MetaTech

METATECH (AP) INC. AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS AND

REPORT OF INDEPENDENT ACCOUNTANTS

DECEMBER 31, 2018 AND 2017

For the convenience of readers and for information purpose only, the auditors' report and the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. In the event of any discrepancy between the English version and the original Chinese version or any differences in the interpretation of the two versions, the Chinese-language auditors' report and financial statements shall prevail.

Representation Letter

In connection with the Consolidated Financial Statements of Affiliated Enterprises of MetaTech (AP) Inc. (the “Consolidated FS of the Affiliates”), we represent to you that, the entities required to be included in the Consolidated FS of the Affiliates as of and for the year ended December 31, 2018 in accordance with the “Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises” are the same as those required to be included in the Consolidated Financial Statements of MetaTech (AP) Inc. and its subsidiaries (the “Consolidated FS of the Group”) in accordance with International Financial Reporting Standard 10, as well as that, the information required to be disclosed in the Consolidated FS of Affiliates is disclosed in the Consolidated FS of the Group. Consequently, MetaTech (AP) Inc. does not prepare a separate set of Consolidated FS of Affiliates.

Very truly yours,
MetaTech (AP) Inc.
By

Hu Li San, Chairman
March 26, 2019

REPORT OF INDEPENDENT ACCOUNTANTS TRANSLATED FROM CHINESE

To the Board of Directors and Shareholders of MetaTech (AP) Inc.

Opinion

We have audited the accompanying consolidated balance sheets of MetaTech (AP) Inc. and subsidiaries (the "Group") as at December 31, 2018 and 2017, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2018 and 2017, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the Financial Supervisory Commission.

Basis for opinion

We conducted our audits in accordance with the "Regulations Governing Auditing and Attestation of Financial Statements by Certified 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 the Group 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 obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements 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.

Key audit matters for the Group’s consolidated financial statements of the current period are stated as follows:

Appropriateness of cut-off of warehouse operating revenue

<u>Description</u>

Please refer to Note 4(28), Note 5(1) and Note 6(3) to the consolidated financial statements where the accounting policy, critical accounting estimates and assumptions and the description of sales.

The types of sale is separated into direct delivery from factory and warehouse operating revenue. Base on International Financial Reporting Standards 15, ‘Revenue form contracts with customers’ endorsed by the Financial Supervisory Commission, an asset is transferred when (or as) the customer obtains control of that asset and an entity shall recognise revenue when the entity satisfies a performance obligation by transferring a promised good or service to a customer.

The good in the warehouse picked up by the customer means that control of the product is transferred, but the asset of transferred timing isn’t fixed. Management recognize revenue base on the report provided by warehouse custodians and inventory movement record of warehouse. The process of revenue recognition contains numerous manual procedures, which would potentially result in inaccurate timing of revenue recognition and the discrepancy between physical inventory quantities in the warehouses and quantities in accounting record. Since the transaction amounts prior to and after the balance sheet date are significant to the financial statements, revenue cutoff has been identified as a key audit matter.

<u>How our audit addressed the matter</u>

We performed the following audit procedures in respect of the above key audit matter:

A. Evaluated the rationality of revenue policy and procedure for warehouse adopted the understanding of the nature of the industry, and it is confirmed that the accounting policy is consistent with the IFRS standard.
B. Understood the process of the revenue recognition as well as evaluated and tested the Group’s

controls, including testing the product name, quantity and amount in report provided by warehouse custodians, and confirmed the movement is recorded in the appropriate period.

C. Performed cut-off test on the transactions of warehouse operating revenue around the period of balance sheet date, including verifying customers' receipt notes, supporting documents provided by hub custodian, inventory movement records, and costs of goods sold recognized in the correct reporting periods.

D. Confirmed the inventory quantities with warehouse custodian and agreed the results to accounting records.

Realisability of deferred tax assets

Description

Please refer to Note 4(25) "Income taxes", Note 5(2) "Critical accounting judgments and key sources of estimation and assumption uncertainty", and Note 6(17) "Income taxes" to the consolidated financial statements.

As of December 31, 2018, the Group recognised deferred tax assets amounting to NT$42,943 thousand. Assessment of the realisability of deferred tax assets involves the future operating plan provided by the management, which includes the assumptions of future demands of the market, economic situations, expected future sales revenue growth rate and cost estimation. Since the assumptions above usually involve management's judgement and have high levels of uncertainty, we consider realisability of deferred tax assets a key audit matter.

How our audit addressed the matter

We performed the following audit procedures in respect of the above key audit matter:

A. Understood the company's operation and the nature of the industry to evaluate the rationality of the management's operating plan, inclusive of evaluating the preparation process of the operating plan and inspecting if management's approval is consistent with the operating plan.

B. Inquired management the content of the operating plan, and assessed the intention and ability when executing the plan.

C. Inspected the assumptions the management used when assessing the future growth of revenue, cost and expense in the operating plan, and compared with the historical results, economics and industry predictions to evaluate the rationality of the future taxable profit.

D. Evaluated management's sensitivity analysis using different profit achievement rates, and ensured management has appropriately dealt with the influences of the uncertainty of the future taxable profit.

Estimation of allowance for inventory valuation losses

Description

Please refer to Note 4(12), for accounting policies on inventory valuation, and Note 5(2) for the uncertainty of accounting estimates and assumptions applied on inventory valuation. As of December 31, 2018, the balance of allowance for inventory valuation losses please refer to Note 6(3).

As of December 31, 2018, the balances of inventories and allowance for inventory valuation losses are NT$132,983 thousand and NT$16,214 thousand, respectively. The group is an agent for semiconductor, mainly about niche products. The main type of the products are consumer products, communication products and connectors. Because the products above are small-volume large-variety, short-term life cycle and facing furious pricing competition, the risk of inventory losses due from market value decline or obsolescence. The Group recognises inventories at the lower of cost and net realisable value. As the monetary values of inventories are material, and there are various types of inventories, the estimation and determination of the net realisable value of inventories as of the balance sheet date are subject to management’s judgement and contain a high level of uncertainty and have material effects on the financial statements, and therefore, it was identified as a key audit matter.

How our audit addressed the matter

We performed the following audit procedures in respect of the above key audit matter:

A. Assessed the reasonableness of policies and procedures related to the provision of allowance for inventory valuation loses based on our understanding of the Group’s operations and the characteristics of its industry.
B. Understood the Group’s warehousing control procedures. Reviewed the annual physical inventory count plan and participated in the annual inventory count in order to assess the effectiveness of the classification of obsolete inventory and internal control over obsolete inventory.
C. Verified whether the inventory aging report that were used to assess obsolete and slow-moving inventories was correct, including changes in inventories being classified according to inventory aging.
D. Checked the appropriateness of the estimation basis adopted by the Group for the evaluation of net realisable value, verified accuracy of inventory selling and purchase prices and recalculated and

evaluated the reasonableness of allowance for inventory valuation losses..

Other matter – Parent company only financial reports

We have audited and expressed an unmodified opinion on the parent company only financial statements of MetaTech (AP) Inc. as at and for the years ended December 31, 2018 and 2017.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the Financial Supervisory Commission, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance, including audit committee [or supervisors], are responsible for overseeing the Group’s financial reporting process.

Auditor’s responsibilities for the audit of the consolidated financial statements

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

As part of an audit in accordance with ROC GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group’ s internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management’s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group’ s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope

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and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

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

Hsu, Ming-Chuan　　　　　　　　　　Chih, Ping-Chiun

For and on behalf of PricewaterhouseCoopers, Taiwan

March 26, 2019

The accompanying consolidated financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying consolidated financial statements and report of independent accountants are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.

As the financial statements are the responsibility of the management, PricewaterhouseCoopers cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

MetaTech (AP) Inc. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
YEARS ENDED DECEMBER 31
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

	Assets	Notes	December 31, 2018 AMOUNT	%	December 31, 2017 AMOUNT	%
	Current Assets					
1100	Cash and cash equivalents	6(1)	$ 494,329	38	$ 203,163	26
1150	Notes receivable, net	6(2)	3,587	-	3,874	1
1170	Accounts receivable, net	6(2)	276,160	21	301,818	39
1200	Other receivables		2,470	-	12,867	2
1220	Current income tax assets		1,016	-	1	-
130X	Inventory	6(3)	116,769	9	105,216	13
1410	Prepayments		5,085	-	2,737	-
1470	Other current assets	6(1) and 8	10,939	1	8,759	1
11XX	**Current Assets**		910,355	69	638,435	82
	Non-current assets					
1600	Property, plant and equipment	6(4), 7 and 8	177,016	14	84,031	11
1780	Intangible assets	6(6)	136,975	11	13,860	2
1840	Deferred income tax assets	6(17)	42,943	3	30,209	4
1900	Other non-current assets	6(5)(8)	43,299	3	13,161	1
15XX	**Non-current assets**		400,233	31	141,261	18
1XXX	**Total assets**		$ 1,310,588	100	$ 779,696	100

(Continued)

MetaTech (AP) Inc. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
YEARS ENDED DECEMBER 31
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

	Liabilities and Equity	Notes	December 31, 2018 AMOUNT	%	December 31, 2017 AMOUNT	%
	Current Liabilities					
2100	Short-term borrowings		$ 20,000	2	$ -	-
2130	Current contract liabilities	6(14)	3,461	-	-	-
2150	Notes payable		2,022	-	422	-
2170	Accounts payable		162,441	12	145,025	19
2200	Other payables		33,989	3	14,295	2
2230	Current income tax liabilities	6(17)	-	-	2,541	-
2250	Provisions for liabilities - current	6(9)	4,433	-	4,433	-
2300	Other current liabilities		647	-	6,947	1
21XX	**Current Liabilities**		226,993	17	173,663	22
	Non-current liabilities					
2570	Deferred income tax liabilities	6(17)	10,736	1	6,515	1
2600	Other non-current liabilities		-	-	3	-
25XX	**Non-current liabilities**		10,736	1	6,518	1
2XXX	**Total Liabilities**		237,729	18	180,181	23
	Equity attributable to owners of the parent					
	Share capital	6(11)				
3110	Share capital - common stock		580,160	44	440,160	56
	Capital surplus	6(12)				
3200	Capital surplus		618,263	48	234,624	30
	Retained earnings	6(13)				
3350	Total accumulated deficit		(114,567)	(9)	(55,630)	(7)
	Other equity					
3400	Other equity interest		(10,997)	(1)	(19,639)	(2)
31XX	**Equity attributable to owners of the parent**		1,072,859	82	599,515	77
3XXX	**Total equity**		1,072,859	82	599,515	77
	Significant contingent liabilities and unrecognized contract commitments	9				
	Significant events after the balance sheet date	11				
3X2X	**Total liabilities and equity**		$ 1,310,588	100	$ 779,696	100

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

MetaTech (AP) Inc. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME
FOR THE YEARS ENDED DECEMBER 31
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

			Year ended December 31			
			2018		2017	
	Items	Notes	AMOUNT	%	AMOUNT	%
4000	**Sales revenue**	6(14) and 14	$ 1,460,290	100	$ 1,429,233	100
5000	**Operating costs**	6(3)(16)	(1,310,257)	(90)	(1,267,105)	(89)
5950	**Net operating margin**		150,033	10	162,128	11
	Operating expenses	6(8)(16)(19)				
6100	Selling expenses		(114,815)	(8)	(104,553)	(7)
6200	General & administrative expenses		(79,741)	(5)	(41,716)	(3)
6300	Research and development expenses		(38,143)	(3)	(4,427)	-
6450	Impairment gain (impairment gain and reversal of impairment loss) determined in accordance with IFRS 9	12(2)	1,009	-	-	-
6000	**Total operating expenses**		(231,690)	(16)	(150,696)	(10)
6900	**Operating (loss) profit**		(81,657)	(6)	11,432	1
	Non-operating revenue and expenses					
7010	Other income		9,709	1	7,327	-
7020	Other gains and losses	6(15)	6,480	-	(10,094)	(1)
7050	Finance costs		(44)	-	(729)	-
7000	**Total non-operating revenue and expenses**		16,145	1	(3,496)	(1)
7900	**(Loss) profit before income tax**		(65,512)	(5)	7,936	-
7950	Income tax expense (benefit)	6(17)	7,768	1	(2,747)	-
8200	**(Loss) profit for the year**		($ 57,744)	(4)	$ 5,189	-
	Other comprehensive income (net)					
8311	Other comprehensive income, before tax, actuarial (losses) gainson defined benefit plans	6(8)	($ 1,671)	-	$ 52	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	6(17)	478	-	(4)	-
8310	**Components of other comprehensive income that will not be reclassified to profit or loss**		(1,193)	-	48	-
	Components of other comprehensive income that will be reclassified to profit or loss					
8361	Financial statements translation differences of foreign operations		10,042	1	(20,233)	(1)
8399	Income tax relating to the components of other comprehensive income	6(17)	(1,400)	-	3,440	-
8360	**Components of other comprehensive income that will be reclassified to profit or loss**		8,642	1	(16,793)	(1)
8300	**Total other comprehensive income for the year**		$ 7,449	1	($ 16,745)	(1)
8500	**Total comprehensive income for the year**		($ 50,295)	(3)	($ 11,556)	(1)
	Profit (loss) attributable to:					
8610	Owners of the parent		($ 57,744)	(4)	$ 5,189	-
	Other comprehensive income attributable to:					
8710	Owners of the parent		($ 50,295)	(3)	($ 11,556)	(1)
	Basic earnings (loss) per share	6(18)				
9750	**Total basic earnings (loss) per share**		($ 1.01)		$ 0.12	
9850	**Total diluted earnings (loss) per share**		($ 1.01)		$ 0.12	

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

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MetaTech (AP) Inc. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

		Equity attributable to owners of the parent							
			Capital Reserves					Other Equity	
	Notes	Share capital - common stock	Total capital surplus, additional paid-in capital	Employee stock warrants	Stock warrants	Others	Accumulated deficit	Financial statements translation differences of foreign operations	Total equity
Year 2017									
Balance at January 1, 2017		$ 400,000	$ 120,716	$ -	$ 5,205	$ 84	($ 60,867)	($ 2,846)	$ 462,292
Gain for the year		-	-	-	-	-	5,189	-	5,189
Other comprehensive loss for the year		-	-	-	-	-	48	(16,793)	(16,745)
Total comprehensive loss		-	-	-	-	-	5,237	(16,793)	(11,556)
Conversion of convertible bonds	6(7)(11)	40,160	113,824	-	(5,205)	-	-	-	148,779
Balance at December 31, 2017		$ 440,160	$ 234,540	$ -	$ -	$ 84	($ 55,630)	($ 19,639)	$ 599,515
Year 2018									
Balance at January 1, 2018		$ 440,160	$ 234,540	$ -	$ -	$ 84	($ 55,630)	($ 19,639)	$ 599,515
Loss for the year		-	-	-	-	-	(57,744)	-	(57,744)
Other comprehensive loss for the year		-	-	-	-	-	(1,193)	8,642	7,449
Total comprehensive loss		-	-	-	-	-	(58,937)	8,642	(50,295)
Issue of shares	6(11)	140,000	364,000	-	-	-	-	-	504,000
Share-based compensation cost	6(10)	-	2,665	16,974	-	-	-	-	19,639
Balance at December31, 2018		$ 580,160	$ 601,205	$ 16,974	$ -	$ 84	($ 114,567)	($ 10,997)	$ 1,072,859

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

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MetaTech (AP) Inc. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

	Notes	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES			
(Loss) profit before tax		($ 65,512)	$ 7,936
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation expense	6(4)(16)	6,324	5,659
Amortization expense	6(16)	601	674
Expected credit gain/ Reversal for bad debt expense	6(2) and 12(4)	(1,009)	(2,588)
Net loss on financial assets or liabilities at fair value through profit or loss	6(15) and 12(4)	-	308
Interest expense		44	67
Bond interest expense		-	662
Interest income		(760)	(527)
Share-based payments	6(10)	19,639	-
Loss on disposal of property, plan and equipment	6(4)	24	-
Unrealized foreign exchange (gain) loss		(2,811)	4,438
Changes in operating assets and liabilities			
Changes in operating assets			
Financial assets held for trading		-	4,780
Notes receivable		287	1,622
NewItem		26,654	(57,878)
Other receivable		10,397	(10,845)
Prepayments		(2,348)	322
Inventories		(11,553)	1,742
Other current assets		(72)	(647)
Net defined benefit asset	6(8)	(47)	(61)
Changes in operating liabilities			
Contract liabilities		(946)	-
Notes payable		1,600	152
Accounts payable		17,416	(5,198)
Other payable		14,457	(17,160)
Other current liabilities		(1,893)	(2,181)
Cash inflow (outflow) generated from operations		10,492	(68,723)
Interest received		760	527
Interest paid		(44)	(67)
Income taxes paid		(5,230)	(530)
Net cash flows from (used in) operating activities		5,978	(68,793)
CASH FLOWS FROM INVESTING ACTIVITIES			
(Increase) decrease in restricted assets		(2,108)	260
Acquisition of property, plant and equipment	6(4)(20)	(94,076)	(29,713)
(Increase) decrease in refundable deposits		(226)	11,274
Increase in other non-current assets		(32,137)	(1,709)
Acquisition of intangible assets	6(6)	(123,115)	(13,860)
Net cash flows used in investing activities		(251,662)	(33,748)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from short-term bank loans		40,000	65,000
Payments on short-term bank loans		(20,000)	(65,000)
Proceeds from issuing shares	6(11)	504,000	-
Decrease in other non-current liabilities		(3)	-
Net cash flows from financing activities		523,997	-
Effect of exchange rate changes on cash and cash equivalents		12,853	(25,762)
Net increase (decrease) in cash and cash equivalents		291,166	(128,303)
Cash and cash equivalents at beginning of year	6(1)	203,163	331,466
Cash and cash equivalents at end of year	6(1)	$ 494,329	$ 203,163

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

MetaTech (AP) Inc. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

(EXPRESSED IN thousands of New Taiwan dollars, EXCEPT AS OTHERWISE INDICATED)

1. HISTORY AND ORGANISATION

MetaTech (AP) Inc.(the "Company") was incorporated as company limited by shares under the provisions of the Company Act of the Republic of China (R.O.C.) in September 1998. The Company and its subsidiaries (collectively referred herein as the "Group") are primarily engaged in retail and whosale of electronic materials and equipment, and the development and operation of biomedical related businesses. The shares of the Company were authorized by the Financial Supervisory Commission, R.O.C. and have been traded on Taipei Exchange (formerly GreTai Securities Market) in the R.O.C.since June 3, 2004.

2. THE DATE OF AUTHORISATION FOR ISSUANCE OF THE CONSOLIDATED FINANCIAL STATEMENTS AND PROCEDURES FOR AUTHORISATION

These consolidated financial statements were reported to the Board of Directors on on March 26, 2019.

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

(1)Effect of the adoption of new issuances of or amendments to International Financial Reporting Standards ("IFRS") as endorsed by the Financial Supervisory Commission ("FSC")

New standards, interpretations and amendments endorsed by FSC effective from 2018 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 2, 'Classification and measurement of share-based payment transactions'	January 1, 2018
Amendments to IFRS 4, 'Applying IFRS 9, Financial instruments with IFRS 4, Insurance contracts'	January 1, 2018
IFRS 9, 'Financial instruments'	January 1, 2018
IFRS 15, 'Revenue from contracts with customers'	January 1, 2018
Amendments to IFRS 15, 'Clarifications to IFRS 15, Revenue from contracts with customers'	January 1, 2018
Amendments to IAS 7, 'Disclosure initiative'	January 1, 2017
Amendments to IAS 12, 'Recognition of deferred tax assets for unrealised	January 1, 2017
Amendments to IAS 40, 'Transfers of investment property'	January 1, 2018
IFRIC 22, 'Foreign currency transactions and advance consideration'	January 1, 2018
Annual improvements to IFRSs 2014-2016 cycle - Amendments to IFRS 1, 'First-time adoption of International Financial Reporting Standards'	January 1, 2018
Annual improvements to IFRSs 2014-2016 cycle - Amendments to IFRS 12, 'Disclosure of interests in other entities'	January 1, 2017
Annual improvements to IFRSs 2014-2016 cycle - Amendments to IAS 28, 'Investments in associates and joint ventures'	January 1, 2018

Except for the following, the above standards and interpretations have no significant impact to the Group's financial condition and financial performance based on the Group's assessment.

A. IFRS 9, 'Financial instruments'

(a) Classification of debt instruments is driven by the entity's business model and the contractual cash flow characteristics of the financial assets, which would be classified as financial asset at fair value through profit or loss, financial asset measured at fair value through other comprehensive income or financial asset at amortised cost. Equity instruments would be classified as financial asset at fair value through profit or loss, unless an entity makes an irrevocable election at inception to present subsequent changes in the fair value of an investment in an equity instrument that is not held for trading in other comprehensive income.

(b) The impairment losses of debt instruments are assessed using an 'expected credit loss' approach. An entity assesses at each balance sheet date whether there has been a significant increase in credit risk on that instrument since initial recognition to recognise 12-month expected credit losses or lifetime expected credit losses (interest revenue would be calculated on the gross carrying amount of the asset before impairment losses occurred); or if the instrument has objective evidence of impairment, interest revenue after the impairment would be calculated on the book value of net carrying amount (i.e. net of credit allowance). The Company shall always measure the loss allowance at an amount equal to lifetime expected credit losses for trade receivables that do not contain a significant financing component.

(c) The amended general hedge accounting requirements align hedge accounting more closely with an entity's risk management strategy. Risk components of non-financial items and a group of items can be designated as hedged items. The standard relaxes the requirements for hedge effectiveness, removing the 80-125% bright line, and introduces the concept of 'rebalancing'; while its risk management objective remains unchanged, an entity shall rebalance the hedged item or the hedging instrument for the purpose of maintaining the hedge ratio.

(d) The Group has elected not to restate prior period financial statements using the modified retrospective approach under IFRS 9. For details of the significant effect as at January 1, 2018, please refer to Notes 12(4).

B. IFRS 15, 'Revenue from contracts with customers' and amendments

The Group has elected not to restate prior period financial statements and recognised the cumulative effect of initial application as retained earnings at January 1, 2018, using the modified retrospective approach under IFRS 15. The significant effects of adopting the modified transition as of January 1, 2018 are summarised below:

i. Presentation of assets and liabilities in relation to contracts with customers

In line with IFRS 15 requirements, the Group changed the presentation of certain accounts in the balance sheet as follows:

Under IFRS 15, liabilities in relation to sales contracts are recognised as contract liabilities, but were previously presented as other current liabilities in the balance sheet. As of January 1, 2018, the balance amounted to $4,407.

ii. Please refer to Note 12(5) for other disclosures in relation to the first application of IFRS 15.

(2)Effect of new issuances of or amendments to IFRSs as endorsed by the FSC but not yet adopted by the Group

New standards, interpretations and amendments endorsed by the FSC effective from 2018 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 9, 'Prepayment features with negative compensation'	January 1, 2019
IFRS 16, 'Leases'	January 1, 2019
Amendments to IAS 19, 'Plan amendment, curtailment or settlement'	January 1, 2019
Amendments to IAS 28, 'Long-term interests in associates and joint ventures'	January 1, 2019
IFRIC 23, 'Uncertainty over income tax treatments'	January 1, 2019
Annual improvements to IFRSs 2015-2017 cycle	January 1, 2019

Except for the following, the above standards and interpretations have no significant impact to the Group's financial condition and financial performance based on the Group's assessment.

IFRS 16, 'Leases'

IFRS 16, 'Leases', replaces IAS 17, 'Leases' and related interpretations and SICs. The standard requires lessees to recognise a 'right-of-use asset' and a lease liability (except for those leases with terms of 12 months or less and leases of low-value assets). The accounting stays the same for lessors, which is to classify their leases as either finance leases or operating leases and account for those two types of leases differently. IFRS 16 only requires enhanced disclosures to be provided by lessors.

The Group expects to recognise the lease contract of lessees in line with IFRS 16. However, the Group does not intend to restate the financial statements of prior period (collectively referred herein as the "modified retrospective approach"). On January 1, 2019, it is expected that 'right-of-use asset' and lease liability will be increased by $64,654.

(3)IFRSs issued by IASB but not yet endorsed by the FSC

New standards, interpretations and amendments issued by IASB but not yet included in the IFRSs as endorsed by the FSC are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendment to IAS 1 and IAS 8, 'Disclosure Initiative-Definition of Material'	January 1, 2020
Amendments to IFRS 3, 'Definition of a business'	January 1, 2020
Amendments to IFRS 10 and IAS 28, 'Sale or contribution of assets between an investor and its associate or joint venture'	To be determined by International Accounting Standards Board
IFRS 17, 'Insurance contracts'	January 1, 2021

The above standards and interpretations have no significant impact to the Group's financial condition and financial performance based on the Group's assessment.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

(1)Compliance statement

The consolidated financial statements of the Group have been prepared in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers", International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the FSC (collectively referred herein as the "IFRSs").

(2)Basis of preparation

A. Except for the following items, the consolidated financial statements have been prepared under the historical cost convention:

(a) Financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.

(b) Defined benefit liabilities recognised based on the net amount of pension fund assets less present value of defined benefit obligation.

B. The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.

C. In adopting IFRS 9 and IFRS 15 effective January 1, 2018, the Group has elected to apply modified retrospective approach whereby the cumulative impact of the adoption was recognised as retained earnings or other equity as of January 1, 2018 and the financial statements for the year ended December 31, 2017 were not restated. The financial statements for the year ended December 31, 2017 were prepared in compliance with International Accounting Standard 39 (‘IAS 39’), International Accounting Standard 11 (‘IAS 11’), International Accounting Standard 18 (‘IAS 18’) and related financial reporting interpretations. Please refer to Notes 12(4) and (5) for details of significant accounting policies and details of significant accounts.

(3)Basis of consolidation

A. Basis for preparation of consolidated financial statements:

(a) All subsidiaries are included in the Group’s consolidated financial statements. Subsidiaries are all entities (including structured entities) controlled by the Group. The Group controls an entity when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Consolidation of subsidiaries begins from the date the Group obtains control of the subsidiaries and ceases when the Group loses control of the subsidiaries.

(b) Inter-company transactions, balances and unrealised gains or losses on transactions between companies within the Group are eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Group.

(c) Changes in a parent’s ownership interest in a subsidiary that do not result in the parent losing control of the subsidiary (transactions with non-controlling interests) are accounted for as equity transactions, i.e. transactions with owners in their capacity as owners. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity.

(d) When the Group loses control of a subsidiary, the Group remeasures any investment retained in the former subsidiary at its fair value. That fair value is regarded as the fair value on initial recognition of a financial asset or the cost on initial recognition of the associate or joint venture. Any difference between fair value and carrying amount is recognised in profit or loss. All amounts previously recognised in other comprehensive income in relation to the subsidiary are reclassified to profit or loss on the same basis as would be required if the related assets or liabilities were disposed of. That is, when the Group loses control of a subsidiary, all gains or losses previously recognised in other comprehensive income in relation to the subsidiary should be reclassified from equity to profit or loss, if such gains or losses would be reclassified to profit or loss when the related assets or liabilities are disposed of.

B. Subsidiaries included in the consolidated financial statements:

Name of investor	Name of subsidiary	Main business activities	Ownership(%) December 31, 2018	Ownership(%) December 31, 2017	Description
MetaTech (AP) Inc.	MetaTech Investment Holding Co., Ltd.(MetaTech Investment)	Investment holding company	100	100	Note
〃	Chienhwa Travel Service Co., Ltd.	Travel tour company	100	100	〃
MetaTech Investment	MTI Holding Co., Ltd.(MTI Holding)	Investment holding company	100	100	〃
MTI Holding	MetaTech (S) Pte Ltd. (MetaTech(S))	Sales and electronic company	100	100	〃
〃	MetaTech Ltd.	Sales and electronic company	100	100	〃
MetaTech Ltd.	MetaTech (Shenzhen) Ltd. Company (MetaTech (SZ))	Sales and electronic company	100	100	〃

Note: These investee companies are included in the consolidated financial statement based on their financial statements which were audited by the Group's independent accountants for the corresponding period.

C. Subsidiaries not included in the consolidated financial statements: None.

D. Adjustments for subsidiaries with different balance sheet dates: None.

E. Significant restrictions

Cash and short-term deposits of $18,013 deposited in mainland China are under local foreign exchange control which restricts the capital to be remitted outside the borders (except for normal dividend distribution).

F. Subsidiaries that have non-controlling interests that are material to the Group:

(4)Foreign currency translation

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in New Taiwan Dollars, which is the Company's functional and the Group's presentation currency.

A. Foreign currency transactions and balances

(a) Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured.

Foreign exchange gains and losses resulting from the settlement of such transactions are recognised in profit or loss in the period in which they arise.

(b) Monetary assets and liabilities denominated in foreign currencies at the period end are re-translated at the exchange rates prevailing at the balance sheet date. Exchange differences arising upon re-translation at the balance sheet date are recognised in profit or loss.

(c) Non-monetary assets and liabilities denominated in foreign currencies held at fair value through profit or loss are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognised in profit or loss. Non-monetary assets and liabilities denominated in foreign currencies held at fair value through other comprehensive income are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognised in other comprehensive income. However, non-monetary assets and liabilities denominated in foreign currencies that are not measured at fair value are translated using the historical exchange rates at the dates of the initial transactions.

(d) All foreign exchange gains and losses are presented in the statement of comprehensive income within ‘other gains and losses’.

B. Translation of foreign operations

The operating results and financial position of all the group entities, associates and joint arrangements that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

i. Assets and liabilities for each balance sheet presented are translated at the closing exchange rate at the date of that balance sheet;

ii. Income and expenses for each statement of comprehensive income are translated at average exchange rates of that period; and

iii. All resulting exchange differences are recognised in other comprehensive income.

(5) <u>Classification of current and non-current items</u>

A. Assets that meet one of the following criteria are classified as current assets; otherwise they are classified as non-current assets:

(a) Assets arising from operating activities that are expected to be realised, or are intended to be sold or consumed within the normal operating cycle;

(b) Assets held mainly for trading purposes;

(c) Assets that are expected to be realised within twelve months from the balance sheet date;

(d) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to settle liabilities more than twelve months after the balance sheet date.

B. Liabilities that meet one of the following criteria are classified as current liabilities; otherwise they are classified as non-current liabilities:

(a) Liabilities that are expected to be settled within the normal operating cycle;

(b) Liabilities arising mainly from trading activities;

(c) Liabilities that are to be settled within twelve months from the balance sheet date;

(d) Liabilities for which the repayment date cannot be extended unconditionally to more than twelve months after the balance sheet date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

(6) Cash equivalents

Cash equivalents refer to short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Time deposits that meet the definition above and are held for the purpose of meeting short-term cash commitments in operations are classified as cash equivalents.

(7) Financial assets at fair value through profit or loss

A. Financial assets at fair value through profit or loss are financial assets that are not measured at amortised cost or fair value through other comprehensive income.

B. On a regular way purchase or sale basis, financial assets at fair value through profit or loss are recognised and derecognised using trade date accounting.

C. At initial recognition, the Group measures the financial assets at fair value and recognises the transaction costs in profit or loss. The Group subsequently measures the financial assets at fair value, and recognises the gain or loss in profit or loss.

(8) Accounts and notes receivable

A. Accounts and notes receivable entitle the Group a legal right to receive consideration in exchange for transferred goods or rendered services.

B. The short-term accounts and notes receivable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(9) Impairment of financial assets

For debt instruments measured at fair value through other comprehensive income and financial assets at amortised cost including accounts receivable that have a significant financing component, at each reporting date, the Group recognises the impairment provision for 12 months expected credit losses if there has not been a significant increase in credit risk since initial recognition or recognises the impairment provision for the lifetime expected credit losses (ECLs) if such credit risk has increased since initial recognition after taking into consideration all reasonable and verifiable information that includes forecasts. On the other hand, for accounts receivable or contract assets that do not contain a significant financing component, the Group recognises the impairment provision for lifetime ECLs.

(10) Derecognition of financial assets

The Group derecognises a financial asset when the contractual rights to receive the cash flows from the financial asset expire.

(11) Operating leases (lessor)

Lease income from an operating lease (net of any incentives given to the lessee) is recognised in profit or loss on a straight-line basis over the lease term.

(12) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted-average method. The item by item approach is used in applying the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and applicable variable selling expenses.

(13) Property, plant and equipment

A. Property, plant and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalised.

B. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

C. Land is not depreciated. Other property, plant and equipment apply cost model and are depreciated using the straight-line method to allocate their cost over their estimated useful lives. Each part of an item of property, plant, and equipment with a cost that is significant in relation to the total cost of the item must be depreciated separately.

D. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each financial year-end. If expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the assets' future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors', from the date of the change. The estimated useful lives of property, plant and equipment are as follows:

Buildings and structures	50 years
Machinery and equipment	3 ~ 5 years
Office equipment	3 ~ 5 years
Transportation equipment	3 ~ 5 years
Other equipment	3 ~ 5 years
Leasehold improvements	3 ~ 5 years

(14) Operating leases (lessee)

Payments made under an operating lease (net of any incentives received from the lessor) are recognised in profit or loss on a straight-line basis over the lease term.

(15) Intangible assets

A. Intangible assets

Separately acquired special technology are stated at historical cost. Acquired special technology has a finite useful life and is amortised on a straight-line basis over their estimated useful lives of 10 years.

B. Goodwill

Goodwill arises in a business combination accounted for by applying the acquisition method.

(16) Impairment of non-financial assets

A. The Group assesses at each balance sheet date the recoverable amounts of those assets where there is an indication that they are impaired. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell or value in use. Except for goodwill, when the circumstances or reasons for recognizing impairment loss for an asset in prior years no longer exist or diminish, the impairment loss is reversed. The increased carrying amount due to reversal should not be more than what the depreciated or amortised historical cost would have been if the impairment had not been recognised.

B. The recoverable amounts of goodwill, intangible assets with an indefinite useful life and intangible assets that have not yet been available for use are evaluated periodically. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. Impairment loss of goodwill previously recognised in profit or loss shall not be reversed in the following years.

C. For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash-generating units, or groups of cash-generating units, that is/are expected to benefit from the synergies of the business combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level.

(17) Borrowings

Borrowings comprise long-term and short-term bank borrowings. Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

(18) Notes and accounts payable

A. Accounts payable are liabilities for purchases of goods or services and notes payable are those resulting from operating and non-operating activities.

B. The short-term notes and accounts payable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(19) Financial liabilities at fair value through profit or loss

A. Financial liabilities are classified in this category of held for trading if acquired principally for the purpose of repurchasing in the short-term. Derivatives are also categorised as financial liabilities held for trading unless they are designated as hedges.

B. At initial recognition, the Group measures the financial liabilities at fair value. All related transaction costs are recognised in profit or loss. The Group subsequently measures these financial liabilities at fair value with any gain or loss recognised in profit or loss.

(20) Convertible bonds payable

A. Convertible bonds issued by the Group contain conversion options (that is, the bondholders have the right to convert the bonds into the Group' s common shares by exchanging a fixed amount of cash for a fixed number of common shares), call options and put options. The Group classifies the bonds payable upon issuance as a financial asset, a financial liability or an equity instrument in accordance with the contract terms. They are accounted for as follows:

(a)The embedded call options and put options are recognised initially at net fair value as 'financial assets or financial liabilities at fair value through profit or loss'. They are subsequently remeasured and stated at fair value on each balance sheet date; the gain or loss is recognised as 'gain or loss on valuation of financial assets or financial liabilities at fair value through profit or loss'.

(b)The host contracts of bonds are initially recognised at fair value. Any difference between the initial recognition and the redemption value is accounted for as the premium or discount on bonds payable and subsequently is amortised in profit or loss as an adjustment to 'finance costs' over the period of circulation using the effective interest method.

(c)The embedded conversion options which meet the definition of an equity instrument are initially recognised in 'capital surplus—share options' at the residual amount of total issue price less the amount of financial assets or financial liabilities at fair value through profit or loss and bonds payable as stated above. Conversion options are not subsequently remeasured.

(d)Any transaction costs directly attributable to the issuance are allocated to each liability or equity component in proportion to the initial carrying amount of each abovementioned item.

(e)When bondholders exercise conversion options, the liability component of the bonds (including bonds payable or and 'financial assets or financial liabilities at fair value through profit or loss') shall be remeasured on the conversion date. The issuance cost of converted common shares is the total book value of the abovementioned liability component and 'capital surplus—share options'.

(21) Derecognition of financial liabilities

A financial liability is derecognised when the obligation specified in the contract is either discharged or cancelled or expires.

(22) Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, and it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be reliably estimated. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation on the balance sheet date, which is discounted using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the obligation. When discounting is used, the increase in the provision due to passage of time is recognised as interest expense. Provisions are not recognised for future operating losses.

(23) Employee benefits

A. Short-term employee benefits

Short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in respect of service rendered by employees in a period and should be recognised as expense in that period when the employees render service.

B. Pensions

(a) Defined contribution plans

For defined contribution plans, the contributions are recognised as pension expense when they are due on an accrual basis. Prepaid contributions are recognised as an asset to the extent of a cash refund or a reduction in the future payments.

(b) Defined benefit plans

i. Net obligation under a defined benefit plan is defined as the present value of an amount of pension benefits that employees will receive on retirement for their services with the Group in current period or prior periods. The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets. The net defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The rate used to discount is determined by using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension liability; when there is no deep market in high-quality corporate bonds, the Group uses interest rates of government bonds (at the balance sheet date) instead.

ii. Remeasurements arising on defined benefit plans are recognised in other comprehensive income in the period in which they arise and are recorded as retained earnings.

iii. Past service costs are recognised immediately in profit or loss.

C. Termination benefits

Termination benefits are employee benefits provided in exchange for the termination of employment as a result from either the Group's decision to terminate an employee's employment before the normal retirement date, or an employee's decision to accept an offer of redundancy benefits in exchange for the termination of employment. The Group recognises expense as it can no longer withdraw an offer of termination benefits or it recognises relating restructuring costs, whichever is earlier. Benefits that are expected to be due more than 12 months after balance sheet date shall be discounted to their present value.

D. Employees' compensation and directors' and supervisors' remuneration

Employees' compensation and directors' and supervisors' remuneration are recognised as expense and liability, provided that such recognition is required under legal or constructive obligation and those amounts can be reliably estimated. Any difference between the resolved amounts and the subsequently actual distributed amounts is accounted for as changes in estimates. If employee compensation is paid by shares, the Group calculates the number of shares based on the closing price at the previous day of the board meeting resolution.

(24) Employee share-based payment

For the equity-settled share-based payment arrangements, the employee services received are measured at the fair value of the equity instruments granted at the grant date, and are recognised as compensation cost over the vesting period, with a corresponding adjustment to equity. The fair value of the equity instruments granted shall reflect the impact of market vesting conditions and non-vesting conditions. Compensation cost is subject to adjustment based on the service conditions that are expected to be satisfied and the estimates of the number of equity instruments that are expected to vest under the non-market vesting conditions at each balance sheet date. Ultimately, the amount of compensation cost recognised is based on the number of equity instruments that eventually vest.

(25) Income tax

A. The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or items recognised directly in equity, in which cases the tax is recognised in other comprehensive income or equity.

B. The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities. An additional tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the stockholders resolve to retain the earnings.

C. Deferred tax is recognised, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated balance sheet. However, the deferred tax is not accounted for if it arises from initial recognition of goodwill or of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred tax is provided on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

D. Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. At each balance sheet date, unrecognised and recognised deferred tax assets are reassessed.

E. Current income tax assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. Deferred tax assets and liabilities are offset on the balance sheet when the entity has the legally enforceable right to offset current tax assets against current tax liabilities and they are levied by the same taxation authority on either the same entity or different entities that intend to settle on a net basis or realise the asset and settle the liability simultaneously.

(26) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or stock options are shown in equity as a deduction, net of tax, from the proceeds.

(27) Dividends

Dividends are recorded in the Company's financial statements in the period in which they are resolved by the Company's shareholders. Cash dividends are recorded as liabilities; stock dividends are recorded as stock dividends to be distributed and are reclassified to ordinary shares on the effective date of new shares issuance.

(28) Revenue recognition

A. Sale of goods

(a) The Group sells a range of electronic components. Sales are recognised when control of the products has transferred, being when the products are delivered to the customer, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the wholesaler, and either the wholesaler has accepted the products in accordance with the sales contract, or the Group has objective evidence that all criteria for acceptance have been satisfied.

(b) A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

B. Incremental costs of obtaining a contract

Given that the contractual period lasts less than one year, the Group recognises the incremental costs of obtaining a contract as an expense when incurred although the Group expects to recover those costs.

(29) Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The Group's chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors that makes strategic decisions.

5. CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND KEY SOURCES OF ASSUMPTION UNCERTAINTY

The preparation of these consolidated financial statements requires management to make critical judgements in applying the Group's accounting policies and make critical assumptions and estimates concerning future events. Assumptions and estimates may differ from the actual results and are continually evaluated and adjusted based on historical experience and other factors. Such assumptions and estimates have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year; and the related information is addressed below:

(1) Critical judgements in applying the Group's accounting policies

Revenue recognition on a net/gross basis

The Group determines whether the nature of its performance obligation is to provide the specified goods or services itself (i.e. the Group is a principal) or to arrange for the other party to provide those goods or services (i.e. the Group is an agent) based on the transaction model and its economic substance. The Group is a principal if it controls a promised good or service before it transfers the good or service to a customer. The Group recognises revenue at gross amount of consideration to which it expects to be entitled in exchange for those goods or services transferred. The Group is an agent if its performance obligation is to arrange for the provision of goods or services by another party. The Group recognises revenue at the amount of any fee or commission to which it expects to be entitled in exchange for arranging for the other party to provide its goods or services.

Indicators that the Group controls the good or service before it is provided to a customer include the following:

(a) The Group is primarily responsible for the provision of goods or services;

(b) The Group assumes the inventory risk before transferring the specified goods or services to the customer or after transferring control of the goods or services to the customer.

(c) The Group has discretion in establishing prices for the goods or services.

(2) Critical accounting estimates and assumptions

A. Realisability of deferred tax assets

Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences can be utilised. Assessment of the realisability of deferred tax assets involves critical accounting judgements and estimates of the management, including the assumptions of expected future sales revenue growth rate and profit rate, available tax credits, tax planning, etc. Any variations in global economic environment, industrial environment, and laws and regulations might cause material adjustments to deferred tax assets.

As of December 31, 2018, the Group recognised deferred tax assets amounting to $42,943.

B. Evaluation of inventories

As inventories are stated at the lower of cost and net realisable value, the Group must determine the net realisable value of inventories on balance sheet date using judgements and estimates. Due to the rapid technology innovation, the Group evaluates the amounts of normal inventory consumption, obsolete inventories or inventories without market selling value on balance sheet date, and writes down the cost of inventories to the net realisable value. Such an evaluation of inventories is principally based on the demand for the products within the specified period in the future. Therefore, there might be material changes to the evaluation.

As of December 31, 2018, the carrying amount of inventories was $116,769.

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	December 31, 2018	December 31, 2017
Cash on hand and revolving funds	$ 420	$ 424
Checking accounts and demand deposits	499,171	203,893
Time deposits	4,800	6,800
	504,391	211,117
Less: Classified as other current assets	(10,062)	(7,954)
	$ 494,329	$ 203,163

A. The Group transacts with a variety of financial institutions all with high credit quality to disperse credit risk, so it expects that the probability of counterparty default is remote.

B. Details of the Group’s cash and cash equivalents pledged to others as collateral are provided in Note 8.

(2) Notes and accounts receivable

	December 31, 2018	December 31, 2017
Notes receivable	$ 3, 587	$ 3, 874
Accounts receivable	$ 276, 821	$ 303, 475
Less: Allowance for doubtful accounts	(661)	(1, 657)
	$ 276, 160	$ 301, 818

A. The ageing analysis of accounts receivable and notes receivable that were past due but not impaired is as follows:

	December 31, 2018		December 31, 2017	
	Accounts receivable	Notes receivable	Accounts receivable	Notes receivable
Not past due	$ 223,723	$ 3,587	$ 262,933	$ 3,874
Up to 30 days	39,581	-	31,774	-
31 to 90 days	8,664	-	6,803	-
Over 90 days	4,853	-	1,965	-
	$ 276,821	$ 3,587	$ 303,475	$ 3,874

The above ageing analysis was based on past due date.

B. As at December 31, 2018 and 2017, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the Group's notes and accounts receivable were \$3,587 and \$3,874, \$276,160 and \$301,818, respectively.

C. The Company does not hold any collateral as security.

D. Information relating to credit risk of accounts receivable and notes receivable is provided in Note 12(2).

(3) Inventories

	December 31, 2018		
	Cost	Allowance for valuation loss	Book value
Merchandise	\$ 132,983	(\$ 16,214)	\$ 116,769

	December 31, 2017		
	Cost	Allowance for valuation loss	Book value
Merchandise	\$ 117,497	(\$ 12,281)	\$ 105,216

	2018	2017
Cost of goods sold	\$ 1,306,450	\$ 1,268,631
Loss on decline in market value(Gain on reversal of decline)	3,795	(1,917)
Others	12	391
	\$ 1,310,257	\$ 1,267,105

The Group recognized gain on reversal of decline in market value for the year ended December 31, 2017 as certain inventories which were previously provided with allowance were subsequently sold.

(4) Property, plant and equipment

	Land	Buildings	Machinery and equipment	Transportation equipment	Office equipment	Leasehold improvement	Others	Construction in Progress(A)	Total
At January 1, 2018									
Cost	\$ 17,209	\$ 40,313	\$ 7,772	\$ 5,328	\$ 28,865	\$ 12,666	\$1,626	\$ 19,413	\$ 133,1[illegible]2
Accumulated depreciation	-	(10,866)	(1,337)	(1,045)	(26,108)	(8,983)	(822)	-	(49,1[illegible]1)
	\$ 17,209	\$ 29,447	\$ 6,435	\$ 4,283	\$ 2,757	\$ 3,683	\$ 804	\$ 19,413	\$ 84,0[illegible]1
2018									
Opening net book amount	\$ 17,209	\$ 29,447	\$ 6,435	\$ 4,283	\$ 2,757	\$ 3,683	\$ 804	\$ 19,413	\$ 84,0[illegible]1
Additions	-	-	6,241	936	2,090	123	-	89,924	99,3[illegible]4
Disposals	-	-	-	-	(24)	-	-	-	([illegible]4)
Depreciation charge	-	(790)	(1,416)	(876)	(1,004)	(1,937)	(301)	-	(6,3[illegible]4)
Net exchange differences	-	-	-	(1)	5	15	-	-	[illegible]9
Closing net book amount	\$ 17,209	\$ 28,657	\$ 11,260	\$ 4,342	\$ 3,824	\$ 1,884	\$ 503	\$ 109,337	\$ 177,0[illegible]6
At December 31, 2018									
Cost	\$ 17,209	\$ 40,313	\$ 14,013	\$ 6,247	\$ 31,071	\$ 12,903	\$1,626	\$ 109,337	\$ 232,7[illegible]9
Accumulated depreciation	-	(11,656)	(2,753)	(1,905)	(27,247)	(11,019)	(1,123)	-	(55,7[illegible]3)
	\$ 17,209	\$ 28,657	\$ 11,260	\$ 4,342	\$ 3,824	\$ 1,884	\$ 503	\$ 109,337	\$ 177,0[illegible]6

	Land	Buildings	Machinery and equipment	Transportation equipment	Office equipment	Leasehold improvement	Others	Construction in Progress(A)	Total
At January 1, 2017									
Cost	$ 17,209	$ 40,313	$ 3,733	$ 821	$ 29,088	$ 12,843	$1,626	$ -	$ 105,633
Accumulated depreciation	-	(10,075)	(415)	(520)	(26,035)	(7,199)	(521)	-	(44,765)
	$ 17,209	$ 30,238	$ 3,318	$ 301	$ 3,053	$ 5,644	$1,105	$ -	$ 60,868
2017									
Opening net book amount	$ 17,209	$ 30,238	$ 3,318	$ 301	$ 3,053	$ 5,644	$1,105	$ -	$ 60,868
Additions	-	-	4,038	4,517	713	225		19,413	28,906
Depreciation charge	-	(791)	(922)	(529)	(987)	(2,129)	(301)	-	(5,659)
Net exchange differences	-	-	1	(6)	(22)	(57)	-	-	(84)
Closing net book amount	$ 17,209	$ 29,447	$ 6,435	$ 4,283	$ 2,757	$ 3,683	$ 804	$ 19,413	$ 84,031
At December 31, 2017									
Cost	$ 17,209	$ 40,313	$ 7,772	$ 5,328	$ 28,865	$ 12,666	$1,626	$ 19,413	$ 133,192
Accumulated depreciation	-	(10,866)	(1,337)	(1,045)	(26,108)	(8,983)	(822)	-	(49,161)
	$ 17,209	$ 29,447	$ 6,435	$ 4,283	$ 2,757	$ 3,683	$ 804	$ 19,413	$ 84,031

Information about the property, plant and equipment that were pledged to others as collaterals is provided in Note 8. Capital expenditure contracted for at the balance sheet date but not yet incurred is provided in Note 9(F).

Note A: The new labaratory is for the use of advancing regenearative medicine. The related cost will be capitalized.

(5) Other non-current assets

	December 31, 2018	December 31, 2017
Prepayments	$ 31,788	$ -
Guarantee deposits paid	6,612	6,386
Others	4,899	6,775
	$ 43,299	$ 13,161

The prepayments refers to the prepaid expenses of machines and equipements for the new labaratory.

(6) Intangible assets

	Acquired special technology (Note B and C)
At January 1, 2018	
Cost	$ 13,860
Accumulated amortisation	-
	$ 13,860
2018	
Opening net book amount	$ 13,860
Additions－acquired separately	123,115
Amortisation charge	-
Closing net book amount	$ 136,975
At December 31, 2018	
Cost	$ 136,975
Accumulated amortisation	-
	$ 136,975

	Acquired special technology
At January 1, 2017	
Cost	$ 25,000
Other－Price adjustment (Note A)	(18,333)
Accumulated amortisation	(6,667)
	$ -
2017	
Opening net book amount	$ -
Additions－acquired separately (Note B and C)	13,860
Amortisation charge	-
Closing net book amount	$ 13,860
At December 31, 2017	
Cost	$ 38,860
Other－Price adjustment (Note A)	(18,333)
Accumulated amortisation	(6,667)
	$ 13,860

Note A: The Group revised the contract on December 29, 2016.

Note B: Acquired special technology hasn't been ready for use, so the company doesn't amortize it. Once it is ready for use, it will write off against profits over their anticipated life by charging depreciation expenses on a straight-line basis. In accordance with IAS 36, acquired special technology not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount.

Note C: Capital expenditure contracted for at the balance sheet date but not yet incurred is provided in Note 9(F).

(7) Bonds payable

A. The bonds had been converted into common stock before the maturity date. Therefore the balance of the bonds payable as of the year ended 2018 and 2017 is 0.

B. The Company issued $150,000, 0% domestic secured convertible bonds, as approved by the regulatory authority. The bonds mature 3 years from the issue date (July 24th, 2014~July 24th, 2017) and will be redeemed in cash at face value at the maturity date. The bonds were listed on the Taipei Exchange on July 24th, 2014.

C. Regarding the issuance of convertible bonds, the equity conversion options amounting to $5,205 were separated from the liability component and were recognized in ‘capital-surplus-share options’ in accordance with IAS 32. The call options and put options embedded in bonds payable were separated from their host contracts and were recognised in ‘financial assets or liabilities at fair value through profit or loss’ in net amount in accordance with IAS 39 because the economic characteristics and risks of the embedded derivatives were not closely related to those of the host contracts. The bondholders had converted all the convertible bonds into 4,016 thousand shares of common stock as on July 24th, 2017.

D. The amount of the ‘Capital Surplus-Additional Paid-In Capital-Bond Coversion’ dued to the conversion mentioned above is $113,824. The convertible corporate bonds of the Company, totaling $150,000 (face value) had all been converted.

(8) Pensions

A. (a) The Company and its domestic subsidiaries have a defined benefit pension plan in accordance with the Labor Standards Law, covering all regular employees’ service years prior to the enforcement of the Labor Pension Act on July 1, 2005 and service years thereafter of employees who chose to continue to be subject to the pension mechanism under the Law. Under the defined benefit pension plan, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement. The Company and its domestic subsidiaries contribute monthly an amount equal to 2% of the employees’ monthly salaries and wages to the retirement fund deposited with Bank of Taiwan, the trustee, under the name of the independent retirement fund committee. Also, the Company and its domestic subsidiaries would assess the balance in the aforementioned labor pension reserve account by December 31, every year. If the account balance is insufficient to pay the pension calculated by the aforementioned method to the employees expected to qualify for retirement in the following year, the Company and its domestic subsidiaries will make contributions for the deficit by next March.

(b) The amounts recognised in the balance sheet are as follows:

	December 31, 2018	December 31, 2017
Present value of defined benefit obligations	$ 7,474	$ 5,498
Fair value of plan assets	(9,072)	(8,720)
Net defined benefit liability	($ 1,598)	($ 3,222)

(c) Movements in net defined benefit liabilities are as follows:

	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
Year ended December 31, 2018			
Balance at January 1	$ 5,498	($ 8,720)	($ 3,222)
Interest (expense) income	83	(130)	(47)
	5,581	(8,850)	(3,269)
Remeasurements:			
Return on plan asset (excluding amounts included in interest income or expense)	-	(222)	(222)
Change in financial assumptions	328	-	328
Experience adjustments	1,565	-	1,565
	1,893	(222)	1,671
Balance at December 31	$ 7,474	($ 9,072)	($ 1,598)

	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
Year ended December 31, 2017			
Balance at January 1	$ 5,512	($ 8,621)	($ 3,109)
Interest (expense) income	83	(130)	(47)
	5,595	(8,751)	(3,156)
Remeasurements:			
Return on plan asset (excluding amounts included in interest income or expense)	-	45	45
Experience adjustments	(97)	-	(97)
	(97)	45	(52)
Paid pension	-	(14)	(14)
Balance at December 31	$ 5,498	($ 8,720)	($ 3,222)

(d) The Bank of Taiwan was commissioned to manage the Fund of the Company's and domestic subsidiaries' defined benefit pension plan in accordance with the Fund's annual investment and utilisation plan and the "Regulations for Revenues, Expenditures, Safeguard and

Utilisation of the Labor Retirement Fund" (Article 6: The scope of utilisation for the Fund includes deposit in domestic or foreign financial institutions, investment in domestic or foreign listed, over-the-counter, or private placement equity securities, investment in domestic or foreign real estate securitization products, etc.). With regard to the utilisation of the Fund, its minimum earnings in the annual distributions on the final financial statements shall be no less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. If the earnings is less than aforementioned rates, government shall make payment for the deficit after being authorized by the Regulator. The Company and domestic subsidiaries have no right to participate in managing and operating that fund and hence the Company and domestic subsidiaries are unable to disclose the classification of plan assets fair value in accordance with IAS 19 paragraph 142. The composition of fair value of plan assets as of December 31, 2018 and 2017 is given in the Annual Labor Retirement Fund Utilisation Report announced by the government.

(e) The principal actuarial assumptions used were as follows:

	Year ended December 31, 2018	Year ended December 31, 2017
Discount rate	1.25%	1.50%
Future salary increases	2.25%	2.00%

Assumptions regarding future mortality experience are set based on actuarial advice in accordance with published statistics and experience in each territory.

Because the main actuarial assumption changed, the present value of defined benefit obligation is affected. The analysis was as follows:

	Discount rate		Future salary increases	
	Increase 0.25%	Decrease 0.25%	Increase 1%	Decrease 1%
December 31, 2018				
Effect on present value of defined benefit obligation	(166)	172	702	(639)
December 31, 2017				
Effect on present value of defined benefit obligation	(136)	140.00	578.00	(521.00)

The sensitivity analysis above is based on one assumption which changed while the other conditions remain unchanged. In practice, more than one assumption may change all at once. The method of analysing sensitivity and the method of calculating net pension liability in the balance sheet are the same.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous period

(f) Expected contributions to the defined benefit pension plans of the Group for the year ending

December 31, 2019 amount to $0.

(g) As of December 31, 2018, the weighted average duration of the retirement plan is 10.3 years.

(h) The analysis of timing of the future pension payment was as follows:

2-5 years	4,822
Over 5 years	911
	$ 5,733

B. (a) Effective July 1, 2005, the Company has established a defined contribution pension plan (the "New Plan") under the Labor Pension Act (the "Act"), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company contributes monthly an amount based on 6% of the employees' monthly salaries and wages to the employees' individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment.

(b) Metatech(S) and Metatech Ltd. adopt a funded defined contribution pension plan in accordance with local regulations.

(b) The Company's mainland China subsidiaries, Metatech(SZ), haS a defined contribution plan. Monthly contributions to an independent fund administered by the government in accordance with the pension regulations in the People's Republic of China (PRC) are based on certain percentage of employees' monthly salaries and wages. The contribution percentage for the years ended December 31, Y and Y-1, was both 13% , respectively. Other than the monthly contributions, the Group has no further obligations.

(c) The pension costs under defined contribution pension plans of the Group for the years ended December 31, 2018 and 2017, were $5,449 and $4,522, respectively.

(9) Provisions

	2018	2017
At December 31	$ 4,433	$ 4,433

The Group had agreed a contract with TBMS International Corporation to purchase the equipment amounting to $ 33,050 before December 31, 2016. The Group should pay 20% of unfilled order as a penalty if the Group canceled the order. The Group had left $29,090 of the contract above not paid, and recognized a debt preparation amount of $4,433 in accordance with the contract. As of March 26, 2019, each party was still negotiating the compensation amount.

(10) Share-based payment

A. For the years ended December 31, 2018, the Group's share-based payment arrangements were as follows:

Type of arrangement	Grant date	granted (in thousands)	Contract period	Vesting conditions
Cash capital increase reserved for employee preemption	2018.1.2	329	NA	Vested immediately
Employee stock options	2018.4.2	2,280	6 years	2~5 years' service
Employee stock options	2018.5.14	1,297	6 years	2~5 years' service
Employee stock options	2018.11.15	423	6 years	2~5 years' service

Among the share-based payment arrangements above are settled by equity.

B. Details of the share-based payment arrangements are as follows:

	2018		2017	
	No. of options	Weighted-average exercise price (in dollars)	No. of options	Weighted-average exercise price (in dollars)
Options outstanding at January 1	-	$ -	-	$ -
Options granted	4,329,000	56.66	-	-
Options exercised	(329,000)	36.00	-	-
Options outstanding at December 31	4,000,000	58.36	-	-
Options exercisable at December 31	-	-	-	-

C. The weighted-average stock price of stock options at exercise dates for the years ended December 31, 2018 was $46.9. No stock options were exercised for the year ended December 31, 2017.

D. As of December 31, 2018, the range of exercise prices of stock options outstanding was $55.00～$59.20(in dollars); the weighted-average remaining contractual period was 5.36 years. No stock options were outstanding for the year ended December 31, 2017.

E. The fair value of stock options granted on grant date is measured using the Black-Scholes option-pricing model. Relevant information is as follows:

Type of arrangement	Grant date	Stock price	Exercise price	Expected price volatility	Expected option life	Expected dividends	Risk-free interest rate	Fair value per unit
Cash capital increase reserved for employee preemption	2018.1.2	$ 44.1	$ 36.0	27.39% (Note A)	2018.1.2~ 2018.1.10	-	0.28%	$ 8.10
Employee stock options	2018.4.2	58.5	58.5	44.54%~46.90 %	4~5.5 years	-	0.64~0.76%	0.61~24.70
Employee stock options	2018.5.14	59.2	59.2	44.25%~47.03 %	4~5.5 years	-	0.67~0.76%	0.76~25.07
Employee stock options	2018.11.15	55.0	55.0	40.56%~48.61 %	4~5.5 years	-	0.73~0.83%	7.88~24.44

Note A: Expected price volatility rate was estimated by using the stock prices of the most recent period with length of this period approximate to the length of the stock options' expected life, and the standard deviation of return on the stock during this period.

F. Expenses incurred on share-based payment transactions are shown below:

	2018	2017
Equity-settled	$ 19,639	$ -

(11) Share capital

A. As of December 31, 2018, the Company's authorised capital was $1,000,000, consisting of 100,000 thousand shares of ordinary stock (including 15,000 thousand shares reserved for employee stock options), and the paid-in capital was $580,160 with a par value of $10 (in dollars) per share. All proceeds from shares issued have been collected.

Movements in the number of the Company's ordinary shares outstanding are as follows:

	2018	2017
At January 1	$ 44,016	$ 40,000
From convertible bonds	-	4,016
Cash capital increase	14,000	-
At December 31	$ 58,016	$ 44,016

2. On March 24, 2017, the Board of Directors of the Company adopted a resolution to issue 14,000 thousand common stock, with a par value of $10 and, amounting to 504,000 thousands. The above issuance was submitted to the FSC for approval by Financial-Supervisory-Securities-Corporate-1060036940. On December 11, 2018, the Board of Directors of the Company adopted a resolution to the subscription base date was determined as at January 8, 2018.

3. On December 11, 2018, the Board of Directors of the Company adopted a resolution to issue stock option amounting to 4,000 unit and each unit can purchase 1,000 shares of the Company's common stock. The issuance was submitted to the FSC for approval by Financial-Supervisory-Securities-Corporate-1060036940 and became effective in January 8, 2019.

(12) Capital surplus

A. Pursuant to the R.O.C. Company Act, capital surplus arising from paid-in capital in excess of par value on issuance of common stocks and donations can be used to cover accumulated deficit or to issue new stocks or cash to shareholders in proportion to their share ownership, provided that the Company has no accumulated deficit. Further, the R.O.C. Securities and Exchange Act requires that the amount of capital surplus to be capitalised mentioned above should not exceed 10% of the paid-in capital each year. Capital surplus should not be used to cover accumulated deficit unless the legal reserve is insufficient.

B. Capital reserve - stock options and employee stock options is provided in Note (G) and (J).

(13) Retained earnings

A. Under the Company's Articles of Incorporation, the current year's earnings, if any, shall first be used to pay all taxes and offset prior years' operating losses and then 10% of the remaining amount shall be set aside as legal reserve. Stock dividends should be appropriated at a rate of 10% per annum. The remainder, if any, to be retained or to be appropriated shall be resolved by the stockholders at the stockholders' meeting. According to the dividend policy adopted by the Board of Directors, cash dividends shall account for at least 30% of the total dividends distributed.

B. Except for covering accumulated deficit or issuing new stocks or cash to shareholders in proportion to their share ownership, the legal reserve shall not be used for any other purpose. The use of legal reserve for the issuance of stocks or cash to shareholders in proportion to their share ownership is permitted, provided that the distribution of the reserve is limited to the portion in excess of 25% of the Company's paid-in capital.

C. In accordance with the regulations, the Company shall set aside special reserve from the debit balance on other equity items at the balance sheet date before distributing earnings. When debit balance on other equity items is reversed subsequently, the reversed amount could be included in the distributable earnings.

D. The Company had accumulated deficits for the years ended December 31, 2018 and 2017, no surplus can be distributed. The surplus allocation table was resolved by the shareholders' meeting on June 25, 2018 and June 20, 2017.

E. For the information relating to employees' compensation and directors' and supervisors' remuneration, please refer to Note 6(16).

(14) Operating revenue

	2018
Revenue from contracts with customers	$ 1,456,669
Others	3,621
	$ 1,460,290

A. Disaggregation of revenue from contracts with customers

The Group derives revenue from the transfer of goods and services over time and at a point in time in the following geographical regions:

	Hongkong and China	Southeast Asia	Taiwan Electronics	Taiwan Biomedicine	Others	Reconciliation and elimination	Total
Total segment revenue	$ 701,058	$ 341,499	$ 425,333	$ 2,691	$ 1,103	($ 11,394)	$ 1,460,290
Inter-segment revenue	(5,397)	(2,885)	(2,939)	-	(173)	11,394	-
Revenue from external customer	$ 695,661	$ 338,614	$ 422,394	$ 2,691	$ 930	$ -	$ 1,460,290
Timing of revenue recognition							
At a point in time	$ 695,661	$ 338,614	$ 422,394	$ 1,444	$ 930	$ -	$ 1,459,043
Over time	-	-	-	1,247	-	-	1,247
	$ 695,661	$ 338,614	$ 422,394	$ 2,691	$ 930	$ -	$ 1,460,290

B. Contract liabilities

The Group has recognised the following revenue-related contract liabilities:

	December 31, 2018
Advance sales receipts	$ 3,461

(a) Significant changes in contract assets and liabilities

None.

(b) Revenue recognised that was included in the contract liability balance at the beginning of the period

	2018
Revenue recognised that was included in the contract liability balance at the beginning of the period	
Advance sales receipts	$ 4,210

(15) Other gains and losses

	2018	2017
Losses on financial assets at fair value through profit or loss	$ -	($ 308)
Losses on disposals of property, plant and equipment	(24)	-
Foreign exchange gains(losses)	6,504	(7,826)
Compensation losses	-	(757)
Miscellaneous disbursements	-	(1,203)
	$ 6,480	($ 10,094)

(16) Employee benefit expense

	2018	2017
Wages and salaries	$ 107,392	$ 72,240
Labour and health insurance fees	5,718	4,286
Pension costs	5,402	4,475
Other personnel expenses	5,388	2,548
	$ 123,900	$ 83,549
Depreciation charges - Operating expense	$ 3,412	$ 3,538
Depreciation charges - Operating costs	$ 2,912	$ 2,121
Amortization charges - Operating expense	$ 601	$ 674

A. In accordance with the Articles of Incorporation of the Company, a ratio of distributable profit of the current year, after covering accumulated losses, shall be distributed as employees ‘compensation and directors’ and supervisors’ remuneration. The ratio shall be 1~5% for employees’ compensation supervisors’ remuneration, respectively, of net profit before income tax, employees’ compensation, and remuneration of directors.

B. The Company had accumulated deficits for the years ended December 31, 2018 and 2017; therefore, no compensation for employees and remuneration of directors was accrued. Information on the employees’ compensation and remuneration of directors and supervisors resolved by the Company's board of directors is available at the Market Observation Post System website of the Taiwan Stock Exchange.

(17) Income tax

A. Income tax expense

(a) Components of income tax expense:

	2018	2017
Current tax:		
Current tax on profits for the year	$ 1,762	$ 4,327
Tax on undistributed surplus earnings	-	-
Prior year income tax overestimation	(95)	(68)
Total current tax	1,667	4,259
Deferred tax:		
Origination and reversal of temporary differences	(5,912)	(1,512)
Impact of change in tax rate	(3,523)	-
Income tax (benefit) expense	($ 7,768)	$ 2,747

(b) The income tax (charge)/credit relating to components of other comprehensive income is as follows:

	2018	2017
Currency translation differences	($ 2,008)	$ 3,440
Remeasurement of defined benefit obligations	428	(4)
Impact of change in tax rate	658	-
	($ 922)	$ 3,436

B. Reconciliation between income tax expense and accounting profit

	2018	2017
Tax calculated based on profit before tax and statutory tax rate (note)	($ 11,259)	$ 6,563
Expenses disallowed by tax regulation	(412)	(1,615)
Change in assessment of realisation of deferred tax assets	7,521	(2,133)
Prior year income tax overestimation	(95)	(68)
Impact of change in tax rate	(3,523)	-
Income tax expense	($ 7,768)	$ 2,747

Note: The basis for computing the applicable tax rate are the rates applicable in the respective countries where the Group entities operate.

C. Amounts of deferred tax assets or liabilities as a result of temporary differences, tax losses and investment tax credits are as follows:

	2018			
	January 1	Recognised in profit or loss	Recognised in other comprehensive income	December 31
Deferred tax assets:				
—Temporary differences:				
Loss on inventory	$ 835	($ 538)	$ -	$ 297
Adjustment to unused paid annual leave	215	25		240
Currency translation differences	3,447	-	(1,400)	2,047
Remeasurement of defined benefit obligations	283		478	761
Tax losses	24,440	13,845		38,285
Onerous contracts provision	989	175	-	1,164
Others	-	149	-	149
Subtotal	30,209	13,656	(922)	42,943
—Deferred tax liabilities:				
Share of profit or loss of associates and joint ventures accounted for	(6,436)	(3,522)		(9,958)
Unrealised exchange gain	81	(670)	-	(589)
Pension	(160)	(29)	-	(189)
Subtotal	(6,515)	(4,221)	-	(10,736)
Total	$ 23,694	$ 9,435	($ 922)	$ 32,207

	2017			
	January 1	Recognised in profit or loss	Recognised in other comprehensive income	December 31
Temporary differences:				
—Deferred tax assets:				
Loss on inventory	$ 1,585	($ 750)	$ -	$ 835
Adjustment to unused paid annual leave	215	-		215
Currency translation differences	7	-	3,440	3,447
Remeasurement of defined benefit obligations	287		(4)	283
Tax losses	17,108	7,332		24,440
Onerous contracts provision	989	-	-	989
Others	694	(694)	-	-
Subtotal	20,885	5,888	3,436	30,209
	-	-	-	-
—Deferred tax liabilities:				
Share of profit or loss of associates and joint ventures accounted for	(987)	(5,449)		(6,436)
Valuation gain on financial liabilities, net	(97)	97	-	-
Unrealised exchange gain	(895)	976	-	81
Pension	(160)	-	-	(160)
Subtotal	(2,139)	(4,376)	-	(6,515)
Total	$ 18,746	$ 1,512	$ 3,436	$ 23,694

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

E. Expiration dates of unused tax losses and amounts of unrecognised deferred tax assets are as follows:

December 31, 2018				
Year incurred	Amount filed/ assessed	Unused amount	Unrecognised deferred tax assets	Expiry year
2008	Amount assessed	$ 35,455	$ 35,455	2018
2009	Amount assessed	41,776	41,776	2019
2010	Amount assessed	18,341	18,341	2020
2011	Amount assessed	14,982	14,982	2021
2012	Amount assessed	17,232	5,170	2022
2013	Amount assessed	15,876	4,763	2023
2014	Amount assessed	12,959	3,888	2024
2015	Amount assessed	21,087	6,326	2025
2016	Amount assessed	42,849	12,855	2026
2017	Amount assessed	28,478	-	2027
2018	Amount estimated	85,947	-	2028
		$ 334,982	$ 143,556	

December 31, 2017				
Year incurred	Amount filed/ assessed	Unused amount	Unrecognised deferred tax assets	Expiry year
2008	Amount assessed	$ 35,455	$ 35,455	2018
2009	Amount assessed	41,776	41,776	2019
2010	Amount assessed	18,341	5,502	2020
2011	Amount assessed	14,982	4,495	2021
2012	Amount assessed	17,232	5,170	2022
2013	Amount assessed	15,876	4,763	2023
2014	Amount assessed	12,959	3,888	2024
2015	Amount assessed	21,087	6,326	2025
2016	Amount assessed	42,849	-	2026
2017	Amount filed	28,478	-	2027
		$ 249,035	$ 107,375	

K. Under the amendments to the Income Tax Act which was promulgated by the President of the Republic of China in February, 2018, the Company's applicable income tax rate was raised from 17% to 20% effective from January 1, 2018. The Group has accessed the impact of the change in income tax rate.

(18) Earnings(loss) per share

	2018		
	Amount after tax	Weighted average number of ordinary shares outstanding (share in thousands)	Loss per share (in dollars)
Basic loss per share			
Loss attributable to ordinary shareholders of the parent	($ 57,744)	57,441	($ 1.01)

	2017		
	Amount after tax	Weighted average number of ordinary shares outstanding (share in thousands)	Earnings per share (in dollars)
Basic earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 5,189	43,392	$ 0.12

The computation of diluted earnings per share did not include the shares from employee stock options for December 31, 2018 due to anti-dilution.

The computation of diluted earnings per share did not include convertible bonds for December 31, 2017 due to anti-dilution.

(19) Operating leases

The Group leases office spaces and warehouses under non-cancellable operating lease agreements. The lease terms are between 1 and 10 years. The Group recognised rental expenses of $10,356 and $7,820 in profit or loss for the years ended December 31, 2018 and 2017, respectively. The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

	December 31, 2018	December 31, 2017
Not later than one year	$ 13,821	$ 6,442
Later than one year but not later than five	24,947	6,222
Later than five years	24,713	-
	$ 63,481	$ 12,664

(20) Supplemental cash flow information

A. Investing activities with partial cash payments

	2018	2017
Purchase of property, plant and	$ 99,313	$ 28,906
Add: Opening balance of payable on equipment	-	807
Less: Ending balance of payable on	(5,237)	-
Cash paid during the year [period]	$ 94,076	$ 29,713

B. Financing activities with no cash flow effects

	2018	2017
Convertible bonds being converted to capital stocks	$ -	$ 148,779

7. RELATED PARTY TRANSACTIONS

(1)Names of related parties and relationship

Names of related parties	Relationship with the Company
An Xing Biotechnology Co., Ltd.	Other related parties

(2)Significant related party transactions

Property transactions:

Acquisition of property, plant and equipment:

	2018	2017
Other related parties	$ -	$ 1,200

(3)Key management compensation

	2018	2017
Salaries and other short-term employee benefits	$ 15,371	$ 11,500
Post-employment benefits	592	566
Share-based payments	2,105	-
	$ 18,068	$ 12,066

8. PLEDGED ASSETS

The Group's assets pledged as collateral are as follows:

	Book value				
Pledged asset	December 31, 2018		December 31, 2017		Purpose
Other current assets					
－Demand deposits	$	5,262	$	3,154	Short-term borrowings
－Time deposits		4,800		4,800	Customs and credit card acquiring performance guarantee
Property, plant and equipment					
－Land		17,209		17,209	Short-term borrowings
－Buildings		28,657		29,447	〃
	$	55,928	$	54,610	

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNISED CONTRACT COMMITMENTS

(1)Contingencies

None.

(2)Commitments

A. For the year ended December 31, 2018, the Company issuance guarantee notes payables amounting to $10,000 to vender for the purchase.

B. For the year ended December 31, 2018, the Company uses the bank loan amount of $5,000 as the performance security guarantee for the purchase contract.

C. As of December 31, 2018, the company provides promissory note $10,000 for guarantee and the credit of bank secured loan $10,000 for performance guarantee since the company involves the program of Taiwan Industrial Innovation Platform.

D. The Group guarantee notes and endorsement guarantees for the subsidiaries' borrowings in profit or loss for the years ended December 31, 2018 and 2017,

were $25,358 (NT$10,000 and US$500 respectively), $14,880 (US$500 respectively)

E. The Group shares the credit line of short-term guaranteed borrowings. The credit line of the Group were NT$45,000 thousand at December 31, 2018 and December 31, 2017 respectively.The Group signed a NT$60,000 promissory note as collateral at December 31, 2018 and December 31, 2017. The credit line has been used NT $ 15,000 thousand, and NT $ 5,000 thousand respectively for the year of 2018 and December 31, 2017.

F. Capital expenditure contracted for at the balance sheet date but not yet incurred is as follows:

	December 31, 2018		December 31, 2017	
Property, plant and equipment	$	8,800	$	80,988
Intangible assets		162,533		277,410
	$	171,333	$	358,398

NOTE: In order to expand the business of bio-medical R&D and the innovation of the regenerative medicine, the management of the Company decided to sign the Memorandum of understanding of cell regenerative medicine with CellSeed Inc. (JPN) on Dec. 21st, 2016. The MOU payment hereunder is ¥50,000,000.On Mar. 24th, 2017, the resolution of signing the official contract of cell regenerative medicine with CellSeed Inc. (JPN) had been passed at the board of directors meeting, and the contract was signed by both parties hereby officially on Apr. 24th, 2017. The contract payment hereunder is ¥1,250,000,000.As of Dec. 31st, 2018, the due payment ¥715,770,551 has been made by the Company herein the contract payment schedule.

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

On August 7, 2018, the company decided to issue the third domestic guaranteed convertible corporate bond by the board of directors, with a maximum cap of $151,500. On December 14, 2018, the Republic of China obtained the letter of the competent authority's Certificate No. 1070345294 to approve the issuance and issuance of the third domestic guaranteed convertible corporate bonds. The total issuance is $150,000, the coupon rate is 0%, and the issuance period is 3 years. The circulation period was from January 9, 2019 to January 9, 2022. When the conversion corporate bond expires, it is repaid in cash at the denomination of the bond. The conversion company bond was listed on the Securities and Futures Trading Center of the Republic of China on January 9, 2019.

12. OTHERS

(1) Capital management

The Group’s objectives when managing capital are to safeguard the Group’s ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may issue new shares or sell assets to reduce debt.

(2) Financial instruments

A. Financial instruments by category

	December 31, 2018	December 31, 2017
Financial assets		
Financial assets at amortised cost/ receivables		
Cash and cash equivalents	$ 494,329	$ 203,163
Notes receivable	3,587	3,874
Accounts receivable	276,160	301,818
Other receivables	2,470	12,867
Guarantee deposits paid (shown as "other non-current assets")	6,612	6,386
Other financial assets (shown as "othercurrent assets")	10,062	7,954
	$ 793,220	$ 536,062
Financial liabilities		
Financial liabilities at amortised cost		
Short-term borrowings	$ 20,000	$ -
Notes payable	2,022	422
Accounts payable	162,441	145,025
Other accounts payable	33,989	14,295
Guarantee deposits received (shown as "other non-current liabilities")	-	3
	$ 218,452	$ 159,745

B. Financial risk management policies

(a) The Group’s activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk.

(b) Risk management is carried out by a central treasury department (Group treasury) under policies approved by the Board of Directors. Group treasury identifies, evaluates and hedges financial risks in close co-operation with the Group’s operating units. The Board provides written principles for overall risk management, as well as written policies covering specific areas and matters, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

C. Significant financial risks and degrees of financial risks

(a) Market risk

Foreign exchange risk

i. The Group operates internationally and is exposed to foreign exchange risk arising from the transactions of the Company and its subsidiaries used in various functional currency, primarily with respect to the USD. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities.

ii. Management has set up a policy to require group companies to manage their foreign exchange risk against their functional currency.

iii. The Group has certain investments in foreign operations, whose net assets are exposed to foreign currency translation risk.

iv. The Group's businesses involve some non-functional currency operations (the Company's and certain subsidiaries' functional currency: NTD; other certain subsidiaries' functional currency: HKD and SGD). The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

	December 31, 2018		
	Foreign currency amount (In thousands)	Exchange rate	Book value (NTD)
currency)			
Financial assets			
Monetary items			
USD:NTD	$ 3,258	30.715	$ 100,069
USD:HKD	6,037	7.8304	185,426
JPY:NTD	267,823	0.2782	74,508
Financial liabilities			
Monetary items			
USD:NTD	1,703	30.715	52,308
USD:HKD	2,312	7.8304	71,013

	December 31, 2017		
	Foreign currency amount (In thousands)	Exchange rate	Book value (NTD)
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD:NTD	$ 3,153	29.76	$ 93,833
USD:HKD	6,335	7.8118	188,530
Financial liabilities			
Monetary items			
USD:NTD	1,337	29.76	39,789
RMB:NTD	2,673	7.8118	79,548

v. Total exchange gain (loss), including realised and unrealized arising from significant foreign exchange variation on the monetary items held by the Group for the years ended

December 31, 2018 and 2017, amounted to \$6,504 and (\$7,826), respectively.

vi. Analysis of foreign currency market risk arising from significant foreign exchange variation:

	2018		
	Sensitivity analysis		
	Degree of variation	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD:NTD	1%	\$ 1,001	\$ -
USD:HKD	1%	1,854	-
JPY:NTD	1%	745	-
Financial liabilities			
Monetary items			
USD:NTD	1%	523	-
USD:HKD	1%	710	-

	2017		
	Sensitivity analysis		
	Degree of variation	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD:NTD	1%	\$ 938	\$ -
USD:HKD	1%	1,885	-
Financial liabilities			
Monetary items			
USD:NTD	1%	398	-
USD:HKD	1%	795	-

(b) Credit risk

i. Credit risk refers to the risk of financial loss to the Group arising from default by the clients or counterparties of financial instruments on the contract obligations. The main factor is that counterparties could not repay in full the accounts receivable and notes receivable based on the agreed terms, and the contract cash flows of financial assets stated at amortised cost.

ii. The Group manages their credit risk taking into consideration the entire group's concern. For banks and financial institutions, only independently rated parties with a minimum rating of 'A' are accepted. According to the Group's credit policy, each local entity in the Group is responsible for managing and analysing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board of Directors. The utilisation of credit limits is regularly monitored. Credit risk mainly arises from credit exposures to wholesale and retail customers, including outstanding receivables.

iii. The Group adopts following assumptions under IFRS 9 to assess whether there has been a significant increase in credit risk on that instrument since initial recognition:

If the contract payments were past due over 30 days based on the terms, there has been a significant increase in credit risk on that instrument since initial recognition.

iv. The Group adopts the assumptions under IFRS 9, the default occurs when the contract payments are past due over 90 days.

v. The following indicators are used to determine whether the credit impairment of debt instruments has occurred:

(i)It becomes probable that the issuer will enter bankruptcy or other financial reorganization due to their financial difficulties;

(ii) Default or delinquency in interest or principal repayments;

(iii) Adverse changes in national or regional economic conditions that are expected to cause a default.

vi. The Group classifies customer's accounts receivable, contract assets and rents receivable in accordance with credit rating of customer. The Group applies the modified approach using loss rate methodology to estimate expected credit loss under the provision matrix basis.

vii. The Group wrote-off the financial assets, which cannot be reasonably expected to be recovered, after initiating recourse procedures. However, the Group will continue executing the recourse procedures to secure their rights. There is no written-off financial assets that are still under recourse procedures amounted on December 31, 2018.

viii. The Group used the forecastability of Taiwan Institute of Economic Research boom observation report to adjust historical and timely information to assess the default possibility of accounts receivable, contract assets and lease payments receivable. The Group's expected credit loss rate of accounts receivable that are not past due are not significant for the years ended December 31, 2018.

ix. The Group applies the simplified approach to provide loss allowance for accounts receivable that have no significant impact. The Group had not recognized related impact for the years ended December 31, 2018.

		2018
At January 1	$	1,657
Reversal of impairment loss	(	1,009)
Effect of foreign exchange		13
At Deceember 31	$	661

x. Credit risk information of 2017 is provided in Note 12(4)

(c) Liquidity risk

i. Cash flow forecasting is performed in the operating entities of the Group and aggregated by Group treasury. Group treasury monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities (Note 6(26)) at all times so that the Group does not breach borrowing limits or covenants on any of its borrowing facilities. Such forecasting takes into consideration the Group's debt financing plans, covenant compliance, compliance with internal balance sheet ratio targets.

ii. The table below analyses the Group's non-derivative financial liabilities based on the remaining period at the balance sheet date to the contractual maturity date for non-derivative financial liabilities. The amounts disclosed in the table are the contractual undiscounted cash flows.

December 31, 2018	Less than 1 year	1 and 2 years	2 and 5 years	Over 5 years
Non-derivative financial liabilities				
Short-term borrowings	$20,000	$ -	$ -	$ -
Notes payable	2,022	-	-	-
Accounts payable	162,441	-	-	-
Other payables	33,989	-	-	-

December 31, 2017	Less than 1 year	1 and 2 years	2 and 5 years	Over 5 years
Non-derivative financial liabilities				
Notes payable	$ 422	$ -	$ -	$ -
Accounts payable	145,025	-	-	-
Other payables	14,295	-	-	-
Guarantee deposits received (shown as "other non-current	3	-	-	-

(3) Fair value information

A. The different levels that the inputs to valuation techniques are used to measure fair value of financial and non-financial instruments have been defined as follows:

Level 1:Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. A market is regarded as active where a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3:Unobservable inputs for the asset or liability.

B. The balances of financial instruments measured at fair value recognized were both 0 on December 31, 2018 and 2017. Therefore, there was no disclosure of relevant fair value information.

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

The instruments the Group used market quoted prices as their fair values (that is, Level 1) are valued by characteristics. Open-end Funds' market quoted price is based on net asset value.

D. For the years ended December 31, 2018 and 2017, there was no transfer between Level 1 and Level 2.

E. For the years ended December 31, 2018 and 2017, there was no transfer into or out from Level 3.

F. Finance segment is in charge of valuation procedures for fair value measurements being categorised within Level 3, which is to verify independent fair value of financial instruments. Such assessment is to ensure the valuation results are reasonable by applying independent information to make results close to current market conditions, confirming the resource of information is independent, reliable and in line with other resources and represented as the exercisable price, and frequently calibrating valuation model, performing back-testing, updating inputs used to the valuation model and making any other necessary adjustments to the fair value.

(4) Effects on initial application of IFRS 9 and information on application of IAS 39 in 2017

A. Summary of significant accounting policies adopted in 2017:

(a) Financial assets at fair value through profit or loss

i. They are financial assets held for trading. Financial assets are classified in this category of held for trading if acquired principally for the purpose of selling in the short-term. Derivatives are also categorized as financial assets held for trading unless they are designated as hedges.

ii. On a regular way purchase or sale basis, financial assets at fair value through profit or loss are recognised and derecognised using trade date accounting.

iii. Financial liabilities at fair value through profit or loss are initially recognised at fair value. Related transaction costs are expensed in profit or loss. These financial liabilities are subsequently remeasured and stated at fair value, and any changes in the fair value of these financial liabilities are recognised in profit or loss.

(b) Loans and receivables

Accounts receivable

They are created by the entity by selling goods or providing services to customers in the ordinary course of business. They are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. However, short-term accounts receivable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(c) Impairment of financial assets

i. The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

ii. The criteria that the Group uses to determine whether there is objective evidence of an impairment loss is as follows:

(i) Significant financial difficulty of the issuer or debtor;

(ii) A breach of contract, such as a default or delinquency in interest or principal payments;

(iii) The Group, for economic or legal reasons relating to the borrower's financial difficulty, granted the borrower a concession that a lender would not otherwise consider;

(iv) It becomes probable that the borrower will enter bankruptcy or other financial reorganisation;

(v) The disappearance of an active market for that financial asset because of financial difficulties;

(vi) Observable data indicating that there is a measurable decrease in the estimated future cash flows from a group of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial asset in the group, including adverse changes in the payment status of borrowers in the group or national or local economic conditions that correlate with defaults on the assets in the group;

iii. When the Group assesses that there has been objective evidence of impairment and an impairment loss has occurred, accounting for impairment is made as follows according to the category of financial assets:

Financial assets at amortised cost

The amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate, and is recognised in profit or loss. If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loss was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset does not exceed its amortised cost that would have been at the date of reversal had the impairment loss not been recognised previously. Impairment loss is recognised and reversed by adjusting the carrying amount of the asset through the use of an impairment allowance account.

B. The significant accounts for the year ended December 31, 2017 are as follows:

(a) The balances of financial assets at fair value through profit or loss was 0 on December 31, 2017.

(b) The Group recognised net loss amounting to ($308) on financial assets held for trading for the year ended December 31, 2017.

E. Credit risk information for the year ended December 2017 are as follows :

(a) Credit risk refers to the risk of financial loss to the Group arising from default by the clients or counterparties of financial instruments on the contract obligations. According to the Group’s credit policy, each local entity in the Group is responsible for managing and analysing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board of Directors. The utilisation of credit limits is regularly monitored. Credit risk arises from cash and cash equivalents, derivative financial instruments and deposits with banks and financial institutions, as well as credit exposures to wholesale and retail customers, including outstanding receivables. For banks and financial institutions, only independently rated parties with a minimum rating of 'A' are accepted.

(b) For the year ended December 31, 2017, no credit limits were exceeded during the reporting periods, and management does not expect any significant losses from non-performance by these counterparties.

(c)The Group’ s accounts receivable that are neither past due nor impaired are fully performing in line with the credit standards prescribed based on counterparties’ industrial characteristics, scale of business and profitability.

(d) The ageing analysis of financial assets that were past due but not impaired is as follows:

	December 31, 2017
Accounts receivable	
Up to 30 days	$ 28,159
31 to 90 days	4,416
Over 90 days	177
	$ 32,752

(e) Movements in the provision for impairment of accounts receivable for the year ended December 2017 are as follows:

		2017
At January 1	$	4,441
Provision for impairment		-
Reversal of impairment	(	2,588)
Write-offs during the year	(	196)
At December 31	$	1,657

Initial application of IFRS 9 has no significant impact to the Company's financial condition and financial performance based on the Company's assessment as of January 1, 2018.

(5) Effects of initial application of IFRS 15 and information on application of IAS 11 and IAS 18 in 2017

A. The significant accounting policies applied on revenue recognition for the year ended December 31, 2017 are set out below.

Revenue is measured at the fair value of the consideration received or receivable taking into account of business tax, returns, rebates and discounts for the sale of goods to external customers in the ordinary course of the Group's activities. Revenue arising from the sales of goods is recognised when the Group has delivered the goods to the customer, the amount of sales revenue can be measured reliably and it is probable that the future economic benefits associated with the transaction will flow to the entity. The delivery of goods is completed when the significant risks and rewards of ownership have been transferred to the customer, the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold, and the customer has accepted the goods based on the sales contract or there is objective evidence showing that all acceptance provisions have been satisfied.

B. The revenue recognised by using above accounting policies for the year ended December 31, 2017 are as follows:

		2017
Sales revenue	$	1,422,471
Others		6,762
	$	1,429,233

C. The Group applies the relevant provisions of IAS 18 in 2017. During the past reporting period, it recognized the advance payment and payment related to the income contract, and listed other current liabilities on the balance sheet. The balance as of December 31, 2017 is as follows:

		December 31, 2017
Advance sales receipts	$	4,407

D. The effects and description of current balance sheets if the Group continues adopting above accounting policies are as follows:

Balance sheet items	December 31, 2018 Balance by using IFRS 15	previous accounting policies	chages in accounting policy
Advance sales receipts	$ 3,461	$ -	$ 3,461
Other current assets	-	3,461	(3,461)

Explanation：Under IFRS 15, liabilities in relation to sales contracts are recognised as contract liabilities, but were previously presented as advance sales receipts(shown as ‘’other current liabilities’’) in the balance sheet.

13. SUPPLEMENTARY DISCLOSURES

(1) Significant transactions information

A. Loans to others: Please refer to table 1.

B. Provision of endorsements and guarantees to others: Please refer to table 2.

C. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): None.

D. Acquisition or sale of the same security with the accumulated cost exceeding $300 million or 20% of the Company’s paid-in capital: None.

E. Acquisition of real estate reaching $300 million or 20% of paid-in capital or more: None.

F. Disposal of real estate reaching $300 million or 20% of paid-in capital or more: None.

G. Purchases or sales of goods from or to related parties reaching $100 million or 20% of paid-in capital or more: None.

H. Receivables from related parties reaching $100 million or 20% of paid-in capital or more: None.

I. Trading in derivative instruments undertaken during the reporting periods: None.

J. Significant inter-company transactions during the reporting periods: Please refer to table 3.

(2) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China)：Please refer to table 4.

(3) Information on investments in Mainland China

A. Basic information: Please refer to table 5.

B. Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area: Please refer to table 3.

14. SEGMENT INFORMATION

(1) General information

Management has determined the reportable operating segments based on the reports reviewed by the chief operating decision maker that are used to make strategic decisions. The chief operating decision maker considers the business from a geographic perspective.

(2) Measurement of segment information

The chief operating decision-maker evaluates the performance of the operating segments based on a measure of adjusted EBITDA.

(3) Information about segment profit or loss, assets and liabilities

The segment information provided to the chief operating decision-maker for the reportable segments is as follows:

	2018						
			Taiwan			Reconciliation and	
	Hongkong and China	Southeast Asia	Electronics	Biomedicine	Others	elimination	Total
Revenue from external	$ 695,661	$ 338,614	$ 422,394	$ 2,691	$ 930	$ -	$ 1,460,290
Inter-segment revenue	5,397	2,885	2,939	-	173	(11,394)	-
Total segment revenue	$ 701,058	$ 341,499	$ 425,333	$ 2,691	$ 1,103	($ 11,394)	$ 1,460,290
Segment income (loss)	$ 13,466	$ 366	($ 28,044)	($ 68,489)	($ 182)	$ 1,226	($ 81,657)
Depreciation and amortisation	$ 412	$ 120	$ 972	$ 5,421	$ -	$ -	$ 6,925

	2017						
			Taiwan			Reconciliation and	
	Hongkong and China	Southeast Asia	Electronics	Biomedicine	Others	elimination	Total
Revenue from external	$ 673,513	$ 350,664	$ 398,294	$ 5,988	$ 774	$ -	$ 1,429,233
Inter-segment revenue	1,234	5,055	3,344	-	-	(9,633)	-
Total segment revenue	$ 674,747	$ 355,719	$ 401,638	$ 5,988	$ 774	($ 9,633)	$ 1,429,233
Segment income (loss)	$ 30,565	$ 5,027	($ 2,404)	($ 21,328)	($ 428)	$ -	$ 11,432
Depreciation and amortisation	$ 488	$ 458	$ 963	$ 4,424	$ -	$ -	$ 6,333

(4) Reconciliation for segment income (loss)

The revenue from external customers reported to the chief operating decision-maker is measured in a manner consistent with that in the statement of comprehensive income.

A reconciliation of reportable segment income or loss to the income/(loss) before tax from continuing operations for the years ended December 31, 2018 and 2017 is provided as follows:

	2018	2017
Reportable segments	($ 81,657)	$ 11,432
Other income	9,709	7,327
Other gains and losses	6,480	(10,094)
Finance costs	(44)	(729)
Income/(loss) before tax from continuing operations	($ 65,512)	$ 7,936

(5) Information on products and services

Please refer to Note 6 (14) for the related information.

(6) Geographical information

Geographical information for the years ended December 31, 2018 and 2017 is as follows:

	2018				2017			
	Revenue		Non-current assets		Revenue		Non-current assets	
Hongkong and China	$	695,661	$	1,050	$	673,513	$	1,055
Taiwan		426,015		346,942		405,056		99,241
Singapore		338,614		89		350,664		149
Total	$	1,460,290	$	348,081	$	1,429,233	$	100,445

(7) Major customer information

The Group had no individual customer whose sales amount accounts for more than 10% of net operating revenue in the consolidated statement of comprehensive income.

METATECH (AP) INC. AND SUBSIDIARIES

Table 1

Loans to others

For the year ended December 31, 2018

Expressed in thousands of NTD

(Except as otherwise indicated)

No.	Creditor	Borrower	General ledger account	Is a related party	Maximum outstanding balance during the year ended December 31, 2018	Balance at December 31, 2018	Actual amount drawn down	Interest rate	Nature of loan	Amount of transactions with the borrower	Reason for short-term financing	Allowance for doubtful accounts	Collateral Item	Collateral Value	Limit on loans granted to a single party	Ceiling on total loans granted	Footnote
0	The Company	Chienhwa Travel Service Co., Ltd.	Other recivables	Y	2,000 (USD 67 thousand)	2,000 (USD 67 thousand)	$ -	1.80%	Short-term financing	$ -	Turnover of operation	$ -	None	$ -	$ 214,572	$ 429,144	Note3
0	The Company	MetaTech (S) Pte Ltd.	Other recivables	Y	29,950 (USD 998 thousand)	-	-	2.80%	Short-term financing	-	Turnover of operation	-	None	-	214,572	429,144	Note3 Note5
1	MTI Holding Co., Ltd.	The Company	Other recivables	Y	61,910 (USD 2,064 thousand)	61,430 (USD 2,048 thousand)	-	3.70%	Short-term financing	-	Turnover of operation	-	None	-	74,523	149,047	Note4 Note5
1	MTI Holding Co., Ltd.	MetaTech Ltd.	Other recivables	Y	30,955 (USD 1,032 thousand)	30,715 (USD 1,024 thousand)	-	3.05%	Short-term financing	-	Turnover of operation	-	None	-	298,094	372,617	Note4 Note5
1	MTI Holding Co., Ltd.	MetaTech (S) Pte Ltd.	Other recivables	Y	30,715 (USD 1,024 thousand)	15,358 (USD 512 thousand)	-	3.94%	Short-term financing	-	Turnover of operation	-	None	-	298,094	372,617	Note4 Note5

Note1：The numbers filled in for the transaction company in respect of inter-company transactions are as follows:
(1) Parent company is ‘0’.
(2) The subsidiaries are numbered in order starting from ‘1’.

Note 2: In accordance with the Company’s “Procedures for Provision of Loans”, limit on the rate of total loans to others can't be lower than the average of the rate financial institutions provided.

Note 3: In accordance with the Company’s “Procedures for Provision of Loans”, limit on total loans to others is 40% of the parent company’s net assets; Limit on loans to a single party with short-term financing is 20% of the Company’s net asset.

Note 4: In accordance with Subsidiaries’s “Procedures for Provision of Loans”, limit on total loans to others is 40% of the lender’s net assets; Limit on loans to a single party with short-term financing is 20% of the lender’s net asset. Furthermore, for the foreign companies which the Group holds 100% of the voting rights directly or indirectly, limit on loans is 100% of Subsidiaries’s net assets; Limit on loans to a single party with short-term financing is 80% of Subsidiaries’s net asset.

Note 5: Balance at December 31, 2018 is converted to NTD in closing exchange rate.(1USD：30.715TWD)

Table 2

METATECH (AP) INC. AND SUBSIDIARIES
Provision of endorsements and guarantees to others
For the year ended December 31, 2018

Expressed in thousands of NTD
(Except as otherwise indicated)

Number	Endorser/ guarantor	Party being endorsed/guaranteed		Limit on endorsements/ guarantees provided for a single party (Note 3)	Maximum outstanding endorsement/ guarantee amount as of December 31, 2018	Outstanding endorsement/ guarantee amount at December 31, 2018	Actual amount drawn down	Amount of endorsements / guarantees secured with collateral	Ratio of accumulated endorsement/ guarantee amount to net asset value of the endorser/ guarantor company	Ceiling on total amount of endorsements/ guarantees provided	Provision of endorsements/ guarantees by parent company to subsidiary	Provision of endorsements/ guarantees by subsidiary to parent company	Provision of endorsements/guarantees to the party in Mainland China	Footnote
		Company name	Relationship with the endorser/ guarantor（Note 1）											
0	The Company	MetaTech Ltd.	The Company's third-tier subsidiary	$ 536,430	$ 15,478	$ 15,358	$ -	$ -	1.43	$ 1,072,859	Y	-	-	Note 2 Note 3 Note 4
0	The Company	MetaTech (Shenzhen) Ltd.	The Company's third-tier subsidiary	536,430	10,000	10,000	-	-	0.93	1,072,859	Y	-	Y	Note 2 Note 3

Note1：The numbers filled in for the transaction company in respect of inter-company transactions are as follows:
(1) Parent company is '0'.
(2) The subsidiaries are numbered in order starting from '1'.
Note2: In accordance with the Company's "Procedures for Provision of Endorsements and Guarantees", limit on the Company endorsements/guarantees to a single party with short-term financing is 50% of the Company's net assets.
Note3: In accordance with the Company's "Procedures for Provision of Endorsements and Guarantees", limit on the Company endorsements/guarantees to others is 100% of the Company's net assets.
Note4: Balance at December 31, 2018 is converted to NTD in closing exchange rate.(1USD：30.715TWD)

MetaTech

Table 3

METATECH (AP) INC. AND SUBSIDIARIES

Significant inter-company transactions during the reporting periods

For the year ended December 31, 2018

Expressed in thousands of NTD
(Except as otherwise indicated)

Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transaction			
				General ledger account	Amount	Transaction terms	Percentage of consolidated total operating revenues or total assets (Note 3)
0	The Company	MetaTech Ltd.	1	Sales	$ 1,324	Price is made based on mutual gross profit agreement, and collection term is 90 days after monthly billings	-
0	〃	〃	1	Other Receivable	8,025	Price is made based on mutual gross profit agreement, and collection term is 90 days after monthly billings	-
0	〃	MetaTech (S) Pte Ltd.	1	Sales	1,615	Price is made based on mutual gross profit agreement, and collection term is 90 days after monthly billings	-
0	〃	〃	1	Account Receivable	182	Price is made based on mutual gross profit agreement, and collection term is 90 days after monthly billings	-
0	〃	〃	1	Other Receivable	70	Advance, and collection term is 90 days after monthly billings	
0	〃	Chienhwa Travel Service Co., Ltd.	1	Rent Revenue	57	Price is made based on mutual agreement	-
1	MetaTech (S) Pte Ltd.	The Company	2	Sales	1,659	Price is made based on mutual gross profit agreement, and collection term is 90 days after monthly billings	-
1	〃	MetaTech Ltd.	3	Sales	1,226	Price is made based on mutual gross profit agreement, and collection term is 90 days after monthly billings	-
1	〃	〃	3	Account Receivable	210	Price is made based on mutual gross profit agreement, and collection term is 90 days after monthly billings	-
2	MetaTech Ltd.	The Company	2	Sales	4,017	Price is made based on mutual gross profit agreement, and collection term is 90 days after monthly billings	-
2	〃	〃	2	Account Receivable	415	Price is made based on mutual gross profit agreement, and collection term is 90 days after monthly billings	-
2	〃	〃	2	Other Receivable	57	Price is made based on mutual gross profit agreement, and collection term is 90 days after monthly billings	-
2	〃	MetaTech (S) Pte Ltd.	3	Sales	1,380	Price is made based on mutual gross profit agreement, and collection term is 90 days after monthly billings	-
2	〃	MetaTech (Shenzhen) Ltd.	3	Sales	66,601	Price is made based on mutual gross profit agreement, and collection term is 90 days after monthly billings	5%
2	〃	〃	3	Account Receivable	6,464	Price is made based on mutual gross profit agreement, and collection term is 90 days after monthly billings	-
2	〃	〃	3	Other Payable	6,456	Price is made based on mutual gross profit agreement, and collection term is 90 days after monthly billings	-
3	Chienhwa Travel Service Co., Ltd.	The Company	2	Service Revenue	173	The terms of rendering of services and the collection terms are the as normal clients	-
3	〃	〃	2	Refundable Deposits	30	Lease deposit is made based on mutul agreement	-
3	〃	〃	2	Other Receivable	67	Advance, and collection term is 30 days after monthly billings	-

Note1：The numbers filled in for the transaction company in respect of inter-company transactions are as follows:

(1) Parent company is ‘0’.

(2) The subsidiaries are numbered in order starting from ‘1’.

Note 2: Relationship between transaction company and counterparty is classified into the following three categories:

(1) Parent company to subsidiary.

(2) Subsidiary to parent company.

(3) Subsidiary to subsidiary.

Note 3: Regarding percentage of transaction amount to consolidated total operating revenues or total assets, it is computed based on period-end balance of transaction to consolidated total assets for balance sheet accounts and based on accumulated transaction amount for the period to consolidated total operating revenues for income statement accounts.

Note 4: The credit term is coherent with general service is Net 120 days E.O.M.

METATECH (AP) INC. AND SUBSIDIARIES

Information on investees

Table 4

For the year ended December 31, 2018

Expressed in thousands of NTD

(Except as otherwise indicated)

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2018			Net profit (loss) of the investee for the year ended December 31, 2018	Investment income(loss) recognised by the Company for the year ended December 31, 2018	Footnote
				Balance as at December 31, 2018	Balance as at December 31, 2017	Number of shares (in thousand shares)	Ownership (%)	Book value			
The Company	MetaTech Investment Holding Co., Ltd.	BVI	Holding company	$ 333,065	$ 333,065	10,000,000	100	$ 372,617	$ 11,930	$ 11,930	Subsidiary
The Company	Chienhwa Travel Service Co., Ltd.	Taiwan	Travel Business	3,400	1,400	800	100	2,782	(15)	(15)	Subsidiary
MetaTech Investment Holding Co., Ltd.	MTI Holding Co., Ltd.	Samoa	Holding company	333,065	333,065	10,000,000	100	372,617	11,930	11,930	Second-tier subsidiary
MTI Holding Co., Ltd.	MetaTech (S) Pte Ltd.	Singapore	Wholesale and retail of electronic materials	82,259	82,259	3,800,000	100	118,930	217	217	Third-tier subsidiary
MTI Holding Co., Ltd.	MetaTech Ltd.	Hong Kong	Wholesale and retail of electronic materials	199,170	199,170	46,000,000	100	188,433	11,527	11,527	Third-tier subsidiary

METATECH (AP) INC. AND SUBSIDIARIES

Information on investments in Mainland China

For the year ended December 31, 2018

Table 5

Expressed in thousands of NTD

(Except as otherwise indicated)

Investee in Mainland China	Main business activities	Paid-in capital	Investment method	Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2018	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the year ended December 31, 2018		Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2018	Net income of investee as of December 31, 2018	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the year ended December 31, 2018	Book value of investments in Mainland China as of December 31, 2018	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2018	Footnote
					Remitted to Mainland China	Remitted back to Taiwan							
MetaTech (Shenzhen) Ltd.	Wholesale and retail of electronic materials	$ 80,533	Invested in cash through the third region's subsidiary, and then reinvested in subsidiaries in China.	$ 80,533	$ -	$ -	$ 80,533	$ 2,515	100	$ 2,515	$ 20,435	$ -	Note1 Note2 Note3

Company name	Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2018	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA)	Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA
The Company	$ 80,533	$ 81,454	$ 643,715

Note 1: Invested in cash through the third region's subsidiary, MetaTech Investment Holding Co., Ltd. which invested in MetaTech Ltd. and then reinvested in MetaTech (Shenzhen) Ltd. The investments were approved by the Investment Commission of the Ministry of Economic Affairs.

Note 2: Investment income recognized under equity method is concurrently reviewed by the Certified Public Accountant of parent company.

Note 3: Balance at December 31, 2018 is converted to NTD in closing exchange rate.(1USD：30.715TWD)

Note 4:In pursuance of Shen-Zi Letter No.09704604680 from the Ministry of Economic Affairs dated August 29, 2008. The amended "Regulations for examination of investments and technical cooperation in Mainland Area" sets the limitation for investments in Mainland China to be higher of net book value or 60% of consolidated net book value.