.31	2018.12.31
Current assets	$ 1,565,451	1,595,387
Non-current assets	658,912	423,782
Current liabilities	(620,505)	(577,416)
Non-Current liabilities	(135,647)	(8,654)
Net assets	$ 1,468,211	1,433,099
Non-controlling interests	$ 792,671	786,234

	For the Years Ended December 31, 2019	2018
Operating revenue	$ 1,178,195	1,164,815
Net income	$ 126,072	122,282
Other comprehensive (loss) income	(9,098)	25,320
Total comprehensive income	$ 116,974	147,602
Profit, attributable to non-controlling interests	$ 69,044	66,576
Comprehensive income, attributable to non-controlling interests	$ 63,206	82,592

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

	For the Years Ended December 31, 2019	2018
Net cash flows from operating activities	$ 266,957	145,787
Net cash flows from investing activities	(312,053)	219,289
Net cash flows from financing activities	(137,917)	(428,052)
Effect of exchange rate changes on cash and cash equivalents	(4,646)	6,397
Net decrease in cash and cash equivalents	$ (187,659)	(56,579)
Dividends paid to non-controlling interests	$ 59,549	62,729

2.Collective financial information of Arich and its subsidiaries:

	2019.12.31	2018.12.31
Current assets	$ 3,306,348	4,396,165
Non-current assets	451,658	315,011
Current liabilities	(2,443,440)	(3,483,311)
Non-Current liabilities	(51,871)	(18,817)
Net assets	$ 1,262,695	1,209,048
Non-controlling interests	$ 763,776	731,326

	For the Years Ended December 31, 2019	2018
Operating revenue	$ 1,112,150	1,301,764
Net income	$ 60,628	50,280
Other comprehensive income (loss)	38,836	(27,591)
Total comprehensive income	$ 99,464	22,689
Profit, attributable to non-controlling interests	$ 36,672	30,413
Comprehensive income, attributable to non-controlling interests	$ 60,163	13,724

	For the Years Ended December 31, 2019	2018
Net cash flows from operating activities	$ 564,438	(233,185)
Net cash flows from investing activities	(40,175)	93,943
Net cash flows from financing activities	(436,946)	(78,927)
Net increase (decrease) in cash and cash equivalents	$ 87,317	(218,169)
Dividends paid to non-controlling interests	$ 28,003	8,089

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

(l) Property, plant and equipment

The cost, depreciation, and impairment of the property, plant and equipment of the Group for the years ended December 31, 2019 and 2018 were as follows:

	Land	Buildings	Medical equipment	Miscellaneous equipment	Equipment to be inspected and construction in progress	Total
Cost or deemed cost:						
Balance as of January 1, 2019	$ 75,758	98,943	257,705	251,331	7,524	691,261
Acquisition through business combination	73,564	173,167	63,049	92,115	2,476	404,371
Additions	-	-	22,439	28,836	-	51,275
Disposal and obsolescence	-	-	(10,893)	(41,009)	-	(51,902)
Transfer from inventories	-	-	35,239	17,536	-	52,775
Transfer to inventories	-	-	(16,333)	(24,409)	-	(40,742)
Reclassification and others	-	-	(20,186)	(1,180)	(10,000)	(31,366)
Effect of movements in exchange rates	(1,727)	(4,065)	(2,225)	(913)	-	(8,930)
Balance as of December 31, 2019	$ 147,595	268,045	328,795	322,307	-	1,066,742
Balance as of January 1, 2018	$ 75,758	98,867	233,579	254,652	-	662,856
Additions	-	82	17,034	8,400	7,524	33,040
Disposal and obsolescence	-	(224)	(10,481)	(4,970)	-	(15,675)
Transfer from inventories	-	-	48,836	15,858	-	64,694
Transfer to inventories	-	-	(30,735)	(21,907)	-	(52,642)
Reclassification and others	-	218	397	(397)	-	218
Effect of movements in exchange rates	-	-	(925)	(305)	-	(1,230)
Balance as of December 31, 2018	$ 75,758	98,943	257,705	251,331	7,524	691,261
Depreciation and impairment losses:						
Balance as of January 1, 2019	$ 4,000	39,025	157,299	204,592	-	404,916
Acquisition through business combination	-	29,550	54,226	52,733	-	136,509
Depreciation for the period	-	4,166	41,905	27,331	-	73,402
Impairment loss recognized (reversed)	-	-	(202)	714	-	512
Disposal and obsolescence	-	-	(9,774)	(40,294)	-	(50,068)
Transfer to inventories	-	-	(14,101)	(16,304)	-	(30,405)
Reclassification and others	-	-	(24,455)	(923)	-	(25,378)
Effect of movements in exchange rates	-	(724)	(2,078)	(807)	-	(3,609)
Balance as of December 31, 2019	$ 4,000	72,017	202,820	227,042	-	505,879
Balance as of January 1, 2018	$ 4,000	36,166	157,240	194,960	-	392,366
Depreciation for the period	-	2,934	36,545	31,336	-	70,815
Impairment loss recognized (reversed)	-	-	(1,671)	(4,819)	-	(6,490)
Disposal and obsolescence	-	(75)	(9,963)	(4,841)	-	(14,879)
Transfer from inventories	-	-	-	116	-	116
Transfer to inventories	-	-	(23,523)	(12,578)	-	(36,101)
Reclassification and others	-	-	(621)	621	-	-
Effect of movements in exchange rates	-	-	(708)	(203)	-	(911)
Balance as of December 31, 2018	$ 4,000	39,025	157,299	204,592	-	404,916

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

	Land	Buildings	Medical equipment	Miscellaneous equipment	Equipment to be inspected and construction in progress	Total
Carrying amount:						
Balance as of December 31, 2019	$ 143,595	196,028	125,975	95,265	-	560,863
Balance as of December 31, 2018	$ 71,758	59,918	100,406	46,739	7,524	286,345
Balance as of January 1, 2018	$ 71,758	62,701	76,339	59,692	-	270,490

As of December 31, 2019 and 2018, the property, plant and equipment of the Group had been pledged as collateral for bank borrowings. Please refer to note(8).

(m) Right-of-use assets

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

	Buildings	Machinery and equipment	Other equipment	Total
Cost:				
Balance as of January 1, 2019	$ 344,316	741	1,440	346,497
Acquisition through business combination	71,130	-	-	71,130
Additions	4,883	324	-	5,207
Disposal / Write-off	(68,792)	-	-	(68,792)
Others	(37,429)	-	-	(37,429)
Effect of movements in exchange rates	(61)	-	-	(61)
Balance as of December 31, 2019	$ 314,047	1,065	1,440	316,552
Accumulated depreciation and impairment losses:				
Balance as of January 1, 2019	$ -	-	-	-
Acquisition through business combination	10,864	-	-	10,864
Depreciation for the year	76,378	383	1,152	77,913
Disposal / Write-off	(9,730)	-	-	(9,730)
Others	(1,360)	-	-	(1,360)
Effect of movements in exchange rates	(106)	-	-	(106)
Balance as of December 31, 2019	$ 76,046	383	1,152	77,581
Carrying amount:				
Balance as of December 31, 2019	$ 238,001	682	288	238,971

The Group terminated and modified parts of the lease contract, resulting in a decrease in right-of-use assets of $59,062 thousand to be recognized for the years ended December 31, 2019.

For the year ended December 31,2018, the Group leases storage room, machinery and parking space under operating lease, please refer to Note (6)(w).

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

(n) Investment property

	Buildings
Cost or deemed cost:	
Balance as of January 1, 2019	$ 220,645
Acquisition through business combination	390,585
Others	186,221
Balance as of December 31, 2019	$ **797,451**
Balance as of January 1, 2018	$ 220,645
Balance as of December 31, 2018	$ **220,645**
Depreciation and impairment losses:	
Balance as of January 1, 2019	$ 26,436
Acquisition through business combination	7,462
Depreciation for the year	3,286
Others	(28,361)
Balance as of December 31, 2019	$ **8,823**
Balance as of January 1, 2018	$ 23,531
Depreciation for the year	2,905
Balance as of December 31, 2018	$ **26,436**
Book value:	
Balance as of December 31, 2019	$ **788,628**
Balance as of December 31, 2018	$ **194,209**
Balance as of January 1, 2018	$ **197,114**
Fair Value:	
Balance as of December 31, 2019	$ **809,620**
Balance as of December 31, 2018	$ **404,100**

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

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

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

As of December 31, 2019 and 2018, the investment properties were not pledged as collateral.

(o) Intangible assets

The costs, amortization and impairment of the intangible assets of the Group for the years ended December 31, 2019 and 2018, were as follows:

	Goodwill	Software	Other intangible assets	Total
Cost:				
Balance as of January 1, 2019	$ 46,131	13,236	79,335	138,702
Additions	-	727	-	727
Acquisition through business combinations	10,699	-	-	10,699
Disposals	-	(818)	-	(818)
Effect of movement in exchange rates	(786)	(13)	-	(799)
Balance as of December 31, 2019	$ 56,044	13,132	79,335	148,511
Balance as of January 1, 2018	$ 46,686	9,632	79,335	135,653
Additions	-	3,189	-	3,189
Reclassification	-	462	-	462
Disposal and obsolescence	-	(2)	-	(2)
Effect of movement in exchange rates	(555)	(45)	-	(600)
Balance as of December 31, 2018	$ 46,131	13,236	79,335	138,702
Amortization and impairment loss:				
Balance as of January 1, 2019	$ 12,926	9,225	76,966	99,117
Amortization	-	2,366	814	3,180
Impairment loss recognized	15,712	-	-	15,712
Disposals	-	(749)	-	(749)
Effect of movement in exchange rates	(705)	(11)	-	(716)
Balance as of December 31, 2019	$ 27,933	10,831	77,780	116,544

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

	Goodwill	Software	Other intangible assets	Total
Balance as of January 1, 2018	$ 13,139	6,534	76,079	95,752
Amortization	-	2,729	887	3,616
Disposal and obsolescence	-	(2)	-	(2)
Effect of movement in exchange rates	(213)	(36)	-	(249)
Balance as of December 31, 2018	$ 12,926	9,225	76,966	99,117
Book value:				
Balance as of December 31, 2019	$ 28,111	2,301	1,555	31,967
Balance as of December 31, 2018	$ 33,205	4,011	2,369	39,585
Balance as of January 1, 2018	$ 33,547	3,098	3,256	39,901

1.Amortization

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

	For the Years Ended December 31, 2019	2018
Operating costs	$ 814	887
Operating expenses	2,366	2,729
Total	$ 3,180	3,616

(p) Short-term borrowings

	2019.12.31	2018.12.31
Secured bank loans	$ 10,000	10,000
Unsecured bank loans	1,202,967	1,100,000
Total	$ 1,212,967	1,110,000
Unused short-term credit lines	$ 2,280,447	1,335,397
Range of interest rates	0.96%~3.65%	1.01%~1.70%

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

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

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

(q) Bonds payable

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

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

Proceeds from issue (less transaction costs $4,250 thousand)	$ 295,750
Equity component (less transaction costs allocated to the equity component of $155 thousand and related tax effect of $26 thousand)	(10,792)
Deferred tax assets	723
Liability component at the date of issue (less transaction costs allocated to the liability component of $4,095 thousand and related tax effect of $697 thousand)	285,681
Interest charged at an effective interest rate of 1.63%	2,870
Convertible bonds converted into ordinary shares	(277,278)
Liability component at December 31, 2017	11,273
Interest charged at an effective interest rate of 1.63%	49
Convertible bonds converted into ordinary shares	(11,322)
Liability component at August 21, 2018	$ -

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

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

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

Proceeds from issue (less transaction costs $4,300 thousand)	$	295,700
Equity component (less transaction costs allocated to the equity component of $166 thousand and add related tax effect of $28 thousand)		(11,472)
Deferred tax assets		731
Liability component at the date of issue (less transaction costs allocated to the liability component of $4,134 thousand and add related tax effect of $703 thousand)		284,959
Interest charged at an effective interest rate of 1.71%		15,041
Liability component at January 29, 2018	$	300,000

(r) Other payables

	2019.12.31	2018.12.31
Logistics services payable	$ 1,300,798	2,092,364
Others	508,973	406,316
	$ 1,809,771	2,498,680

(s) Refund liabilities

	2019.12.31	2018.12.31
Refund liabilities	$ 28,146	31,395

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

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

(t) Provisions

	2019.12.31	2018.12.31
Warranties	$ 16,582	17,237

	Warranties	Sales returns and discounts	Total
Balance at January 1, 2019	$ 17,237	-	17,237
Additions	17,348	-	17,348
Provisions reversed or used	(18,001)	-	(18,001)
Effect of exchange rate changes	(2)	-	(2)
Balance at December 31, 2019	$ 16,582	-	16,582
Balance at January 1, 2018	$ 17,352	32,216	49,568
Effects of retrospective application	-	(32,216)	(32,216)
Additions	17,076	-	17,076
Provisions reversed or used	(17,212)	-	(17,212)
Effect of exchange rate changes	21	-	21
Balance at December 31, 2018	$ 17,237	-	17,237

Warranties

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

(u) Long-term borrowings

The details were as follows:

	2019.12.31
Secured bank loans	$ 8,699
Less: current portion	(8,055)
Total	$ 644
Range of interest rates	5.5%~6.2%

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

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

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

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

(v) Lease liabilities

The carrying amounts of lease liabilities were as follows:

	2019.12.31
Current	$ 77,418
Non-current	$ 163,791

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

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

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

The amounts recognized in profit or loss were as follows:

	For the Years Ended December 31, 2019
Interest on lease liabilities	$ 5,114
Income from sub-leasing right-of-use assets	$ 5,518
Expenses relating to short-term leases	$ 9,806
Expenses relating to leases of low-value, excluding short-term leases of low-value assets	$ 42

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

	For the Years Ended December 31, 2019
Total cash outflow for leases	$ 86,187

1. Buildings leases

As of December 31, 2019, the Group leases buildings for its office space. The leases of office space typically run for a period of 2 to 10 years. Some leases include an option to renew the lease for an additional period of the same duration after the end of the contract term.

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

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

2. Other leases

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

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

(w) Operating leases

1.Leases as lessee

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

Non-cancellable operating lease rentals payable were as follows:

	2018.12.31
Within 1 year	$ 82,264
1 to 5 years	159,702
More than 5 years	36,078
	$ 278,044

The total of future minimum sublease payments expected to be received under non-cancellable subleases at December 31, 2018 was $98,836 thousand.

2.Leases as lessor

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

	2019.12.31
Within 1 year	$ 32,025
1 to 5 years	50,242
More than 5 years	4,440
	$ 86,707

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

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

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

	2018.12.31
Within 1 year	$ 32,855
1 to 5 years	61,440
More than 5 years	13,003
	$ 107,298

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

(x) Other current liabilities

In November 2015, the Group entered into a repurchase agreement with Excelsior Asset Management Co., Ltd. ("Excelsior Asset") regarding the real estate in Taichung. The Group acquired all shares of Excelsior Asset on August 2, 2019 and signed an agreement of repurchase abandonment on August 28, 2019, wherein the deferred income of $207,844 thousand was recognized as other current liabilities.

(y) Employee benefits

1.Defined benefit plans

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

	2019.12.31	2018.12.31
Present value of defined benefit obligations	$ 100,419	105,174
Fair value of plan assets	(89,300)	(85,855)
Net defined benefit liabilities	$ 11,119	19,319

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

1) Composition of plan assets

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

The Group's Bank of Taiwan labor pension reserve account balance amounted to $89,170 thousand as of December 31, 2019. For information on the utilization of the labor pension fund assets, including the asset allocation and yield of the fund, please refer to the website of the Bureau of Labor Funds, Ministry of Labor.

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

2) Movements in present value of the defined benefit obligations

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

	For the Years Ended December 31,	
	2019	2018
Defined benefit obligations at January 1	$ 105,174	100,816
Current service costs and interest	6,999	3,455
Remeasurements on the net defined benefit obligation		
—Actuarial gains and losses arising from experience adjustments	(11,005)	1,577
—Actuarial gains and losses arising from changes in demographic assumptions	571	236
—Actuarial gains and losses arising from changes in financial assumptions	2,857	1,178
Exchange differences on foreign plans	19	(28)
Benefit paid	(4,196)	(1,782)
Other adjustments	-	(278)
Defined benefit obligations at December 31	$ 100,419	105,174

3) Movements of defined benefit plan assets

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

	For the Years Ended December 31,	
	2019	2018
Fair value of plan assets at January 1	$ 85,855	81,592
Interest income	1,004	925
Remeasurement on the net defined benefit obilgation		
—Return on plan assets (excluding current interest)	2,814	2,459
Contribution paid by the employer	3,821	2,582
Exchange differences on foreign plans	2	(6)
Benefits paid	(4,196)	(1,782)
Other adjustments	-	85
Fair value of plan assets at December 31	$ 89,300	85,855

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

4) Expenses recognized in profit or loss

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

	For the Years Ended December 31,	
	2019	2018
Current service costs	$ 5,696	2,166
Net interest of net liabilities for defined benefit obligations	299	364
	$ 5,995	2,530
Operating costs and expenses	$ 5,995	2,530

5) Actuarial assumptions

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

	2019.12.31	2018.12.31
Discount rate	0.800%~5.220%	1.125%~7.530%
Future salary increase rate	2.125%~5.000%	2.125%~5.000%

The expected allocation payment to be made by the Group to the defined benefit plans for the one-year period after the reporting date is $4,585 thousand.

The weighted average lifetime of the defined benefits plans is 11~15 years.

6) Sensitivity analysis

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

	Influences on defined benefit obligations	
	Increased 0.25% and EG Healthcare Increased 1.00%	Decreased 0.25% and EG Healthcare Decreased 1.00%
December 31, 2019		
Discount rate	$ (2,667)	2,842
Future salary increasing rate	2,715	(2,567)
December 31, 2018		
Discount rate	$ (2,757)	2,898
Future salary increasing rate	2,780	(2,661)

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

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

There is no change in the method and assumptions used in the preparation of sensitivity analysis for 2019 and 2018.

2.Defined contribution plans

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

The pension costs incurred from the contributions to the Bureau of the Labor Insurance amounted to $19,346 thousand and $18,257 thousand for the years ended December 31, 2019 and 2018, respectively.

The foreign Company's pension costs under the local laws were $4,361 thousand and $4,330 thousand for the years ended December 31, 2019 and 2018, respectively.

(z) Income taxes

1.Income tax expense

The components of income tax in the years 2019 and 2018 were as follows:

	For the Years Ended December 31, 2019	2018
Current tax expense		
Current period	$ 119,243	101,038
Adjustment for prior periods	(660)	(65)
	118,583	100,973
Deferred tax expense		
Origination and reversal of temporary differences	7,927	11,633
Adjustment in tax rate	-	(15,119)
Adjustment for prior periods	52	2,590
Change in unrecognized deductible temporary differences	(2,011)	-
	5,968	(896)
Income tax expense from continuing operations	$ 124,551	100,077

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

The amount of income tax recognized in other comprehensive income for 2019 and 2018 were as follows:

	For the Years Ended December 31,	
	2019	2018
Items that will not be reclassified subsequently to profit or loss:		
Remeasurement from defined benefit plans	$ (1,596)	3,670
Unrealized gains (losses) on equity instruments at fair value through other comprehensive income	6,370	11,707
	$ 4,774	15,377
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation	$ 12,174	1,899

Reconciliation of income tax and profit before tax for 2019 and 2018 were as follows:

	For the Years Ended December 31,	
	2019	2018
Profit before income tax	$ 746,825	648,500
Income tax using the Group's domestic tax rate	$ 156,262	144,100
Adjustment in tax rate	(577)	(15,119)
Permanent differences	(41,117)	(30,858)
Tax-exempt income	(517)	(337)
Unrecognized deductible temporary differences	(14,740)	(1,147)
Unrecognized unused loss carryforwards	10,113	879
Adjustments for prior periods-current tax expense	(660)	(65)
Adjustments for prior periods-deferred tax expense	52	2,590
Undistributed earnings additional tax	15,735	34
Income tax expense	$ 124,551	100,077

2.Deferred tax assets and liabilities

1) Unrecognized deferred tax assets

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

	2019.12.31	2018.12.31
Tax effect of deductible temporary differences	$ 12,852	27,100
Tax losses	67,243	35,832
	$ 80,095	62,932

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

2) Recognized deferred tax assets and liabilities

Changes in the amount of deferred tax assets and liabilities for the years ended December 31, 2019 and 2018 were as follows:

	Deferred sales returns and allowance	Unrealized losses on inventories	Unrealized gains on investment	Loss carry-forwards	Others	Total
Deferred tax assets:						
Balance at January 1, 2019	$ 6,768	23,797	21,638	65,026	81,484	198,713
Recognized in profit or loss	415	7,543	3,730	(5,475)	5,413	11,626
Recognized in other comprehensive income	-	-	-	-	9,671	9,671
Effect of movements in exchange rates	-	(51)	-	(31)	-	(82)
Balance at December 31, 2019	$ 7,183	31,289	25,368	59,520	96,568	219,928
Balance at January 1, 2018	$ 13,075	12,185	13,556	56,443	65,573	160,832
Recognized in profit or loss	(6,307)	11,530	8,082	8,533	8,644	30,482
Recognized in other comprehensive income	-	-	-	-	7,261	7,261
Effect of movements in exchange rates	-	82	-	50	6	138
Balance at December 31, 2018	$ 6,768	23,797	21,638	65,026	81,484	198,713
Deferred tax liabilities:						
Balance at January 1, 2019	$ -	-	82,724	-	22,829	105,553
Recognized in profit and loss	-	-	23,701	-	(6,107)	17,594
Recognized in other comprehensive income	-	-	-	-	(7,277)	(7,277)
Effect of movements in exchange rates	-	-	-	-	(140)	(140)
Balance at December 31, 2019	$ -	-	106,425	-	9,305	115,730
Balance at January 1, 2018	$ -	-	55,040	-	30,537	85,577
Recognized in profit or loss	-	-	27,684	-	1,902	29,586
Recognized in other comprehensive income	-	-	-	-	(10,015)	(10,015)
Effect of movements in exchange rates	-	-	-	-	405	405
Balance at December 31, 2018	$ -	-	82,724	-	22,829	105,553

3.As of December 31, 2019, the Group's unused prior-years loss carryforwards and the expiry years of the loss carryforwards were as follows:

Year of loss	Unused tax loss	Year of expiry
2014	$ 16,821	2019~2024
2015	46,775	2020~2025
2016	15,148	2021~2026
2017	214,718	2022~2027
2018	119,631	2023~2028
2019	174,741	2024~2029
	19,912	No expiration date
	$ 607,746	

4.Assessment of tax

The Company' s income tax returns for the years through 2017 were assessed by the Tax Administration.

(aa) Capital and other equity

1.Share capital

	2019.12.31	2018.12.31
Number of shares authorized (in thousands)	200,000	200,000
Shares authorized	$ 2,000,000	2,000,000
Number of shares issued and fully paid (in thousands)	128,149	128,149
Shares issued	$ 1,281,490	1,281,490

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

As of December 31, 2018, the bondholders of the fifth domestic convertible bonds had exercised the rights to conversion into certificates of bond-to-stock conversion. The subscription date was November 5, 2018.

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

2.Capital surplus

	2019.12.31	2018.12.31
Additional paid-in capital arising from ordinary share	$ 1,364,262	1,364,262
Additional paid-in capital arising from bond conversion	1,072,079	1,072,079
Difference between consideration and carrying amount of subsidiaries acquired or disposed	98,181	98,181
Changes in ownership interest in subsidiaries	234,979	234,022
Changes in equity of associates accounted for using equity method	124	300
Employee share options	3,322	-
Others	43,860	43,860
	$ 2,816,807	2,812,704

3.Retained earnings

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

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

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

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

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

During the shareholder's meeting on June 18, 2019 and June 21, 2018, the shareholders approved to distribute the 2018 and 2017 earnings, respectively, as follows:

	2018		2017	
	Dividend per share ($)	Amount	Divident per share ($)	Amount
Dividends distributed to common shareholders				
Cash	$ 3.00	384,447	2.80	357,917

4.Other equity interest after tax

	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	Other equity interest-other	Total
Balance at January 1, 2019	$ (61,536)	34,907	-	(26,629)
Exchange differences on translation of foreign financial statement	(77,682)	-	-	(77,682)
Exchange differences on associates accounted for using equity method	31,315	-	-	31,315
Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	-	16,142	-	16,142
Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income, associates accounted for using equity method	-	35,101	-	35,101
Disposal of investments in equity instrunents designated at fair value through other comprehensive income	-	(34,596)	-	(34,596)
Balance at December 31, 2019	$ (107,903)	51,554	-	(56,349)
Balance at January 1, 2018	$ (61,019)	97,579	(212,359)	(175,799)
Exchange differences on translation of foreign financial statement	(44,842)	-	-	(44,842)
Exchange differences on associates accounted for using equity method	44,325	-	-	44,325
Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	-	(31,070)	-	(31,070)
Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income, associates accounted for using equity method	-	3,723	-	3,723
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	(35,325)	-	(35,325)
Others	-	-	212,359	212,359
Balance at December 31, 2018	$ (61,536)	34,907	-	(26,629)

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

5.Non-controlling interests after tax

	For the Years Ended December 31,	
	2019	2018
Balance, beginning of year	$ 1,535,562	1,608,334
Effects of refrospective application	-	89,400
Shares attributed to non-controlling interests		
Net income	107,519	96,861
Exchange differences on translation of foreign financial statements	(4,493)	(10,757)
Unrealized gains or losses from financial assets measured at fair value through other comprehensive income	16,535	(4,424)
Gains or losses on remeasurements of defined benefit plans	3,566	773
Acquisition of non-controlling interests in subsidiaries	-	(170,943)
Cash dividends of subsidiaries distributed to non-controlling interests	(87,552)	(73,682)
Non-controlling interests of acquiring subsidiaries	113,049	-
Equity value differences of subsidiaries under equity method	1,385	-
Balance, end of year	$ 1,685,571	1,535,562

(ab) Share-based payment

The Company decided to issue ordinary shares for cash, with a par value of $10 per share, which had been approved during the Board meeting on November 7, 2019. A part of the shares were reserved and restricted for full time employees who met the Company' s requirements to subscribe. The restricted stock has been registered with, and approved by, the Securities and Futures Bureau of the Financial Supervisory Commission, R.O.C., with the capital increase date set on January 15, 2020.

As of December 31, 2019, the Group had share-based payment arrangements as follows:

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

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

1.Determining the fair value of equity instruments granted

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

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

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

2.Expense recognized in profit or loss

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

	2019
Expenses resulting from cash-settled share-based payment to employees	$ 3,322

(ac) Earnings per share

For the years ended December 31, 2019 and 2018, the basic and diluted earnings per share were calculated as follows:

1.Basic earnings per share

	For the Years Ended December 31,	
	2019	2018
Profit attributable to ordinary shareholders of the Company	$ 514,755	451,562
Weighted average number of ordinary shares (basic)	128,149	128,064

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

2.Diluted earnings per share

	For the Years Ended December 31,	
	2019	**2018**
Profit attributable to the Company	$ 514,755	451,562
Effect of potentially dilutive ordinary shares -convertible bonds	-	49
Profit attributable to ordinary shareholders of the Company	$ 514,755	451,611
Weighted average number of ordinary shares (basic)	128,149	128,064
Convertible bonds	-	85
Effect of employee stock compensation	729	725
Weighted average number of ordinary shares (diluted)	128,878	128,874

(ad) Revenue from contracts with customers

1.Disaggregation of revenue

	For the Years Ended December 31,	
	2019	**2018**
Primary geographical markets:		
Taiwan	$ 6,106,927	5,921,967
Hong Kong	73,017	184,812
Mainland China	70,911	108,929
Philippines	110,772	129,323
Malaysia	95,735	-
	$ 6,457,362	6,345,031
Major products:		
Product revenue		
Medical equipment and Supplies	$ 3,608,106	3,375,877
Medicines	958,838	1,124,628
Aesthetic medical equipment and Supplies	992,944	1,010,661
Household appliances	106,011	37,155
Other	62,281	86,108
Repair and maintenance revenue	246,283	209,354
Other operating revenue	482,899	501,248
	$ 6,457,362	6,345,031

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

(ae) Employee compensation and directors' remuneration

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

For the years ended December 31, 2019 and 2018, the Company estimated its employee compensation amounting to $32,365 thousand and $28,831 thousand, and directors' remuneration amounting to $16,183 thousand and $14,416 thousand, respectively. The estimated amounts mentioned above are calculated based on the net profit before tax, excluding the compensation to employees and remuneration to directors of each period, multiplied by the percentage specified in the Company's articles. These remunerations were expensed under operating costs or operating expenses during 2019 and 2018. Related information would be available at the Market Observation Post System website. The aforesaid amounts are identical to those stated in the individual reports. The employee compensation and the directors' remuneration for 2019 is still to be determined by the Board meeting and the shareholders' meeting. The difference between the actual amounts and the estimation of employee remuneration in 2019 will be treated as changes in accounting estimates and adjusted in profit or loss in the following year.

(af) Non-operating income and expenses

1.Other income

The details of other income were as follows:

	For the Years Ended December 31,	
	2019	2018
Interest income		
Interest income from bank deposits	$ 42,739	25,588
Receivables	1,899	3,279
Dividend income	15,424	14,681
Other income	11,221	3,302
Total	$ 71,283	46,850

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

2.Financial costs

The details of financial costs were as follows:

	For the Years Ended December 31, 2019	2018
Interest expenses		
Bank borrowings	$ 14,574	16,138
Interest on convertible bonds	-	443
Others	9,246	5,464
	$ 23,820	22,045

3.Other gains and losses

The details of other gains and losses were as follows:

	For the Years Ended December 31, 2019	2018
Gains on disposal of property, plant, and equipment	$ 52,061	525
Gain on disposal of subsidiaries	13,167	-
Losses on disposals of investments	-	(2,780)
Foreign exchange (losses) gains	(2,708)	19,260
Net gains or losses on financial assets (liabilities) measured at fair value through profit or loss	32	(380)
Impairment loss recognized on non-financial assets	(30,285)	(838)
Others	12,739	10,174
Total	$ 45,006	25,961

(ag) Reclassification adjustments of components of other comprehensive income

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

	For the Years Ended December 31, 2019	2018
Equity instruments at fair value through other comprehensive income		
Net changes in fair value	$ (8,289)	(83,655)
Net changes of fair value reclassified to retained earnings	34,596	35,325
Net gains or losses recognized in other comprehensive income	$ 26,307	(48,330)

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

(ah) Financial instruments

1. Credit risks

1) Credit risk exposure

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

2) Concentration of credit risk

To minimize credit risks of receivables, the Group periodically evaluates the customers' financial positions and the possibility of collecting trade receivables. And, the impairment losses are always within the management's expectation. As of December 31, 2019 and 2018, 39% and 34%, respectively, of notes receivable and accounts receivable were two major customers. Thus, credit risk is significantly centralized.

2.Liquidity risks

The following are the contractual maturities of financial liabilities of the Group, including estimated interest payments and excluding the impact of netting arrangements:

	Carrying amount	Contractual cash flow	On Demand or Less than 1 month	1-3 months	3-6 months	6-12 months	1-2 years	More than 2 years
December 31, 2019								
Non-derivative financial liabilities								
Long-term and short-term borrowings	$ 1,221,666	1,221,666	1,213,638	1,343	2,014	4,027	644	-
Payables	2,869,049	2,869,049	1,127,010	268,280	1,458,313	13,309	2,137	-
Lease liabilities	241,209	241,209	6,476	13,064	19,305	38,573	63,047	100,744
	$ 4,331,924	4,331,924	2,347,124	282,687	1,479,632	55,909	65,828	100,744
December 31, 2018								
Non-derivative financial liabilities								
Long-term and short-term borrowings	$ 1,110,000	1,110,015	1,100,000	-	10,015	-	-	-
Payables	3,906,468	3,920,225	913,693	352,125	2,233,307	1,086	8,822	411,192
	$ 5,016,468	5,030,240	2,013,693	352,125	2,243,322	1,086	8,822	411,192

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

3.Market risks

1) Currency risks

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

			2019.12.31	
Functional currency	Exchange rate	Currency	Foreign currency (in thousands)	Carrying amount (TWD)
Financial assets				
Monetary items				
TWD	29.980	USD	$ 8,731	261,756
TWD	0.276	JPY	799,552	220,676
HKD	7.789	USD	7,795	60,716
Non-Monetary items				
TWD	0.026	KRW	5,126,917	134,325
USD	0.144	CNY	28,878	124,320
USD	0.128	HKD	103,629	398,867
USD	0.235	MYR	18,505	130,143
Financial liabilities				
Monetary items				
TWD	0.276	JPY	431,975	119,170

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

			2018.12.31	
Functional currency	Exchange rate	Currency	Foreign currency (in thousands)	Carrying amount (TWD)
Financial liabilities				
Monetary items				
TWD	0.278	JPY	480,543	133,687

Since the Group has many kinds of currency, the information on foreign exchange gains or losses on monetary items is disclosed by total amount. For the years ended December 31, 2019 and 2018, foreign exchange gains or losses amounted to losses of $2,708 thousand and gains of $19,260 thousand, respectively.

2) Sensitivity analysis

The Group's foreign exchange exposure to foreign currency risk arises from foreign currency exchange fluctuations on cash and cash equivalents, financial assets measured at amortized cost, financial assets at fair value through other comprehensive income and accounts payables. Assuming other variables remain the same, a 1% depreciation or appreciation of the TWD against foreign currency for the years ended December 31, 2019 and 2018 would have increased or decreased the net profit after tax by $3,577 thousand and $12,073 thousand, respectively. The analysis is performed on the same basis for both periods.

3) Interest rate risk

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

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

If the interest rate increases or decreases by 1%, assuming that all other variables remain constant, the Group's profit will decrease or increase by $4,848 thousand and $8,267 thousand for the years ended December 31, 2019 and 2018, respectively. The changes are mainly due to floating rate bank deposits and borrowings of the Group.

4) Other price risks

Assuming that the analysis is performed on the same basis for both periods, if equity prices had been 1% higher/lower, pre-tax other comprehensive income for the years ended December 31, 2019 and 2018 would have increased/decreased by $6,901 thousand and $7,296 thousand, respectively, as a result of the changes in fair values of financial assets at fair value through profit and loss and financial assets at fair value through other comprehensive income.

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

4.Fair value information

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

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

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

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

1) The categories and fair values of financial instruments

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

	2019.12.31				
		Fair value			
	Book value	Level 1	Level 2	Level 3	Total
Financial assets at fair value through other comprehensive income					
Domestic listed shares	$ 115,303	115,303	-	-	115,303
Foreign listed shares	174,161	39,895	-	134,266	174,161
Domestic unlisted shares	153,089	-	-	153,089	153,089
Foreign unlisted shares	247,532	-	-	247,532	247,532
Sub-total	690,085	155,198	-	534,887	690,085
Financial assets at amortized cost					
Cash and cash equivalents	2,828,776	-	-	-	-
Time deposits with original maturity of more than 3 months	524,614	-	-	-	-
Receivables	4,267,215	-	-	-	-
Other financial assets	262,480	-	-	-	-
Sub-total	7,883,085	-	-	-	-
Total	$ 8,573,170	155,198	-	534,887	690,085

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

	2019.12.31				
		Fair value			
	Book value	Level 1	Level 2	Level 3	Total
Financial liabilities at amortized cost					
Short-term and long-term borrowings	$ 1,221,666	-	-	-	-
Payables	2,869,049	-	-	-	-
Lease liabilities	241,209	-	-	-	-
Total	$ 4,331,924	-	-	-	-

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

	2018.12.31				
		Fair value			
	Book value	Level 1	Level 2	Level 3	Total
Financial liabilities at amortized cost					
Short-term borrowings	$ 1,110,000	-	-	-	-
Payables	3,906,468	-	-	-	-
Total	$ 5,016,468	-	-	-	-

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

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

A. Financial assets measured at amortized cost

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

B. Financial assets and financial liabilities measured at amortized cost

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

3) Valuation techniques for financial instruments measured at fair value

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

A. Non-derivative financial instruments

If quoted prices in active markets are available, the prices are established as fair values, such as public quoted company stock and beneficiary certificates, open-end mutual fund.

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

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

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

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

B.Derivative financial instruments

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

4) Changes in level 3 of the fair value

	Financial assets at fair value through profit or loss	Fair value through other comprehensive income
	Derivative financial assets	**unquoted equity instruments**
Balance as of January 1, 2019	$ 21	361,495
Total gains and losses recognized		
In profit or loss	(21)	-
In other comprehensive income	-	(14,209)
Reclassification and effect of movements in exchange rates	-	187,601
Balance as of December 31, 2019	$ -	534,887
Balance as of January 1, 2018	$ 700	427,649
Total gains and losses recognized		
In profit or loss	(687)	-
In other comprehensive income	-	(68,147)
Reclassification and effect of movements in exchange rates	8	1,993
Balance as of December 31, 2018	$ 21	361,495

For the years ended December 31, 2019 and 2018, total gains and losses included in "other gains and losses", and "unrealized gains and losses from financial assets at fair value through other comprehensive income" were as follows:

	For the Years Ended December 31, 2019	2018
Total gains and losses recognized		
In profit or loss (accounted as "other gains and losses")	$ (21)	(687)
In other comprehensive income, and presented in "unrealized gains and losses from financial assets at fair value through other comprehensive income"	(14,209)	(68,147)

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

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

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

Quantified information of significant unobservable inputs was as follows:

Item	Valuation techniques	Significant non-observable inputs	The relationship between significant Non-observable inputs and fair value
Financial assets at fair value through profit or loss - Derivatives, Stock warrants	Option pricing models	· Historical volatility (35.32% on December 31, 2018)	·The higher the historical volatility, the higher the fair value.
Financial assets at fair value through other comprehensive income - equity instruments investments without an active market	Comparable Listed Companies Method	· EV/Revenue Value Multiple (1.71 on December 31, 2019) · EV/EBITA Value Multiple (14.95 on December 31, 2019) · P/B Value Multiple (1.11~4.05 and 1.11~3.25 on December 31, 2019 and 2018) · P/E Value Multiple (28.36 on December 31, 2019) · Discount due to Lack of Market liquidity (6.45%~33.53% and 13.07%~35.22% on December 31, 2019 amd 2018)	· The estimated fair value would increase (decrease) if the price of earnings ratio multiple is higher (lower) and the marketability discount is lower (higher)

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

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

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

			Impact on Fair Value Change on Other Comprehensive income or loss	
	Input	**Variation**	**Favorable Change**	**Unfavorable Change**
December 31, 2019				
Financial assets at fair value through other comprehensive income				
Equity instruments without an active market	Value Multiple	5%	$ 58,032	(58,032)
Equity instruments without an active market	Discount due to Lack of Market liquidity	5%	19,677	(19,677)
			$ 77,709	(77,709)
December 31, 2018				
Financial assets at fair value through other comprehensive income				
Equity instruments without an active market	Value Multiple	5%	$ 17,756	(17,756)
Equity instruments without an active market	Discount due to Lack of Market liquidity	5%	23,967	(23,967)
			$ 41,723	(41,723)

(ai) Financial risk management

1.Overview

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

1) credit risk

2) liquidity risk

3) market risk

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

2.Risk management framework

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

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

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

3.Credit risk

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

1) The carrying amount of the respective recognized financial assets as stated in the consolidated balance sheets; and

2) The amount of contingent liabilities in relation to financial guarantee issued by the Group.

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

Please refer to Note (13)(a) for the information of guarantees and endorsements for subsidiaries as of December 31, 2019.

4.Liquidity risk

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

5.Market risk

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

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

1) Currency risk

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

2) Interest rate risk

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

3) Other price risk

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

(aj) Capital Management

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

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

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

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

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

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

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

Reconciliation of liabilities arising from financing activities were as follows:

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

(7) Related Party Transactions

(a) Names and relationship with related parties

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

Name of related party	Relationship with the Group
Excelsior Investment Co., Ltd.	Entities with significant influence over the Group
Excelsior Group Holdings Co., Ltd.	〃
Jiate Excesior Co., Ltd. (Jiate)	Associate
Bestchain Healthtaiwan Co., Ltd. (Bestchain)	〃
Visionfront Corporation	〃
Sunrise Health Care Company	〃
Excelsior Renal Service Co., Limited (ERS)	〃
Asia Best Healthcare Co., Limited (ABH)	〃
Medifly Co., Ltd.	〃
Asia Best Life Care Technology Co., Ltd.	〃
Asia Best Biomedical Co., Ltd.	〃
CYJ INTERNATIONAL COMPANY LIMITED (CYJ)	〃
Medytox Taiwan Inc.	〃
Arich Best Chain Co., Ltd.(Arich Best Chain)	〃
BAUI Biotech Co., Ltd.	Associate before November 28, 2018
CYJ International Taiwan Inc. (CYJ Taiwan)	Associate before October 1, 2019

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

Name of related party	Relationship with the Group
Excelsior Asset Management Co., Ltd. (Excelsior Asset)	Joint venture before August 2, 2019
Arcos Bio-Tech Corporation	The Company is one of its directors before January 18, 2019
SciVision Biotech Inc.	Other related parties
Triple AI Technology Co., Ltd.	〃
Excelsior Health Foundation	〃
Caregen Co., Ltd.	〃
Cosplus China Ltd.	Joint venture before October 11, 2018

(b) Significant transactions with related parties

1.Operating revenue

1) Sales revenue

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

	For the Years Ended December 31, 2019	2018
Associates - Bestchain	$ 1,596,110	1,440,170
Associates - ERS	726,854	687,146
Associates - Others	47,951	21,863
	$ 2,370,915	2,149,179

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

2) Repair and maintenance revenue

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

	For the Years Ended December 31, 2019	2018
Associates - ERS	$ 70,754	67,590
Associates - Others	5,345	832
	$ 76,099	68,422

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

3) Other operating revenue-rental revenue

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

	For the Years Ended December 31,	
	2019	2018
Entities with significant influence over the Group	$ 72	72
Associates - CYJ Taiwan	3,848	5,090
Associates - ABH	5,916	1,012
Associates - ERS	3,141	2,261
Associates - Others	1,001	999
Joint venture - Excelsior Asset	3,224	5,517
Other related parties	47	47
	$ 17,249	14,998

4) Other operating revenue-service revenue

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

	For the Years Ended December 31,	
	2019	2018
Associates	$ 14,724	10,557
Joint venture - Excelsior Asset	1,750	3,000
Joint venture - others	-	5,001
	$ 16,474	18,558

2.Purchases from related parties

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

	For the Years Ended December 31,	
	2019	2018
Associates	$ 15,197	7,962
Other related parties	84,260	65,069
	$ 99,457	73,031

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

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

3.Receivables from related parties

Receivables from related parties were as follows:

Accounted for as	Category of related party	2019.12.31	2018.12.31
Notes receivables	Associates	$ 56	-
Other notes receivables	Associates	1,687	5,120
Accounts receivables	Associates - Bestchain	456,715	405,710
Accounts receivables	Associates - ERS	146,371	140,444
Accounts receivables	Associates - Others	21,010	8,212
Accounts receivables	Joint venture - Excelsior Asset	-	263
Other receivables	Associates	3,992	5,545
Other receivables	Joint venture - Excelsior Asset	-	35
		$ 629,831	565,329

4.Payables to related parties

Payables to related parties were as follows:

Accounted for as	Category of related party	2019.12.31	2018.12.31
Accounts payables	Associates	$ 3,484	3,102
Accounts payables	Other related parties	13,503	21,672
Other payables	Associates	7,986	10,546
Other payables	Joint venture - Excelsior Asset	-	4
Long-term payables	Joint venture - Excelsior Asset	-	393,109
		$ 24,973	428,433

5.Property transactions

1) Disposals of property, plant and equipment

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

	For the Years Ended December 31,			
	2019		2018	
Category of related party	Disposal price	Gains (losses) from disposal	Disposal price	Gains (losses) from disposal
Associates	$ 57	54	321	295

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

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

6.Guarantee

As of December 31, 2019 and 2018, the Group provided associates guarantees for loans. The credit limit of the guarantees were $761,200 thousand and $760,000 thousand, respectively, and the amount utilized were $100,000 thousand and $165,000 thousand, respectively.

7.Others

	For the Years Ended December 31, 2019	2018
Associates and Other related parties		
Other revenue-rental revenue	$ 279	372
Fright and warehousing expenses	(40,410)	(39,962)
Rent expense	(1,066)	(287)
Other expense	(18,509)	(2,174)
	$ (59,706)	(42,051)
Joint venture		
Other revenue	$ 2	3
Rent expense	(1,402)	(2,404)
Other expense	(120)	(249)
	$ (1,520)	(2,650)

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

As of December 31, 2019 and 2018, the Group had received long-term collections in advance (included in other non-current liabilities) from the joint venture for $0 thousand and $8,162 thousand, respectively. The Group had also received collections in advance from the joint venture for $0 thousand and $5,311 thousand, respectively. In addition, the Group had received collections in advance from associates for $120 thousand and $1,344 thousand as of December 31, 2019 and 2018, respectively.

The outstanding receivables from related parties are unsecured. For the years ended December 31, 2019 and 2018, no impairment loss was recognized for receivables from related parties.

The outstanding payables to related parties are unsecured.

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

(d) Key management personnel compensation

Key management personnel compensation comprised:

	For the Years Ended December 31,	
	2019	2018
Short-term employee benefits	$ 80,322	62,579
Post-employment benefit	906	804
	$ 81,228	63,383

(8) Pledged Assets

The carrying amount of pledged assets were as follows:

Pledged assets	Object	2019.12.31	2018.12.31
Current deposits and time deposits	Bank loans, bank guarantee and credit card document receiving service guarantee	$ 90,815	92,356
Notes receivable and other notes receivable	Guarantee of short-term loan or strengthening credit	159,165	261,721
Property, plant and equipment	Bank loans	204,612	102,579
		$ 454,592	456,656

(9) Significant Commitments and Contingencies

(a) Unrecognized contractual commitments

1. As of December 31, 2019 and 2018, the unused letters of credit were $61,353 thousand and $62,999 thousand, respectively.

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

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

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

4. In September 2010, the Company entered into a license agreement with 3-D Matrix, Ltd. ("3DM") for ten years. The agreement may be automatically extended for two years unless otherwise notified by either party at least six month prior to the expiration date of the agreement and may be extended in the same manner thereafter. Pursuant to the agreement, 3DM shall grant the Company an exclusive right to develop, sell and manufacture the products mentioned in the agreement in Taiwan, and the Company shall pay a royalty at an agreed amount and shall pay agreed amounts for purchases of inventories within agreed periods after the approvals relating to the products are obtained from the health authorities.

(10) Losses Due to Major Disasters : None.

(11) Subsequent Events

A resolution was passed during the Board meeting held on November 7, 2019 for issuance of 13,000 thousand new shares for cash with par value of 10 per share, amounting to $130,000 thousand. The capital increase date is set to be January 15, 2020. The related registration procedures were completed, and all issued shares were paid up upon issuance.

(12) Others

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

By function / By item	For the Years Ended December 31, 2019			For the Years Ended December 31, 2018		
	Operating cost	Operating expense	Total	Operating cost	Operating expense	Total
Employee benefits						
Salary	155,446	360,276	515,722	140,138	367,299	507,437
Labor and health insurance	15,627	25,679	41,306	12,571	23,728	36,299
Pension	8,847	20,855	29,702	7,046	18,071	25,117
Others	10,862	14,143	25,005	8,232	12,210	20,442
Depreciation	87,209	67,392	154,601	39,946	33,774	73,720
Amortization	914	4,726	5,640	980	5,567	6,547

(13) Other disclosures

(a) Information on significant transactions

The following is the information on significant transactions required by the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" for the Group for the year ended December 31, 2019:

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

(Expressed in thousands of New Taiwan dollars)

No.	Endorsement/guarantee provider	Counter-party		Limitation on endorsement /guarantee amount provided to each guaranteed party	Maximum balance for the year	Ending balance	Amount actually drawn	Amount of endorsement/guarantee collateralized by properties	Ratio of accumulated endorsement/guarantee to net equity per latest financial statements	Maximum endorsement guarantee amount allowance (Note 9)	Guarantee provided by parent company	Guarantee provided by a subsidiary	Guarantee provided to subsidiaries in Mainland China
		Name	Nature of relationship (Note 2)										
0	The Company	Excelsior Investment (Malaysia) Co.,Ltd. (Note 4)	2	1,389,268	207,113	87,420	-	-	1.26 %	6,946,341	Y		
0	〃	EG Healthcare, Inc. (Note 4)	2	1,389,268	61,545	59,215	2,998	-	0.85 %	6,946,341	Y		
0	〃	Bestsmile Co., Ltd. (Note 4)	2	1,389,268	20,000	20,000	10,000	-	0.29 %	6,946,341	Y		
0	〃	Excelsior Renal Service Co., Limited (Note 3)	1	726,854	-	-	-	-	- %	6,946,341			
0	〃	Bestchain Healthtaiwan Co., Ltd. (Note 3)	1	1,592,769	861,200	761,200	100,000	-	10.96 %	6,946,341			
1	Dynamic Medical Technologies Inc.	Dynamic Medical Technologies (Hong Kong) Ltd. (Note 6)	2	256,342	122,354	59,970	-	-	4.68 %	640,855	Y		
2	Excelsior Beauty Co., Ltd.	Dynamic Medical Technologies Inc. (Note 7)	3	71,487	530	-	-	-	- %	178,719		Y	
3	Arich Enterprise Co., Ltd.	Taiwan Shionogi Inc. (Note 5)	1	128,975	-	-	-	-	- %	631,348			
4	Excelsior Medical Co., Limited (Hong Kong)	SinoExcelsior Investment Inc. (Note 8)	2	1,252,559	-	-	-	-	- %	1,252,559	Y		Y

Note 1: the description of number column:
1. 0 is issuer.
2. Investees are listed by name and numbered starting with 1.

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

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

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

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

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

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

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

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

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

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

(Expressed in thousands of New Taiwan dollars)

Name of holder	Category and name of security	Relationship with the Company	Account title	Ending balance				Peak Holding Percentage	Notes
				Number of shares	Book value	Percentage of shares	Market value		
	Stock								
The Company	SciVision Biotech Inc.	-	Fair value through other comprehensive income	473,000	33,961	0.81 %	33,961	2.09 %	
〃	3-D Matrix, Ltd.	-	〃	302,400	39,895	1.01 %	39,895	1.11 %	
〃	Caregen Co., Ltd.	-	〃	55,500	82,798	0.52 %	82,798	0.52 %	
〃	Gie Cheng Co., Ltd.	-	〃	3,795,000	30,056	17.25 %	30,056	17.25 %	
〃	Missioncare Co., Ltd.	-	〃	1,580,526	19,172	1.09 %	19,172	1.09 %	
〃	Missioncare Asset Management Co., Ltd.	-	〃	669,473	6,969	1.05 %	6,969	1.05 %	
〃	Rui Guang Healthcare Co., Ltd.	-	〃	2,423,951	27,197	7.26 %	27,197	7.70 %	
〃	Arcos Bio-Tech Corporation	-	〃	51,014	549	3.03 %	549	3.03 %	
〃	Sunder Biomedical Tech. Co., Ltd.	-	〃	2,279,578	56,534	3.80 %	56,534	3.80 %	
〃	Linkon International Golf & Country Club	-	〃	1	8,125	0.10 %	8,125	0.10 %	
	Stock								
Excelsior Healthcare Co., Ltd.	Chai Tai Bo Ai Investment Ltd.	-	Fair value through other comprehensive income	10,000	30,922	8.00 %	30,922	8.00 %	
EG Healthcare, Inc.	The Orchard Golf & Country Club	-	〃	1	402	- %	402	- %	
Dynamic Medical Technologies Inc.	SciVision Biotech Inc.	Other related parties	〃	1,132,895	81,342	1.95 %	81,342	2.13 %	
〃	Caregen Co., Ltd.	-	〃	34,500	51,468	0.32 %	51,468	0.32 %	
	Stock Warrant								
Dynamic Medical Technologies (Hong Kong) Ltd.	Viveve Medical Inc.	-	Financial assets at fair value through profit or loss	250	-	- %	-	- %	
	Stock								
Excelsior Beauty Co., Ltd.	Join Fun Co., Ltd.	-	Fair value through other comprehensive income	263,340	4,487	19.00 %	4,487	19.00 %	
	Stock								
Arich Enterprise Co., Ltd.	National Pharmaceutical Logistics Corp., Ltd.	Entities with significant influence over the Group	〃	-	216,208	17.65 %	216,208	17.65 %	Note

Note : Act as limited company, no outstanding share.

4. Accumulated buying/selling of the same marketable securities for which the amount reaches $300 million or 20% or more of paid-in capital: None.

5. Acquisition of real estate for which the amount reaches $300 million or 20% or more of paid-in capital : None.

6. Disposition of real estate for which the amount reaches $300 million or 20% or more of paid-in capital: None.

7. Buying/selling products with the amount reaches $100 million or 20% or more of paid-in capital:

(Expressed in thousands of New Taiwan dollars)

			Transaction details				Transactions with terms different from others		Account/note receivable (payable)		
Name of company	Name of Counter-party	Relationship	Purchase/ Sale	Amount	Percentage of total purchases/ sales	Credit period	Unit price	Credit period	Balance	Percentage of total accounts/ notes receivable (payable)	Notes
The Company	Excelsior Renal Service Co., Limited	Associates	Sales	(726,854)	(19.36)%	Net 30-60 days	-		146,371	14.20 %	Note 1
〃	Bestchain Healthtaiwan Co., Ltd.	〃	〃	(1,592,769)	(42.42)%	Net 30-90 days	-		455,067	44.15 %	Note 1

Note 1: The unit price of cost of goods sold for the Company is based on cost-plus pricing approach by product that is lower than average; because, the expense of goods sold for related parties is lower than average price as well.
Note 2: The aforementioned inter-company transactions have been eliminated in the consolidated financial statements.

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

(Expressed in thousands of New Taiwan dollars)

Name of related party	Counter-party	Relationship	Balance of receivables from related party	Turnover rate	Past-due receivables from related party		Subsequently received amount of receivables from related party	Allowances for bad debts
					Amount	Action taken		
The Company	Excelsior Renal Service Co., Limited	Associates	146,371	5.07	-	-	71,770	-
〃	Bestchain Healthtaiwan Co., Ltd.	〃	455,067	3.70	-	-	148,861	-

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

9. Derivative transactions:

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

10. Business relationships and significant inter-company transactions:

Number	Name of the company	Name of the counter-party	Existing relationship with the counter-party	Transaction details during 2019			
				Account name	Amount	Terms of trading	Percentage of the total consolidated revenue or total assets
1	Dynamic Medical Technologies Inc.	Dynamic Medical Technologies (Hong Kong) Ltd.	3	Account Receivable	7,693	The same as the term for other general trading partners	0.06 %
〃	〃	〃	3	Sales	58,386	Base on cost-plus pricing	0.90 %

Note 1: The numbers denote the following:
1. 0 represents the Company.
2. Subsidiaries are listed by names and numbered starting with 1.

Note 2: Relationship with the listed companies:
1. The Company to subsidiary
2. Subsidiary to the Company
3. Subsidiary to subsidiary

Note 3: The transaction amount is calculated as a proportion of the consolidated revenue or assets. If categorized as an asset or liability, the calculation is compared with the consolidated assets; if categorized as income or loss, the calculation is compared with the consolidated income or loss.
Note 4: The aforementioned inter-company transactions have been eliminated in the consolidated financial statements.

(b) Information on investees:

For the year ended December 31, 2019, the following is the information of investees (excluding investees in Mainland china):

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

Name of the investor	Name of investee	Location	Major operations	Initial investment amount		Ending balance			Peak	Net income	Investment	Notes
				Ending balance	Beginning balance	Shares	Ratio of shares	Book value	Holding Percentage	(loss) of the investee	income (losses)	
The Company	Jiate Excesior Co., Ltd.	New Taipei City	Sale, maintenance and lease of medical equipment, and medical management consultancy service	5,279	5,279	1,607,200	49.00 %	20,685	49.00 %	1,296	635	Associates
〃	Bestchain Healthtaiwan Co., Ltd.	New Taipei City	Sale of medical equipment and medicines, interagation of warehousing and information	277,647	277,647	35,708,258	44.68 %	397,779	44.68 %	135,536	60,503	Associates (Note 1)
〃	Arich Enterprise Co., Ltd.	New Taipei City	Sale of medicines, and logistics service	197,604	197,604	17,612,921	39.51 %	496,938	39.51 %	60,628	23,966	Subsidiary (Notes 2、4)
〃	Dynamic Medical Technologies Inc.	New Taipei City	Sale, maintenance and lease of laser medical equipment for beauty treatment, and sale of consumables of beauty treatment and cosmetic products	180,300	180,300	11,550,425	38.50 %	506,633	38.50 %	112,521	43,323	Subsidiary (Note 4)
〃	Excelsior Healthcare Co., Limited	British Virgin Islands	Investment business	1,244,687	1,244,687	39,411,623	100.00 %	1,626,378	100.00 %	96,144	96,144	Subsidiary (Notes 4)
〃	Bestsmile Co., Ltd.	New Taipei City	Sale of medical equipment, and medical management consultancy service	32,093	32,093	1,150,874	98.02 %	6,574	98.02 %	(669)	(656)	Subsidiary (Note 4)
〃	Visionfront Corporation	New Taipei City	Sale of medical equipment, and medical management consultancy service	44,069	44,069	2,434,870	44.47 %	23,849	44.47 %	(3,752)	(1,668)	Associates
〃	Sunrise Health Care Company	New Taipei City	Sale of medical equipment, and medical management consultancy service	18,806	18,806	2,085,547	23.97 %	27,703	29.79 %	2,788	758	Associates
〃	Excelsior Medical Co., Limited (Hong Kong)	Hong Kong	Investment business	1,588,746	1,588,746	53,154,741	64.36 %	1,612,294	64.36 %	34,741	22,359	Subsidiary (Note 4)
〃	Excelsior Beauty Co., Ltd.	New Taipei City	Sale of aesthetic medical and cosmetic health-care products	91,984	91,984	11,534,804	41.02 %	146,508	41.02 %	33,331	13,779	Sub-subsidiary (Note 4)
〃	Excelsior Asset Management Co., Ltd.	New Taipei City	Sales of medical equipment, precision instrument and real estate	780,525	154,056	80,000,000	100.00 %	601,829	100.00 %	4,433	3,785	Sub-subsidiary (Note 4)
〃	Medifly Co., Ltd.	Taichung	Sale of medical equipment and medicines	31,899	31,899	3,228,550	28.66 %	73,906	28.66 %	66,388	19,026	Associates

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

				Initial investment amount		Ending balance			Peak	Net income	Investment	
Name of the investor	Name of investee	Location	Major operations	Ending balance	Beginning balance	Shares	Ratio of shares	Book value	Holding Percentage	(loss) of the investee	income (losses)	Notes
Excelsior Healthcare Co., Limited	EG Healthcare, Inc.	Philippines	Sale and lease of medical equipment, and medical management consultancy service	19,256	19,256	5,293,453	99.99 %	55,501	99.99 %	(5,380)	-	Sub-subsidiary (Note 4)
〃	Excelsior Renal Service Co., Limited	Hong Kong	Sale, maintenance and lease of medical equipment, and medical management consultancy service	312,505	312,505	73,375,728	49.00 %	398,867	49.00 %	155,593	-	Associates
〃	Excelsior Medical Co., Limited (Hong Kong)	Hong Kong	Investment business	862,529	862,529	29,439,829	35.64 %	892,824	35.64 %	34,741	-	Subsidiary (Note 4)
〃	Excelsior Investment (Malaysia) Co., Ltd	British Virgin Islands	Investment business	139,467	15,438	4,486,148	100.00 %	130,143	100.00 %	3,209	-	Sub-subsidiary (Note 4)
Dynamic Medical Technologies Inc.	Dynamic Medical Technologies (Hong Kong) Ltd.	Hong Kong	Sale and maintenance of medical equipment	382,278	382,278	98,777,228	100.00 %	257,040	100.00 %	(18,651)	-	Subsidiary (Note 4)
〃	Excelsior Beauty Co., Ltd.	New Taipei City	Sale of aesthetic medical and cosmetic health-care products	138,745	138,745	15,154,496	53.89 %	187,259	53.89 %	33,331	-	Subsidiary (Note 1、4)
〃	Medytox Taiwan Inc.	New Taipei City	Sale of cosmetic health-care products	18,000	18,000	1,800,000	40.00 %	1,757	40.00 %	(4,401)	-	Associates
Dynamic Medical Technologies (Hong Kong) Ltd.	Excelsior Beauty Limited of Hong Kong	Hong Kong	Sale of professional weight-loss and cosmetic health-care products	25,198	25,198	6,500,000	100.00 %	1,651	100.00 %	(90)	-	Sub-subsidiary (Note 4)
〃	CYJ INTERNATIONAL COMPANY LIMITED	Hong Kong	Sale and treatment of hair regrowth and conditioning	66,547	66,547	2,150,000	50.00 %	11,854	50.00 %	(17,972)	-	Associates
Excelsior Beauty Co., Ltd.	CYJ International Taiwan Inc.	New Taipei City	Sale and treatment of hair protecting and conditioning	97,920	-	9,792,000	80.00 %	90,631	80.00 %	(27,193)	-	Sub-subsidiary (Note 4)
Excelsior Medical Co., Limited (Hong Kong)	Asia Best Healthcare Co., Ltd.	Cayman Islands	Long-term care business	1,395,079	1,395,079	338,800	49.38 %	1,414,743	49.38 %	91,020	-	Associates
Excelsior Investment (Malaysia) Co., Ltd	RENAL LABORATORIES SDN. BHD.	Malaysia	Manufacture of medical equipment	128,572	-	16,773,586	70.00 %	173,155	70.00 %	19,651	-	Sub-subsidiary (Note 4)
〃	MEDI-CHEM SYSTEMS SDN. BHD.	Malaysia	Sale of medical equipment	7,397	-	350,000	70.00 %	41,989	70.00 %	7,948	-	Sub-subsidiary (Note 4)
MEDI-CHEM SYSTEMS SDN. BHD.	RENAL MANAGEMENT SDN. BHD.	Malaysia	Lease business	1,315	-	200,000	100.00 %	9,214	100.00 %	311	-	Sub-subsidiary (Note 4)

Note 1: Including the adjustment made from the unrealized gain/loss with subsidiaries and associates.
Note 2: Including the amortization listed by the book value of net identified assets.
Note 3: According to the regulations, the Company are required to disclose the share of income/loss of investees.
Note 4: The aforementioned inter-company transaction has been eliminated in the consolidated financial statement.

(c) Information on investment in Mainland China:

1. Information on investment in Mainland China:

(Amounts Expressed in Thousands of New Taiwan Dollars)

Name of the investee	Main Businesses and products	Total amount of pain-in capital	Method of investment (Note 1)	Accumulated outflow of Investment from Taiwan as of January 1, 2019	Investment flows		Accumulated outflow of investment from Taiwan as of December 31, 2019	Net income (loss) of the investee	Direct /indirect shareholding (%) by the Company	Peak Holding Percentage	Current investment gains and losses	Carrying Amount	Accumulated Inward Remittance of Earnings
					Out-flow	Inflow							
Excelsior Healthcare (Shanghai) Corporation (Note 5)	Sale and lease of medical equipment, and medical management consultancy service	-	(2)	30,240	-	-	30,240	-	- %	- %	-	-	-
Pacific Beijing Bo-Ai Medical Management Consulting Co., Ltd.	Investment business and medical management consultancy service	84,187	(2)	80,327	-	-	80,327	(75,099)	7.80 %	7.80 %	-	30,922	-
SinoExcelsior Investment Inc. (Note 6)	Investment business, sale and lease of medical equipment, and medical management consultancy service	291,579	(2)	947,845	-	-	947,845	(4,869)	100.00 %	100.00 %	(4,869)	124,320	-
Beijing Sinoexcelsior Investment Management Co. Ltd. (Note 8)	Investment business, sale and lease of medical equipment, and medical management consultancy service	-	(2)	-	-	-	-	(11,965)	- %	100.00 %	(11,965)	-	-
Shanghai Wanli Medical Cosmetology Clinic Co., Ltd. (Note 8)	Sale of professional weight-loss and cosmetic health-care products	-	(2)	-	-	-	-	(12,637)	- %	100.00 %	(12,637)	-	-
Guangzhou Dynamic Inc.	Sale and maintenance of medical equipment	119,598	(2)	119,598	-	-	119,598	(14,135)	100.00 %	100.00 %	(14,135)	11,158	-
Beijing Dynamic Inc. (Note 7)	Sale and maintenance of medical equipment	-	(2)	34,424	-	-	34,424	-	- %	- %	-	-	-
National Pharmaceutical Logistics Corp., Ltd.	Medical logistics	370,493	(3)	66,603	-	-	66,603	159,369	17.65 %	17.65 %	-	216,208	37,614

2. Limitation on investment in Mainland China:

Accumulated Investment in Mainland China as of December 31, 2019 (Note 3、4)	Investment Amounts Authorized by Investment Commission, MOEA (Note 3、4)	Upper Limit on Investment(Note 9)
1,087,625	1,289,640	4,167,805

Note 1: Investments in Mainland China are differentiated by the following four methods:
(1) Direct investment in Mainland China with remittance through a third region.
(2) Incorporation of an investee company in a third region and indirect re-investment in Mainland China through the new entity.
(3) Indirect investment in Mainland China through an existing investee company in a third region.
(4) Other methods (i.e. entrusted Investment)

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

Note 3: Initial investment amounting to $29,213 thousand, has included in accumulated and authorized investment amount; however, the disposal was completed in December 2015. As of December 31, 2019, the original investment amount of $29,213 thousand from Taiwan has not been repatriated yet.

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

Note 5: The liquidation procedure of Excelsior Healthcare (Shanghai) Corporation was completed in March 2016, and the investment had remitted to Excelsior Healthcare Co., Limited in the third place. As of December 31, 2019, the accumulated amount of investment from Taiwan has not been repatriated yet.

Note 6: The current investment outflow is not included the direct investment amount of $207,380 thousand through the third region.

Note 7: The liquidation procedure of Beijing Dynamic Inc. was completed in November 2018, and the investment had remitted to Dynamic Medical Technologies (Hong Kong) Ltd. in the third place. As of December 31, 2019, the accumulated amount of investment from Taiwan has not been repatriated yet.

Note 8: Beijing Sinoexcelsior Investment Management Co., Ltd. and Shanghai Wanli Medical Cosmetology Clinic Co., Ltd. were disposed in October 2019, and the investment had remitted to SinoExcelsior Investment Inc.

Note 9: The upper limit on investment of Excelsior Medical Co., Ltd. is the 60% of net value.

Note 10: All amounts listed are disclosed in NTD.

Note 11: The aforementioned inter-company transactions have been eliminated in the consolidated financial statements.

3. Significant transactions :

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

(14) Segment Information

(a) General information

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

1.Excelsior segment - the Company.

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

3.Arich segment - Arich.

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

5.Other segment - Bestsmile, Excelsior Healthcare, EG Healthcare, Excelsior Investment (Malaysia), RENAL LABORATORIES SDN. BHD., MEDI-CHEM SYSTEMS SDN. BHD., RENAL MANAGEMENT SDN. BHD. and Excelsior Asset.

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

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

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

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

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

For the Years Ended December 31, 2019	Excelsior segment	Dynamic segment	Arich segment	Hong Kong Excelsior segment	Others	Adjustment and Elimination	Total
Revenue							
Revenue from external customers	$ 3,926,744	1,177,946	1,111,607	25,070	215,995	-	6,457,362
Inter-segment revenue	37,946	249	543	148	5,627	(44,513)	-
Interest revenue	4,408	8,361	605	27,241	4,023	-	44,638
Total	$ 3,969,098	1,186,556	1,112,755	52,459	225,645	(44,513)	6,502,000
Interest expense	$ 5,461	1,215	13,292	1,934	2,038	(120)	23,820
Depreciation and amortization	28,019	65,013	31,454	3,253	34,550	(2,048)	160,241
Reportable segment profit (loss)	$ 598,762	157,975	74,651	34,740	82,691	(201,994)	746,825

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

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

(c) Product and service information

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

Name of products and services		For the Years Ended December 31, 2019	2018
Product revenue			
Medical equipment and supplies	$	3,608,106	3,375,877
Medicines		958,838	1,124,628
Aesthetic medical equipment and supplies		992,944	1,010,661
Household appliances		106,011	37,155
Others		62,281	86,108
Repair and maintenance revenue		246,283	209,354
Rental revenue		27,097	22,621
Other operating revenue		455,802	478,627
Total	$	6,457,362	6,345,031

(d) Geographical information

By region		For the Years Ended December 31, 2019	2018
Revenue from external customers:			
Taiwan	$	6,106,927	5,921,967
Hong Kong		73,017	184,812
China		70,911	108,929
Philippines		110,772	129,323
Malaysia		95,735	-
Total	$	6,457,362	6,345,031

By region		2019.12.31	2018.12.31
Non-current assets：			
Taiwan	$	1,379,490	468,042
Hong Kong		3,324	2,343
China		1,466	58,870
Philippines		30,131	16,523
Malaysia		229,730	-
Total	$	1,644,141	545,778

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

(e) Revenue from main customers

		For the Years Ended December 31, 2019	2018
Bestchain	$	1,604,385	1,443,830
Excelsior Renal Service		810,261	762,795
	$	2,414,646	2,206,625