METATECH CORPORATION LIMITED COMPANY

AND SUBSIDIARIES

Consolidated Financial Statements and

Accountants' Review Report

2017 Annual and 2016 Annual

(Stock Code 3224)

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MetaTech

MetaTech Corporation Limited Company And Subsidiaries
2017 Annual and 2016 Annual
Consolidated Financial Statements and
Accountants' Review Report Contents

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MetaTech Corporation Limited Company and Subsidiaries

Relationship Business Consolidated Statement of Financial Statements

The 2017 annual report of the Company (from January 1, 2017 to December 31 , 2017) should be included in the preparation of the consolidated financial statements of the related-party enterprise according to the "Guidelines for the preparation of the consolidated financial statements and relationship reports of the consolidated financial statements of the Company" Are the same as the companies that should be included in the compilation of the consolidated financial statements of the parent and subsidiary companies according to IAS No.10 and the related information that should be disclosed in the consolidated financial statements of the related companies was disclosed in the consolidated financial statements of the former parent and subsidiary companies , No separate preparation of corporate financial statements.

Hereby announced

MetaTech Corporation Limited Company and Subsidiaries

Chairman: Hu Li San

March 27, 2018

PricewaterhouseCoopers Taiwan

Accountants' Review Report

(107) Financial Audit Report No.17004157

Dear MetaTech Corporation Limited Company and Subsidiaries:

I. Opinion:

Consolidated Balance Sheet of MetaTech Corporation Limited Company and Subsidiaries, for the year of 2017 and December 31, 2016, Consolidated Comprehensive Income Statement, Consolidated Statement of Shareholders Equity and Consolidated Statement of Cash Flows for the year of 2017 and for a period from January 1 to December 31, 2016 have been already audited by the Accountant.

In the opinion of the accountant, the Consolidated financial statements in the first paragraph are prepared in all material respects in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers", which are sufficient to express the financial situation of MetaTech Corporation Limited Company and Subsidiaries for the year of 2017 and December 31, 2016 and cash flows and the financial performance for the year of 2017 and for the period from January 1, 2016 to December 31, 2016.

II. Basis for opinion:

We conducted our audits in accordance with the "Regulations Governing Auditing and Attestation of Financial Statements of Financial Institutions by Ce1iified Public Accountants" and generally accepted auditing standards in the Republic of China (ROC GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of MetaTech Corporation Limited Company in accordance with the Code of Professional Ethics for Certified Public Accountants in the Republic of China (the " Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtait1ed is sufficient and appropriate to provide a basis for our opinion.

III. 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; we do not provide a separate opinion on these matters.

The key audit matters of the consolidated financial statements for 2017 MetaTech Corporation Limited Company are as follows:

IV. Distribution warehouse sale revenue due to the appropriateness:

The accounting policies for the recognition of revenue are detailed in Note IV (28) of the financial statements.

The significant judgments adopted in the accounting policies for revenue recognition are detailed in Note V (1) to the financial statements.

MetaTech Corporation Limited Company and Subsidiaries sales model is divided into factory direct shipments and shipping warehouse two types. According to the IAS 18 "Revenue" approved by the Financial Supervisory Commission, sales revenue should be transferred to the purchaser for the risk and reward of the ownership of the goods when the customer picks up the goods. Since the delivery warehouse is located in Shanghai, the pick-up point is not fixed at the pick-up point, and the management relies on the statement prepared by the warehouse custodian according to the inventory change as the basis for recognizing revenue because the processing, recording, and maintenance of the report information are all involved manual work, it is easy to identify income is inappropriate or the inventory keeping entity does not match the amount carried on the account, and the transaction amount before and after the end of the financial statements has a significant impact on the consolidated financial statements. Therefore, the appropriateness of the closing of the sales revenue of the warehouse is listed as This year one of the important check items.

In response to the checking procedure

The accountant's procedures for the appropriateness of the closing of the sales revenue of the warehouse are summarized as follows:

a. According to the understanding of the company's operations and the nature of the industry, assess the shipping warehouse sales revenue recognized rationality of the policies and procedures and found to comply with the applicable financial reporting framework.

b. To understand the process of receipt, management and delivery of the warehouse, and to evaluate and test the related internal controls, including checking the name, quantity and amount of items in the statements prepared by the custodian of the warehouse, checking the delivery schedule and the sales vouchers are consistent with the information and confirm that the revenue from inventory movements has been recorded in the appropriate period.

c. For the period before and after the balance sheet sales of goods warehouse for a period of time the implementation of the closing of the transaction test, including check the delivery warehouse custodian detailed statement of the goods and inventory changes in the name, quantity and sales revenue amount, and confirm that it has been recorded in the appropriate period.

d. Delivery warehouse for the implementation of the number of sentinel inquiry, and check the system and the amount of inventory.

V. Realization of deferred income tax assets:

For the accounting policies of income tax, please refer to Note IV (25) of the financial statements for details. For the accounting estimates and assumptions of income tax, please refer to Note V (2) of the consolidated financial statements: For an explanation of income tax accounting items, please refer to Note VI (15) to the consolidated financial statements.

Deferred income tax assets of MetaTech Corporation Limited Company and its Subsidiaries as of December 31, 2017 amounted to $ 30,209 thousand. In assessing the achievability of deferred income tax assets, management is required to consider whether there is sufficient taxable income for future operation plans, including assumptions about future market expectations, economic conditions, revenue growth rates and cost estimates, because the decision to make the above assumption often involves management's subjective judgment and has a high degree of estimation uncertainty, the accountant classifies the achievability of deferred tax assets as one of the major issues for the current year.

In response to the checking procedure

The accountants' response procedures for the realization of the deferred tax assets are as follows:

a. To understand the operation and nature of the company so as to evaluate the reasonableness of management's future operation plan, including assessing the operation planning process and reviewing the operation plan in line with the management's approval.

b. Ask the management plan of operation plan and evaluate its intention and ability to execute.

c. Review the revenue, cost and expense growth assumptions used by management in future operations and compare with historic results, economic and industry forecasts to assess the reasonableness of estimating the future taxable income.

d. Evaluating the management's sensitivity analysis using alternative assumptions such as net profit-to-fulfillment ratios and confirming that management has properly dealt with the effect of uncertainty about the estimation uncertainty of future realizable taxable income.

VI. Valuation of the allowance for impairment losses on inventories

Please refer to Note IV (12) of the Consolidated Financial Statements for the accounting policy of the stock valuation. For details of the accounting estimates and assumptions of the stock valuation, please refer to Note V (2) of the Consolidated Financial Statements.

Please refer to Note VI (4) of the consolidated financial statements for the explanation of the accounting items for the loss of provision for inventories.

The inventory and allowance for impairment losses of MetaTech Corporation Limited Company and its Subsidiaries as of December 31, 2017 were $ 117,497 thousand and $ 12,281 thousand, respectively.

MetaTech Corporation Limited Company and its Subsidiaries are semiconductor components distribution agents to sales of niche products mainly by the type of consumer products, communications products and connectors for the bulk. Because of a small number of diversified products, but also face fierce market price competition and a shorter life cycle, so the risk of falling inventories loss or obsolescence is higher.

The evaluation of the inventory of MetaTech Corporation Limited Company and its Subsidiaries is based on the lower of the cost and the net realizable value. Due to the management's assessment of the allowance for impairment losses on inventories, including the identification of obsolete stocks and the net realizable value of decisions, often involving subjective judgments and therefore highly uncertain of the estimates, considering that the stock of MetaTech Corporation Limited Company and its Subsidiaries and the loss on its contribution to the impairment have a significant impact on the consolidated financial statements, the accountant listed the assessment of the loss on provision for inventory decline as one of the important items for verification during the year.

In response to the checking procedure

The accountants' response to the procedures for the assessment of the loss on impairment of inventories depreciated is as follows:

a. Based on an understanding of the nature of operations and industry, evaluate the reasonableness of the policies and procedures used in assessing the impairment loss on inventories.

b. Understand the warehouse management process, review its annual inventory plan and participate in the annual inventory count to assess management separation and control the effectiveness of obsolete stocks.

c. Verify that the management level is used to individually evaluate the inventory used for obsolescence. The correctness of the information in the report includes confirmation that the inventory movements fall within the appropriate age range.

d. Review the appropriateness of the basis for estimating the net realizable value of inventories, substantiate supporting documents such as product sales or purchase vouchers, and re-calculate and evaluate the reasonableness of management's decision to allow for the impairment loss.

VII. <u>Other matters - Individual financial report:</u>

MetaTech Corporation Limited Company has prepared individual financial statements for the year of 2017 and 2016, and submitted a qualified audit report to the certified public accountants for reference.

Management and governance unit of the consolidated financial statements of the responsibility

The responsibility of the management is based on the consolidated financial statements expressed in the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" and the IFRSs, IASs, Interpretations and Explanations issued by the Financial Supervisory Commission, and maintain the necessary internal control in connection with the preparation of the consolidated financial statements to ensure that the consolidated financial statements do not contain any material misstatement due to fraud or error.

In the preparation of the consolidated financial statements, the responsibilities of the management also include assessing the ability of MetaTech Corporation Limited Company and its Subsidiaries to continue operations, exposing the relevant issues and adopting the basis of continuing operations, unless the management intends to liquidate or discontinue the operation of the three subsidiaries and subsidiaries or have no other options than those practicable except for the liquidation or suspension of business.

The governance unit (including the audit committee) of MetaTech Corporation Limited Company and its Subsidiaries has the responsibility of supervising the financial reporting process.

VIII. <u>Accountants check the financial statements of the responsibility</u>

The purpose of the auditor's review of the consolidated financial statements is to obtain reasonable assurance as to whether the consolidated financial statements are entirely subject to material misstatement of fraud or error and to issue a verification report.

Reasonable conviction is highly conclusive, but verification conducted in accordance with the generally accepted auditing standards of the Republic of China does not guarantee that it will be able to detect major misrepresentation of the consolidated financial statements. Inaccurate expressions may result from mistakes or fraud. It is considered material if the individual amounts or aggregated amounts that are not properly expressed can reasonably be expected to affect the economic decisions made by the users of the consolidated financial statements.

The certified public accountants in accordance with the generally accepted auditing standards for checking, the use of professional judgment and maintain professional suspicion. The accountant also performs the following tasks:

a. To identify and assess the significant unrealistic presentation of the consolidated financial statements as a result of fraud or error; to design and implement appropriate responses to the assessed risks; and to obtain sufficient and appropriate evidence of verification as a basis for verifying the opinion. Because fraud may involve collusion, falsification, intentional omissions, misrepresentation, or excessive internal controls, the risk of not detecting a major misrepresentation due to fraud is higher than that resulting from the wrongdoer.

b. Obtain necessary understanding of the internal controls related to auditing and checking to design appropriate review procedures at the time, but the purpose is not to express an opinion on the effectiveness of the internal control of MetaTech Corporation Limited Company and its Subsidiaries.

c. Assess the appropriateness of the accounting policies used by management and the reasonableness of the accounting estimates and related disclosures made.

d. Based on the evidence obtained from the examination, it is concluded that there is material uncertainty regarding the appropriateness of the management to adopt the basis for continuing operations and the events or circumstances that may give rise to significant doubts as to the ability of MetaTech Corporation Limited Company and its Subsidiaries to continue as a going concern. In the opinion of the Accountants, there is a serious uncertainty about the events or circumstances, the audit report should remind the users of the consolidated financial statements to pay attention to the relevant disclosures in the consolidated financial statements or to correct the audit opinions if the disclosures are not appropriate. The Accountants' conclusion is based on the evidence of the fragrance obtained at the date of the audit report. However, future events or circumstances may cause MetaTech Corporation Limited Company and its Subsidiaries no longer have the ability to continue as a going concern.

e. Assess the overall presentation, structure and content of the consolidated financial statements (including the related notes), and whether the consolidated financial statements are appropriate to represent the relevant transactions and events.

f. Obtain sufficient and appropriate verification evidence for the financial information of the individuals in the group to express an opinion on the consolidated financial statements. The accountant is responsible for the guidance, supervision and execution of the Group's check of the case, and is responsible for forming the Group's check opinion.

The communication between the accountant and the governing unit includes the planned scope and timing of the audit, as well as major audit findings including the significant absence of internal controls identified in the audit.

The accountants also provided the governing units with the statements concerning the independence of the ROC Certified Public Accountants, who are affiliated with the accounting firm and who are subject to independence. They also communicated with the governing unit all the relationships that may be considered to affect the independence of the accountants, and other matters (including related protective measures).

The accountants decided to check the key issues of 2017 Consolidated Financial Statements of MetaTech Corporation Limited Company and its Subsidiaries from the matters communicated with the governing unit.

This accountant clarifies these matters in the audit report, unless the law does not allow public disclosure of certain matters, or in rare cases, the accountant decides not to communicate certain issues in the audit report because it can reasonably be expected to negatively affect this communication. The impact is greater than the enhanced public interest.

Accountants

Zhi Bing Jun　　　　Xu Ming Chuan

PricewaterhouseCoopers Taiwan

March 27, 2018

Financial Supervisory Commission Approval of number：Finance Securities NO.1050029449

Former Ministry of Finance Securities Commission Approval of number：

(88) Taiwan Finance Securities（6）NO. 16120

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MetaTech

METATECH CORPORATION LIMITED COMPANY AND SUBSIDIARIES

Unit: NT $ Thousand

CONSOLIDATED BALANCE SHEET

(2017 and December 31, 2016)

			December 31, 2016		December 31, 2015	
	Assets	Reference	Amounts	%	Amounts	%
	Current Assets					
1100	Cash and Cash Equivalents	6(1) and 8	$ 203,163	26	$ 331,466	41
1110	Financial assets at fair value through profit or loss-Current	6(2)	-	-	5,088	1
1150	Net Notes Receivable		3,874	1	5,496	1
1170	Net Accounts Receivable	6(3)	301,818	39	241,352	30
1200	Other Receivables		12,867	2	2,022	-
1220	Current Income Tax Assets		1	-	14	-
130X	Inventories	6(4)	105,216	13	106,958	13
1410	Prepayment		2,737	-	3,059	-
1470	Other Current Assets	8	8,759	1	8,372	1
11XX	Total Current Assets		638,435	82	703,827	87
	Non-Current Assets					

1600	Property, Plant And Equipment	6(5) and 8	84,031	11	60,868	7
1780	Intangible assets	6(6)	13,860	2	-	-
1840	Deferred Income Tax Assets	6(15)	30,209	4	20,885	3
1900	Other Non-Current Assets	6(8) (17)	13,161	1	23,287	3
130X	Inventories	6(4)	105,216	13	106,958	13
15XX	Total Non-Current Assets		141,261	18	105,040	13
1XXX	Total Assets		$ 779,696	100	$ 808,867	100
	Liabilities and equity					
	Current Liabilities					
2150	Notes Payable		422	-	1,077	-

（Continued）

MetaTech

METATECH CORPORATION LIMITED COMPANY AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEET

(2017 and December 31, 2016)

Unit: NT $ Thousand

			December 31, 2016		December 31, 2015	
	Assets	Reference	Amounts	%	Amounts	%
2170	Accounts Payable		145,025	19	150,223	19
2200	Other Payables		14,295	2	31,455	4
2230	Current Tax Liabilities	6(15)	2,541	-	-	-
2250	Debt reserves - Current	6(9)	4,433	-	4,433	1
2300	Other Current Assets	6(7)	6,947	1	157,425	19
21XX	Total Current Liabilities		173,663	22	344,433	43
	Non-Current Liabilities					
2570	Deferred Income Tax Liabilities	6(15)	6,515	1	2,139	-
2600	Other Non-Current Asset		3	-	3	-
25XX	Total Non-Current Liabilities		6,518	-	2,142	1
2XXX	Total Liabilities		180,181	23	346,575	49

	Capital Equity Attributable to the Owners of the Parent Company	6(10)				
3110	Capital - Common Share		440,160	56	400,000	49
	Additional Paid-In Capital	6(7)(11)				
3200	Additional Paid-In Capital		234,624	30	126,005	16
	Retained Earnings	6(12)				
3350	Deficit to be offset Other Equity	(55,630)	(7)	(60,867)	(8)	(55,630)
3400	Other Equity		(19,639)	(2)	(2,846)	-
31XX	Total Equity		599,515	77	462,292	57
	Significant Commitments and Contingent Liabilities	9	599,515	77	462,292	57
	Material Subsequent Events	11				
	Total Liabilities and Equity		$ 779,696	100	$ 808,867	100

The accompanying notes to the consolidated financial statements are one part of the consolidated financial reports, please refer it too.

Chairman: Leaward Hu　　Manager: David Tang　　Account Manager: Ben Chan

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MetaTech Corporation Limited Company and Subsidiaries

Consolidated Comprehensive Income Statement

2017, and From January 1, 2016 to December 31, 2016

Unit: NT $ Thousand

(Except for (earnings) loss NT $ per share)

			2017		2016	
	Entry	Reference	Amounts	%	Amounts	%
4000	Operating Revenue	14	$1,429,233	100	$ 1,662,820	100
5000	Operating Costs	6(4)(14)	(1,267,105)	(89)	(1,517,614)	(91)
5950	Net Gross Profit		16128	11	145,206	9
	Operating Expenses	6(8) (14)(18)				
6100	Selling Expenses		(104,553)	(7)	(139,092)	(8)
6200	General Expenses		(41,716)	(3)	(62,306)	(4)
6300	Researchand development costs		(4,427)	-	-	-
6000	Total Operating Expenses		(150,696)	(10)	(201,398)	(12)
6900	Operation Income(Loss)		11,432	1	(56,192)	(3)
	Non-Operating Income and Expenses					
7010	Other Income		7,327	-	2,948	-
7020	Other Gains & Losses	6 (13)	(10,094)	(1)	(9,229)	(1)
7050	Financial Costs		(729)	-	(3,256)	-
7000	Total Non-Operating Income and Expenses		(3,496)	(1)	9,537	(1)
7900	Loss Before Tax		7,936	-	(65,729)	(4)
7950	Income Tax Benefit (Expense)	6(14)	(2,747)	-	9,534	-
8200	Net Income		$ 5,189		$ 56,195	(4)

	Other Comprehensive Income (net) Non-reclassified items profit or loss					
8311	Re-measured of defined benefit plan	6(8)	$ 52	-	$ 1,105	-
8349	Income tax related to non-reclassified items	6(15)	(4)	-	(94)	-
8310	Total non-reclassified items Items that may be subsequently re-classified into profit or loss		48	-	1,011	-
8361	Exchange Differences on Translation of Foreign Financial Statements		(20,233)	(1)	(8,907)	-
8399	Income tax related to reclassified items	6(15)	3,340	-	1,514	-
8360	Items that may be subsequently re-classified into profit or loss		(16,793)	(1)	(7,393)	-
8300	Other comprehensive income (net)		($16,745)	(1)	($ 6,382)	-
8500	Total other comprehensive income Net loss attributable to:		($ 11,556)	(1)	($ 62,577)	(4)
8610	Owners of Parent Consolidated profit or loss attributable to:		($ 5,189)	-	($ 56,195)	(4)
8710	Owners of Parent Profit (Loss) per Share		($ 11,556)	(1)	($ 62,577)	(4)

9750	Total Primary Profit (Loss) per Share Diluted Profit (Loss) per share	6(16)	$ 0.12	($ 1.40)
9850	Total diluted loss per share		$ 0.12	($ 1.40)

The accompanying notes to the consolidated financial statements are one part of the consolidated financial reports, please refer it too.

Chairman: Leaward Hu   Manager: David Tang   Account Manager: Ben Chan

MetaTech

METATECH CORPORATION LIMITED COMPANY AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEET

(2017 and December 31, 2016)

Unit: NT $ Thousand

			Capital reserve					
	REF	Common Share	Capital Reserved- Issue Premium	Capital reserve - Stock options	Capital reserve - Expired stock options	Deficit to be offset	Exchange Differences on Translation of Foreign Financial Statements	Total Equity
2016								
Balance on January 1, 2016		$ 400,000	$ 13,950	$ 5,205	$ -	($ 5,683)	$ 4,547	$ 524,869
Net profit		-	-	-	-	(56,195)	-	(56,195)
Other comprehensive net income						1,011	(7,393)	(6,382)
Balance on December 31, 2016		$ 400,000	$ 120,716	$ 5,205	$ 84	($ 60,867)	($ 2,846)	$ 462,292
2017								
Balance on January 1, 2017		$ 400,000	$ 120,716	$ 5,205	$ 84	($ 5,683)	$ 4,547	$ 462,292
Convertible bonds convert	6(7)(11)(19)	40,160	113,824	(5,205)	-	(56,195)	-	148,779

common stock								
Current net profit					-	5,189	-	5,189
Other comprehensive net income		-	-	-	-	48	(16,793)	(16,745)
Balance on December 31, 2017		$ 440,160	$ 234,540	$ -	$ 84	($ 55,630)	($ 19,639)	$ 599,515

The accompanying notes to the consolidated financial statements are one part of the consolidated financial reports, please refer it too.

Chairman: Leaward Hu　　Manager: David Tang　　Account Manager: Ben Chan

METATECH CORPORATION LIMITED COMPANY AND SUBSIDIARIES

Consolidated Statement of Cash Flows

2017 and From January 1, 2016 to December 31, 2016

Unit: NT $ Thousand

	Reference	2017	2016
Cash Flows From Operating Activities			
Current net loss before tax		$ 7,936	($ 65,729)
Adjustments			
Income Charges (Credits)			
	6(5)(14)	5,659	4,843
Depreciation Expenses	6(6)(14)	674	5,592
Amortization Expense	6(3)	(2,588)	(121)
Allowance for Bad Debts Accounts (Turn to Income)	6(2)	308	(388)
Net profit on financial assets and liabilities measured at fair value through profit or loss			
Interest Incomes		67	83
Amortization of corporate bonds payable		662	3,173
Interest Expenses		(527)	(429)
Gain on disposal of Real Estate, Plant and Equipment	6(5)	-	173
Unrealized foreign exchange (interest) losses		4,438	9,961
Allowance for preparing liabilities of onerous contract	6(9)(13)	-	5,818
Changes In Operating Assets And Liabilities			

Net Changes in Operating Assets			
Financial asset or liability held for trading	6(2)	4,780	(5,000)
Net Receivables		1,622	506
Net Accounts Receivable		(57,878)	223,555
Other receivables		(10,845)	5,499
Prepayments		322	2,822
Inventories		1,742	38,143
Other Current Assets		(647)	423
Net defined benefit assets	6(8)	(61)	(795)
Net change in liability related to operating activities			
Notes Payable		152	24
Accounts Payable		(5,198)	(150,246)
Other Payables		(17,160)	8,308
Other Current Liabilities		(2,181)	(3,782)
Cash Inflows (Outflows) From Operations		68,723	82,433
Interest Charged Incomes		527	429
Interest Paid Expenses		(67)	(83)
Income Tax Refund (Paid)		(530)	(4,599)
Net Cash Inflows (Outflows) from Operating Activities		(68,793)	78,180
Cash Flows from Investing Activities			
Decrease in restricted assets		260	227
Purchase of Real Estate, Plant and Equipment	6(5)(19)	(29,713)	(6,802)

Decrease(Increase) In Refundable Deposits		11,274	(3,425)
Other non-current assets increase (decrease)		(1,709)	(240)
Purchase of intangible assets		(13,860)	-
Net cash outflow from a subsidiary	6(17)	-	(998)
Net Cash Inflow(Outflows) from Investing Activities		(33,748)	(11,172)
Net Cash Flow from Finance Activates			
Current Borrowing of Short-Term Loans		65,000	20,000
Current Repayments of Short-Term Loans		(65,000)	(20,000)
Net Cash Inflows (Outflows) From Finance activities		-	-
Impact of exchange rate changes on cash		(25,762)	(18,829)
Net Increase In Cash and Cash Equivalents		(128,303)	48,179
Cash and Cash Equivalents at Beginning of Year		331,466	283,287
Cash and Cash Equivalents at &End of Year		$ 203,163	$ 331,466

The accompanying notes to the consolidated financial statements are one part of the consolidated financial reports, please refer it too.

Chairman: Leaward Hu   Manager: David Tang   Account Manager: Ben Chan

MetaTech Corporation Limited Company and Subsidiaries

Notes to the consolidated financial statements

2017 annual and 2016 annual

Unit: NT $ Thousand

(Except special note)

I.The Company history

MetaTech Corporation Limited Company (Hereinafter referred to as "the Company") and Subsidiaries（ Hereinafter the Company and subsidiaries referred to as "the Group"） is according to the Company Law of the Republic of China in September 1998 set up, the main business are electronic materials and medical beauty products, materials wholesale and retail business and development and operation of biomedical related business such as businesses. The stock of the Company pursued the approval of the Financial Supervision and Administration Commission to trade over the counter on Taipei Exchange, and was officially listed on June 3, 2004.

II. The date and procedure for the adoption of the financial report

The consolidated financial report was published on March 27, 2018 after it was submitted to the board of directors.

III.New release and revision of standards and interpretation of the application

A. The impact of the newly issued revised IFRS approved by the Financial Supervisory Commission ("FSC") has been adopted:

The following table summarizes the new issued amendments and amendments to the IFRS guidance and interpretations applicable to the 2017 IFRS:

New release / amendment / amendment guidelines and explanations	The effective date of the release of the International Accounting Standards Board
IFRS No.10, No.12 and Amendments to IAS No.28 "Invested Individuals: The Applicability of Consolidation Exceptions"	January 1, 2016
Amendments to IFRS No.11 "Accounting for acquisition of joint operating interests"	January 1, 2016
IFRS No.14 "Controlling Deferred Accounts"	January 1, 2016
Amendments to IAS No.1 "Uncovering Plans"	January 1, 2016
Amendments to IAS No.16 and No. 38 "Clarification of Acceptable Methods of Depreciation and Amortization"	January 1, 2016
Amendments to IAS No.16 and No. 41 "Agriculture: Productive Plants"	January 1, 2016
Amendments to IAS No.19 "Defined benefit plans: employee transfers"	July 1, 2014
Amendments to IAS No.27 "Equity method under individual financial statements"	January 1, 2016
Amendments to IAS No.36 "Exposure to recoverable amounts of non-financial assets"	January 1, 2014
Amendments to IAS No.39, "Renewal of	January 1, 2014

Contracts for Derivatives and Continuation of Hedge Accounting"	
International Financial Reporting Interpretation No. 21 "Public class"	January 1, 2014
Improvements to International Financial Reporting Standards of 2010-2012	July 1, 2014
Improvements to International Financial Reporting Standards of 2011-2013	July 1, 2014

The Group assessed that the above guidelines and explanations have no significant impact on the Group's financial status and operating results.

B. The impact of the newly issued revised IFRSs approved by the FSC has been dopted

The following table summarizes the new issued amendments and amendments to the IFRS guidance and interpretations applicable to the 2017 IFRS:

New release / amendment / amendment guidelines and explanations	The effective date of the release of the International Accounting Standards Board
Amendments to IFRS 2, "Classification and Measurement of Share-based Payment Transactions"	January 1, 2018
Amendments to IFRS 4 "Method of applying IFRS 9" Financial Instruments "to IFRS 4 insurance contracts	January 1, 2018
IFRS 9 Financial Instruments	January 1, 2018
IFRS No.15 "Revenue from Contracts with Customers"	January 1, 2018
Amendments to IFRS 15 "Explanations of IFRS	January 1, 2018

15 Revenues from Customer Contracts"	
Amendments to IAS No.7 "Uncovering Plans"	January 1, 2017
Amendments to IAS No.12 "Recognition of unrealized losses on deferred tax assets"	January 1, 2017
Amendments to IAS 40 "Conversion of investment real estate"	January 1, 2018
International Financial Reporting Interpretation No. 22 "Foreign currency transactions and prepayment consideration"	January 1, 2018
Annual Improvements to the 2014-2016 Cycle - IFRS 1, "First-time Adoption of International Financial Reporting Standards"	January 1, 2018
Annual Improvements to the 2014-2016 Cycle - IFRS 12 Exposure to the Interests of Other Individuals	January 1, 2017
Annual Improvements to the 2014-2016 Cycle - IAS 28, Investments in Affiliates and Joint Ventures	January 1, 2018

The Group assessed that the above guidelines and explanations have no significant impact on the Group's financial status and operating results.

C. Impact of IFRSs issued by the International Accounting Standards Board but not yet approved by the FSC:

The table below sets out the principles and explanations of new issuances, amendments and revisions of IFRSs that have been issued by the IASB but have not been included in the FSC:

New release / amendment / amendment guidelines and explanations	The effective date of the release of the International Accounting Standards Board
Amendment to IFRS No. 9 "Prepayment Characteristics with Negative Compensation"	January 1, 2019
Amendments to IFRS 10 and IAS 28 "Sale or investment of assets by investors and their affiliates or joint ventures"	Waiting for being determined by the International Accounting Standards Board
IFRS No.16 Leases	January 1, 2019
IFRSNo.17 "Insurance Contracts"	January 1, 2021
Amendments to IAS No.19 "Modifications, reductions or settlements of plans"	January 1, 2019
Amendments to IAS No.28 “Long-term Equity of Affiliates and Joint Ventures”	January 1, 2019
IFRI No. 23 "Uncertain Income Tax Treatment"	January 1, 2019
Annual Improvements in the 2015-2017 Cycle	January 1, 2019

Except as described below, the Group has assessed that the above criteria and explanations have no material impact on the Group's financial position and results of operations and the amount of such impact is to be disclosed upon completion of the assessment:

P.S. IFRS No.16 Leases:

IFRS 16 "Leases" replaces IAS 17 "Leases" and their related interpretations and interpretations. This standard stipulates that the lessee should recognize the right-of-use assets and the lease liabilities

(Except for the lease term of less than 12 months or the lease of assets with low value); lessor accounting treatment is still the same, according to business leasing and financial leasing two types of treatment, only to increase the relevant disclosure.

IV.A summary of significant accounting policies

The principal accounting policies used in the preparation of the consolidated financial statements are explained below. Unless stated, such policies apply uniformly throughout all reporting periods.

A. Follow the statement

The consolidated financial statements have been prepared in accordance with the IFRSs, IASs, Interpretations and Interpretations (IFRSs) issued by the FSC in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

B. The basis of preparation

1 Except for the following important items, the consolidated financial statements have been prepared based on historical cost：

1.1 Financial assets and liabilities measured at fair value through profit or loss at fair value including derivatives.

1.2 Defined Welfare Assets recognized as net present value of defined benefit obligations. based on the assets of the pension fund.

2. The preparation of the financial statements in conformity with the International Financial Reporting Standards, International Accounting Standards, Interpretations and Interpretations ("IFRSs") approved by the FSC requires the use of certain critical

accounting estimates, in the process of applying the Group's accounting policies, management also needs to make judgments, items that involve a high degree of judgment or complexity, or involve significant assumptions and estimates of the consolidated financial statements. Please refer to Note 5 for further details.

C. The basis of merger

a. Merger financial report preparation principles

1. The Group includes all its subsidiaries in the consolidated financial statements. Subsidiaries are individuals (including structured entities) that are controlled by the Group, when the Group is exposed to remuneration derived from participation in the entity or has a right to receive such remuneration, and the ability to influence such remuneration through the power over the individual, the Group controls the individual. Subsidiaries are included in the consolidated financial statements from the date on which the Group obtains control and the consolidation ceases when the control is out of control.

2. Intra-group transactions, balances and unrealized gains and losses have been eliminated. The accounting policies of subsidiaries have been adjusted are necessary and consistent with the policies adopted by the Group.

3. Changes in the shareholding of a subsidiary that do not result in a loss of control (a transaction with a non-controlling interest) are disposed of as an equity transaction and are therefore treated as transactions with the owner. The difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognized in equity directly.

4. When the Group loses control of a subsidiary, the remaining investment in the former subsidiary is re-measured at fair value and as the fair value of the originally recognized financial asset or the cost of the original recognized investment in a related party or

joint venture, between the fair value and the carrying amount The difference is recognized as current profit or loss. For all amounts previously recognized in other comprehensive income or loss relating to the subsidiary, the accounting for the same is treated as if the Group had disposed of the related assets or liabilities directly, that is, if previously recognized as interests or losses in other comprehensive income, For disposal of related assets or liabilities will be reclassified to profit or loss, and then the gains or losses are reclassified from equity to profit or loss when the control over the subsidiaries is lost.

b. Included in the consolidated financial statements of the subsidiaries：

table :Percentage of equity held

Investment Company	Subsidiaries	Business Nature	Dec.31, 2017	Dec.31, 2016	
Description					
The Company	MetaTech Investment Holding Co., Ltd.(MetaTech Investment)	Engaged in holding and reinvestment business	100	100	Note1
	Jianhua Travel Service Co., Ltd.	Engaged in tourism busines	100	100	Note2
MetaTech Investment	MTI Holding Co., Ltd.(MTI Holding)	Engaged in holding and reinvestment business	100	100	Note1
MTI Holding	MetaTech (S) Pte Ltd. (MetaTech(S)	Electronic materials wholesale and retail	100	100	〃
	MetaTech Ltd.	Electronic materials wholesale and retail	100	100	〃

MetaTech Ltd.	MetaTech (SZ) (MetaTech (SZ)	Electronic materials wholesale and retail	100	100	〃

NOTE 1:

For the year of 2017 and December 31, 2016 were prepared according to the financial reports audited by the Company's auditors over the same period in the consolidated financial statements.

NOTE 2:

Since the Company acquired 100% of Jian Hua Travel Co., Ltd. on July 1, 2016, it was incorporated into the consolidated financial statements from the acquisition date.

NOTE 3:

Subsidiaries not included in the consolidated financial statements: None.

NOTE 4:

ubsidiary accounting period different adjustment and treatment: None.

NOTE 5:

Major Limitations: Cash and short-term deposits of $ 21,607 are deposited in China and subject to local foreign exchange controls. (Except for normal dividends)

NOTE 6:

Subsidiaries that have material non-controlling interests to the Group: None.

D. Foreign Currency Exchange:

Entries included in each individual financial report of the Group are measured in the currency of the primary economic environment in which the individual operates (functional currency). The consolidated financial statements are presented using the functional currency "NT $" of the Company as the currency of presentation.

a. Foreign currency transactions and balances

1. Foreign currency transactions are exchanged into the functional currency using the spot exchange rate on the trading day or measurement date to exchange differences arising on translation of these transactions are recognized as profit or loss for the period.
2. The balance of foreign currency monetary assets and liabilities shall be evaluated and adjusted according to the spot exchange rate at the balance sheet date. The difference arising from the adjustment shall be recognized as current profit or loss.
3. The balance of foreign currency non-monetary assets and liabilities is measured at fair value through profit or loss and is adjusted based on the spot exchange rate at the balance sheet date. Exchange differences arising from the adjustment are recognized as profit or loss for the current period; Others are measured at fair value through other comprehensive income, at the spot exchange rate on the balance sheet date, the exchange differences arising from the adjustments are recognized in other comprehensive income; Non-fair value measurement is based on the historical exchange rate of the initial trading day.
4. All exchange gains and losses are reported "other benefits and losses" in the statement of profit or loss.

b. Conversion of foreign operating agencies

For all group entities with different functional currency and presentation currency, their business results and financial position are translated into the currency of presentation in the following manner:

1. Assets and liabilities expressed in each of the balance sheets are translated at the closing rates at the balance sheet date;
2. Revenues and losses expressed in each consolidated statement of profit or loss are translated using the average exchange rates for the period; and

3. All exchange differences arising on conversion are recognized in other comprehensive income.

E. The classification criteria for the distinction between current and non-current assets and liabilities:

a. Assets meet one of the following conditions, classified as current assets:

1. It is expected that the asset will be realized in the normal course of business, or it is intended to be sold or consumed by consumers.

2. Mainly for the purpose of trading.

3. Expected to be realized within 12 months after the balance sheet date.

4. In cash or cash equivalents, except at the balance of 12 months after the balance sheet date, for exchange or for settlement of liabilities.

The Group classifies all the assets that do not meet the above criteria as non-current.

b. A liability that meets one of the following conditions is classified as current liabilities:

1. The liquidation is expected in the normal operating cycle.
2. Mainly for the purpose of trading.
3. Expected to be settled within 12 months after the balance sheet date.
4. The liquidation term cannot be unconditionally extended to at least 12 months after the balance sheet date. The terms of a liability may depend on the counterparty's choice of the issuer of an equity instrument to incur liquidation without affecting its classification. The Group classifies all liabilities that do not meet the above criteria as non-current.

F. Cash equivalents

When the cash system refers to short-term and highly liquid investments, the I nvestment can be converted into cash in a timely manner and the risk of change in value is small. Regular deposits that meet the above definition and are held for the purpose of meeting short-term cash promisers in operation are classified as cash equivalents.

G. Financial assets at fair value through profit or loss

1. nancial assets at fair value through profit or loss represent financial assets held for trading or financial assets designated as at fair value through profit or loss when originally recognized. Financial assets, if acquired mainly for the short term, are classified as financial assets held for trading.
2. The Group's financial assets at fair value through profit or loss that are in line with the trading practices are measured using trading date accounting.
3. Financial assets at fair value through profit or loss are measured at fair value through initial recognition and the related transaction costs are recognized as profit or loss for the period. Continuing to measure the fair value, changes in fair value recognized in the current profit or loss.

H. Receivables

Accounts receivables are the amounts due from the original receivables arising from the sale of goods or services provided in the ordinary course of business. The effective interest method is measured at fair value at the time of initial recognition. The subsequent effective interest method is measured at amortized cost less impairment. However, the short-term accounts receivable with no interest payment are not affected by the discount, and the subsequent measurement is based on the original issued amount.

I. Impairment of financial assets

a. On each balance sheet date, the Group assesses whether there has been any objective evidence of impairment that shows that one or more financial assets have one or more items (ie "loss items") occurring after their initial recognition and The loss event has a reliable estimate of the estimated future cash flows of a financial asset or a group of financial assets.

b. The policy used by the Group to determine whether there is any objective evidence of impairment is as follows:

1. Major financial difficulties of the issuer or the debtor;
2. default, such as the delay or non-payment of interest or principal payments;
3 . The Group gives the debtor impossible to consider concessions due to economic or legal reasons related to the debtor's financial difficulties;
4. The probability of debtors entering bankruptcy or other financial reorganization will ncrease dramatically;
5. The disappearance of the active market of the financial asset due to financial difficulties;
6. The observable information shows that the estimated future cash flows of a group of financial assets have been measured at a nominal decrease since they were originally placed, although it is not yet certain that the decrease is attributable to a particular financial asset in the group, Such information includes adverse changes in the solvency conditions of the debtors of the group of financial assets or the national or regional economic conditions relating to the default of assets in the group of financial assets.
7. Information that has a material adverse effect on the technological, market, economic or legal environment in which the issuer operates, and the evidence shows that it may not be able to recover the investment cost of the equity investment.
8. The fair value of equity instrument investment dropped significantly or persistently below cost.
9. When the Group has assessed that there is objective evidence of impairment and the derogation loss has occurred, the Group will treat it according to the following:

c. Financial assets measured at amortized cost

The difference between the carrying amount of the asset and the present value of the estimated future cash flows discounted at the original effective interest rate of the financial asset is recognized as impairment loss in the profit or loss for the period. When the amount of the impairment loss decreases after the subsequent period, and the decrease can be objectively linked to the occurrence of the impairment, the previously recognized loss for the loss is, after unrecognized impairment, the post-amortization cost within the limits of the current profit and loss rotation. The amount of the loss on recognition of and impairment of an impairment loss is the carrying amount of the asset adjusted by an allowance account.

J. Excluding financial assets

When the Group lacks the contractual rights to receive cash flows from a financial asset, the Group will exclude the financial assets. (K) Business Lease (lessor)

Lease income from operating leases net of any incentives given to the lessee is amortized on the straight-line basis over the period of the lease recognized as current profits and losses.

K. Inventory

The cost of inventories is measured by the lower of the cost and the net realizable value, and the cost is determined according to the first-in-first-out method. When the comparative cost is lower than the net realizable value, the comparative method is adopted, and the net realizable value refers to the balance of the estimated selling price in the ordinary course of business less the relevant selling expenses.

L. Property, plant and equipment

a. The immovable property, plant and equipment are accounted for based on the acquisition cost and the relevant interest during capitalization period is capitalized.

b. Subsequent costs only included in the asset's carrying amount or recognized as a separate asset is its possible future economic benefits associated with the item that are likely to flow to the Group and the cost of the item can be measured reliably. The book value of the portion that is reset should be divided by columns. All other maintenance costs are recognized as a current profit or loss when incurred.

c. Subsequent measurement of the cost-recovery model for real estate, plant and equipment depreciates on a straight-line basis over the estimated useful life, excluding depreciation of land. Depreciation is provided separately for the individual components of the property, plant and equipment if the components are material.

d. At the end of each financial year, the Group reviews the residual values, useful lives and depreciation methods of each asset. If the expected value of the salvage value and the useful life are different from previous estimates, or the future economic benefits of the asset Expected changes in consumption patterns have been accounted for as of the change in accounting estimates in IAS No.8, "Changes in accounting policies, accounting estimates and errors" from the date of change. The useful life of each asset is as follows:

M. Operating leases (Tenant)

Housing and building	50 years
Mechanical equipment	3 ～ 5 years
Transportation equipment	3 ～ 5 years
Office equipmen t	3 ～ 5 years
Lease improvement	3 ～ 5 years
Other equipment	3 ～ 5 years

Operating lease payments, net of any incentives received from the lessor, are amortized on a straight-line basis over the lease terms as profit or loss for the period.

N. Intangible assets

The expertise is the acquisition cost basis, which is amortized over the estimated useful life of 5 years according to the straight-line method.

O. Impairment of non-financial assets

a. The Group estimates the recoverable amount of assets with signs of impairment as at the balance sheet date. If the recoverable amount is less than its carrying amount, the Group recognizes the impairment loss. Recoverable amount is the fair value of an asset less costs of disposal or its value in use, whichever is higher. In addition to goodwill, when there is no asset impairment loss recognized in previous years, the impairment loss will be reversed, except for the increase of the carrying amount of the asset due to the impairment loss, not exceeding the carrying amount of the asset after deducting depreciation or amortization if no impairment loss has been recognized.

b. Goodwill periodically estimates its recoverable amount. When the recoverable amount is lower than its book value, the impairment loss is recognized. Impairment losses on goodwill are not reversed in subsequent years.

c. Goodwill is allocated to the cash-generating unit for the purpose of derogating from the test. This sharing is based on the recognition by the operating department to allocate goodwill to the group of cash-generating units or groups of cash-generating units that are expected to benefit from the business combination that generated goodwill.

P. Borrowing

Borrowings are measured at fair value, after deducting transaction costs, of the borrowings at fair value through valuation. Any subsequent difference between the consideration (net of transaction costs) and the redemption value is measured as effective interest method over the borrowing costs at amortized cost.

Q. Accounts payable and notes payable

Accounts payable and notes are obligations that are payable in the normal course of business for goods or services obtained from suppliers. At fair value through original recognition, the effective interest method subsequently measured is based on the cost after amortization. However, the short-term accounts payable without interest payment are insignificant due to the discount, and the subsequent measurement is based on the original invoice amount.

R. Financial liabilities at fair value through profit or loss

a. Financial liabilities at fair value through profit or loss represent financial liabilities held for trading. Financial liabilities classified as held for trading are primarily repurchased on a short-term basis, and derivatives other than those designated as hedging instruments by hedge accounting.

b. Financial liabilities at fair value through profit or loss are measured at fair values at the time of initial recognition and the related transaction costs are recognized as profit or loss for the period. Continuing to measure the fair value, changes in fair value recognized in the current profit or loss.

S. Excluding financial liabilities

When the obligations set out in the contract are fulfilled, canceled or expired, the Group depreciates the financial liabilities.

T. Financial liabilities and equity instruments

a. The convertible bonds payable by the Group, embedded with the conversion rights (that is, the holder's right to convert into ordinary shares of the Group and convert a fixed amount into a fixed number of shares), Put options and Call options, at the time of initial issuance, the issue price is divided into financial assets, financial liabilities or equity according to the conditions of issuance, which are treated as follows:

MetaTech

1. The Put options and Call options which were embedded in the Group's issuance of convertible bonds should be initially stated at their fair value through "financial assets or liabilities at fair value through profit or loss"; Subsequent to the balance sheet date ,according to the current fair value evaluation, the difference recognized as "fair value through profit or loss of financial assets (liabilities) interests or losses".
2. The master contract of the convertible bond payable is measured at fair value at initial recognition, the difference between the redemption price recognized as premium on bond payable, as an increase or decrease in corporate bonds payable; Subsequent effective interest method is recognized as profit or loss for the current period on the basis of the amortized cost during the bond circulation period, as an adjustment to "finance cost".
3. The conversion rights embedded in the Group's issue of convertible bonds conformed to the definition of equity, At the time of initial recognition, the amount of the issued share capital, net of the above "financial assets or liabilities at fair value through profit or loss", and the "net corporate bonds payable" then the remaining value is stated in "Capital reserve - share options", the subsequent no longer re-measure.
4. Any transaction costs directly attributable to the issue of the convertible bonds payable are allocated to the components of the liability and equity based on the original carring amount.
5. When the holder changes, the liability component (Including "corporate bonds payable" and "financial assets or liabilities measured at fair value through profit or loss") of the accounting, according to the classification of the follow-up measurement method to deal with, the book value of "capital surplus - share options" is added as the issue cost of the common shares in exchange for the book value of the components of the liability plus the above.

U. Debt preparation

A contingent liability arising from a defaulting contract is an obligation that is currently statutory or constructive as a result of past events and is likely to require the release of an economically viable resource to satisfy the obligation and the extent of the obligation can be recognized reliably.

The measure of liability is measured at the best present value of the estimated expenses required to settle the obligation on the balance sheet date. The discount rate is based on the pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the liabilities, amortization is recognized as interest expense. Future operating loss may not be recognized as a liability.

V. Employee benefits

a. Short-term employee benefits:

Short-term employee benefits are measured at the non-discount of expected payments and are recognized as a fee when the related services are rendered.

b.Pensions

1. Determine the drafting plan

For the purpose of determining the transfer plan, the amount of retirement fund to be appropriated should be recognized as the current cost of the pension based on the basis of the accrual basis. Prepayments Advances are recognized as assets to the extent that cash is repayable or future payments are reduced.

2. Determine the welfare plan:

2.1 The net obligation under a defined benefit plan is calculated by discounting the future benefits earned by employees in current or past service and dividing the fair value of the plan assets by the present value of the defined benefit obligations at the balance sheet date and the unrecognized Pre-column service costs. The defined net benefit obligation is calculated annually by the actuary using the expected unit benefit method, which is determined by reference to the market yield of high quality corporate bonds at the balance sheet date that is consistent with the currency and period of the defined benefit plan; in the high-quality corporate debt countries with deep markets use the market rate of government bonds (at the balance sheet date).

2.2 The re-measured of the defined benefit plan was recognized in other comprehensive income in the period in which it was incurred and expressed in retained earnings.

2.3 Costs related to prior period service costs are recognized as profit or loss immediately.

3. Leave benefits:

Severance benefits are the benefits that are provided to employees on termination of employment prior to the normal retirement date or in the event that the employee decides to accept a company's welfare offer in return for the termination of the employment. The Group recognizes an offer that no longer has the effect of canceling a termination benefit or recognizes the earlier of the relevant restructuring costs. It is not expected that the benefits fully repaid within 12 months after the balance sheet date should be discounted.

4. Employee Bonus and Director and Supervisor's Remuneration:

Employees' bonus and director and supervisor's remuneration are recognized as expenses and liabilities when there is a legal or constructive obligation and the amount can be reasonably estimated. If there is any discrepancy between the actually allotted amount and the estimated amount of the resolution in the shareholders' meeting, the change shall be dealt with according to the accounting estimation.

The other remuneration of share-issuing employee, the basis for calculating is the number of shares for the day before the resolution of the board of directors closing price.

W. Employee shares basic payment

The equity-based payment agreement for delivery of the equity is measured at the fair value of the goods given and equity on the date of provision, and is recognized as compensation for the period of acquisition and is relatively adjusted for equity. The fair value of the equity goods should reflect the vested and non-vested conditions of market prices. The recognition of remuneration costs is adjusted as the number of awards that are expected to be in compliance with conditions of service and non-marketable conditions of acquisition until the final recognition is based on the recognition of the number of vested interests.

X. Income tax

a. Income tax expense includes current and deferred income tax. Income tax is recognized in profit or loss, except when income tax relating to items included in other comprehensive income or directly in equity is included in other comprehensive income or directly in equity, respectively.

b. Current income tax is based on the country in which the Group operates and generates taxable income, using tax rates that have been enacted or substantively enacted at the balance sheet date. Management regularly assesses the status of income tax returns on the applicable laws applicable to income tax and, where applicable, estimates the income tax liabilities based on tax expected to be paid to tax authorities. Income tax on unallocated income tax is subject to 10% of the income tax, and on the distribution of actual earnings after the distribution of surplus earnings through the shareholders' meeting, the remaining 10% of unallocated income tax expense is recognized in the next year of the earning year.

c. Deferred income tax is recognized using the balance sheet method, using the temporary differences arising on the basis of the tax on assets and liabilities and their carrying amounts in the consolidated statement of balance sheet. Deferred tax liabilities arising from the goodwill on the initial recognition are not recognized if the deferred income tax arises from the transaction

(Excluding business combinations), and no accounting profits or taxable gains (tax losses) were not fall them at the time of the transaction, they are not recognized. If the temporary differences arising from investing in subsidiaries, the Group can control the timing of the temporary differences and the temporary differences are likely to not be reversed in the foreseeable future, it will not be recognized. Deferred income tax has been enacted at the balance sheet date or has been substantively enacted and is subject to the tax rates (and tax laws) expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

d. Deferred tax assets are probable to be used to offset future taxable income to the extent that they are probable will be tax and revaluation of unquoted and recognized deferred tax assets on each balance sheet date.

e. When there is law enforcement right to recognize the current income tax assets recognized and the amount of liabilities offset each other and is intended to settle on a net basis or realize both assets and liabilities, the current income tax assets and current income tax liabilities When there is statutory execution right to offset current income tax assets and current income tax liabilities, and the deferred income tax assets and liabilities are taxed by the same taxpayer or the same taxpayers, When the net basis is settled or the assets are simultaneously realized and the liabilities are settled, the deferred income tax assets and liabilities are offset from each other.

Y. Share capital

Common shares are classified as equity. The incremental cost directly attributable to the issue of new shares or options is net of tax as a charge on items net of income tax.

a. Dividend distribution

Dividend distribution to shareholders of the Company is recognized in the financial report when the dividends are distributed in the resolution of the Company's shareholders' meeting. The cash dividends distributed are recognized as liabilities. Dividend distributions are recognized as dividends to be allocated and are reversed on the base date of issue of new shares Common stock and share premium.

b. Revenue recognition

The Group sells electronic materials related products and medical beauty products and equipment. Revenue is the fair value of the consideration received or receivable from sales of goods by customers outside the normal Group in a normal operating activity expressed as net of sales tax, sales returns, volume discounts and discounts. Sales of goods Recognize revenue when the goods are delivered to the buyer, the sales amount can be measured reliably and there is a good chance that future economic benefits will flow to the business. When the significant risks and rewards related to ownership have been transferred to the customers and the Group neither continues to participate in the management of the goods nor maintain effective control and the customers accept the goods under the sales contracts or there is objective evidence that the entire acceptance conditions are met, Commodity delivery happens.

c. Business combination

1. The Group adopts the acquisition method for business combination. The consolidation consideration transferred is based on the fair value of the assets transferred, the liabilities incurred or assumed and the equity instruments issued, including the fair

value of any assets and liabilities arising from contingent consideration. The costs associated with the acquisition are recognized as a fee when incurred. The identifiable assets and liabilities assumed in a business combination are measured at their fair value on the acquisition date.

The Group, on the basis of individual acquisition transactions, where the components of the non-controlling interests are presently owned as to their equity interests and their holders are entitled to a share of the net assets of the enterprise as of the liquidation, choose the fair value on the acquisition date or the proportion of the non-controlling interest in the identifiable net assets of the acquire; all other components of non-controlling interests are measured at the acquisition date fair value.

2. The fair value of the consideration transferred, the non-controlling interest of the acquire and the previously held equity interest in the acquire exceeds the fair value of the identifiable assets acquired and the liabilities assumed and is recognized as a quotient on the acquisition date reputation; if the fair value of the identifiable assets acquired and liabilities assumed exceed the aggregate amount of the consideration transferred, the non-controlling interests of the acquire and the fair values of the previously held interests of the acquire, the difference is recognized as profit and loss during the period.

d. Operations

The Group's operating department information is reported in a manner consistent with the internal management reports provided to the chief operating decision maker. The chief operating decision maker is responsible for allocating resources to the operating department and assessing its performance. The chief operating decision maker identified as the Group is the board of directors.

Z. Significant accounting judgments, assumptions and major sources of estimation uncertainty

When preparing the consolidated financial statements, the Group makes significant judgments in adopting the accounting policies and makes significant assumptions and estimates on future events. Judgments and estimates made are continually evaluated and adjusted based on historical experience and other factors. These estimates and assumptions have the risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year. Please elaborate on the following:

a. Significant judgments adopted in accounting policies

1. Total revenue or net recognition:

The Group determines that the Group is the principal or agent of the transaction based on whether the transaction type and its economic substance are exposed to the significant risks and rewards associated with the sales of goods. When judged as the principal of the transaction, revenue is recognized in the sum of the receivables received or received by the customer. If it is determined as the agent of the transaction, the net transaction amount is recognized as commission income.

The Group makes judgments on the total recognized income based on the following characteristics of the Manager:

1.1 The primary responsibility for providing goods or services

1.2 Assume inventory risk

1.3 Have the freedom to price directly or indirectly

1.4 Assume the customer's credit risk

b. Critical accounting estimates and assumptions:

1. The realization of deferred income tax assetsDeferred income tax assets are recognized only where it is probable that future taxable income will be available against

which the temporary differences can be utilized. The assessment of the achievability of deferred tax assets must involve significant accounting judgments and estimates by management that include assumptions about expected future revenue growth and profitability, tax holiday periods, available income tax credits and tax planning. Any changes in the global economic environment, industrial environment and changes in laws and regulations may result in major adjustments to deferred tax assets.

Up to December 31, 2017, the Group recognized deferred tax assets of $ 30,209.

2. Inventory evaluation:

As inventories are stated at the lower of cost and net realizable value, the Group must use judgment and estimation to determine the net realizable value of inventories on the balance sheet date. Due to the rapid technological change, the Group assesses the amount of inventories due to normal wear and tear, obsolete obsolescence or non-market value at balance sheet date and reduces the cost of inventories to net realizable value. This stock assessment mainly depends on the product demand in a specific period in the future as the basis for estimation and may result in significant changes.

The carrying amount of inventories of the Group as at December 31, 2017 was $ 105,216.

c. Description of important accounting subjects

Table I .Cash and cash equivalents

	December 31, 2017	December 31, 2016
Stock cash and Revolving funds	$ 420	$ 627
Check deposit and demand deposit	203,893	334,253
Certificate of deposit		6,800
	211,117	339,680
Minus：Allowance for Other	(7,954)	(8,214)

Financial Assets - Current		
Cash presented to the balance sheet	$203,163	331,466

1. The credit facilities of the financial institutions with which the Group operates are of good quality and the Group has extensive credit facilities with a number of financial institutions and is expected to have a very low probability of default.
2. Please refer to Note 8 for the Group's guarantee of cash provided by the Group.

Table II :Financial assets at fair value through profit or loss

Entry	December 31, 2017	December 31, 2016
Current items： Financial asset or liability held for trading		
Open-end funds	$ -	$ 5,000
Evaluation adjustment	-	88
Total	$ -	$ 5,088

1. The net profit recognized by the Group for the financial assets held for trading in 2017 and 2016 are ($ 308) and $ 88, respectively.
2. The Group has not pledged the financial assets measured at fair value through profit or loss.

Table III. Net receivables

	December 31, 2017	December 31, 2016
Accounts receivable	$303,475	$45,793
Minus：Allowance for bad debts	(1,657)	(4,441)
	$301,818	$241,352

1. The accounts receivable of the Group which are neither past due nor impaired meet the credit standards stipulated based on the industry characteristics, business scale and profitability of counterparties.

2. The aging analysis of financial assets that are past due but not impaired is as follows:

Table IV.

	December 31, 2017	December 31, 2016
Within 30 days	$ 28,159	$ 43,930
31-90 days	4,416	3,094
91 days or more	177	-
	$ 32,752	$ 47,024

The above is based on the number of days overdue aging analysis.

3. Group Valuation Decreases Financial Assets Changes Analysis：

3.1 Up to the year of 2017 and December 31, 2016 the amount of accounts receivables devalued by the Group were $1,657 and $ 4,441.

3.2 The allowance for bad debts is as follows:

Table V.

	2017	2016
January 1	$ 4,441	$ 4,566
Gain on reversal of impairment loss	(2,588)	(121)
Write off uncollectible accounts	(196)	-
Net exchange difference	-	(4)
December 31	$ 1,657	$ 4,441

Table VI.The Group does not hold any collateral

	December 31, 2017		
	Cost	Allow the decline in value loss	Book value
Commodity	117,497	(12,281)	105,216
	December 31, 2016		
	Cost	Allow the decline in value loss	Book value
Raw material	$ 212	($ 212)	$ -
Commodity	121,487	(14,529)	106,958
	$ 121,699	($ 14,741)	$ 106,958

Table VII.

	2017	2016
The cost of inventories sold	$ 1,268,631	$ 1,532,261
Inventory decline in value and inventory retention losses (gain from price recovery of inventory)	(1,917)	(14,679)
Others	391	32
	$ 1,267,105	$ 1,517,614

In 2017 and 2016, the Group managed to recover losses due to price decreased and retention commodity inventories.

d. Real estate, plant and equipment

For information on guarantees provided for real estate, plant and equipment, please refer to Note 8 for details; capital expenditures for which real estate, plant and equipment have been signed but not yet incurred, please refer to Note 9(2)5 for explanation.

Note: The Group needs to build a laboratory to capitalize on the related input costs in order to develop the innovative transformation of regenerative medicine.

Table : Intangible assets

		Expertise
January 1, 2017		
Costs		$ 25,000
Others - Price Adjustment (Note 1)		(18,333)
Accumulated amortization		(6,667)
2017		-
January 1		$
Addition - from individual made (Note 2,3)		13,860
Amortization expense		-
December 31		$13,860
December 31, 2017		-
Costs		$38,860
Others - Price Adjustment (Note 1)		(18,333)
Accumulated amortization		(6,667)
		$ 13,860
		Expertise
January 1, 2016		
Costs		$ 25,000
Accumulated amortization		(1,667)

		$23,333
2016		
January 1		$23,333
Others - Price Adjustment (Note 1)		(18,333)
Amortization expense		(5,000)
December 31		$ -
December 31, 2016		
Costs		$25,000
Others - Price Adjustment (Note 1)		(18,333)
Amortization expense		(6,667)
		$ -
Amortization of intangible assets are as follows:		
	2017	2016
Operating costs	$ -	$ 5,000

Note 1:

The Group re-revised the contract price of the special technology license with the owner of the technology on December 29, 2016.

Note 2:

The expertise acquired by the Group has not yet reached the usable status, so it is not intended to be amortized. The useful life of the Group will be assessed after it is ready for use and will be amortized on a straight-line basis. In accordance with International Accounting Standard 36, intangible assets that are not yet ready for use should be evaluated at least annually for doubts.

Note 3:

For capital expenditures that have been signed but not yet incurred by intangible assets, please refer to Notes IX and (II) 5 for details.

Table : Corporate bonds payable

	December 31, 2017	December 31,2016
Corporate bonds payable	$ -	$ 150,000
Minus：Corporate bonds payable discount	-	(1,883)
	-	148,117
Execution of sell-back corporate bonds (as listed in "Other current liabilities") due within one year or one business cycle		
	$ -	$ -

e. The conditions for the issuance of the domestic second guaranteed convertible bonds

1. The Company approved by the competent authority, solicited and issued the domestic are as follows: second guaranteed convertible bonds with a total issuance amount of $ 15,000 thousand and a coupon rate of 0% for a period of 3 years. The circulation period was from July 24, 2014 to July 24, 2017. The convertible corporate bonds are repayable in cash by denomination of bonds upon maturity. The conversion of corporate bonds on July 24, 2014 in Taipei Exchange listed on the transaction.

2. The holders of the Convertible Bonds, starting from the day after the expiry of one month after the date of issue of the Bonds and up to the ten days before the maturity date, except as required by the Act or the Law to suspend the transfer period, the Company may at any time request the Group to convert into common shares of the Company, the rights and obligations of the common shares converted are the same as those of the common shares previously issued.
3. The conversion price of the corporate bonds shall be determined in accordance with the pricing model stipulated in the conversion plan. The conversion price at the time of issue is NT $ 39.76. After the conversion price will be adjusted in accordance with the provisions of the swaps pricing models due to the situation in case the anti-dilution provisions of the Company; After the method set on the base date, according to the method of conversion under the pricing model to re-set the conversion price, if the conversion price is higher than the year before the re-issue will not be adjusted.

   As the Company increased its capital in March 2015, the conversion price should be adjusted in accordance with the provisions of the issuance and conversion measures. Since March 16, 2015 (fully paid up date of cash replenishment of the Company), the conversion price was adjusted from $ 39.76 to $ 37.35.
4. Bondholders, upon the completion of the issue of the corporate bonds for at least two years, require the Company to repurchase the convertible bonds held by the Company with interest compensation of 2.01%.
5. When the conversion of corporate bonds issued one month from the next day until the the Company exceeds 30% of the then conversion price for thirty consecutive business days, or the conversion of corporate bonds issued one month from the next day until the expiry of the 40th day before the issue date, when the outstanding balance of the

convertible bonds is less than 10% of the total amount of the common shares, the Company shall at any time thereafter withdraw all of its bonds in cash by denomination.

6. As required by the conversion method, all the convertible bonds recovered by the Company (including those bought by counter trading centers), repayable or converted will be canceled, all rights and obligations attached to the corporate bonds will also be extinguished and ceased to be issued.

f. Upon the issuance of the second convertible bonds, the Company separated the conversion rights that are the nature of equity from the components of the liabilities according to the provisions of IAS No.32 "Financial Instruments: Expression" and set out "Capital surplus - share options" in the amount of $ 5,205 . The other embedded call options and put options, which are not closely related to the economic characteristics and risks of the underlying contractual obligations, are segregated in accordance with IAS No. 39 "Financial Instruments: Recognition and Measurement" and accounted for as "Financial liabilities measured at fair value through profit or loss", which had a net amount of $ 0 as of December 31, 2017. After the separation of the main contract debt, the effective interest rate was 2.17746%.

g. As of December 31, 2017, this convertible corporate bonds denomination of $150,000 has been converted into common shares of 4,016 thousand shares. The amount of "capital reserve-converting corporate bond premium" generated by the company due to the aforementioned corporate bond conversion transaction amounted to $113,824. Since the company's convertible corporate bonds denomination of $150,000 has been fully converted, it will be written off.

h. Pensions

1. In accordance with the "Labor Standards Act.", the Company has defined a defined benefit retirement scheme which is applicable to the service years of all regular staff

before the implementation of the "Labor Pension Act." on July 1, 2005 continue to apply the Labor Standards Act. staff follow-up service years. Employees meet the retirement conditions, the payment of pensions is based on the length of service and the average salary of the previous 6 months before retirement, and service years within 15 years (inclusive) for each year to give two bases, over 15 years shall be given one base year for each full year, provided that the cumulative maximum is 45 bases. The Company on a monthly basis 2% of the total payroll to the pension fund, the labor retirement reserve fund supervisory committee of the nominal accounts stored in the Bank of Taiwan, but after the approval of the New Taipei City Government, from March 2009 to March 2018, withdrawing labor retirement reserves. In addition, before the end of each year, the Company estimates the balance of the labor retirement reserve account in the preceding paragraph. If the balance falls short of the estimated retirement benefit for the labor eligible for retirement in the next financial year following the above calculation, the Company will make the shortfall before the end of March of the following year.

2. The amounts recognized in the balance sheet are as follows：

Table I .

	December 31, 2017	December 31, 2016
Present value of defined benefit obligation	$ 5,498	$ 5,512
Project assets fair value	(8,720)	(8,621)
Net defined benefit assets	($3,222)	($ 3,109)

3. Net change in defined benefit assets is as follows:

Table II .

2017	Present value of defined benefit obligation	Project assets fair value	Net defined benefit assets
Balance on January 1	$5,512	($8,621)	($ 3,109)
Interest (expense) income	83	(130)	(47)
	5,595	(8,751)	(3,156)
Re-measured the number:			
Plan asset remuneration (Excluding the amount included in interest income or expense)	-	45	45
Impact of changes in financial assumptions	-	-	-
Experience	(97)	(-)	(97)

adjustment			
	(97)	45	(52)
Pay pensions	-	(14)	(14)
Balance on December 31	$ 5,498	($ 8,720)	($ 3,222)
	Present value of defined benefit obligation	Project assets fair value	Net defined benefit assets
2016			
Balance on January 1	$ 8,590	($ 9,799)	($ 1,209)
Interest (expense) income	150	(171)	(21)
	8,740	(9,970)	(1,230)
Re-measured the number:			
Plan asset remuneration (Excluding the amount included in interest income or expense)	-	110	110
Impact of	150	-	150

changes in financial assumptions			
Experience adjustment	(1,365)	-	(1,365)
	(1,215)	110	(1,105)
Pay pensions	(2,013)	1,239	(774)
Balance on December 31	$ 5,512	($ 8,621)	($ 3,109)

4. The assets of the Company's defined benefit retirement plan are determined by the Bank of Taiwan within the proportion and the amount of the entrusted operation projects under the annual investment and utilization plan of the Fund. According to Article 6 of the Regulations for Revenues, Expenditures Safeguard and Utilization of the Labor Retirement Fund (That is financial institutions at home and abroad, domestic and overseas listed OTC or PE equity securities, and securitization of domestic and foreign real estate investments) entrusted management, and related use cases are supervised by the Labor Pension fund Supervisory Committee. The use of the fund shall not be less than the minimum return calculated on the basis of a two-year time deposit rate of the local bank. If there are deficiencies, it will be supplemented by the State Treasury after being approved by the competent authority. As the Company is not entitled to participate in the operation and management of the Fund, the fair value classification of plan assets cannot be disclosed in accordance with paragraph 142 of IAS No.19. 2017 and December 31, 2016 constitute the fair value of the total assets of the fund; please refer to the government's annual reports on the employment of labor pension funds.

5. The actuarial assumptions on pensions are summarized below：

Table III.

	2017	2016
Discount Rate		
Future salary increase rate	1.50%	1.50%
	2.00%	2.00%

Table IV.

Increase0.25%	Discount Rate Decrease0.25%	Future salary Increase 1%	increase rate Decrease 1%
December 31, 2017 The impact of determining the present value of welfare obligations ($ 136)	$ 140	$ 578	($ 521)
December 31, 2016 The impact of determining the present value of welfare obligations ($ 150)	$ 154	$ 638	($ 572)

The above sensitivity analysis is based on the analysis of the effects of changes in a single assumption based on other assumptions. Many hypothetical changes in practice may be linked. The sensitivity analysis is consistent with the method used to calculate net pension liabilities on the balance sheet.

The methods and assumptions used in the preparation of the sensitivity analysis are the same as those in the previous period.

6. The estimated grant payment of the Group to the retirement plan in 2017 is $ 14.

7. Up to December 31, 2017, the weighted average duration of the retirement plan was 11 years.

8. The maturity analysis of pension payment is as follows:

2 - 5 years	4,822
5 years or more	911
	$ 5,733

8.1 with effect from July 1, 2005, the Company has established a retirement scheme that provides for the appropriation pursuant to the "Labor Pension Act." and applies to employees of nationality. The Company will choose to apply the part of the labor pension system under the "Labor Pension Act." to pay a monthly pension of 6% of the salary to the employee's personal account of the Bureau of Labor Insurance. The employees' pensions shall be paid according to the pensions of individual employees' special accounts and cumulative income amount of the monthly pension or a pension to receive.

8.2 Employee retirement approach of MetaTech(S) and MetaTech Ltd. is according to the local government relevant laws and regulations to determine the allocation system.

8.3 M eta Tec h(S Z) According to the pension insurance system stipulated by the government of the People's Republic of China, monthly pension funds are allocated according to a certain ratio of the local employees' salaries. For the year of 2017 and 2016, the provision rates were 13%. Employees' pensions are managed by the government. MetaTech (SZ) has no further obligations except for monthly donations.

8.4 For the year of 2017 and 2016, the pension costs of the Group recognized by the above pension scheme were $4,522 and $5,942.

I. Debt reserves-Current

Table I.

	December 31, 2017	December 31, 2016
Balance on January 1	$ 4,433	$ -
New debt preparation in this period	-	4,433
Balance on December 31	$ 4,433	$ 4,433

NOTE1:

The Group entered into a sale and purchase agreement with TBMS International Corporation, agreeing to purchase the equipment and equipment for a total consideration of $ 33,050 by December 31, 2016, and if canceling the order, 20% of the non-purchase price should be paid as liquidated damages, the unpaid price for the period ended December 31, 2017 is $ 29,090.

Therefore, according to the contractual agreement, the Group has set aside a provision for liabilities of $4,433. As of March 27, 2018, the two parties are still negotiating the amount of compensation.

J. Share capital

1 . Up to December 31, 2017, the Company had a fixed capitalization of $ 1 ,00 0,0 0 0 divided into 100,000 thousand shares (including 15,000 thousand shares subscribed by its employees' warrants) Paid-in capital amounted to $ 440,160 and the number of outstanding shares was 440,16 thousand shares, with a denomination of $ 10. In 2017, 4,016 thousand common shares were issued by the Company due to the conversion of convertible corporate bonds. The common shares are subject to change registration on a quarterly basis in accordance with relevant laws and regulations. Please refer to Note VI and (VII) for details.

The number of shares outstanding at the beginning and the end of the ordinary shares of the Company is adjusted as follows：

Table I. ***Unit: Thousand shares***

	2017	2016
January 1	40,000	40,000
Cash increase	4,016	-
December 31	44,016	40,000

2. On December 7, 2015, the Company made cash replenishment with the resolution of the Board of Directors to issue 10,000 thousand shares of new shares at a denomination of $ 10 per share. The issue price per share was $ 27.65. The capital increase was completed on March 17, 2016 by Financial Supervisory Commission No. 1050004642, and approved by the Board of Directors on March 22, 2016 with the capital increase date of May 5, 2016. However, on May 13, 2016, the company was suspended by the provisional board of directors to cancel this cash increase. This case was repealed on May 19, 2016 by the Financial Supervisory Commission No. 1050020158.
3. On March 24, 2017, the Company was resolved by the Board of Directors to apply for a cash increase of 14,000 thousand shares of new shares at a denomination of $ 10 per share. The company intends to issue a premium of $ 36 per share and is expected to raise $ 504,000 thousand. The capital increase case was approved by the Financial Management Committee No. 1060036940 on October 13, 2017, and was approved by the board of directors on December 11, 2017 as the base date for capital increase on January 16, 2018.
4. The company's shareholders meeting resolved on June 20, 2017 that it intends to apply for a cash-increase by private placement. The purpose of private equity cash increase

is to increase working capital.

The number of private equity stocks is capped at 15,000 thousand shares, which is handled three times within one year from the date of resolution of the shareholders' meeting.

5. On December 11, 2017, the company passed the board of directors' approval of the stock rights of the employees, and the total number of shares issued was 4,000 units. Each unit obtained 1,000 shares of the Company's common share. It was approved by the Financial Management Committee No. 1060051040 on January 8, 2018.

K. Capital reserve

1. According to the Company Law, the over amount of shares issued in excess of par value and capital surplus of gift income, apart from being used to make up for losses, in the absence of any accumulated losses in the company, new shares or cash are issued in proportion to the original shares of the shareholders. In addition, according to the relevant provisions of the Securities and Exchange Act., the above capital reserve capitalization of capital reserve, each of its total number does not exceed 10% of the paid-up capital. When a company is not deficient in surplus reserves to cover its capital losses, it may not supplement it with capital reserve.
2. For details of capital reserve - share options, please refer to Note VI (7).

L. Retained Earnings

1. In accordance with the Articles of Association of the Company, if there is a surplus in the annual total accounts, the tax shall be first collected to make up for the losses previously made, and the remaining 10% shall be statutory surplus reserves. The remaining balances shall be submitted by the board of directors to the shareholders for resolution on the remaining undistributed earnings of the previous years reserved or assigned; Employee dividend is one ten thousandth, dividend distribution of

shareholders, the cash dividend distribution ratio of not less than 30%, the rest is distributed in the form of stock dividends.

2. Statutory surplus reserve shall not be used except for offsetting the company's loss and issuing new shares or cash in proportion to the original shares of the shareholders; however, to the new shares or cash, the public reserve exceeds 25% of the paid-up capital.

3. When the Company distributes the surplus, according to the law, it shall distribute the special surplus reserve for the debit balance of the other equity items on the balance sheet date at the balance sheet date. When the balance of the debit balance of other equity items turns back, the amount of the rotation shall be included Available for distribution of surplus.

4. On June 29, 2016, the Company resolved the shareholders' meeting to make up for the accumulated losses with the net profit after taxation of 2015. Therefore, no surplus will be distributed.

5. The Company will accumulate losses in 2016 and no surplus will be distributed. The Company's 2016 loss provision proposal was resolved by shareholders meeting on June 20, 2017.

6. Please refer to Note VI (XV) for details of employee remuneration and directors' remuneration information.

M. Other benefits and losses

Table I.

	2017	2016
Net loss on financial assete and liabilities measured at fair value through profit or loss	($ 308)	($ 388)

Onerous contract loss		(173)
Net foreign currency exchange (loss) benefits	(7,826)	(315)
Disposed the (loss) interests of fixed assets	(757)	(5,818)
Miscellaneous expenses	(1,203)	(3,311)
Total	($ 10,094)	($9,229)

N. Employee benefits and depreciation expenses

Table I

Employee benefits costs	2017	2016
Salary costs	$72,240	$109,209
Labor health insurane costs	4,286	4,572
Pension costs	4,475	5,921
Other costs of employment	2,548	3,039
	$83,549	$122,741
Depreciation expenses – Operating expenses	$3,538	$ 4,843
Depreciation expenses - Operating costs	$2,121	$-
Amortization expenses - Operating expenses	$ 674	$ 592
Amortization expenses - Operating costs	$ -	$5,000

1 . According to the revised Articles of Association of the Company, if the Company's annual accounts are profitable, the remuneration of employees should be provided from 1% to 5%. However, when the Company still has accumulated losses, it should reserve the amount of compensation in advance.

2. The Company was a cumulative loss for the year of 2017 and December 31, 2016, and therefore no employee remuneration and director's remuneration were included. Information about employee and remuneration of directors and supervisors approved by the board of directors of the Company and shareholders' meetings can be obtained from the "Market Observation Post System".

O. Income tax

1. Income tax (benefit) costs

Table I: Income tax (benefit) costs component:

	2017	2016
Current income tax：		
Income tax arising from current income	$ 4,327	$ 1,721
Prior to the income tax assessment	(68)	(144)
Total current income tax	4,259	1,577
Deferred income tax： The original generation and rotation of temporary differences	(1,512)	(11,111)
Income tax (benefit) costs	$ 2,747	($ 9,534)

Table II: Income tax related to other comprehensive income:

	2017	2016
Foreign operating agencies conversion difference	$ 3,440	$ 1,514
Determine the re-measurement of the benefit obligation	(4)	(94)
	$ 3,436	$ 1,420
2. Relationship between income tax expense and accounting profit		
	2017	2016
Income tax before income tax at statutory tax rate	$ 6,563	($ 12,190)
According to the tax law should be removed from the cost	(1,615)	(2,763)
Deferred income tax assets can be realized assessment of changes	(2,133)	(2,171)
Tax losses No recognized deferred income tax assets		2,208
Prior to the income tax assessment	(68)	(144)
Income tax expenses (benefits)	$ 2,747	($ 9,534)

2. The amount of each deferred income tax asset or liability arising from temporary differences and tax losses is as follows:

3. The amount of each deferred income tax asset or liability arising from temporary differences and tax losses is as follows:

Table III:

2017				
Temporary differences： - Deferred tax assets:	January 1	Recognized in profit or loss	Recognized in other comprehensive net profit	December 31
Allowance for loss of inventory decline	$1,585	($750)	$ -	$ 835
No vacation bonus	215	-	-	215
Foreignoperating agencies exchange differences	7	-	3,440	3,447
	287	-	(4)	283
Tax losses	17,108	7,332	-	24,440
Onerous contract losses finance tax difference	989			989
Others	694	(694)	-	-
Subtotal	20,885	5,888	3,436	30,209
- Deferred income tax				

liabilities:				
Long-term foreign equity investment interests	(987)	(5,449)		(6,436)
Financial liabilities evaluate benefits	(97)	97	-	81
Unrealized exchange of benefits	(895)	976	-	-
Foreign operating agencies exchange differences	-	-	-	-
Pension tax difference	(160)	-		(160)
Subtotal	(2,139)	(4,376)		(6,515)
Total	$18,746	$1,512	$ 3,436	$23,694

Table IV:

2016				
Temporary differences： - Deferred tax assets:	January 1	Recognized in profit or loss	Recognized in other comprehensive net profit	December 31
Allowance for loss of inventory decline	$ 2,227	($ 642)	$ -	$ 1,585
No vacation bonus	215	-	-	215
Foreign operating agenciesexchange	-	-	7	7

differences				
Re-measurement of the benefit plan	381	-	(94)	287
Tax losses	10,294	6,814	-	17,108
Onerous contract losses finance tax difference	-	989	-	989
Others	-	694	-	694
Subtotal	13,117	7,855	(87)	20,885
Deferred income tax liabilities:				
Long-term foreign equity investment interests	(2,521)	1,534	-	(987)
Financial liabilities evaluate benefits	(31)	(66)	-	(97)
Unrealized exchange of benefits	(2,683)	1,788	-	(895)
Foreign operating agencies exchange differences	(1,507)	-	1,507	-
Pension tax difference	(160)	-	-	(160)
Subtotal	(6,902)	3,256	1,507	(2,139)
Total	$ 6,215	$ 11,111	$ 1,420	$ 18,746

4. The profit-making business of the Company tax revenue tax collection agencies approved by the government to 2015.

5. The Company has not yet used the tax losses of the effective period and unrecognized deferred tax assets related amounts as follows:

Table V:

December 31, 2017				
				Not recognize deferred
Occurrence of the year	The number of declarations / approved	Have not arrived the amount	Income tax assets part	Last deduction year
2008	Approved number	$35,455	$35,455	2018
2009	Approved number	41,776	41,776	2019
2010	Approved number	18,341	5,502	2020
2011	Approved number	14,982	4,495	2021
2012	Approved number	17,232	5,170	2022
2013	Approved number	15,876	4,763	2023
2014	Approved number	12,959	3,888	2024
2015	Approved number	21,087	6,326	2025
2016	Declared number	42,849	-	2026
2017	Estimated number	30,581	-	2027
		$251,138	$107,375	

Table VI:

December 31, 2016				
				Not recognize deferred
Occurrence	The number of	Have not	Income tax assets part	Last deduction

of the year	declarations / approved	arrived the amount		year
2008	Approved number	$ 35,455	$35,455	2018
2009	Approved number	41,776	41,776	2019
2010	Approved number	18,341	5,502	2020
2011	Approved number	14,982	4,495	2021
2012	Approved number	17,232	5,169	2022
2013	Approved number	15,876	4,763	2023
2014	Approved number	12,959	3,888	2024
2015	Approved number	21,087	6,326	2025
2016	Declared number	43,286	12,986	2026
		$220,994	$120,360	

6. As the amendments to the Taiwan Income Tax Law that came into effect in February 2018 have repealed the relevant provisions of the two-in-one tax system, they do not disclose undistributed earnings as of December 31, 2017, and shareholders can deduct the account balance, and information on the amount of tax deductions to be made by shareholders who are expected to allocate their surplus in 2017.
7. As of December 31, 2016, the balance of the company's shareholders deductible tax account was $39,240. The year of 2016 is a cumulative loss, so there is no deductible tax ratio.

P. Profits (Loss) per share

Table I

2017			
Basic profits per share	Weighted average number of shares outstanding		
	(thousand hares)	Loss per share	(NT $)
Net profit attributable to ordinary shareholders of parent company for the period	After-tax amount		
	($ 5,189)	43,392	$0.12
2016			
Basic profits per share	Weighted average number of shares outstanding		
	(thousand hares)	Loss per share	(NT $)
Net profit attributable to ordinary shareholders of parent company for the period	After-tax amount		
	($ 56,195)	43,392	$1.40

In 2017 and 2016, due to the anti-dilutive effect of convertible corporate bonds issued by the Company, it was not included in the calculation of diluted earnings per share.

Q. Business combination

1. On July 1, 2016, the Group acquired 100% equity interests in Jianhua Travel Co., Ltd. with a cash consideration of $ 1,000 plus net acquisition value of $ 400 for the acquisition consideration and obtained control from Jianhua Travel Co., Ltd.

   The company operates domestic and overseas travel business and the Group expects to strengthen the operation of international medical business after the acquisition.

1.1 Fair value information on consideration paid for the acquisition of Jianhua Travel Co., Ltd., assets acquired and liabilities assumed at the acquisition date are as follows:

Table I

Acquisition price	July 1, 2016
Cash	$ 1,000
Other payables	400
	$ 1,400

Table II

Fair value of identifiable assets and liabilities assumed	
Cash	2
Other non-current assets	400
Other current liabilities	(2)
Total net identifiable	400
assets	$ 1,000
Goodwill	

2. Since the merger of Jianhua Travel Co., Ltd. with Jianshe Travel Co., Ltd. on July 1, 2016, the Group's operating revenue and pretax losses contributed by JHF Co., Ltd. were $ 473 and $ 178 respectively. If it is assumed that Jianhua Travel Co., Ltd. has been included in the consolidation since January 1, 2016, the Group's operating income and net loss before tax would be respectively $ 1,663,644 and ($ 68,406).

R. Business lease

The Group leases offices and warehouses under operating leases for a period of one to three years. The year of 2017 and 2016 recognized respectively $7,820 and $14,184 for the current period. The total amount of the minimum lease payments to be paid in the future as stipulated in the lease is as follows:

Table I

	December 31, 2017	December 31,2016
No more than 1 year	$ 6,442	$ 8,767
More than 1 year but not more than 5 years	6,222	2,390
	$ 12,664	$ 11,157

S. Cash flow supplementary information

Table I: Only part of the cash paid for investment activities:

	2017	2016
Purchase of real estate, plant and equipment	$28,906	$7,609
Plus: Notes payable for the purchase of real property, plant and equipment at the beginning of the period 807 - Minus： Notes payable for the purchase of real property, plant and equipment at the end of the period	807	-
end of the period	-	(807)
The current payment of cash	$29,713	$ 6,802

Table II: Not affect the cash flow of fund-raising activities：

	2017	2016
One-year or one business cycle of the implementation of the sale of corporate bonds	$ -	$ 148,117

Conversion of convertible corporate bonds into common shares (including conversion discounts)	$ 148,779	$ -

a. Party Trading

1. The major transactions with Parties

The parties' name	Relationship with the Company
An Xing Biotechnology Co., Ltd.	Other related party

2. The major transactions with Parties

Property transactions Obtain real estate, plant and quipment	2017	2016
—Other related parties	$ 1,200	$

3. The main management salary information

	2017	2016
Salary and other short-term employee benefits	$11,500	
Repatriation benefits	-	6,850
After retirement benefits	566	904
Total	$ 12,066	$ 21,303

b.Mortgage (Pledge) of assets

Table I: Details of the Group's asset guarantees are as follows:

	Book value		
Names of Assets Other current assets	December 31, 2017	December 31, 2016	Secured use
-Current account	$3,154	$3,414	Short-term loan

special account			guarantee
-Certificate of deposit	4,800	4,800	Customs margin guarantee
Real estate, plant and equipment			
- Land	17,209	17,209	Short-term credit line guarantee
- Houses and buildings	29,447	30,238	〃
	$ 54,610	$ 55,661	

c. Major or unrecognized liabilities of contract promise

1. Contingencies matters

No.

2. Commitments matters

2.1. As of December 31, 2017, the guarantee ticket opened by the company to suppliers for purchase was $10,000.

2.2. As of December 31, 2017, the Company due to the purchase contract. A bank loan amount of $5,000 was used as a performance guarantee.

2.3 The amount of guarantees and endorsements guaranteed by the Company for the subsidiary's borrowings on December 31, 2017 and 2016 were $14,880 (US$500 thousand) and $48,375 (US$1,500 thousand) respectively.

2.4 The Group used short-term guarantees from financial institutions for borrowings, which amounted to NT$45,000 thousand on December 31, 2017, and NT$45,000 thousand and US$1,500 thousand on December 31, 2016; Proof of NT$60,000 thousand was provided to the bank as guarantee on December 31, 2017 and 2016; The pre-open guarantee amount has been used for NT$5,000 thousand in both 2017 and December 31, 2016.

Table II: Signed but not yet incurred capital expenditures

	December 31, 2017	December 31, 2016
Real estate, plant and equipment	$44,000	$ -
Intangible assets	314,398	-
Total	$ 358,398	$ -

Note1:

In order to expand the development of biomedical R&D and business and promote the company's innovation and transformation of regenerative medicine, the company signed the initiation contract for cell layer regenerative medicine cooperation with CellSeed Inc. of Japan on December 21, 2016.The contract price is JPY 50,000,000. On March 24, 2017, the Board of Directors of the Company agreed to sign a cooperation contract for cell layer regenerative medicine with Cell Seed Inc. in Japan. Both parties formally signed a cooperation contract for regenerative medicine on April 24, 2017. The contract price was JPY 1,250,000,000.As of December 31, 2017, the company had paid JPY 110,000,000 according to the payment schedule agreed in the contract.

d. Major disaster losses

No.

e. Material subsequent events

1. The amendment to the Taiwan Income Tax Law was promulgated in February 2018, and.

the tax rate for profit-making business income tax was increased from 17% to 20% This amendment will apply from 2018.

The Company's assessment of this change in tax rate will affect the deferred income tax assets and liabilities to increase by $5,331 and $1,150, respectively, and the related impact numbers will be adjusted in the financial statements for the first quarter of 2018.

2. Please refer to Note VI and (X)3 and 5 for details.

3. On March 27, 2018, the company was approved by the board of directors to raise and issue the third guaranteed convertible corporate bonds. It is estimated that the issuance of 3,000 will be the upper limit. Each denomination is NT$100 thousand, and the total issued amount is limited to NT$303,000 thousand.

f. Others

1 Financial report expression:

The Group's capital management objectives are to safeguard the Group's ability to continue operations, maintain the optimal capital structure to reduce capital costs and provide remuneration to shareholders. In order to maintain or adjust the capital structure, the Group may issue new shares or sell assets to reduce its debt.

2 Financial instruments

Fair value information on financial instruments

The Group does not measure the fair value of financial instruments (including cash, notes receivable, accounts receivable, other receivables, deposits, short-term borrowings, notes payable, accounts payable (including related parties) other payables and corporate bonds payable) is a fair approximation of fair value. Please also refer to Note 12 (3) for details of the fair value of financial instruments measured at fair value.

3. Financial Risk Management Policy

3.1 The Group's ordinary operations are affected by a number of financial risks, including market risk (including exchange rate risk and interest rate risk), credit risk and liquidity risk. The Group's overall risk management policy focuses on the unpredictability of financial markets and seeks to reduce the potential adverse impact on the Company's financial position and financial performance.

3.2 Risk management is performed by the financial department of the Group in accordance with the policies approved by the board of directors. The Group's finance department is responsible for identifying, assessing and circumventing financial risks through its close cooperation with the operating units of the Company. The board of directors has written principles on overall risk management and also provides written policies on specific areas and issues such as exchange rate risk, interest rate risk, credit risk, the use of derivative and non-derivative financial instruments, and investment in the remaining liquidity.

3.3 The nature and extent of the significant financial risk

4. Market risk:

4.1 Currency risk

4.1.1 The Group operates across borders and therefore is subject to exchange rate risk rate risk arises from future business transactions, assets and liabilities already recognized and net investments in foreign operating agencies.

4.1.2 The management of the Group has established policies that require each company inthe company to manage the exchange rate risk relative to its functional currency.

4.1.3. The Group holds investments in certain foreign operating agencies and its net ass are exposed to foreign currency translation risk.

4.1.4 The Group's operations involve certain non-functional currencies (The functional currency of the Company is NTD, and the functional currencies of some subsidiaries are Hong Kong Dollar and Singapore Dollar). Therefore, the foreign currency assets and liabilities with the effect of significant exchange rate fluctuations under the influence of exchange rate fluctuations are as follows:

Table I:

December 31, 2017			
			Carrying amount
Financial assets Monetary items	Foreign Currency (thousand)	Exchange rate	HKD
USD：NTD	$ 3,153	29.76	$ 93,833
USD：HKD	6,335	7.8118	188,530

Table II: Financial liabilities

USD：NTD	1,337	29.76	39,789
USD：HKD	2,673	7.8118	79,548
December 31, 2016			
			Carrying amount
Financial assets Monetary items	Foreign Currency (thousand)	Exchange rate	NTD
USD：NTD	$ 4,564	32.25	$ 147,189
USD：HKD	5,307	7.755	171,151
USD：SGD	2,993	1.447	96,524

Table III: inancial liabilities

USD：NTD	1,746	32.25	56,309
USD：HKD	2,341	7.755	75,497
USD：SGD	245	1.447	7,901

4. The aggregate of all exchange profits recognized for 2017 and 2016 of the monetary items of the Group that have a significant effect due to exchange rate fluctuations was

($7,826) and ($315) respectively.

5. The foreign currency market risk analysis of the Group due to significant exchange rate fluctuations is as follows:

2017

Sensitivity Analysis

(Foreign currency: functional currency)

Change range Impact on after-tax profit and loss Impact on other comprehensive income after tax Financial assets

Table I:Monetary item

USD：NTD	1%	$ 938	$ -
USD：HKD	1%	1,885	-

Table II: Financial liabilities

USD：NTD	**1%**	**$ 398**	**$ -**
USD：HKD	1%	975	-

(Foreign currency: functional currency)

Change range Impact on after-tax profit and loss Impact on other comprehensive income after tax Financial assets

Monetary item

Table III:

USD：NTD	1%	$1,472	-
USD：HKD	1%	1,712	-
USD：SGD	1%	965	-

Table IV: Financial liabilities

USD：NTD	1%	563	-
USD：HKD	1%	755	-
USD：SGD	1%	79	-

Price risk

5.1. As the investments held by the Group are classified as financial assets measured at fair value through profit or loss in the consolidated balance sheet, the Group exposes the price risk of equity instruments. The Group is not exposed to the risk of commodity price risk. In order to manage the price risk of an investment in an equity instrument, the Group diversifies its investment portfolio in a manner that is based on the limits set by the Group.

5.2 The Group mainly invests in open-end funds, and the prices of these financial instruments will be affected by the uncertainty of the future value of the investment target. If the price of these financial instruments rises or falls by 1%, and all other factors remain unchanged, the after-tax profit for 2017 and the after-tax loss for 2016 will increase or decrease by $0 and $42 due to the profit or loss from the financial instruments measured

at fair value through profit or loss.

6. Credit risk

6.1 Credit risk is the risk of financial loss to the Group arising from the inability of the c ustomer to perform its contractual obligations. The Company's internally managed credit policies govern the management and credit risk analysis of each of its new customers prior to the payment of the terms of the payment and delivery of the terms and conditions of delivery to the individual operating entities within the Group. The internal risk management department assesses the credit quality of the client by considering its financial position, past experience and other factors. The major credit risks are cash and deposits with banks and financial institutions, as well as outstanding debtors and promised transactions.

6.2 For the year of 2017 and 2016, there was no credit limit exceeded. In addition, the debtors of the receivables of the Group have good credit and are mostly domestic electronics manufacturers, so they have not been assessed as having significant credit risk.

6.3. Aging analysis information overdue but not derogating from financial assets of the Group please refer to Note VI (3) for the explanation.

6.4. Individual analysis of the Group's derecognized financial assets Please refer to Note VI for explanation of each financial asset.

6.5 The Company provided its loan guarantee undertaking in accordance with the "Procedure Governing Endorsements and/or Guarantees", and only for subsidiaries which directly controlled over 50% of the Company. As the creditworthiness of these companies can be fully mastered, they are not required to provide collateral. If all of them fail to perform their obligations, the credit risk that may have occurred is the guaranteed amount.

7.Liquidity risk

7.1. The cash flow forecast is implemented by individual operators within the group and is aggregated by the group finance department. The Group's finance department monitors the Group's liquidity requirements forecast to ensure that it has sufficient funds to meet operating needs and maintain sufficient borrowing commitments at any time. These projections take into account the group's debt financing plans and the terms of the debt to be followed, In line with the financial ratios of the internal balance sheet.

7.2 The following tables represent the Group's non-derivative financial liabilities grouped by their respective maturity dates. Non-derivative financial liabilities are analyzed based on the remaining period from the balance sheet date to the contractual maturity date. The amount of contractual cash flows disclosed in the table below represents the undiscounted amount.

Table I :Non-derivative financial liabilities:

December 31, 2017	1 year or less	Within 1 to 2 years	Within 2 to 5 year	5 years or more
Notes payable	$ 422	$ -	$ -	$ -
Accounts payable	145,025	-	-	-
Other payables	14,295	-	-	-
Deposits (shown under "Other non-current liabilities")	3	-	-	-

Table II :Non-derivative financial liabilities:

December 31, 2016	1 year or less	Within 1 to 2 years	Within 2 to 5 year	5 years or more
Notes payable	$ 1,077	-	-	-
Accounts payable	150,223	-	-	-
Other payables	31455	-	-	-
Execution of sell-back corporate bonds (as listed in "Other current iabilities") due within one year	150,000	-	-	-

or one business cycle				
Deposits (shown under "Other non-current liabilities")	3	-	-	-

g. Fair value information

1. For the fair value information of the Group's non-financial assets and financial liabilities not measured at fair value, please refer to Note XII. (II) 1.

2. The levels of the appraisal techniques used to measure the fair value of financial and non-financial instruments are defined as follows:

Level 1:

Quoted prices (unadjusted) in active markets for the same assets or liabilities available to the Company at the measurement date. An active market is a market in which transactions in assets or liabilities of sufficient frequency and quantity occur to provide pricing information on an ongoing basis.

Level 2:

The observable inputs for the asset or liability, directly or indirectly, except where quoted prices include Level 1.

Level 3:

Cannot observe inputs to assets or liabilities.

2.1 The balance of financial instruments measured at fair value on December 31, 2017 was $0, so there was no disclosure of relevant fair value information. Financial instruments measured at fair value on December 31, 2016 are classified based on the nature, characteristics and risks of liabilities, and the fair value hierarchy. The relevant information is as follows:

Table I

December 31, 2017	Lvel 1	Level 2	Level 3	Total
Assets				
Repetitive fair value Financial assets at fair value through profit or loss				
- Open-end funds	~~$ 5,088~~	~~$~~	~~$~~	~~$~~
Liabilities				
Repetitive fair				
value				
Financial				
liabilities at fair value through profit or loss	$ -	$ -	$ -	$ -
- Embedded in the option of convertible bonds	$ -	$ -	$ 300	$ 300

3. The methods and assumptions used by the Group to measure the fair value are as follows:

   The Group adopts the market quotation as the input value of fair value (i.e. the Level 1). According to the characteristics of the instruments, the quoted price of the open-end fund market is based on the net value.

4. There is no transfer between Level 1 and Level 2 in 2017 and 2016.
5. The table below shows the changes in Level 3 of 2017 and 2016:

Table II

	2017	2016
January 1	$ -	($ 300)
Evaluation of profit or loss	-	300
December 31	$ -	$ -

6. The fair value of the Group is classified into the third level of the evaluation process by the accounting department is responsible for the financial instruments independent fair value verification, using independent source data to bring the evaluation results close to the market state, confirming that the data sources are independent, reliable, in line with other resources and representing the executable prices, and regularly calibrating the evaluation model for back-testing, update the input values and data required for the evaluation model and any other necessary fair value adjustments to ensure that the evaluation results are reasonable.
7. An analysis of the sensitivity of changes in quantitative information and significant unobservable inputs that are significant unobservable inputs to the evaluation model used in the third level fair value measurement item is as follows:

Table III

	December 31 , 2016 Fair value	Evaluation skill	Significant unobservable inputs	Interval (weighted average)	The relationship between input value and fair value
Derivatives：Option	$ -	binomial model	Volatility	36.42%	The higher the volatility, the higher the fair value.

8. The Group, after careful assessment of the evaluation model and evaluation parameters chosen, justifies the measurement of fair value. However, different evaluation models or evaluation parameters may lead to different results of the evaluation. For financial liabilities classified as Level 3, the impact on the current profit or loss or other comprehensive income if the valuation parameters are changed is as follows:

Table IV

December 31 , 2016				
Recognized in profit or loss	Recognized in other comprehensive income			
Favorable changes	Adverse changes			
Financial liabilities	Change	Favorable changes	Adverse changes	Adverse changes
Derivatives1% ±	$ -	$ -	$ -	$ -

h. Reference of disclosures

Information about the investees should be disclosed in accordance with the audited financial statements of the investee companies. The following transactions with the subsidiaries are eliminated in the preparation of the consolidated report. The information disclosed below is for reference only.

1. Major information related transactions

2 Loan to others: Please see Table I for details.

3 Endorsement guarantee for others: Please refer to Table II for details.

4 Securities held at the end of the period (excluding investment subsidiaries):None.

5 Accumulative purchases or sales of the same security amounting to NT $ 300 million or over 20% of paid-up capital: None.

6 Acquisition of real estate amounting to NT $ 300 million or over 20% of paid-up capital: None.

7 Disposal of real estate amounting to NT $ 300 million or over 20% of the paid-up capital: None.

8 To enter into relationships with other people, the sales volume of NT $ 100 million or over 20% of the paid-in capital: None.

9. Receivables from related parties amount to NT $ 100 million or over 20% of the paid up capital: None.

10 Engaged in derivative financial transactions: None.

11.Business relationship between the parent company and its subsidiaries and its subsidiaries and significant transactions and amounts: Please refer to Table III for details.

12 Transfer investment business information

Invested company name, location, etc. Related information（Does not include in Mainland invested companies）：Please refer to Table IV for details.

13. Mainland investment information

13.1. Invest in the cause of investing in the Mainland Related Information: Please refer to Table V for details.

13.2.The significant transactions that occurred in the investee company of the mainland of China directly or indirectly through the third regional undertaking and the reinvestment of capital, its price, terms of payment, and unrealized gain / loss: Please refer to Table VI.

i. Operating Department Information

a. General information

The management of the Group has identified the departments to be reported based on the information reported by the decision makers in making their decisions. The Group conducts its business from a geographical point of view.

b. Measurement of departmental information

The Group's operating decision-maker assesses the performance of the operating department based on its departmental net loss (profit).

c. Department information

The reportable departmental information provided by the Group to the chief operating decision maker is as follows:

Table I

2017							
Taiwan							
	Hong Kong and Mainland	Southeast Asia	Electronic	Biomedical	Others	Reversal	Total
Revenue from external customers	$ 673,513	$ 350,664	$ 398,294	$ 5,988	$774	$ -	$ 1,429,233
Inter-departmental income	1,234	5,055	3,344	-	-	(9,633)	-
Total income	$ 674,747	$ 355,719	$ 401,638	$ 5,988	$774	($ 9,633)	$1,429,233
Department profit and loss	$30,565	$5,027	($2,404)	($ 21,328)	$11,432	($ 428)	$ -
Depreciation and	$ 488	$ 458	$ 963	6,333	$ 4,424	$ -	$ -

amortization							

Table II

2016							
Taiwan							
	Hong Kong and Mainland	Southeast Asia	Electronic	Biomedical	Others	Reversal	Total
Revenue from external customers	$ 705,115	$ 205,668	$ 744,520	$7,154	$354	$ -	$,662,820
Inter-departmental income	154	7,762	3,326	-	119	(11,361)	-
Total income	$705,669	$ 213,430	$ 747,855	$ 5,988	$473	($ 11,361)	$1,662,280
Department profit and loss	($560)	($3,239)	($30,729)	($ 21,243)	$421	$ -	($ 56,192)
Depreciation and amortization	$ 596	$ 752	$1,093	$7,994	$ -	$ -	$10,435

The Group does not provide a measure of the total assets and total liabilities of the chief operating decision maker for its operating decisions.

d. Regulatory information on departmental profit and loss

External revenue reported to the chief operating decision maker is measured consistently with revenue in the income statement.

Profit and loss for the year of 2017 and 2016 are as follows:

Table III

	2017	2016
The department should report the undistributed amount of profit or loss	$ 11,432	($ 56,192)
Other income	7,327	2,948
Other benefits and losses	(10,094)	(9,229)
Financial costs	(729)	(3,256)
Income before tax from continuing operations	$ 7,936	($ 65,729)

e. Products and services information

Revenue from external customers of the Company and its consolidated subsidiaries mainly derives from the wholesale and retail of electronic materials. The breakdown of income balance is as follows:

Table IV:

	2017	2016
Sales of goods	$ 1,422,396	$ 1,660,466
Others	6,837	2,354
Total	$ 1,429,233	$ 1,662,820

f. Area information

Table V:The Company's area information for 2016 and 2015 is as follows:

	2017		2016	
	Income Non-current assets		Income Non-current assets	
Hong Kong and Mainland China	$673,513	$1,055	$705,115	$1,223
Taiwan	405,056	99,241	752,037	60,554
Singapore	350,664	149	205,668	609
total	$1,429,233	$100,445	$ 1,662,820	$ 62,386

g. Important customer information

The Company and its consolidated subsidiaries did not have any customers who accounted for more than 10% of the total revenue in the income statement in 2017 and 2016.

MetaTech Ltd. and subsidiariesLoan

January 1, 2017 to December 31, 2017

Table I

Unit: NT Thousand

(Except special note)

Number (Note 1)	Lending funds company	Loan object	Contacts projects	Relationship	The current balance	Ending balance	Actual moving amount	Interest rate range	The nature of loan funds	Business deal amount	a reason for the need for short-term financing	prepare for the bad debts amount	Collateral		Loans quotas on individual objects	The total limit of loan funds	Note
													Name	Value			
0	MetaTech Ltd.	Jianhua Travel Agency Co., Ltd.	Other receivables	Y	$1,000	$1,0000	$1,000	2.0%	a need for short-term financing	$ -	Operating turnover	$ -	-	$ -	$ 119,903	$239,806	Note 3
0	MetaTech Ltd.	MetaTech (S) Pte Ltd.	Other receivables	Y	30,420	29,760	-	2.8%	a need for short-term financing	-	Operating turnover	-	-	-	119,903	239,806	Note 3, Note 5
1	MTIHolding Co., Ltd.	MetaTech Ltd.	Other receivables	Y	$ 33,450	$ 2,250	$ -	2.5%	a need for short-term financing	$ -	Operating turnover	$ -	-	$ -	$ 271,059	$ 338,824	Note 4, Note 5

Note 1: The description of the number column is as follows:

(1) The issuer is filled 0.

(2) Invested companies by company name from the Arabic numerals 1, starting with the serial number.

Note 2 ：

According to the Company's "Regulations governing loans", the total amount of foreign loans granted to the Company by the Company for business loans should not exceed the sum of the business transactions. The total lending of short-term financing facilities should not exceed the net value of the Company 40% of the total amount of loans to the same object not exceeding 20% of the net value of the company's limit.

Note 3 ：

According to the Company's "Regulations governing loans", the total amount of foreign loans granted to the Company by the Company for business loans should not exceed the sum of the business transactions. The total lending of short-term financing facilities should not exceed the net value of the Company 40% of the total amount of loans to the same object not exceeding 20% of the net value of the company's limit.

Note 4：

According to the Subsidiary’s "Regulations governing loans", the total amount of loans to foreign loans by a subsidiary shall not exceed the sum of its business loans due to the sum of its business loans； The total amount of short-term financing loans shall not exceed the net value of various asset lending companies 40 % of the total amount of loans to the same object not exceeding 20% of the net value of subsidiaries. For the related parties whose voting shares are directly or indirectly held by the parent company of 100% or more, the limit of not exceeding 100% of the net value of the subsidiaries. The total amount of loans to the same object shall not exceed 80% of the net value of the subsidiary.

Note 5 ：

The current balance and the ending balance are translated into NTD at the period-end exchange rate (1 USD: 29.76 NTD)

MetaTech Ltd. and subsidiaries

Endorsement

January 1, 2017 to December 31, 2017

Table II

Unit: NT Thousand

(Except special note)

Number (Note1)	Endorsement guarantor company	Endorsed objects		Endorsement guarantee limit for a single enterprise	The current balance of the highest endorsement guarantee	The end of the endorsement balance	ctual rawing mount	Endorsed by property guarantee amount	The ratio of the accumulated endorsed guarantee amount to the net value of the latest financial statement	Endorsement ceiling	Subsidiary to the parent company guarantee endorsement	The parent company to Subsidiary guarantee endorsement	To Mainland endorsement guarantee	Note
		Company	Relation											
0	MetaTech Ltd.	MetaTech Ltd.	The thirdtier subsidiary	$599,515	$47,018	$14,880	$ -	$ -	2.48	$599,515	Y	-	-	Note 2, Note 3, and Note 4

Note 1:

The description of the number column is as follows:

(1) The issuer is filled 0.

(2) Invested companies by company name from the Arabic numerals 1, starting with the serial number.

Note 2：

According to the "Regulations governing endorsement guarantee" of the Company, the Company's endorsed guarante for single enterprise is limited to 60% of the net value of the Company.

Note 3

According to the "Regulations governing endorsement guarantee" of the Company, the total amount of external endorsement guarantees of the Company shall not exceed 80% of the net value of the Company.

Note 4：

The balance of the end-of-period guarantee is converted into NTD at the period-end exchange rate (1 USD: 29.76 NTD).

MetaTech Ltd. and subsidiaries

Business relationships and significant transactions between the parent company and its subsidiaries and its subsidiaries

January 1, 2017 to December 31, 2017

Table III

Number	Trader's name	Transaction object	Relationship with Trader (Note 2)	Transaction situation			
				Subject	Amount	Transaction terms	The combined total revenue or total assets ratio
0	MetaTechLtd.	MetaTech Ltd.	1	Sales revenue	923	According to the two sides agreed gross margin, payment conditions is open account 90 days	-
0	〃	〃	1	Accounts receivable	12	According to the two sides agreed gross margin, payment conditions is open account 90 days	-
0	〃	〃	1	Other receivables	2,510	Manage service fees and advances, payment conditions is open account 90 days	-
0	〃	MetaTech (S) Pte Ltd.	1	Sales revenue	2,203	According to the two sides agreed gross margin, payment conditions is open account 90 days	-
0	〃	〃	1	Accounts receivable	337	According to the two sides agreed gross margin, payment conditions is open account 90 days	-
0	〃	〃	1	Other receivables	19	Advance payment, the end of 90 days	-
0	〃	Jianhua Travel Agency Co., Ltd.	1	Rental income	147	Calculated according to the amount agreed by both parties	-
0	〃	〃	1	Other receivables	1,002	Interest receivable on short-term financing	-

1	MetaTech (S) Pte Ltd.	MetaTech Ltd.	2	Sales revenue	3,212	According to the two sides agreed gross margin, payment conditions is open account 90 days	-
1	〃	〃	2	Accounts receivable	568	According to the two sides agreed gross margin, payment conditions is open account 90 days	-
1	〃	MetaTech Ltd.	3	Sales revenue	1,843	According to the two sides agreed gross margin, payment conditions is open account 90 days	-
2	MetaTech td.	MetaTech Ltd.	2	Sales revenue	186	According to the two sides agreed gross margin, payment conditions is open account 90 days	-
2	〃	〃	2	Accounts receivable	80	According to the two sides agreed gross margin, payment conditions is open account 90 days	-
	〃	〃	2	Other receivables	321	Advance payment, the end of 90 days	-
2	〃	MetaTech (S) Pte Ltd.	3	Sales revenue	1,048	According to the two sides agreed gross margin, payment conditions is open account 90 days	-
2	〃	〃	3	Accounts receivable	142	According to the two sides agreed gross margin, payment conditions is open account 90 days	-
2	〃	MetaTech (SZ)	3	Sales revenue	86,644	According to the two sides agreed gross margin, payment conditions is open account 90 days	6%
2	〃	〃	3	Accounts receivable	29,383	According to the two sides agreed gross margin, payment conditions is open account 90 days	4%
3	Jianhua Travel Agency Co., Ltd.	MetaTech Ltd.	2	Labor income	71	The same general conditions of service, collection and general customers with	-
3	〃	〃	2	Other receivables	301	Advance payment, the end of 30 days	-
3	〃	〃	2	Refundable deposits	30	According to the agreed rent deposit	-

Note 1:

The description of the number column is as follows:

(1) The issuer is filled 0.

(2) Invested companies by company name from the Arabic numerals 1, starting with the serial number.

Note 2 ：

According to the "Regulations governing endorsement guarantee" of the Company, the Company's endorsed guarantee for single enterprise is limited to 60% of the net value of the Company.

Note 3：

According to the "Regulations governing endorsement guarantee" of the Company, the total amount of external endorsement guarantees of the Company shall not exceed 80% of the net value of the Company.

Note 4 ：

The balance of the end-of-period guarantee is converted into NTD at the period-end exchange rate (1 USD: 29.76 NTD).

MetaTech Ltd. and subsidiaries

Invested company name, location and other relevant information (not including mainland invested companies)

January 1, 2017 to December 31, 2017

Unit: NT Thousand

(Except special note)

Table VI

Investment company name	Name of invested company	Location	The main business	Original investment amount		Held at the end			Invested company current profit and loss	Investment profit and loss recognized in this period	Note
				At the end of the period	At the end of last period	Number of shares	ratio	Carrying amount			
MetaTech Ltd.	MetaTech Investment Holding Co., Ltd.	British Virgin Islands	Engaged in holding and transfer of investment business	$ 333,065	$ 333,065	10,000,000	100	$ 350,645	$32,054	$32,054	The subsidiary
MetaTech Ltd.	Jianhua Travel Service Co., Ltd.	Taiwan	Engaged in tourism business	1,400	1,400	600	100	797	(425)	(425)	The subsidiary
MetaTech Investment Holding Co., Ltd.	MTI Holding Co., Ltd.	Samoa	Engaged in holding and transfer of investment business	333,065	333,065	10,000,000	100	$ 350,645	$32,054	32,054	The second-tier subsidiary
MTI Holding Co., Ltd.	MetaTech (S) Pte Ltd.	Singapore	Electronic materials	82,259	82,259	3,800,000	100	115,018	261	261	The third

			wholesale and retail								-tier subsidiary
MTI Holding Co., Ltd.	MetaTech Ltd.	Hong Kong	Electronic materials wholesale and retail	199,170	199,170	46,000,000	100	172,586	31,632	31,632	The third -tier subsidiary

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MetaTech Ltd. and subsidiaries

Mainland Investment Information - Basic Information

January 1, 2017 to December 31, 2017

Unit: NT Thousand

(Except special note)

Table V

Name of invested company in Mainland China	The main business	Paid-in capital	Investment method	At the beginning of this period, the cumulative investment amount was remitted from Taiwan	In the current period, the amount of investment is remitted or withdrawn		At the end of the period, the cumulative investment amount was remitted from Taiwan	Invested company current profit and loss	The proportion of shareholding directly or indirectly invested by the Company	Current investment income recognized	The Carring amount of the end of investment	As of the current period, the investment income has been repatriated	Note
					remitted	withdrawn							
MetaTech (SZ)	Electronic materials wholesale and retail	$78,068	Invest in mainland companies by investing in existing companies in the third region	$78,068	$ -	$ -	$78,068	$ 9,761	100	$ 9,761	$18,342	$ -	Note 1, Note 2 and Note 3

MetaTech

MetaTech Ltd. and subsidiaries

Mainland Investment Information - Significant transactions that occurred directly or indirectly with third-party businesses and investee companies investing in the Mainland

January 1, 2017 to December 31, 2017

Unit: NT Thousand

(Except special note)

Name of invested company in Mainland China	Sales Purchase		Property transactions		Accounts receivable (payable)		Endorsement of bills or provision of collateral		Financial intermediation					Others
	Amount	%	Amount	%	Balance	%	Ending balance	Purpose	The highest balance	Ending balance	Interest rate range	Current interest		
MetaTech (SZ)	$ 86,644	6%	$ -	-	$ 29,383	4%	$ -	-	$ -	$ -	-	$ -		-