METATECH (AP) INC. AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS AND

INDEPENDENT AUDITORS' REVIEW REPORT

JUNE 30, 2023 AND 2022

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.

INDEPENDENT AUDITORS' REVIEW REPORT TRANSLATED FROM CHINESE

To the Board of Directors and Shareholders of METATECH (AP) INC.

Introduction

We have reviewed the accompanying consolidated balance sheets of Metatech (AP) INC. and subsidiaries (the "Group") as at June 30, 2023 and 2022, and the related consolidated statements of comprehensive income for the three-month and six-month periods then ended, as well as the consolidated statements of changes in equity and of cash flows for the six-month periods then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies. Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, "Interim Financial Reporting" that came into effect as endorsed by the Financial Supervisory Commission. Our responsibility is to express a conclusion on these consolidated financial statements based on our reviews.

Scope of Review

We conducted our reviews in accordance with the Standard on Review Engagements 2410 "Review of Financial Information Performed by the Independent Auditor of the Entity" of the Republic of China. A review of consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our reviews, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Group as at June 30, 2023 and 2022, and of its consolidated financial performance for the three-month and six-month periods then ended and its consolidated cash flows for the six-month periods then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, "Interim Financial Reporting" that came into effect as endorsed by the Financial Supervisory Commission.

LIN, KUAN-HUNG | Wang, Fang-Yu

For and on behalf of PricewaterhouseCoopers, Taiwan

August 10, 2023

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 independent auditors' report 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
JUNE 30, 2023, DECEMBER 31, 2022 AND JUNE 30, 2022
(Expressed in thousands of New Taiwan dollars)
(The balance sheets as of June 30, 2023 and 2022 are reviewed, not audited)

	Assets	Notes	June 30, 2023 AMOUNT	%	December 31, 2022 AMOUNT	%	June 30, 2022 AMOUNT	%
	Current Assets							
1100	Cash and cash equivalents	6(1)	$ 2,265,732	65	$ 2,049,403	59	$ 1,105,891	31
1136	Current financial assets at amortised cost	6(2) and 8	9,800	-	109,800	3	1,079,592	30
1150	Notes receivable, net	6(3)	1,510	-	971	-	501	-
1170	Accounts receivable, net	6(3)	376,143	11	373,342	11	486,425	14
1200	Other receivables		1,601	-	2,486	-	2,026	-
1220	Current income tax assets		3,146	-	1,270	-	920	-
130X	Inventories	6(4)	114,803	3	249,301	7	183,130	5
1410	Prepayments		15,218	1	10,251	-	13,355	-
1470	Other current assets		493	-	37	-	336	-
11XX	**Current Assets**		2,788,446	80	2,796,861	80	2,872,176	80
	Non-current assets							
1550	Investments accounted for using the equity method	6(5)	17,552	1	14,900	-	17,683	1
1600	Property, plant and equipment	6(6) and 8	203,971	6	205,662	6	200,685	6
1755	Right-of-use assets	6(7)	106,728	3	106,665	3	114,943	3
1780	Intangible assets	6(8)	258,426	7	262,327	8	266,228	7
1840	Deferred income tax assets	6(20)	86,462	2	81,890	2	84,545	2
1900	Other non-current assets		28,035	1	26,336	1	17,693	1
15XX	**Non-current assets**		701,174	20	697,780	20	701,777	20
1XXX	**Total assets**		$ 3,489,620	100	$ 3,494,641	100	$ 3,573,953	100

(Continued)

METATECH (AP) INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
JUNE 30, 2023, DECEMBER 31, 2022 AND JUNE 30, 2022
(Expressed in thousands of New Taiwan dollars)
(The balance sheets as of June 30, 2023 and 2022 are reviewed, not audited)

			June 30, 2023		December 31, 2022		June 30, 2022	
	Liabilities and Equity	Notes	AMOUNT	%	AMOUNT	%	AMOUNT	%
	Current Liabilities							
2100	Short-term borrowings	6(9) and 8	$ 267,000	8	$ 190,000	6	$ 188,563	5
2130	Current contract liabilities	6(16)	14,634	-	14,587	-	19,956	1
2150	Notes payable		39	-	1,768	-	2,520	-
2170	Accounts payable		147,722	4	182,385	5	195,184	5
2200	Other payables	7	30,922	1	29,407	1	35,185	1
2230	Current income tax liabilities		1,307	-	1,007	-	5,964	-
2280	Current lease liabilities	7	20,352	1	17,853	1	24,160	1
2399	Other current liabilities, others		1,235	-	854	-	1,028	-
21XX	**Current Liabilities**		483,211	14	437,861	13	472,560	13
	Non-current liabilities							
2570	Deferred income tax liabilities	6(20)	22,419	-	20,559	-	20,287	-
2580	Non-current lease liabilities	7	92,578	3	94,497	3	95,661	3
2600	Other non-current liabilities		300	-	300	-	300	-
25XX	**Non-current liabilities**		115,297	3	115,356	3	116,248	3
2XXX	**Total Liabilities**		598,508	17	553,217	16	588,808	16
	Equity							
	Equity attributable to owners of the parent							
	Share capital	6(13)						
3110	Share capital - common stock		681,726	20	681,726	20	681,726	19
	Capital surplus	6(14)						
3200	Capital surplus		676,435	19	675,810	19	675,588	19
	Retained earnings	6(15)						
3350	Accumulated deficit		(59,485)	(2)	(35,320)	(1)	(5,947)	-
	Other equity							
3400	Other equity interest		(4,022)	-	(7,401)	-	(18,739)	-
31XX	**Equity attributable to owners of the parent**		1,294,654	37	1,314,815	38	1,332,628	38
36XX	**Non-controlling interests**	4(3)	1,596,458	46	1,626,609	46	1,652,517	46
3XXX	**Total equity**		2,891,112	83	2,941,424	84	2,985,145	84
	Significant contingent liabilities and unrecognised contract commitments	9						
	Significant events after the balance sheet date	11						
3X2X	**Total liabilities and equity**		$ 3,489,620	100	$ 3,494,641	100	$ 3,573,953	100

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

METATECH (AP) INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
THREE-MONTH AND SIX-MONTH PERIODS ENDED JUNE 30, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars, except earnings (loss) per share amount)
(UNAUDITED)

			Three months ended June 30				Six months ended June 30			
			2023		2022		2023		2022	
	Items	Notes	AMOUNT	%	AMOUNT	%	AMOUNT	%	AMOUNT	%
4000	Sales revenue	6(16) and 7	$ 401,621	100	$ 508,309	100	$ 776,946	100	$ 1,087,661	100
5000	Operating costs	6(4)(18)(19)	(344,709)	(86)	(451,136)	(89)	(692,748)	(89)	(953,239)	(87)
5950	Net operating margin		56,912	14	57,173	11	84,198	11	134,422	13
	Operating expenses	6(18)(19)								
6100	Selling expenses		(26,090)	(7)	(29,255)	(6)	(53,025)	(7)	(63,675)	(6)
6200	General and administrative expenses		(37,275)	(9)	(30,438)	(6)	(70,297)	(9)	(60,813)	(6)
6300	Research and development expenses		(23,938)	(6)	(13,982)	(2)	(44,242)	(5)	(24,143)	(2)
6450	Impairment loss (impairment gain and reversal of impairment loss) determined in accordance with IFRS 9	12(2)	12	-	-	-	606	-	-	-
6000	Total operating expenses		(87,291)	(22)	(73,675)	(14)	(166,958)	(21)	(148,631)	(14)
6900	Operating loss		(30,379)	(8)	(16,502)	(3)	(82,760)	(10)	(14,209)	(1)
	Non-operating revenue and expenses									
7100	Interest income		13,039	3	1,795	-	21,989	3	3,298	-
7010	Other income		3	-	237	-	3	-	357	-
7020	Other gains and losses	6(17)	9,202	2	11,589	2	6,854	1	21,899	2
7050	Finance costs		(1,858)	-	(1,204)	-	(3,317)	(1)	(2,131)	-
7060	Share of loss of associates and joint ventures accounted for using the equity method		(1,050)	-	(1,455)	-	(2,348)	-	(2,963)	-
7000	Total non-operating revenue and expenses		19,336	5	10,962	2	23,181	3	20,460	2
7900	**Loss before income tax**		(11,043)	(3)	(5,540)	(1)	(59,579)	(7)	6,251	1
7950	Income tax (expense) benefit	6(20)	(2,328)	(1)	(2,705)	-	1,725	-	(5,902)	(1)
8200	**Loss (profit) for the period**		($ 13,371)	(4)	($ 8,245)	(1)	($ 57,854)	(7)	$ 349	-
	Other comprehensive income (net)									
	Components of other comprehensive income that will be reclassified to profit or loss									
8361	Financial statements translation differences of foreign operations		$ 8,665	2	$ 13,947	3	$ 4,224	-	$ 28,065	3
8399	Income tax relating to the components of other comprehensive income	6(20)	(1,733)	-	(2,789)	(1)	(845)	-	(5,613)	(1)
8360	Components of other comprehensive income that will be reclassified to profit or loss		6,932	2	11,158	2	3,379	-	22,452	2
8300	**Total other comprehensive income for the period**		$ 6,932	2	$ 11,158	2	$ 3,379	-	$ 22,452	2
8500	**Total comprehensive loss (income) for the period**		($ 6,439)	(2)	$ 2,913	1	($ 54,475)	(7)	$ 22,801	2
	Profit (loss) attributable to:									
8610	Owners of the parent		$ 1,271	-	$ 1,643	1	($ 24,165)	(3)	$ 18,716	2
8620	Non-controlling interests		(14,642)	(4)	(9,888)	(2)	(33,689)	(4)	(18,367)	(2)
			($ 13,371)	(4)	($ 8,245)	(1)	($ 57,854)	(7)	$ 349	-
	Other comprehensive (income) loss attributable to:									
8710	Owners of the parent		$ 8,203	2	$ 12,801	3	($ 20,786)	(3)	$ 41,168	4
8720	Non-controlling interests		(14,642)	(4)	(9,888)	(2)	(33,689)	(4)	(18,367)	(2)
			($ 6,439)	(2)	$ 2,913	1	($ 54,475)	(7)	$ 22,801	2
	Basic earnings (loss) per share	6(21)								
9750	Total basic earnings (loss) per share			$ 0.02		$ 0.02		($ 0.35)		$ 0.27
9850	Total diluted earnings (loss) per share			$ 0.02		$ 0.02		($ 0.35)		$ 0.27

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

METATECH (AP) INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
SIX-MONTH PERIODS ENDED JUNE 30, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)
(UNAUDITED)

		Equity attributable to owners of the parent										
			Capital Surplus									
	Notes	Share capital - common stock	Additional paid-in capital	Changes in ownership interests in subsidiaries	Employee stock warrants	Stock warrants	Others	Legal reserve	Financial statements translation differences of foreign operations	Total	Non-controlling interests	Total equity
2022												
Balance at January 1, 2022		$ 681,116	$ 613,256	$ 54	$ 53,274	$ 5,424	$ 84	($ 24,663)	($ 41,191)	$1,287,354	$1,670,684	$ 2,958,038
Profit (loss) for the period		-	-	-	-	-	-	18,716	-	18,716	(18,367)	349
Other comprehensive income		-	-	-	-	-	-	-	22,452	22,452	-	22,452
Total comprehensive income (loss)		-	-	-	-	-	-	18,716	22,452	41,168	(18,367)	22,801
Share-based payments	6(12)	-	-	35	721	-	-	-	-	756	200	956
Exercise of employee stock	6(13)(14)	610	3,895	-	(1,155)	-	-	-	-	3,350	-	3,350
Balance at June 30, 2022		$ 681,726	$ 617,151	$ 89	$ 52,840	$ 5,424	$ 84	($ 5,947)	($ 18,739)	$1,332,628	$1,652,517	$ 2,985,145
2023												
Balance at January 1, 2023		$ 681,726	$ 617,151	$ 311	$ 47,256	$ 5,424	$ 5,668	($ 35,320)	($ 7,401)	$1,314,815	$1,626,609	$ 2,941,424
Loss for the period		-	-	-	-	-	-	(24,165)	-	(24,165)	(33,689)	(57,854)
Other comprehensive income		-	-	-	-	-	-	-	3,379	3,379	-	3,379
Total comprehensive income (loss)		-	-	-	-	-	-	(24,165)	3,379	(20,786)	(33,689)	(54,475)
Share-based payments	6(12)	-	-	625	-	-	-	-	-	625	3,538	4,163
Balance at June 30, 2023		$ 681,726	$ 617,151	$ 936	$ 47,256	$ 5,424	$ 5,668	($ 59,485)	($ 4,022)	$1,294,654	$1,596,458	$ 2,891,112

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

METATECH (AP) INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
SIX-MONTH PERIODS ENDED JUNE 30, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)
(UNAUDITED)

	Notes	Six-month periods ended June 30 2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES			
(Loss) profit before tax		($ 59,579)	$ 6,251
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation expense (including right-of-use assets)	6(6)(7)(18)	20,025	18,564
Amortization expense	6(18)	4,102	4,198
Expected credit gain	12(2)	(606)	-
Interest expense		3,317	2,131
Interest income		(21,989)	(3,298)
Share-based compensation cost	6(12)	4,163	956
Share of loss of associates and joint ventures accounted for using the equity method		2,348	2,963
Changes in operating assets and liabilities			
Changes in operating assets			
Notes receivable		(539)	102
Accounts receivable		(2,195)	(7,250)
Other receivables		885	4,567
Prepayments		(4,967)	6,677
Inventories		134,498	(23,993)
Other current assets		(456)	398
Net defined benefit assets		-	7
Changes in operating liabilities			
Contract liabilities		47	(24,193)
Notes payable		(1,729)	1,098
Accounts payable		(34,663)	25,329
Other payables		3,157	80
Other current liabilities		382	379
Cash inflow generated from operations		46,201	14,966
Interest received		21,989	3,298
Interest paid		(3,317)	(2,131)
Interest taxes paid		(3,431)	(2,015)
Net cash flows from operating activities		61,442	14,118

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METATECH (AP) INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
SIX-MONTH PERIODS ENDED JUNE 30, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)
(UNAUDITED)

	Notes	Six-month periods ended June 30 2023	2022
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of financial assets at amortised cost		($ 300)	($ 493,002)
Principal repayment of financial assets at amortised cost		100,300	839,829
Acquisition of property, plant and equipment	6(22)	(9,698)	(8,365)
Increase in guarantee deposit received		(795)	(926)
Investments accounted for using the equity method		(5,000)	-
Increase in other non-current assets		(1,476)	(3,802)
Net cash flows from investing activities		83,031	333,734
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase in short-term borrowings	6(23)	483,000	393,678
Repayments of short-term borrowings	6(23)	(406,000)	(250,461)
Proceeds from issuance of convertible bonds	6(10)(23)	-	(146,200)
Repayment of principal portion of lease liabilities	6(23)	(9,385)	(9,991)
Exercise of employee stock		-	3,350
Net cash flows from (used in) financing activities		67,615	(9,624)
Effect of exchange rate changes on cash and cash equivalents		4,241	19,356
Net increase in cash and cash equivalents		216,329	357,584
Cash and cash equivalents at beginning of period	6(1)	2,049,403	748,307
Cash and cash equivalents at end of period	6(1)	$ 2,265,732	$ 1,105,891

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

METATECH (AP) INC. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

1. History and Organisation

Metatech (AP) Inc. (the "Company") was incorporated as a 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 wholesale and retail of electronic products and equipment as well as development and operation of biomedicine related business. The shares of the Company were officially listed on the Taipei Exchange on June 3, 2004 as approved by the Financial Supervisory Commission.

2. The Date of Authorisation for Issuance of the Financial Statements and Procedures for Authorisation

These consolidated financial statements were reported to the Board of Directors on August 10, 2023.

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") that came into effect as endorsed by the Financial Supervisory Commission ("FSC")

New standards, interpretations and amendments endorsed by the FSC effective from 2023 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IAS 1, 'Disclosure of accounting policies'	January 1, 2023
Amendments to IAS 8, 'Definition of accounting estimates'	January 1, 2023
Amendments to IAS 12, 'Deferred tax related to assets and liabilities arising from a single transaction'	January 1, 2023

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

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

None.

(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
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
Amendments to IFRS 16, 'Lease liability in a sale and leaseback'	January 1, 2024
IFRS 17, 'Insurance contracts'	January 1, 2023
Amendments to IFRS 17,'Insurance contracts'	January 1, 2023
Amendment to IFRS 17, 'Initial application of IFRS 17 and IFRS 9 – comparative information'	January 1, 2023
Amendments to IAS 1, 'Classification of liabilities as current or non current'	January 1, 2024
Amendments to IAS 1, 'Non-current liabilities with covenants'	January 1, 2024
Amendments to IAS 7 and IFRS 7, 'Supplier finance arrangements'	January 1, 2024
Amendments to IAS 12, 'International tax reform - pillar two model rules'	May 23, 2023

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 Material 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 that came into effect 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 assets 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.

(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(%) June 30, 2023	Ownership(%) December 31, 2022	Ownership(%) June 30, 2022	Description
The Company	MetaTech Investment Holding Co., Ltd. (MetaTech Investment)	Investment holding and reinvestment business	100	100	100	Note 1
〃	Chienhwa Travel Service Co., Ltd.	Travel business	100	100	100	〃
〃	LOCUS CELL CO., LTD.	Cell R&D and production business	15	15	15	Note 1、2
MetaTech Investment	MTI Holding Co., Ltd. (MTI Holding)	Investment holding and reinvestment business	100	100	100	Note 1
MTI Holding	MetaTech (S) Pte Ltd. (MetaTech(S))	Wholesale and retail of electronic materials	100	100	100	〃
〃	MetaTech Ltd.	Wholesale and retail of electronic materials	100	100	100	〃
MetaTech Ltd.	MetaTech (Shenzhen) Ltd. (MetaTech (SZ))	Wholesale and retail of electronic materials	100	100	100	〃

Note 1：The information included in these consolidated financial statements as at June 30, 2023 and 2022 is based on the reviewed financial statements of each company. And the information included in these consolidated financial statements as at December 31, 2022 is based on the audited financial statements of each company.

Note 2：The Company has assessed that it has control over the company's business and personnel, so it is included in the consolidated financial statements.

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 $49,237 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:

As of June 30, 2023, December 31, 2022 and June 30, 2022, the non-controlling interest amounted to $1,596,458, $1,626,609 and $1,652,517, respectively. The information of non-controlling interest and respective subsidiaries is as follows:

Name of subsidiary	Principal place of business	Non-controlling interest June 30, 2023 Amount	Non-controlling interest June 30, 2023 Ownership(%)
LOCUS CELL CO., LTD	Taiwan	$ 1,596,458	85%

Name of subsidiary	Principal place of business	Non-controlling interest December 31, 2022 Amount	Non-controlling interest December 31, 2022 Ownership(%)
LOCUS CELL CO., LTD	Taiwan	$ 1,629,609	85%

Name of subsidiary	Principal place of business	Non-controlling interest June 30, 2022 Amount	Ownership(%)
LOCUS CELL CO., LTD	Taiwan	$ 1,652,517	85%

Summarised financial information of the subsidiaries:

Balance sheets

	LOCUS CELL CO.,LTD. June 30, 2023	December 31, 2022	June 30, 2022
Current assets	$ 1,848,309	$ 1,893,566	$ 1,942,016
Non-current assets	116,995	108,307	96,694
Current liabilities	(20,710)	(20,208)	(20,689)
Non-current liabilities	(66,408)	(68,008)	(73,884)
Total net assets	$ 1,878,186	$ 1,913,657	$ 1,944,137

Statements of comprehensive income

	LOCUS CELL CO., LTD. Three-month periods ended June 30, 2023	2022
Revenue	$ -	$ -
Loss before income tax	(17,227)	(11,541)
Income tax expense	-	-
Loss for the period from continuing operations	(17,227)	(11,541)
Loss from discontinued operations	-	-
Loss for the period	(17,227)	(11,541)
Other comprehensive income, net of tax	-	-
Total comprehensive loss for the period	($ 17,227)	($ 11,541)
Comprehensive loss attributable to non-controlling interest	($ 14,642)	($ 9,888)
Dividends paid to non-controlling interest	$ -	$ -

	LOCUS CELL CO., LTD.	
	Six-month periods ended June 30,	
	2023	2022
Revenue	$ -	$ -
Loss before income tax	(39,635)	(21,517)
Income tax expense	-	-
Loss for the period from continuing operations	(39,635)	(21,517)
Loss from discontinued operations	-	-
Loss for the period	(39,635)	(21,517)
Other comprehensive income, net of tax	-	-
Total comprehensive loss for the period	($ 39,635)	($ 21,517)
Comprehensive loss attributable to non-controlling interest	($ 33,689)	($ 18,367)
Dividends paid to non-controlling interest	$ -	$ -

Cash flows

	LOCUS CELL CO., LTD.	
	Six-month periods ended June 30,	
	2023	2022
Net cash flows used in operating activities	($ 36,113)	($ 11,768)
Net cash flows provided by investing activities	91,244	331,708
Net cash flows used in financing activities	(5,995)	(4,050)
Effect of exchange rates on cash and cash equivalents	-	-
Increase in cash and cash equivalents	49,136	315,890
Cash and cash equivalents, beginning of period	1,784,247	557,835
Cash and cash equivalents, end of period	$ 1,833,383	$ 873,725

(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 that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(a)Assets and liabilities for each balance sheet presented are translated at the closing exchange rate at the date of that balance sheet;

(b) Income and expenses for each statement of comprehensive income are translated at average exchange rates of that period; and

(c) All resulting exchange differences are recognised in other comprehensive income.

(5) Classification of current and non-current items

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 amortized 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 recognizes the transaction costs in profit or loss. The Group subsequently measures the financial assets at fair value, and recognizes the gain or loss in profit or loss.

(8) Financial assets at amortised cost

A. Financial assets at amortised cost are those that meet all of the following criteria:

(a) The objective of the Group's business model is achieved by collecting contractual cash flows.

(b) The assets' contractual cash flows represent solely payments of principal and interest.

B. On a regular way purchase or sale basis, financial assets at amortised cost are recognised and derecognised using trade date accounting.

C. At initial recognition, the Group measures the financial assets at fair value plus transaction costs. Interest income from these financial assets is included in finance income using the effective interest method. A gain or loss is recognised in profit or loss when the asset is derecognised or impaired.

D. The Group's time deposits which do not fall under cash equivalents are those with a short maturity period and are measured at initial investment amount as the effect of discounting is immaterial.

(9) 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.

(10) Impairment of financial assets

For financial assets at amortised cost including accounts receivable that have a significant financing component, at each reporting date, the Group recognizes the impairment provision for 12 months expected credit losses if there has not been a significant increase in credit risk since initial recognition or recognizes 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 that do not contain a significant financing component, the Group recognizes the impairment provision for lifetime ECLs.

(11) Derecognition of financial assets

The Group derecognises a financial asset when one of the following conditions is met:

A. The contractual rights to receive the cash flows from the financial asset expire.

B. The contractual rights to receive cash flows of the financial asset have been transferred and the Group has transferred substantially all risks and rewards of ownership of the financial asset.

C. The contractual rights to receive cash flows of the financial asset have been transferred; however, the Group has not retained control of the financial asset.

(12) Inventories

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

(13) Investments accounted for using equity method / associates

A. Associates are all entities over which the Group has significant influence but not control. In general, it is presumed that the investor has significant influence, if an investor holds, directly or indirectly 20 percent or more of the voting power of the investee. Investments in associates are accounted for using the equity method and are initially recognised at cost.

B. The Group's share of its associates' post-acquisition profits or losses is recognised in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

C. When changes in an associate's equity do not arise from profit or loss or other comprehensive income of the associate and such changes do not affect the Group's ownership percentage of the associate, the Group recognises the Group's share of change in equity of the associate in 'capital surplus' in proportion to its ownership.

D. Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been adjusted where necessary to ensure consistency with the policies adopted by the Group.

E. In the case that an associate issues new shares and the Group does not subscribe or acquire new shares proportionately, which results in a change in the Group's ownership percentage of the associate but maintains significant influence on the associate, then 'capital surplus' and 'investments accounted for using the equity method' shall be adjusted for the increase or decrease of its share of equity interest. If the above condition causes a decrease in the Group's ownership percentage of the associate, in addition to the above adjustment, the amounts previously recognised in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately on the same basis as would be required if the relevant assets or liabilities were disposed of.

F. Upon loss of significant influence over an associate, the Group remeasures any investment retained in the former associate at its fair value. Any difference between fair value and carrying amount is recognised in profit or loss.

G. When the Group disposes its investment in an associate and loses significant influence over this associate, the amounts previously recognised in other comprehensive income in relation to the associate, are reclassified to profit or loss, on the same basis as would be required if the relevant assets or liabilities were disposed of. If it retains significant influence over this associate, the amounts previously recognised in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately in accordance with the aforementioned approach.

H. When the Group disposes its investment in an associate and loses significant influence over this associate, the amounts previously recognised as capital surplus in relation to the associate are transferred to profit or loss. If it retains significant influence over this associate, the amounts previously recognised as capital surplus in relation to the associate are transferred to profit or loss proportionately.

(14) <u>Property, plant and equipment</u>

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	20 ～50 years
Machinery and equipment	3 ～10 years
Transportation equipment	3 ～ 5 years
Office equipment	3 ～ 5 years
Leasehold improvements	3 ～10 years
Other equipment	3 ～ 5 years

(15) Leasing arrangements (lessee)－right-of-use assets/ lease liabilities

A. Leases are recognised as a right-of-use asset and a corresponding lease liability at the date at which the leased asset is available for use by the Group. For short-term leases or leases of low-value assets, lease payments are recognised as an expense on a straight-line basis over the lease term.

B. Lease liabilities include the net present value of the remaining lease payments at the commencement date, discounted using the incremental borrowing interest rate. Lease payments are comprised of fixed payments, less any lease incentives receivable.

The Group subsequently measures the lease liability at amortised cost using the interest method and recognises interest expense over the lease term. The lease liability is remeasured and the amount of remeasurement is recognised as an adjustment to the right-of-use asset when there are changes in the lease term or lease payments and such changes do not arise from contract modifications.

C. At the commencement date, the right-of-use asset is stated at cost comprising the amount of the initial measurement of lease liability.

The right-of-use asset is measured subsequently using the cost model and is depreciated from the commencement date to the earlier of the end of the asset's useful life or the end of the lease term. When the lease liability is remeasured, the amount of remeasurement is recognised as an adjustment to the right-of-use asset.

D. For lease modifications that decrease the scope of the lease, the lessee shall decrease the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease, and recognise the difference between remeasured lease liability in profit or loss.

(16) Intangible assets

A. The intangible assets are stated at acquired cost and amortised on a straight-line basis over their estimated useful lives of 17 years.

B. The technical skills -Esophagus acquired from an external party are not yet available for use, and therefore are not amortised. It will be tested for impairment annually.

(17) 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 amortized historical cost would have been if the impairment had not been recognised.

B. The recoverable amounts of 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.

(18) Borrowings

Borrowings comprise short-term bank borrowings. Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortized 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.

(19) Notes and accounts payable

A. Accounts payable are liabilities for purchases of goods 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.

(20) 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.

(21) Convertible bonds payable

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' 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'.

(22) Derecognition of financial liabilities

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

(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.

iv.Pension cost for the interim period is calculated on a year-to-date basis by using the pension cost rate derived from the actuarial valuation at the end of the prior financial year, adjusted for significant market fluctuations since that time and for significant curtailments, settlements, or other significant one-off events. And, the related information is disclosed accordingly.

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. 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.

F. The interim period income tax expense is recognised based on the estimated average annual effective income tax rate expected for the full financial year applied to the pretax income of the interim period, and the related information is disclosed accordingly.

G. If a change in tax rate is enacted or substantively enacted in an interim period, the Group recognises the effect of the change immediately in the interim period in which the change occurs. The effect of the change on items recognised outside profit or loss is recognised in other comprehensive income or equity while the effect of the change on items recognised in profit or loss is recognised in profit or loss.

(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. Sales of goods

(a) The Group sells electronic products and equipment as an agent. Sales are recognised when control of the products has transferred and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, 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. Service income

(a) The Group provides services related to cell extraction, culture and cell preparation. Labor service income is recognized as revenue during the contract period according to the degree of completion of the contract using the percentage of completion method, and contract costs are recognized as expenses during the period in which they are incurred. The degree of completion is calculated by reference to the estimated stage of completion of contract costs incurred for each contract up to the end of the reporting period, as a percentage of the estimated total costs of that contract.

(b) The Group provides cell-related testing services. Labor service revenue is recognized when the control of the service transaction result is transferred to the customer, that is, when the transaction result is delivered to the customer and the Group has no outstanding performance obligations that may affect the customer's acceptance of the result.

(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

None.

(2) Critical accounting estimates and assumptions

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 June 30, 2023, the carrying amount of inventories was $114,803.

6. Details of Significant Accounts

(1) Cash and cash equivalents

	June 30, 2023	December 31, 2022	June 30, 2022
Cash on hand and revolving funds	$ 395	$ 367	$ 371
Checking accounts and demand deposits	326,076	346,418	1,052,024
Time deposits	1,939,261	1,702,618	53,496
Repurchase agreement	-	-	-
	$ 2,265,732	$ 2,049,403	$ 1,105,891

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. The Group has no cash and cash equivalents pledged to others.

(2) Financial assets at amortised cost

Items	June 30, 2023	December 31, 2022	June 30, 2022
Current items:			
Time deposits maturing in excess of three months	$ -	$ 100,000	$ 1,060,488
Reserved accounts for demand deposits	9,800	9,800	19,104
	$ 9,800	$ 109,800	$ 1,079,592

A. Amounts recognised in profit or loss in relation to financial assets at amortised cost are listed below:

	Three-month periods ended June 30,	
	2023	2022
Interest income	$ 88	$ 1,697

	Six-month periods ended June 30,	
	2023	2022
Interest income	$ 275	$ 3,035

B. As at June 30, 2023, December 31, 2022 and June 30, 2022, 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 financial assets at amortised cost held by the Group was $9,800, $109,800 and $1,079,592, respectively.

C. Details of the Group’s financial assets at amortised cost pledged to others as collateral are provided in Note 8.

D. Information relating to credit risk of financial assets at amortised cost is provided in Note 12(2).

(3) Notes and accounts receivable

	June 30, 2023	December 31, 2022	June 30, 2022
Notes receivable	$ 1,510	$ 971	$ 501
Accounts receivable	$ 376,144	$ 373,955	$ 486,438
Less: Allowance for bad debts	(1)	(613)	(13)
	$ 376,143	$ 373,342	$ 486,425

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

	June 30, 2023		December 31, 2022		June 30, 2022	
	Accounts receivable	Notes receivable	Accounts receivable	Notes receivable	Accounts receivable	Notes receivable
Not past due	$ 330,248	$ 445	$ 257,774	$ 962	$ 417,370	$ 427
Up to 30 days	35,638	1,065	90,992	9	61,012	74
31 to 90 days	9,455	-	12,713	-	7,745	-
Over 90 days	803	-	12,476	-	311	-
	$ 376,144	$ 1,510	$ 373,955	$ 971	$ 486,438	$ 501

The above ageing analysis was based on past due date.

B. As at June 30, 2023, December 31, 2022 and June 30, 2022, accounts receivable and notes receivable were all from contracts with customers. And as of January 1, 2022, the balance of receivables from contracts with customers amounted to $480,201.

C. As at June 30, 2023, December 31, 2022 and June 30, 2022, 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 was $1,510, $971 and $501; $376,143, $373,342 and $486,425, respectively.

D. Details of the Group’s notes and accounts receivable pledged to others as collateral are provided in Note 8.

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

(4) Inventories

	June 30, 2023		
	Cost	Allowance for valuation loss	Book value
Raw materials	$ 11,060	($ 1,617)	$ 9,443
Work in progress	390	-	390
Semi-finished goods	2,709	-	2,709
Finished goods	475	-	475
Merchandises	134,937	(33,151)	101,786
	$ 149,571	($ 34,768)	$ 114,803

	December 31, 2022		
	Cost	Allowance for valuation loss	Book value
Raw materials	$ 10,562	($ 1,288)	$ 9,274
Work in progress	1,715	-	1,715
Semi-finished goods	1,998	-	1,998
Finished goods	150	-	150
Merchandises	265,413	(29,249)	236,164
	$ 279,838	($ 30,537)	$ 249,301

	June 30, 2022		
	Cost	Allowance for valuation loss	Book value
Raw materials	$ 11,408	($ 1,011)	$ 10,397
Work in progress	1,273	-	1,273
Semi-finished goods	2,288	-	2,288
Finished goods	758	-	758
Merchandises	188,521	(20,107)	168,414
	$ 204,248	($ 21,118)	$ 183,130

	Three-month periods ended June 30,	
	2023	2022
Cost of goods sold	$ 355,650	$ 444,873
Loss on decline in market value	(10,944)	6,263
Loss of inventory scrap	3	-
	$ 344,709	$ 451,136

	Six-month periods ended June 30,	
	2023	2022
Cost of goods sold	$ 688,075	$ 946,577
Loss on decline in market value	4,231	6,662
Loss of inventory scrap	442	-
	$ 692,748	$ 953,239

(5) <u>Investments accounted for using the equity method</u>

	June 30, 2023	December 31, 2022	June 30, 2022
Up Cell Biomedical Inc.	$ 17,552	$ 14,900	$ 17,683

A. The basic information of the associates that are material to the Group is as follows:

		Shareholding ratio				
Company name	Principal place of business	June 30, 2023	December 31, 2022	June 30, 2022	Nature of relationship	Methods of measurement
Up Cell Biomedical Inc.	Taiwan	29.23%	25.38%	25.38%	Note 1、2	Equity method

Note 1: The Group serves as a legal entity director of Up Cell Biomedical Inc. and was elected as the Chairman of the company.

Note 2: On November 11, 2011, the Group passed a resolution of the board of directors to acquire Up Cell Biomedical Inc., and subsequently acquired 500 thousand shares of the company in June 2012, the par value of each share is 10 yuan, and the shareholding changed from 25.38% to 29.23%

B. The summarised financial information of the associates that are material to the Group is as follows:

(a) Balance sheet

	Up Cell Biomedical Inc.		
	June 30, 2023	December 31, 2022	June 30, 2022
Current assets	$ 30,546	$ 35,317	$ 41,065
Non-current assets	21,417	26,784	32,291
Current liabilities	(1,305)	(2,192)	(1,496)
Non-current liabilities	(1,224)	(1,224)	(2,211)
Total net assets	$ 49,434	$ 58,685	$ 69,649
Share in associate's net assets	$ 14,450	$ 14,900	$ 17,683
Goodwill	3,102	-	-
Carrying amount of the associate	$ 17,552	$ 14,900	$ 17,683

(b) Statement of comprehensive income

	Up Cell Biomedical Inc.	
	Three-month periods ended June 30,	
	2023	2022
Revenue	$ -	$ -
Loss for the period from continuing operations	($ 4,133)	($ 5,734)
Loss for the period from discontinued operations	-	-
Other comprehensive income, net of tax	-	-
Total comprehensive loss	($ 4,133)	($ 5,734)
Dividends received from associates	$ -	$ -

	Up Cell Biomedical Inc.	
	Six-month periods ended June 30,	
	2023	2022
Revenue	$ -	$ -
Loss for the period from continuing operations	($ 9,250)	($ 11,676)
Loss for the period from discontinued operations	-	-
Other comprehensive income, net of tax	-	-
Total comprehensive loss	($ 9,250)	($ 11,676)
Dividends received from associates	$ -	$ -

(6) Property, plant and equipment

	2023						
	Land	Buildings and structures	Machinery	Office equipment	Other equipment	Work in progress	Total
At January 1							
Cost	$ 17,209	$ 147,199	$ 74,614	$ 42,581	$ 24,645	$ 8,051	$ 314,299
Accumulated depreciation	-	(34,251)	(27,330)	(33,157)	(13,899)	-	(108,637)
	$ 17,209	$ 112,948	$ 47,284	$ 9,424	$ 10,746	$ 8,051	$ 205,662
Opening net book amount as at January 1	$ 17,209	$ 112,948	$ 47,284	$ 9,424	$ 10,746	$ 8,051	$ 205,662
Additions	-	-	3,139	378	466	4,073	8,056
Transfers	-	-	371	-	-	-	371
Depreciation charge	-	(2,942)	(3,955)	(1,770)	(1,452)	-	(10,119)
Net exchange differences	-	-	-	2	(1)	-	1
Closing net book amount as at June 30	$ 17,209	$ 110,006	$ 46,839	$ 8,034	$ 9,759	$ 12,124	$ 203,971
At June 30							
Cost	$ 17,209	$ 147,199	$ 78,124	$ 43,056	$ 25,114	$ 12,124	$ 322,826
Accumulated depreciation	-	(37,193)	(31,285)	(35,022)	(15,355)	-	(118,855)
	$ 17,209	$ 110,006	$ 46,839	$ 8,034	$ 9,759	$ 12,124	$ 203,971

	2022						
	Land	Buildings and structures	Machinery	Office equipment	Other equipment	Work in progress	Total
At January 1							
Cost	$ 17,209	$ 147,199	$ 66,724	$ 37,138	$ 22,722	$ -	$ 290,992
Accumulated depreciation	-	(28,366)	(20,256)	(29,397)	(11,141)	-	(89,160)
	$ 17,209	$ 118,833	$ 46,468	$ 7,741	$ 11,581	$ -	$ 201,832
Opening net book amount as at January 1	$ 17,209	$ 118,833	$ 46,468	$ 7,741	$ 11,581	$ -	$ 201,832
Additions	-	-	150	2,972	1,866	3,307	8,295
Depreciation charge	-	(2,943)	(3,586)	(1,658)	(1,276)	-	(9,463)
Net exchange differences	-	-	-	19	2	-	21
Closing net book amount as at June 30	$ 17,209	$ 115,890	$ 43,032	$ 9,074	$ 12,173	$ 3,307	$ 200,685
At June 30							
Cost	$ 17,209	$ 147,199	$ 66,874	$ 40,624	$ 24,714	$ 3,307	$ 299,927
Accumulated depreciation	-	(31,309)	(23,842)	(31,550)	(12,541)	-	(99,242)
	$ 17,209	$ 115,890	$ 43,032	$ 9,074	$ 12,173	$ 3,307	$ 200,685

Information about the property, plant and equipment that were pledged to others as collaterals is provided in Note 8.

(7) Leasing arrangements - lessee

A. The Group leases various assets including land, buildings and business vehicles. Rental contracts are typically made for periods of 1 to 18 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose covenants, but leased assets may not be used as security for borrowing purposes.

B. The lease term of laboratory, parking space and warehouse shall not exceed 12 months, and the underlying asset of low value consists of printers.

C. The carrying amount of right-of-use assets and the depreciation charge are as follows:

	June 30, 2023	December 31, 2022	June 30, 2022
Land	$ 60,091	$ 62,030	$ 63,968
Buildings	45,576	43,392	50,861
Transportation equipment	1,061	1,243	114
	$ 106,728	$ 106,665	$ 114,943

	Three-month periods ended June 30,			
	2023		2022	
	Depreciation charge		Depreciation charge	
Land	$	968	$	994
Buildings		3,980		3,614
Transportation equipment		91		85
	$	5,039	$	4,693

	Six-month periods ended June 30,			
	2023		2022	
	Depreciation charge		Depreciation charge	
Land	$	1,938	$	1,939
Buildings		7,786		6,991
Transportation equipment		182		171
	$	9,906	$	9,101

D. For the six-month periods ended June 30, 2023 and 2022, the additions to right-of-use assets amounted to $10,028 and $11,973, respectively.

E. The information on profit and loss accounts relating to lease contracts is as follows:

	Six-month periods ended June 30,			
	2023		2022	
Items affecting profit or loss				
Interest expense on lease liabilities	$	897	$	957
Expense on short-term lease contracts		573		901
Expense on leases of low-value assets		77		71

	Three-month periods ended June 30,			
	2023		2022	
Items affecting profit or loss				
Interest expense on lease liabilities	$	450	$	497
Expense on short-term lease contracts		379		402
Expense on leases of low-value assets		37		38

F. For the six-month periods ended June 30, 2023 and 2022, the Group’s total cash outflow for leases were $10,932 and $11,920, respectively.

(8) Intangible assets

	2023	2022
	Technical skills (Notes 1 and 2)	Technical skills (Notes 1 and 2)
At January 1		
Cost	$ 277,933	$ 277,933
Accumulated amortisation	(15,606)	(7,803)
	$ 262,327	$ 270,130
Opening net book amount as at January 1	$ 262,327	$ 270,130
Amortisation charge	(3,901)	(3,902)
Closing net book amount as at June 30	$ 258,426	$ 266,228
At June 30		
Cost	$ 277,933	$ 277,933
Accumulated amortisation	(19,507)	(11,705)
	$ 258,426	$ 266,228

Note 1: The Group's technical skills-Esophagus are not yet available for use, and therefore are not amortised. It will be amortised on a straight-line basis over their estimated useful life upon being available for use. In accordance with IAS 36, the intangible assets that are not yet available for use should at least be tested for impairment annually by comparing its recoverable amount and the carrying amount.

Note 2: The information about the intangible assets in terms of the capital expenditure contracted for at the balance sheet date but not yet incurred is provided in Note 9(2)C.

(9) Short-term borrowings

Type of borrowings	June 30, 2023	Interest rate range	Collateral
Bank borrowings			
Bank unsecured borrowings	$ 150,000	2.05%~2.23%	None
Bank secured borrowings	117,000	2.04%~2.10%	Note 8
	$ 267,000		

Type of borrowings	December 31, 2022	Interest rate range	Collateral
Bank borrowings			
Bank unsecured borrowings	$ 60,000	1.73%~1.95%	None
Bank secured borrowings	130,000	1.85%~2.115%	Note 8
	$ 190,000		

Type of borrowings		June 30, 2022	Interest rate range	Collateral
Bank borrowings				
Bank unsecured borrowings	$	153,000	1.36%~1.70%	None
Bank secured borrowings		35,563	1.60%~2.8%	Note 8
	$	188,563		

(10) Bonds payable

	June 30, 2023	December 31, 2022	June 30, 2022
Bonds payable	$ -	$ -	$ -
Less: Conversion of convertible bonds to common stock	-	-	-
Less: Discount on bonds payable	-	-	-
	-	-	-
Less: Current portion or exercise of put options	-	-	-
	$ -	$ -	$ -

A. The terms of the third domestic secured convertible bonds issued by the Company are as follows:

(a) The Company issued $150 million, 0%, the third domestic secured convertible bonds, as approved by the regulatory authority. The bonds mature 3 years from the issue date (January 9, 2019 ~ January 9, 2022) and will be redeemed in cash at face value at the maturity date. The bonds were listed on the Taipei Exchange on January 9, 2019.

(b) The Company commissioned the Taiwan Business Bank Co., Ltd. to offer a guarantee for its convertible bonds. The guarantee duration is from the date that the borrowing amounts of the convertible bonds are fully collected to the date that the principal, interests and subordinated liabilities of the bonds are fully repaid. Except for the principal, the guarantee also covers interests and all subordinated liabilities, including the delay interest and all payments required to be made in accordance with the terms of bonds issuance and conversion when exercising the early redemption of the bonds by the issuing companies or foreign issuers.

(c) The bondholders have the right to ask for conversion of the bonds into common shares of the Company during the period from the date after three month of the bonds issue (April 10, 2019) to the maturity date (January 9, 2022), except for the stop transfer period as specified in the terms of the bonds or the laws/regulations. The rights and obligations of the new shares converted from the bonds are the same as the issued and outstanding common shares.

(d) The conversion price of the bonds, which was NTD 63.30 (in dollars) at the issuance, is set up based on the pricing model in the terms of the bonds, and is subject to adjustments if the condition of the anti-dilution provisions occurs subsequently. The conversion price will be reset based on the pricing model in the terms of the bonds on each effective date regulated by the terms. If the reset conversion price is higher than the conversion price before the reset, the conversion price will not be adjusted; however, the reset conversion price shall not be less than 80% of the conversion price set on the issue date.

(e) The Company may repurchase all the bonds outstanding in cash at the bonds' face value at any time after the following events occur: (i) the closing price of the Company common shares is above the then conversion price by 30% for 30 consecutive trading days during the period from the date after three month of the bonds issue (April 10, 2019) to 40 days before the maturity date (November 30, 2021), or (ii) the outstanding balance of the bonds is less than 10% of total initial issue amount during the period from the date after three months of the bonds issue to 40 days before the maturity date.

(f) Under the terms of the bonds, all bonds redeemed (including bonds repurchased from the Taipei Exchange), matured and converted are retired and not to be re-issued; all rights and obligations attached to the bonds are also extinguished.

B. Regarding the issuance of the third convertible bonds, the equity conversion options amounting to $5,565 were separated from the liability component and were recognised in 'capital surplus - share options' in accordance with IAS 32. The call options embedded in bonds payable were separated from their host contracts and were recognised in 'financial assets at fair value through profit or loss - non-current' in accordance with IFRS 9 because the economic characteristics and risks of the embedded derivatives were not closely related to those of the host contracts. The effective interest rate of the bonds payable after such separation was 1.75%.

C. As of December 31, 2022, the face value of this convertible corporate bond of $3,800 has been converted into ordinary 60,603 shares of common stock. The Company adjusted the price to $62.7 at September 27, 2021.

D. The Company has paid off the conversion company with cash of $146,200 on January 20, 2022.

(11) Pensions

A. (a) The Company has a defined benefit pension plan in accordance with the Labor Standards Act,

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 Labor Standards Act. 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 contributes 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. However, the Group ceased to contribute to the labor pension reserve from March 2009 to

March 2021 after receiving the approval from the New Taipei City Government. Also, the Company would assess the balance in the aforementioned labor pension reserve account by the end of 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 will make contributions for the deficit by next March.

(b) For the aforementioned pension plan, the Group recognised pension costs of $0, $12, $0 and $7 for the three-month and six-month periods ended June 30, 2023 and 2022, respectively.

(c) Expected contributions to the defined benefit pension plans of the Group for the year ending December 31, 2024 amount to $0.

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) The employee retirement plans of MetaTech(S) and MetaTech Ltd. were based on the defined contribution plan in accordance with the relevant regulations applied by the local government.

(c) MetaTech(SZ) has a defined contribution plan. Monthly contribution 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 abovementioned contribution percentage for the six-month periods ended June 30, 2023 and 2022 were both 13%. Other than the monthly contributions, the Group has no further obligations.

(d) For the aforementioned pension plan, the Group recognised pension costs of $2,202, $1,908, $4,360 and $3,709 for the three-month and six-month periods ended June 30, 2023 and 2022, respectively.

(12) Share-based payment

A. For the six-month periods ended June 30, 2023 and 2022, the Group's share-based payment arrangements were as follows:

The issuing companies	Type of arrangement	Grant date	Quantity granted	Contract period	Vesting conditions
The Company	Employee stock options	2018.04.02	2,280 thousand shares	6 years	2 ~ 5 years' service
"	Employee stock options	2018.05.14	1,297 thousand shares	6 years	2 ~ 5 years' service
"	Employee stock options	2018.11.15	423 thousand shares	6 years	2 ~ 5 years' service
Subsidiary	Employee stock options	2022.03.22	1,000 thousand shares	7 years	3 ~ 6 years' service
"	Employee stock options	2022.12.16	1,063 thousand shares	7 years	3 ~ 6 years' service
"	Employee stock options	2023.03.17	500 thousand shares	7 years	3 ~ 6 years' service

The share-based payment arrangements above are settled by equity.

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

(a)The Company

	2023		2022	
	No. of options	Weighted-average exercise price (in dollars)	No. of options	Weighted-average exercise price (in dollars)
Options outstanding at January 1	2,276,000	$ 58.07	2,586,000	$ 57.94
Options granted	-	-	(61,000)	54.90
Options expired	-	-	(184,000)	57.27
Options outstanding at June 30	2,276,000	58.07	2,341,000	58.08
Options exercisable at June 30	2,276,000	58.07	1,749,950	58.09

(b)Subsidiary

	2023		2022	
	No. of options	Weighted-average exercise price (in dollars)	No. of options	Weighted-average exercise price (in dollars)
Options outstanding at January 1	1,773,000	$ 11.00	-	$ -
Options offered	500,000	11.00	1,000,000	11.00
Options expired	(72,000)	11.00	-	-
Options outstanding at June 30	2,201,000	11.00	1,000,000	11.00
Options exercisable at June 30	-	-	-	-

C. The Group did not have any options exercised from January 1 to June 30, 2023. The average share price of the options granted from January 1 to June 30, 2022 on the grant date was $54.90.

D. Options and exercise price outstanding at the balance sheet date :

(a)The company

The issue date	The maturity date	June 30, 2023 No. of options	June 30, 2023 Exercise price (in dollars)	December 31, 2022 No. of options	December 31, 2022 Exercise price (in dollars)
2018.04.02	2024.04.01	2,280,000	$ 57.90	2,280,000	$ 57.90
2018.05.14	2024.05.13	1,297,000	58.60	1,297,000	58.60
2018.11.15	2024.11.14	423,000	54.50	423,000	54.50

The issue date	The maturity date	June 30, 2022 No. of options	June 30, 2022 Exercise price (in dollars)
2018.04.02	2024.04.01	2,280,000	$ 57.90
2018.05.14	2024.05.13	1,297,000	58.60
2018.11.15	2024.11.14	423,000	54.50

(b)The subsidiaries

The issue date	The maturity date	June 30, 2023 No. of options	June 30, 2023 Exercise price (in dollars)	December 31, 2022 No. of options	December 31, 2022 Exercise price (in dollars)
2022.03.22	2029.03.21	638,000	$ 11.00	710,000	$ 11.00
2022.12.16	2029.12.15	1,063,000	11.00	1,063,000	11.00
2023.03.17	2030.03.16	500,000	11.00		

The issue date	The maturity date	June 30, 2022 No. of options	June 30, 2022 Exercise price (in dollars)
2022.03.22	2029.03.21	1,000,000	$ 11.00

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
Employee stock options	2018.04.02	58.5	58.5	44.54~46.90% (Note)	4 ~ 5.5 years	-	0.64~0.76%	20.61~24.70
Employee stock options	2018.05.14	59.2	59.2	44.25~47.03% (Note)	4 ~ 5.5 years	-	0.67~0.76%	20.76~25.07
Employee stock options	2018.11.15	55.0	55.0	40.56~48.61% (Note)	4 ~ 5.5 years	-	0.73~0.83%	17.88~24.44
Employee stock options	2022.3.22	11.9	11.0	24.85~29.58%	5 ~ 6.5 years	-	0.73%	3.1~4
Employee stock options	2022.12.16	35.5	11.0	26.24~29.86%	5 ~ 6.5 years	-	1.18%	25.2~25.5
Employee stock options	2023.03.17	35.5	11.0	26.24~29.86%	5 ~ 6.5 years	-	1.18%	25.2~25.5

Note : The expected price volatility is estimated based on the annualised standard deviation by reference to the historical daily rate of returns of the Company (code: 3224) over the length of period approximating the expected option life.

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

	Three-month periods ended June 30,	
	2023	2022
Equity-settled	$ 2,594	$ 217

	Six-month periods ended June 30,	
	2023	2022
Equity-settled	$ 4,163	$ 956

(13) Share capital

As of June 30, 2023, the Company's authorised capital was $2,000,000, consisting of 200 million shares of ordinary stock (including 15 million shares reserved for employee stock options), and the paid-in capital was $681,726, consisting of 68,173 thousand shares outstanding, 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:

	2023	2022
	No. of shares	No. of shares
At January 1	68,172,648	68,111,648
Employee stock options exercised	-	61,000
At June 30	68,172,648	68,172,648

(14) Capital surplus

A. Pursuant to the 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. However, capital surplus should not be used to cover accumulated deficit unless the legal reserve is insufficient.

B. The information regarding capital surplus - share options and employee share options is provided in Notes 6(10) and (12).

(15) Accumulated deficit

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. The remaining earnings along with unappropriated earnings of prior years will be retained or distributed as proposed by the Board of Directors and resolved by the shareholders. Regarding the bonus distributed to the shareholders, cash dividends shall account for at least 30% of the total distribution and the remainder is distributed in shares.

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 incurred accumulated deficit as of December 31, 2021 and 2022, respectively, and thus had no earnings for distribution. On June 29, 2022,and June 28, 2023, the shareholders approved the deficit compensation of 2021 and 2022, respectively.

(16) Operating revenue

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:

	Six-month period ended June 30, 2023						
	Hong Kong and Mainland China	Southeast Asia	Taiwan		Others	Write-offs	Total
			Electronics	Biomedicine			
Total segment revenue	$ 318,599	$ 224,596	$ 235,790	$ 2,130	$ 267	($ 4,436)	$ 776,946
Inter-segment revenue	(3,425)	-	(915)	-	(96)	4,436	-
Revenue from external customer contracts	$ 315,174	$ 224,596	$ 234,875	$ 2,130	$ 171	$ -	$ 776,946
Timing of revenue recognition							
At a point in time	$ 315,174	$ 224,596	$ 234,875	$ 39	$ 171	$ -	$ 774,855
Over time	-	-	-	2,091	-	-	2,091
	$ 315,174	$ 224,596	$ 234,875	$ 2,130	$ 171	$ -	$ 776,946

	Six-month period ended June 30, 2022						
	Hong Kong and Mainland China	Southeast Asia	Taiwan		Others	Write-offs	Total
			Electronics	Biomedicine			
Total segment revenue	$ 464,838	$ 279,590	$ 304,710	$ 42,595	$ 74	($ 4,146)	$ 1,087,661
Inter-segment revenue	(3,495)	-	(616)	-	(35)	4,146	-
Revenue from external customer contracts	$ 461,343	$ 279,590	$ 304,094	$ 42,595	$ 39	$ -	$ 1,087,661
Timing of revenue recognition							
At a point in time	$ 461,343	$ 279,590	$ 304,094	$ 32,947	$ 39	$ -	$ 1,078,013
Over time	-	-	-	9,648	-	-	9,648
	$ 461,343	$ 279,590	$ 304,094	$ 42,595	$ 39	$ -	$ 1,087,661

	Three-month period ended June 30, 2023						
	Hong Kong and Mainland China	Southeast Asia	Taiwan		Others	Write-offs	Total
			Electronics	Biomedicine			
Total segment revenue	$ 176,218	$ 104,503	$ 121,356	$ 1,234	$ 183	($ 1,873)	$ 401,621
Inter-segment revenue	(1,274)	-	(554)	-	(45)	1,873	-
Revenue from external customer contracts	$ 174,944	$ 104,503	$ 120,802	$ 1,234	$ 138	$ -	$ 401,621
Timing of revenue recognition							
At a point in time	$ 174,944	$ 104,503	$ 120,802	$ 34	$ 138	$ -	$ 400,421
Over time	-	-	-	1,200	-	-	1,200
	$ 174,944	$ 104,503	$ 120,802	$ 1,234	$ 138	$ -	$ 401,621

	Three-month period ended June 30, 2022						
	Hong Kong and Mainland China	Southeast Asia	Taiwan		Others	Write-offs	Total
			Electronics	Biomedicine			
Total segment revenue	$ 210,432	$ 148,480	$ 144,967	$ 6,403	$ 23	($ 1,996)	$ 508,309
Inter-segment revenue	(1,464)	-	(531)	-	(1)	1,996	-
Revenue from external customer contracts	$ 208,968	$ 148,480	$ 144,436	$ 6,403	$ 22	$ -	$ 508,309
Timing of revenue recognition							
At a point in time	$ 208,968	$ 148,480	$ 144,436	$ 25	$ 22	$ -	$ 501,931
Over time	-	-	-	6,378	-	-	6,378
	$ 208,968	$ 148,480	$ 144,436	$ 6,403	$ 22	$ -	$ 508,309

B. Contract liabilities

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

	June 30, 2023	December 31, 2022	June 30, 2022	January 1, 2022
Contract liabilities:				
Advance sales receipts	$ 14,634	$ 14,587	$ 19,956	$ 44,149

(a) Significant changes in contract liabilities

None.

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

	Three-month periods ended June 30,	
	2023	2022
Revenue recognised that was included in the contract liability balance at the beginning of the period		
Advance sales receipts	$ 459	$ 1,918

	Six-month periods ended June 30,	
	2023	2022
Revenue recognised that was included in the contract liability balance at the beginning of the period		
Advance sales receipts	$ 8,963	$ 40,307

(17) Other gains and losses

	Three-month periods ended June 30, 2023	Three-month periods ended June 30, 2022
Net currency exchange gains	$ 9,202	$ 11,589

	Six-month periods ended June 30, 2023	Six-month periods ended June 30, 2022
Net currency exchange gains	$ 6,854	$ 21,899

(18) Expenses by nature

Function / Nature	Three-month periods ended June 30,					
	2023			2022		
	Classified as Operating Costs	Classified as Operating Expenses	Total	Classified as Operating Costs	Classified as Operating Expenses	Total
Employee Benefit Expense	$ 3,987	$ 50,179	$ 54,166	$ 3,548	$ 39,958	$ 43,506
Depreciation Expense	4,601	5,479	10,080	4,209	5,289	9,498
Amortisation Expense	1,950	115	2,065	1,951	137	2,088

Function / Nature	Six-month periods ended June 30,					
	2023			2022		
	Classified as Operating Costs	Classified as Operating Expenses	Total	Classified as Operating Costs	Classified as Operating Expenses	Total
Employee Benefit Expense	$ 7,808	$ 101,832	$ 109,640	$ 6,709	$ 86,101	$ 92,810
Depreciation Expense	9,218	10,807	20,025	7,691	10,873	18,564
Amortisation Expense	3,901	201	4,102	3,902	296	4,198

(19) Employee benefit expense

	Three-month periods ended June 30, 2023	Three-month periods ended June 30, 2022
Wages and salaries	$ 43,357	$ 36,910
Employee stock options	2,594	217
Labour and health insurance fees	3,214	2,492
Pension costs	2,202	1,920
Directors' remuneration	1,323	793
Other personnel expenses	1,476	1,174
	$ 54,166	$ 43,506

	Six-month periods ended June 30, 2023	Six-month periods ended June 30, 2022
Wages and salaries	$ 89,169	$ 79,117
Employee stock options	4,163	956
Labour and health insurance fees	6,443	4,995
Pension costs	4,360	3,716
Directors' remuneration	2,703	1,546
Other personnel expenses	2,802	2,480
	$ 109,640	$ 92,810

A. Under the amended Company's Articles of Incorporation, the current year's earnings, if any, shall first be reserved to cover the accumulated deficit. The remainder, if any, shall be distributed as employees' compensation at 1%-5%.

B. As of June 30, 2023, December 31, 2022 and June 30, 2022, no employees' compensation and directors' remuneration were accrued due to the accumulated deficit of the Company.

Information about employees' compensation and directors' remuneration of the Company as resolved by the Board of Directors will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

(20) Income tax

A. Income tax expense

(a) Components of income tax (benefit) expense:

	Three-month periods ended June 30,	
	2023	2022
Current tax:		
Current tax on profits for the period	$ 1,832	$ 1,049
Origination and reversal of temporary differences	496	1,656
Income tax (benefit) expense	$ 2,328	$ 2,705

	Six-month periods ended June 30,	
	2023	2022
Current tax:		
Current tax on profits for the period	$ 1,833	$ 2,616
Origination and reversal of temporary differences	(3,558)	3,286
Income tax (benefit) expense	($ 1,725)	$ 5,902

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

	Three-month periods ended June 30,	
	2023	2022
Currency translation differences	($ 1,733)	($ 2,789)

	Six-month periods ended June 30,	
	2023	2022
Currency translation differences	($ 845)	($ 5,613)

B. The Company's income tax returns through 2021 have been assessed and approved by the Tax Authority.

(21) Losses) earnings per share

	Three-month period ended June 30, 2023		
	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	$ 1,271	68,173	$ 0.02

	Three-month period ended June 30, 2022		
	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	$ 1,643	68,173	$ 0.02

	Six-month period ended June 30, 2023		
	Amount after tax	Weighted average number of ordinary shares outstanding (share in thousands)	Losses per share (in dollars)
Basic losses per share			
Loss attributable to ordinary shareholders of the parent	($ 24,165)	68,173	($ 0.35)

	Six-month period ended June 30, 2022		
	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	$ 18,716	68,171	$ 0.27

For the three-month and six-month periods ended June 30, 2023 and 2022, the employee stock options and convertible bonds issued by the Group were excluded from the calculation of diluted earnings (losses) per share since such options and bonds were anti-dilutive.

(22) Supplemental cash flow information

Investing activities with partial cash payments

	2023	2022
Purchase of property, plant and equipment	$ 8,056	$ 8,295
Add: Opening balance of payable on equipment	2,087	285
Less: Ending balance of payable on equipment	(445)	(215)
Cash paid during the period	$ 9,698	$ 8,365

(23) Changes in liabilities from financing activities

2023	Short-term borrowings	Bonds payable	Lease liabilities	Guarantee deposits received	Liabilities from financing activities
At January 1	$ 190,000	$ -	$ 112,350	$ 300	$ 302,650
Changes in cash flow from financing activities	77,000	-	(9,385)	-	67,615
Impact of changes in foreign exchange rate	-	-	(63)	-	(63)
Changes in other non-cash items	-	-	10,028	-	10,028
At June 30	$ 267,000	$ -	$ 112,930	$ 300	$ 380,230

2022	Short-term borrowings	Bonds payable	Lease liabilities	Guarantee deposits received	Liabilities from financing activities
At January 1	$ 45,226	$ 146,200	$ 115,846	$ 300	$ 307,572
Changes in cash flow from financing activities	143,217	(146,200)	(9,991)	-	(12,974)
Impact of changes in foreign exchange rate	120	-	361	-	481
Changes in other non-cash items	-	-	13,605	-	13,605
At June 30	$ 188,563	$ -	$ 119,821	$ 300	$ 308,684

7. Related Party Transactions

(1) Names of related parties and relationship

Names of related parties	Relationship with the Company
Up Cell Biomedical Inc.	Investee company accounted for using the equity method

(2) Significant related party transactions

A. Operating revenue:

	Three-month periods ended June 30,	
	2023	2022
Income:		
Associates	$ -	$ 40

	Six-month periods ended June 30,	
	2023	2022
Income:		
Associates	$ -	$ 75

The collection term for related parties is determined according to the gross profits in mutual agreement and the credit term is 90 days after monthly billing. The collection term to general customers is 30 to 90 days after monthly billing.

B. Receivables from related parties:

	June 30, 2023	December 31, 2022	June 30, 2022
Accounts receivable:			
Associates	$ -	$ -	$ 42

C. Payables to related parties:

	June 30, 2023	December 31, 2022	June 30, 2022
Other payables-acquisition of property, plant and equipment:			
Associates	$ 105	$ 105	$ 105

D. Lease transactions－lessee:

(a) The Group leases buildings from Up Cell Biomedical Inc.. Rental contracts are typically made for three years. Rents are paid at the end of the month.

(b) Acquisition of right-of-use assets:

	Three-month periods ended June 30,	
	2023	2022
Associates	$ -	$ 3,508

	Six-month periods ended June 30,	
	2023	2022
Associates	$ -	$ 3,508

(c) Lease liabilities

(i) Outstanding balance:

	June 30, 2023	December 31, 2022	June 30, 2022
Associates	$ 2,069	$ 2,648	$ 3,223

(ii) Interest expense

	Three-month periods ended June 30,	
	2023	2022
Associates	$ 10	$ 15

	Six-month periods ended June 30,	
	2023	2022
Associates	$ 21	$ 15

(e). Operating cost:

	Three-month periods ended June 30,	
	2023	2022
Rent expense:		
Associates	$ 24	$ -

	Six-month periods ended June 30,	
	2023	2022
Rent expense:		
Associates	$ 67	$ 213

It is mainly the rent paid to the associates on a monthly basis.

(3) Key management compensation

	Three-month periods ended June 30,	
	2023	2022
Salaries and other short-term employee benefits	$ 9,560	$ 9,853
Post-employment benefits	148	108
Share-based payments	944	428
	$ 10,652	$ 10,389

	Six-month periods ended June 30,	
	2023	2022
Salaries and other short-term employee benefits	$ 19,811	$ 17,599
Post-employment benefits	296	216
Share-based payment	2,158	812
	$ 22,265	$ 18,627

8. Pledged Assets

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

Pledged asset	Book value						Purpose
	June 30, 2023		December 31, 2022		June 30, 2022		
Accounts Receivable	$	-	$	-	$	4,459	Guarantee for short-term debt
Financial assets at amortised cost							
-Restricted bank deposits		9,800		9,800		19,104	Guarantee for customs, credit card, performance bond of lease agreements and limit on short-term borrowings
Property, plant and equipment							
-Land		17,209		17,209		17,209	Guarantee for short-term credit line
-Buildings and structures		25,100		25,495		25,890	〃
	$	52,109	$	52,504	$	66,662	

9. Significant Contingent Liabilities and Unrecognised Contract Commitments

(1) Contingencies

The former chairman of the Company and the former CEO of its subsidiary Locus Cell Co., Ltd. and the former employee of the information department were suspected of stealing, leaking or using the company's confidential information during their tenure. The Company and its subsidiary Locus Cell Co., Ltd. appointed a lawyer and filed a complaint. As of August 10, 2023, the aforementioned case was still being investigated by the Investigation Bureau of the Ministry of Justice. The Group's assessment had no significant impact on the financial statements.

(2) Commitments

A. As of June 30, 2023, December 31, 2022 and June 30, 2022, guaranteed notes as well as endorsements and guarantees amounting to $ 15,570 (USD500 thousand), $15,355 (USD 500 thousand) and $14,860 (USD 500 thousand), respectively, were issued for subsidiaries' borrowings.

B. The joint credit line of the Group for financial institution short-term secured borrowings was NTD 85 million, NTD 85 million and NTD 85 million as of June 30, 2023, December 31, 2022 and June 30, 2022, respectively. As of June 30, 2023, December 31, 2022 and June 30, 2022, the promissory note amounting to NTD 85 million, NTD 85 million and NTD 85 million, respectively, was issued to the bank as guarantee and the abovementioned joint credit line amounting to NTD 85 million, NTD 60 million thousand and NTD 60 million was used, respectively.

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

	June 30, 2023		December 31, 2022		June 30, 2022	
Property, plant and equipment	$	27,772	$	28,601	$	-
Intangible assets (Note)		21,133		13,416		12,232
	$	48,905	$	42,017	$	12,232

Note: The Company entered into a start-up agreement of cell sheet regenerative medical cooperation with Japan CellSeed Inc. on December 21, 2016 with the consideration amounting to JPY 50 million for expanding biomedical research and development, business development, as well as promoting the Company's innovative transformation of regenerative medicine. The Board of Directors during its meeting on June 24, 2017 adopted a resolution to enter into a cooperation agreement of abovementioned cell sheet regenerative medicine with Japan CellSeed Inc., which was formally signed on April 24, 2017 with the consideration amounting to JPY 1.25 billion. As of June 30, 2023, the Company has paid JPY 1,246,727,004 in respect of the payment schedule for arrangement.

10. Significant Disaster Loss

None.

11. Significant Events After the Balance Sheet Date

Locus Cell Co., Ltd., a subsidiary of the Group, passed a resolution of the board of directors on July 14, 2023, to build a new Zhubei factory project through leasing land and commissioning the construction. The total project price is expected to be NTD 933,600.

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

	June 30, 2023		December 31, 2022		June 30, 2022	
Financial assets						
Financial assets at amortised cost						
Cash and cash equivalents	$	2,265,732	$	2,049,403	$	1,105,891
Financial assets at amortised cost		9,800		109,800		1,079,592
Notes receivable		1,510		971		501
Accounts receivable		376,143		373,342		486,425
Other receivables		1,601		2,486		2,026
Guarantee deposits paid (shown as 'other non-current assets')		9,229		8,434		8,558
	$	2,664,015	$	2,544,436	$	2,682,993

		June 30, 2023		December 31, 2022		June 30, 2022
Financial liabilities						
Financial liabilities at amortised cost						
Short-term borrowings	$	267,000	$	190,000	$	188,563
Notes payable		39		1,768		2,520
Accounts payable		147,722		182,385		195,184
Other payables		30,922		29,407		35,185
Guarantee deposits received (shown as 'other non-current liabilities')		300		300		300
	$	445,983	$	403,860	$	421,752
Lease liability	$	112,930	$	112,350	$	119,821

B. Financial risk management policies

(a) The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk and interest rate 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

Exchange rate 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 functional currency: NTD; other certain subsidiaries' functional currency: HKD and USD). The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

	June 30, 2023		
	Foreign currency amount (In thousands)	Exchange rate	Book value (NTD)
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD:NTD	$ 21,946	31.140	$ 683,398
USD:HKD	8,882	7.8359	276,585
JPY:NTD	372,388	0.2150	80,063
Financial liabilities			
Monetary items			
USD:NTD	2,066	31.140	64,335
USD:HKD	2,162	7.8359	67,325

	December 31, 2022		
	Foreign currency amount (In thousands)	Exchange rate	Book value (NTD)
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD:NTD	$ 12,538	30.710	$ 385,042
USD:HKD	7,019	7.7984	215,553
JPY:NTD	469,308	0.2324	109,067
Financial liabilities			
Monetary items			
USD:NTD	1,374	30.710	42,196
USD:HKD	3,986	7.7984	122,410

	June 30, 2022		
	Foreign currency amount (In thousands)	Exchange rate	Book value (NTD)
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD:NTD	$ 12,596	29.720	$ 374,353
USD:HKD	9,050	7.8458	268,966
JPY:NTD	16,041	0.2182	3,500
Financial liabilities			
Monetary items			
USD:NTD	2,446	29.720	72,695
USD:HKD	3,387	7.8458	100,662

v. The total exchange (losses) gains arising from significant foreign exchange variation on the monetary items held by the Group for the three-month and six-month periods ended June 30, 2023 and 2022, amounted to \$ 9,202, \$11,589, \$ 6,854 and \$21,899, respectively.

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

	Six-month period ended June 30, 2023		
	Sensitivity analysis		
	Degree of variation	Effect on profit or loss before tax	Effect on other comprehensive income after tax
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD:NTD	1%	$ 6,834	$ -
USD:HKD	1%	2,766	-
JPY:NTD	1%	801	-
Financial liabilities			
Monetary items			
USD:NTD	1%	643	-
USD:HKD	1%	673	-

	Six-month period ended June 30, 2022		
	Sensitivity analysis		
	Degree of variation	Effect on profit or loss before tax	Effect on other comprehensive income after tax
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD:NTD	1%	$ 3,744	$ -
USD:HKD	1%	2,690	-
JPY:NTD	1%	35	-
Financial liabilities			
Monetary items			
USD:NTD	1%	727	-
USD:HKD	1%	1,007	-

(b) Credit risk

i. Credit risk refers to the risk of financial loss to the Group arising from default by the clients 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, as well as the contract cash flows of financial assets at amortised cost.

ii. The Group manages their credit risk taking into consideration the entire group's concern. For banks and financial institutions, only above investment grade 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 management . The utilisation of credit limits is regularly monitored. Credit risk 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 customers' accounts receivable in accordance with credit rating of customer. The Group applies the simplified approach using loss rate methodology to estimate expected credit loss.

vii. On June 30, 2023, December 31, 2022 and June 30, 2022, the Group has $0, $455 and $426, respectively, of financial assets that are still under recourse procedures.

viii. The Group incorporates forward-looking considerations into the future in the Business Observation Report of the Taiwan Economic Research Institute, and adjusts the loss rate established based on historical and current information for a specific period to estimate the allowance loss for accounts receivable (including related parties) and loss as at June 30, 2023, December 31, 2022 and June 30, 2022. The rate method is as follows:

	Not past due	Up to 30 days past due	Up to 90 days past due	Over 90 days	Total
At June 30, 2023					
Expected loss rate	0.03%	0.05%	0.07%	50%~100%	
Total book value	$ 330,248	$ 35,638	$ 9,455	$ 803	$ 376,144
Loss allowance	-	-	-	1	1

	Not past due	Up to 30 days past due	Up to 90 days past due	Over 90 days	Total
At December 31, 2022					
Expected loss rate	0.03%	0.05%	0.07%	50%~100%	
Total book value	$ 257,774	$ 90,992	$ 12,713	$ 12,476	$ 373,955
Loss allowance	77	45	9	482	613

	Not past due	Up to 30 days past due	Up to 90 days past due	Over 90 days	Total
At June 30, 2022					
Expected loss rate	0.03%	0.05%	0.07%	50%~100%	
Total book value	$ 417,370	$ 61,012	$ 7,745	$ 311	$ 486,438
Loss allowance	-	-	-	13	13

ix. The Group did not recognise loss allowance for accounts receivable applied using the simplified approach since it was not material for the six-month periods ended June 30, 2023 and 2022.

	2023	2022
At January 1	$ 613	$ 423
Reversal of impairment loss	(606)	-
Write-offs	-	(426)
Effect of exchange rate changes	(6)	16
At June 30	$ 1	$ 13

(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 at all times. 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 into relevant maturity groupings 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.

Non-derivative financial liabilities June 30, 2023	Less than 1 year	Between 1 and 5 years	Over 5 years
Short-term borrowings	$ 268,629	$ -	$ -
Notes payable	39	-	-
Accounts payable	147,722	-	-
Other payables	30,922	-	-
Lease liability	28,891	58,822	46,896

Non-derivative financial liabilities December 31, 2022	Less than 1 year	Between 1 and 5 years	Over 5 years
Short-term borrowings	$ 191,357	$ -	$ -
Notes payable	1,768	-	-
Accounts payable	182,385	-	-
Other payables	29,407	-	-
Lease liability	26,371	59,435	51,636

Non-derivative financial liabilities June 30, 2022	Less than 1 year	Between 1 and 5 years	Over 5 years
Short-term borrowings	$ 188,563	$ -	$ -
Notes payable	2,520	-	-
Accounts payable	195,184	-	-
Other payables	35,185	-	-
Lease liability	26,206	65,407	54,280

(3) Fair value information

A. Financial instruments not measured at fair value

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 at all times. Such forecasting takes into consideration the Group's debt financing plans, covenant compliance, compliance with internal balance sheet ratio targets.

B. The fair value of financial instruments was $0 for the six-month periods ended June 30, 2023 and 2022, and therefore not disclosed.

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): 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 financial 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. Information on investees in the Mainland Area: 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 4.

(4) Major shareholders information

Major shareholders information: Please refer to table 6.

14. Operating 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 Group considers the business from a geographic perspective.

(2) Segment information

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

	Three-month period ended June 30, 2023						
	Hong Kong and Mainland China	Southeast Asia	Taiwan		Others	Write-offs	Total
			Electronics	Biomedicine			
Revenue from external customers	$ 174,944	$ 104,503	$ 120,802	$ 1,234	$ 138	$ -	$ 401,621
Inter-segment revenue	1,274	-	554	-	45	(1,873)	-
Total segment revenue	$ 176,218	$ 104,503	$ 121,356	$ 1,234	$ 183	($ 1,873)	$ 401,621
Segment income (loss)	$ 16,605	$ 5,476	$ 8,000	($ 62,554)	($ 64)	$ 2,158	($ 30,379)
Depreciation and amortisation	$ 1,193	$ 271	$ 620	$ 11,733	$ -	($ 1,672)	$ 12,145

	Three-month period ended June 30, 2022						
	Hong Kong and Mainland China	Southeast Asia	Taiwan		Others	Write-offs	Total
			Electronics	Biomedicine			
Revenue from external customers	$ 208,968	$ 148,480	$ 144,436	$ 6,403	$ 22	$ -	$ 508,309
Inter-segment revenue	1,464	-	531	-	1	(1,996)	-
Total segment revenue	$ 210,432	$ 148,480	$ 144,967	$ 6,403	$ 23	($ 1,996)	$ 508,309
Segment income (loss)	$ 6,554	$ 1,501	$ 15,386	($ 41,847)	($ 179)	$ 2,083	($ 16,502)
Depreciation and amortisation	$ 1,203	$ 96	$ 753	$ 11,205	$ -	($ 1,671)	$ 11,586

	Six-month period ended June 30, 2023						
	Hong Kong and Mainland China	Southeast Asia	Taiwan		Others	Write-offs	Total
			Electronics	Biomedicine			
Revenue from external customers	$ 315,174	$ 224,596	$ 234,875	$ 2,130	$ 171	$ -	$ 776,946
Inter-segment revenue	3,425	-	915	-	96	(4,436)	-
Total segment revenue	$ 318,599	$ 224,596	$ 235,790	$ 2,130	$ 267	($ 4,436)	$ 776,946
Segment income (loss)	$ 15,338	$ 6,357	$ 13,224	($ 122,593)	($ 190)	$ 5,104	($ 82,760)
Depreciation and amortisation	$ 2,393	$ 540	$ 1,339	$ 23,198	$ -	($ 3,343)	$ 24,127

	Six-month period ended June 30, 2022						
	Hong Kong and Mainland China	Southeast Asia	Taiwan Electronics	Taiwan Biomedicine	Others	Write-offs	Total
Revenue from external customers	$ 461,343	$ 279,590	$ 304,094	$ 42,595	$ 39	$ -	$ 1,087,661
Inter-segment revenue	3,495	-	616	-	35	(4,146)	-
Total segment revenue	$ 464,838	$ 279,590	$ 304,710	$ 42,595	$ 74	($ 4,146)	$ 1,087,661
Segment income (loss)	$ 22,113	$ 5,760	$ 29,497	($ 73,283)	($ 393)	$ 2,097	($ 14,209)
Depreciation and amortisation	$ 2,359	$ 320	$ 1,655	$ 20,099	$	($ 1,671)	$ 22,762

The Group did not provide information to the chief operating decision-maker with respect to the measurement amounts of total assets and liabilities for decision making.

(3) 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 three-month and six-month periods ended June 30, 2023 and 2022 is provided as follows:

	Three-month periods ended June 30,	
	2023	2022
Reportable segments profit (loss)	($ 30,379)	($ 16,502)
Interest income	13,039	1,795
Other income	3	237
Other gains and losses	9,202	11,589
Finance costs	(1,858)	(1,204)
Share of loss of associates and joint ventures accounted for using the equity method	(1,050)	(1,455)
(Loss) profit before tax from continuing operations	($ 11,043)	($ 5,540)

	Six-month periods ended June 30,	
	2023	2022
Reportable segments profit (loss)	($ 82,760)	($ 14,209)
Interest income	21,989	3,298
Other income	3	357
Other gains and losses	6,854	21,899
Finance costs	(3,317)	(2,131)
Share of loss of associates and joint ventures accounted for using the equity method	(2,348)	(2,963)
(Loss) profit before tax from continuing operations	($ 59,579)	$ 6,251

Metatech (AP) Inc. and Subsidiaries

Loans to others

For the six-month period ended June 30, 2023

Table 1

Expressed in thousands of NTD

(Except as otherwise indicated)

No. (Note 1)	Creditor	Borrower	General ledger account	Is a related party	Maximum outstanding balance during the six-month period ended June 30, 2023	Balance at June 30, 2023	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		Limit on loans granted to a single party	Ceiling on total loans granted	Footnote
													Item	Value			
0	Metatech (AP) Inc.	MetaTech(S) Pte Ltd.	Other receivables	Y	$ 31,140	$ 31,140	$ -	3.70%	Short-term financing	$ -	Operations	$ -	-	$ -	$ 258,931	$ 517,862	Notes 3 and 5
1	MTI Holding Co., Ltd.	MetaTech Ltd.	Other receivables	Y	31,140	31,140	-	6.76%	Short-term financing	-	Operations	-	-	-	425,570	531,961	Notes 4 and 5
1	MTI Holding Co., Ltd.	MetaTech(S) Pte Ltd.	Other receivables	Y	62,280	62,280	-	3.70%	Short-term financing	-	Operations	-	-	-	425,570	531,961	Notes 4 and 5

Note 1: The numbers filled in for the loans provided by the Company or subsidiaries are as follows:

(1)The Company is ‘0’.

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

Note 2: According to the company’s “Regulations for Provision of Loans”, the interest rate of loans to others should be no less than the average interest rate of the Company’s short-term funds borrowed from financial institutions at that time.

Note 3: According to the Company’s “Regulations for Provision of Loans”, the Company’s celling on total loans granted to others are as follows:

A. For business transactions, the accumulated loan amount is the transaction amount.

B. For short-term financing, the total amount is lower than 40% of the creditor’s net assets.

C. The limit on total loans to the same party is 20% of the Company’s net assets.

Note 4: According to the subsidiary’s “Regulations for Provision of Loans”, the subsidiary’s celling on total loans granted to others are as follows:

A. For business transactions, the accumulated loan amount is the transaction amount.

B. For short-term financing, the total amount is lower than 100% of the creditor’s net assets.

C. The limit on total loans to the same party is 80% of the subsidiary’s net assets.

The subsidiary’s celling on total loans granted to related parties, which its 100% voting shares directly or indirectly held by the parent Company and to the same party is 100% and 80% of the subsidiary’s net assets, respectively.

Note 5: The current period ending balance was translated into TWD at the exchange rate at the balance sheet date (1USD:31.14TWD).

Metatech (AP) Inc. and Subsidiaries

Provision of endorsements and guarantees to others

For the six-month period ended June 30, 2023

Table 2

Expressed in thousands of NTD

(Except as otherwise indicated)

Number (Note 1)	Endorser/ guarantor	Party being endorsed/guaranteed		Limit on endorsements/ guarantees provided for a single party	Maximum outstanding endorsement/ guarantee amount as of June 30, 2023	Outstanding endorsement/ guarantee amount at June 30, 2023	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											
0	Metatech (AP) Inc.	MetaTech Ltd.	The Company's third-tier subsidiary	$ 647,327	$ 15,570	$ 15,570	$ 15,570	$ -	1.20	$ 1,294,654	Y	N	N	Notes 2,3 and 6

Note 1: The numbers filled in for the endorsements/guarantees provided by the Company or subsidiaries are as follows:

(1)The Company is '0'.

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

Note 2: According to the Company's "Regulations for Provision of Endorsements and Guarantees", the Company's limit on endorsements/guarantees provided for a single party is 50% of the Company's net assets.

Note 3: According to the Company's "Regulations for Provision of Endorsements and Guarantees", the Company's limit on total endorsements/guarantees is 100% of the Company's net assets.

Note 4: According to the Subsidiary's "Regulations for Provision of Endorsements and Guarantees", the Subsidiary's limit on endorsements/guarantees provided for a single party is 50% of the Subsidiary's net assets.

Note 5: According to the Subsidiary's "Regulations for Provision of Endorsements and Guarantees", the Subsidiary's limit on total endorsements/guarantees is 100% of the Subsidiary's net assets.

Note 6: The current period ending balance was translated into TWD at the exchange rate at the balance sheet date (1USD:31.14TWD).

Metatech (AP) Inc. and Subsidiaries

Significant inter-company transactions during the reporting periods

For the six-month period ended June 30, 2023

Table 3

Expressed in thousands of NTD

(Except as otherwise indicated)

Number	Company name	Counterparty	Relationship (Note 2)	Transaction			
				General ledger account	Amount	Transaction terms	Percentage of consolidated total operating revenues or total assets
1	MetaTech Ltd.	MetaTech (Shenzhen) Ltd.	3	Sales revenue	8,892	Prices are determined according to the gross profits in mutual agreement, 90 days after monthly billing	1%
1	〃	〃	3	Service revenue	12,473	Prices are determined according to the gross profits in mutual agreement, 90 days after monthly billing	2%
1	〃	〃	3	Other payables	6,905	Prices are determined according to the gross profits in mutual agreement, 90 days after monthly billing	0%

Note 1: 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; fill in the number of category each case belongs to (If transactions between parent company and subsidiaries or between subsidiaries refer to the same transaction, it is not required to disclose twice. For example, if the parent company has already disclosed its transaction with a subsidiary, then the subsidiary is not required to disclose the transaction; for transactions between two subsidiaries, if one of the subsidiaries has disclosed the transaction, then the other is not required to disclose the transaction.):

(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 sales prices and credit terms are the same with the third parties. The credit terms on sales to third parties were 30 to 90days.

Note: Individual transactions less than 5,000 will not be disclosed, and other related party transactions will not be disclosed separately.

Metatech (AP) Inc. and Subsidiaries

Information on investees

For the six-month period ended June 30, 2023

Table 4

Expressed in thousands of NTD

(Except as otherwise indicated)

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at June 30, 2023			Net profit (loss) of the investee for the six-month period ended June 30, 2023	Investment income (loss) recognised by the Company for the six-month period ended June 30, 2023	Footnote
				Balance as at June 30, 2023	Balance as at December 31, 2022	Number of shares	Ownership (%)	Book value			
Metatech (AP) Inc.	MetaTech Investment Holding Co., Ltd.	British Virgin Islands	Investment holding and reinvestment business	$ 333,065	$ 333,065	10,000,000	100	$ 531,961	$ 22,623	$ 22,623	Subsidiary
Metatech (AP) Inc.	Chienhwa Travel Service Co., Ltd.	Taiwan	Travel business	4,900	3,400	950	100	2,427	(134)	(134)	Subsidiary
Metatech (AP) Inc.	Up Cell Biomedical Inc.	Taiwan	Cell sheet development and medical production	38,000	33,000	3,800,000	29.23	17,552	(9,250)	(2,348)	Investee accounted for using the equitymethod
Metatech (AP) Inc.	LOCUS CELL CO., LTD.	Taiwan	Cell sheet development and medical production	300,000	300,000	30,000,000	15	281,852	(39,635)	(5,945)	Subsidiary
MetaTech Investment Holding Co., Ltd.	MTI Holding Co., Ltd.	Samoa	Investment holding and reinvestment business	333,065	333,065	10,000,000	100	531,961	22,623	22,623	Sub-subsidiary
MTI Holding Co., Ltd.	MetaTech (S) Pte Ltd.	Singapore	Wholesale and retail of electronic materials	82,259	82,259	3,800,000	100	155,607	6,206	6,206	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	306,523	15,045	15,045	Third-tier subsidiary

Metatech (AP) Inc. and Subsidiaries

Information on investments in Mainland China

For the six-month period ended June 30, 2023

Table 5

Expressed in thousands of NTD

(Except as otherwise indicated)

Investee in Mainland China	Main business activities	Paid-in capital	Investment method (Note1)	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2023	Amount remitted from Taiwan to Mainland China / Amount remitted back to Taiwan for the six-month period ended June 30, 2023		Accumulated amount of remittance from Taiwan to Mainland China as of June 30, 2023	Net income of investee as of June 30, 2023	Ownership held by the Company (direct or indirect)	Investment income (loss) recognized by the Company for the six-month period ended June 30, 2023 (Note 2)	Book value of investments in Mainland China as of June 30, 2023	Accumulated amount of investment income remitted back to Taiwan as of June 30, 2023	Footnote
					Remitted to Mainland China	Remitted back to Taiwan							
MetaTech (Shenzhen) Ltd.	Wholesale and retail of electronic materials	$ 81,641	Through investing in an existing company in the third areas, which then invested in the investee in Mainland China	$ 81,641	$ -	$ -	$ 81,641	$ 1,807	100	$ 1,807	$ 60,515	$ -	Notes 1,2 and 3

Company name	Accumulated amount of remittance from Taiwan to Mainland China as of June 30, 2023	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA)	Celling on investments in Mainland China imposed by the Investment Commission of MOEA (Note 4)
Metatech (AP) Inc.	$ 81,641	$ 82,575	$ 1,734,667

Note 1: Through investing in the subsidiary, MetaTech Investment Holding Co, Ltd in the third areas by cash and reinvesting by its second-tier subsidiary, MetaTech Ltd. The investments were approved by the Investment Commission of the Ministry of Economic Affairs.

Note 2: The amount of investment income (loss) recognised is the amount recognised in the financial statements of the investee that were reviewed by R.O.C parent company’s CPA.

Note 3: Paid-in capital and investment amount are translated into TWD at exchange rate at the balance sheet date (1USD:31.14 TWD).

Note 4: According to the MOEA Regulation No. 09704604680, “Regulations Governing the Permission of Investment or Technical Cooperation in Mainland Area”, announced on August 29, 2008, limit on accumulated amount of investment in Mainland China is the higher of 60% of net assets and consolidated net assets.

Metatech (AP) Inc. and Subsidiaries
Major shareholders information
June 30, 2023

Table 6

Expressed in thousands of NTD

(Except as otherwise indicated)

Name of major shareholders	Shares	
	Name of shares held	Ownership (%)
Zhen Long, Wu	7,570,319	11.10%
Ding Yuan Investment Co., Ltd.	5,010,000	7.34%
JUN INVESTMENT INTERNATIONAL CO., LTD.	3,601,516	5.28%