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# 20

Annual Report

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## 2020 Annual Report



三顧股份有限公司

**MetaTech** METATECH ( AP ) INC.

*Published on May 31, 2021*

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**E. Name of trading place for overseas securities listing and trading, and the way for querying the information of overseas securities:**

The Company had no transactions for overseas listed securities transactions during the year.

**F. The Company website: <http://www.metatech.com.tw/>**

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## I. Business report to shareholders

Shareholders, ladies, and gentlemen,

Thank you so much for coming to the Company's 2021 Regular Shareholder Meeting.

Looking back at the operating situation for the whole 2020 year, in the electronics business group part, the global electronics industry is facing a huge test because the global China–United States trade war continues and *global pandemic of COVID-19*.

The production of the upstream suppliers (original factory) was limited, also the delivery was not smooth under the increased demand for electronic parts of the downstream customers. Under such a difficult environment, our company still handed over better results than the previous year. Mainly because our immediate response of downstream customers' needs to original factory. In product shipments, we have tried our best to satisfy the basic needs of customers and further solved the problems regarding the limited production and delaying delivery of upstream original factory. Meanwhile, global covid-19 outbreaks also significantly increase the demand for home economy in 2020. Our main operating market are in the customers base for the high-level servers, high-level switches, and medical and industrial applications. The customer demand from the beginning of the year began to grow significantly *under the epidemic situation*, and therefore, the company's agent's products in short supply. The situation continued until the third quarter of 2020, when it began to slow down and return to normal levels. The operating strategy in 2020, in addition to dealing with problems mentioned above, we also strengthen the existing customers to further explore new opportunities. Meanwhile, we identify potential new customer base and make the company's products sold to more customers. Thus, the main application of such customer base increased and further layout for the business in 2021.

In the biomedical engineering business group (MetaTech (AP) Inc.), with the opening of regulations and policy encouragement, the biological industry in Taiwan actively follow up, and rekindling market confidence. MetaTech is committed to the development of "regenerative medicine", not only by successfully transferring the "cell sheet" technology from Japan, but also implement a goal to established a cell process center in Taiwan, and access to the domestic "cell therapy products Phase III clinical trial approval" and performing clinical trials. Meanwhile, MetaTech has jointly invested NT\$2 billion with Japan International company, National Development Fund (NDF) , and other investment partners to set up Locus Cell Co., Ltd and plans to build Asia's largest CDMO cell factory in Zhubei Biomedical Park in the future, and will introduce automated cell culture systems to increase production capacity.

On September 6, 2018, the Ministry of Health and Welfare (MOHW) announced the implementation of the "Regulations Governing the Application of Specific Medical Technique and Medical Device", which classified six safety-determinable and predictable cell therapy projects as specific medical technologies for management. Among these items, "treating knee cartilage defects with autologous cartilage cell transplantation" listed in the front of the regulations, which could be apply for the indication of "knee cartilage defects". The treatment could be performed through applying to the Ministry of Health and Welfare for approval by medical institutions in cooperated with the biological company with cell therapy technology. Therefore, we make technology transfer of

“Chondrocyte cell sheet” from CellSeed Inc. in Japan. We have first cooperated with E-Da Hospital to apply for “Regulations Governing the Application of Specific Medical Technique and Medical Device” of "autologous cartilage cell transplantation to treat cartilage defects in knee" cell therapy technology. The case was approved by the MOHW on December 18, 2019, which is the first approved non-cancer cell therapy project in Taiwan. Subsequently, MetaTech has also cooperated with other medical centers and teaching hospitals in Taiwan to apply for the regulations with the project. As of June 9, 2021, MetaTech has been approved by MOHW in accordance with the project of "autologous cartilage cell transplantation to treat knee cartilage defects". The approved cooperated hospitals are E-Da Hospital (grant date: 2019/12/18), Kaohsiung Veterans General Hospital (grant date: 2020/4/10), Taipei Medical University Hospital (grant date: 2020/4/14), Buddhist Tzu Chi Medical Foundation Hualien Tzu Chi Hospital (grant date: 2020/4/23), Changhua Christian Hospital (grant date: 2021/1/19), Shin Kong Wu Hsu-Shih Memorial Hospital (grant date: 2021/5/14), Tri-Service General Hospital (grant date: 2021/5/20) and Taoyuan Min Sheng General Hospital (grant date: 2021/5/28), respectively. Among these institutes, E-Da Hospital has been officially treating patients with cartilage defects in knee since May 2020 and generated turnover. Up to now, a total of 35 cases have received the treatment, 34 cases in E-Da and 1 case in Buddhist Tzu Chi Medical Foundation Hualien Tzu Chi Hospital. There are still some institutes under discussion, including Kaohsiung Chang Gung Memorial Hospital, Center Clinic Medical Center General Hospital Foundation, National Cheng Kung University Hospital, National Taiwan University Hospital, Chi Mei Medical Center, and Tungs' Taichung MetroHarbor Hospital etc.. Therefore, we expect the therapeutic project could be granted by cooperating with at least 12 institutes and 50 physicians, and will help the increase of revenue in the current year. MetaTech also proposed to plan towards allogeneic chondrocyte bank and developing related therapeutics.

Additionally, MetaTech have independently developed autologous fibroblast for treating skin defects, such as sunken acne scars, indented scars that remain after surgery or wound healing, and wrinkles. The autologous fibroblast is a safe and effective long-lasting treatment that enables patients to repair skin defects. Presently, the application of the project, "autologous fibroblast transplantation to treat skin defects: wrinkles, dents and scar filling and repair", applied by both E-Da Hospital and Changhua Christian Hospital have been granted by MOHW. The application for the project of skin repair proposed by Taipei Medical University Hospital, Buddhist Tzu Chi Medical Foundation Hualien Tzu Chi Hospital and Taiwan Adventist Hospital, etc. have also submitted to the MOHW. We expected there will be more cooperated hospital and clinics apply the project of "autologous fibroblast transplantation" and granted. In addition to the chondrocyte and skin repair treatment, MetaTech has also initiated to promote the business of immune cell storage mediated by friendly relations with the hospitals, and constructing the cell factory in Zhubei Biomedical Park. We expect to introduce the global latest cell engineering technologies and products and providing hospitals with more options in therapeutic treatment and more protections for the patients.

With the growing number of the applications proposed by the hospitals granted by the “Regulations Governing the Application of Specific Medical Technique and Medical Device” of MOHW, it is expected that the market of cell therapy will grow rapidly in the future. The strategy of MetaTech is to build a complete and close medical service lineup, combining the CDMO outsourcing of the cell therapy products and cell storage business which will be able to increase and master the

market share of cell therapy in Taiwan. We anticipate MetaTech can become Taiwan's renewable medical industry leader in the near future.

In addition to help local people in Taiwan, we have planned an international medical service for overseas patients to receive cell therapy in Taiwan. We expect to combining Taiwan's outstanding medical technology to expand the international market of MetaTech, and create high-quality MIT regenerative medical technologies and services. Under such circumstances, the Board of Directors and management have also evaluate based on the changes in the external environment, and actively adopted appropriate and effective operational strategies to enable the businesses of MetaTech to continue to grow and open up new business opportunities.

Here, we would like to report the results of the 2020 business implementation, financial income, expenditure, profitability analysis, research and development status, the business plan, and sales policy statement of the coming year.

**(1) 2020 business results**

**(A) 2020 Business Plan Implementation Results**

The 2020 consolidated revenue in 2020 is NT\$1,576,079,000, which is an increase of 163,504,000 and 11.57% compared to 1,412,575,000 in 2019; the net loss after tax for 2020 is 82,495,000, which is a net loss of 92,695 thousand after tax for 2019. Loss reduced by 10,200 thousand yuan. The loss per share after tax is \$1.42.

**(B) Budget execution**

It is not applicable because the Company does not need to disclose full financial forecasts.

**(C) Financial revenue and expenditure and profitability analysis**

1. In 2020, the consolidated revenue was NT\$1,576,079,000,, which decreased compared with the same period of last year, mainly due to the impact of trade war; in 2020, the operating expenses increased compared with the same period of last year, mainly due to the impact of the increase of the current period's share option costs of employees and the development of regenerative medicine, which increased the current loss.

2. The relevant financial ratios are as follows:

Entry	2020	2019
Current Ratio%	244.84	340.22
Quick Ratio%	215.26	298.62
Liabilities to Assets Ratio%	38.83	33.29
Fixed Assets to Permanent Capital %	559.75	574.37
ROE %	(8.60)	(8.93)
Paid-up Capital to Business Interests %	(13.83)	(19.94)
Paid-up Capital to Income Before Tax %	(15.89)	(20.47)
Net Profit (Loss) Ratio %	(5.23)	(6.56)

Earnings Per Share (NT\$) after retrospect	(1.42)	(1.60)
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For the analysis and calculation formula of the financial ratio, please refer to the disclosure of the "Financial Analysis" section of the 2020 Annual Report.

#### (D) Overview of Technology and R&D

##### 1. Electronic Department:

- (1) Strengthening the replacement of the product portfolio, and continuing to cooperate with international manufacturers and product agents to market the leading electronic components and technology products to meet the needs of customers.
- (2) Providing customers with a complete design portfolio to save customers' R&D expenses, thereby improving service standards, strengthening the Company's

##### 2. Biomedical Department:

- (1) Introduction to technology sources: Since April 24, 2017, MetaTech has signed a cooperation contract with CellSeed Inc. of Japan on regenerative medicine. It plans to develop and produce autologous cell layers and develop "Regenerative Medicine". According to "Global Regenerative Medicine Market Analysis & Forecast to 2023; Stem Cells, Tissue Engineering, BioBanking & CAR-T Industries" of "Research and Markets" reported and pointed out that the global regenerative medicine market in 2018 is worth 28 billion US dollars, and it is estimated that by 2023 growing to more than 81 billion US dollars, its compound annual growth rate (Compound Annual Growth Rate, CAGR) is 23.3%. MetaTech is the pioneer in the development of the biomedical industry. It cooperates with CellSeed Inc. of Japan, the pioneer of regenerative medicine in Japan, to introduce the first "regenerative medicine" technology transfer project in Taiwan and Japan - "cell layer" culture technology, to develop "esophagus and cartilage regenerative medical technology", to join hands to attack the vigorous but still unsatisfied demand of Asian regenerative medical market, and to form alliances with Taiwan medical institution together, to launch a new treatment plan. Esophageal oral mucosal epithelial cell layer products are used in the repair of esophageal cancer patients after endoscopic submucosal dissection (ESD), which can reduce the proliferation of healing tissue and maintain the esophageal lumen space, compared with traditional drugs and balloon expansion treatment can effectively avoid the symptoms of esophageal stenosis. The current clinical trial application has successfully accepted the technology and quality of Japanese technology transfer. As planned, it obtained TFDA approval on August 8, 2019, at E-Da Hospital, E-Da Cancer Hospital and National Taiwan University Hospital perform Phase III clinical trials, fully demonstrating MetaTech's seriousness and determination in the field of regenerative medicine. In the 2020 fiscal year, E-Da hospital completed 20 cases (17 of which were transplanted in the same year) ·



- (2) Chondrocyte cell sheet : MetaTech has submitted therapeutic protocol of using "Autologous Cartilage Cell Transplantation to Treat Knee Cartilage Defects" in accordance to the "Administrative Regulation on Special Medical Instruments and Inspection Techniques" (referred to as the Special Administrative Measures later) with numerous collaborative medical institutions. The approvals for this protocol implement have been given to E-Da Hospital (2019/12/18), Kaohsiung Veterans General Hospital (2020/4/10), Taipei Medical University Hospital (2020/4/14), Buddhist Tzu Chi Medical Foundation Hualien Tzu Chi Hospital (2020/4/23), Changhua Christian Hospital (2021/1/19), Shin Kong Wu Hsu-Shih Memorial Hospital (2021/5/14), Tri-Service General Hospital (2021/5/20), and Taoyuan Min Sheng General Hospital (2021/5/28) as listed to June 9, 2021. E-Da Hospital has officially admitted patients and made revenue since May 2020. E-Da Hospital has also the largest admission rate among above approved medical institutions, where E-Da Hospital has admitted 34/35 patients and 1/35 by Buddhist Tzu Chi Medical Foundation Hualien Tzu Chi Hospital. The hospitals under cooperation negotiation include Kaohsiung Chang Gung Memorial Hospital, Center Clinic Medical Center General Hospital Foundation, National Cheng Kung University Hospital, National Taiwan University Hospital, Chi Mei Medical Center, and Tungs' Taichung MetroHarbor Hospital. It is expected that a total of at least 12 medical institutions will be approved to implement the protocol by the end of 2021, and there will be more than 50 cooperative physicians. MetaTech has also beginning to expand allogenic chondrocyte banking, develop diverse related applications and carry out clinical trials at the same time in 2021.
- (3) In terms of self-developed autologous fibroblast transplantation technology, the company has successively obtained 2 invention patent as listed below: "A method for manufacturing microcell sheets" (Invention Patent No. I693283) and "Highly viable 3D structure cell sphere, its manufacturing method and application "( Invention Patent No. I724528). The developed cell therapy protocol for the "Autologous Fibroblast Transplantation to Treat Skin Defects (Wrinkles, Cavities and Scars Filling and Repairing)" has been approved to implement in E-Da Hospital and Changhua Christian Hospital in accordance to the "Special Administrative Measures" by the MoHW, and still under application review in Hualien Tzu Chi Hospital, Taiwan Adventist Hospital and Keelung Chang Gung Memorial Hospital. MetaTech not only focus on therapeutic development, but also initiate fibroblast banking to reduce efforts and time on repetitive tissue harvest, making direct cell preparation from existing storage more approachable to patients/customers.
- (4) Start of cell preparation center : The company's biological testing laboratory is a laboratory accredited by the National Certification Foundation (TAF) (certification No. 3691). The certification categories/items of the testing field are: 1) Environmental protection/ microbial plate counting; 2) Biotechnology/ Mold pulp Bacteria detection; 3) Biotechnology/ Gram staining; 4) Biotechnology/ sterility test-direct inoculation; 5) Biotechnology/ sterility test - microporous membrane

filtration; 6) Biotechnology/ endotoxin detection. The certified laboratory is maintained and operated by the company's quality control sector. In future, it will also open quality control related businesses to public to increase the company's revenue. In addition, the company's cell preparation center has passed the inspection of the cell preparation site (CPU) for cell therapy specified by the Ministry of Health and Welfare of Taiwan and the cell product manufacturing site for clinical trials, and it is in compliance with the relevant regulations of the human cell tissue good practice (GTP). It has already started to support in clinical trials and cell therapies.

- (5) Aiming at the smart medical and precision health market, MetaTech and ASUS Health Co., Ltd. will carry out the development and research of " medical DataBank big data application and model development related to immunological field", and will start the detection and storage of immune cell services combining with ASUS AI technology to facilitate precision health development in the future.
- (6) In order to promote global participation of Taiwan's regenerative medicine and seize an important position in the global medical industry chain for our country's biomedical industry, MetaTech has established a joint venture with Taiwan Hitachi Asia-Pacific Co., Ltd., which represents Japanese Hitachi Group, namely Locus Cell Co., Ltd. This investment plan has also been reviewed and approved at the 89th meeting of the National Development Fund Management Committee of the Executive Yuan on December 30, 2020. The committee agreed to invest NT\$280 million in Locus at NT\$10 per share. Apparently, the government has showed its affirmation in this investment and its support for globalization of Taiwan's biomedical industry.

## **2021 Overview of Operation Plan**

### **(E) Operating strategy**

#### **1. Electronic Department:**

- (1) Electronic components and components that are based on high added value and niche products.
- (2) Rooted in Taiwan, deep growing the mainland and Southeast Asia and India marketing network, combined with the resources of Greater China and Asean countries to create multiplied profits and values.
- (3) Continue to adjust to expand niche and provide customers with more complete solutions.
- (4) Looking at existing product lines, we seek customers in the Blue Ocean market and at the same time increase customer satisfaction and become long-term partners. And actively introduce existing sales channels for Internet of Things- related parts products in order to pursue continuous growth of operations.
- (5) Actively introduce and cultivate talents, improve technical support and product application capabilities.
- (6) Provide differentiated services and technology integration to

meet customer needs in order to maximize profit.

2. **Biomedical Department:** In the early days of operation, MetaTech introduced CellSeed Inc. of Japan's cell layer culture technology to develop its main products, but MetaTech was not satisfied with the current situation and did not set its own limits. In order to imitate innovation (Simulating Innovation) strategy, adhere to the extension of cell layer culture technology Development and marketization will use the original technology to break through key core technologies and continue to introduce and learn the world's advanced scientific and technological achievements. MetaTech sets a milestone for future development: In order to accelerate the global cooperation and development of regenerative medicine, MetaTech Biomedical plans to cooperate with Taiwan Hitachi Asia Pacific Co., Ltd. and Hitachi Chemical work together to plan a cell factory in compliance with PIC / S (The Pharmaceutical Inspection Convention and Pharmaceutical Inspection Cooperation Scheme) GMP (Good Manufacturing Practices) specifications at Hsinchu Biomedical Science Park, and introduce automation The production system provides OEM services for cellular products, and introduces the assistance of AI to make production predictions and fine-tuning processes according to customer needs, providing the safest and highest quality cellular product services for domestic and abroad customers.

(F) Important sales policy

1. Electronic Department: To strengthen the promotion of the application of products in the cloud market (server, savings equipment, high-level commercial switch), wireless communication (router, 5G routers), industrial control (industrial switch, railway communication equipment), medical equipment, automotive electronics (electric vehicle electronic equipment), tool and machine equipment market, semiconductor test equipment market products and other high-level markets.

Due to the impact of the COVID-19 outbreak, in the first half of the year, suppliers are faced with the problem of insufficient raw materials, and the delivery period is expected to be extended to 2-6 weeks. Due to the extension of the delivery period and the shortage of staff rework, the overall customer delivery speed and response will slow down.

2. Biomedical Department: MetaTech Company is actively cooperating with major hospitals in the north, central, and south. Currently, it has negotiated cooperation plans with 13 hospitals including E-Da Hospital, Tri-Service General Hospital, Tzu Chi Hospital, and Taipei Medical University Hospital. The law will help the Company's revenue; in the field of wound repair, skin and cartilage treatment after esophageal cancer surgery, it is hoped that through the early screening and other cooperative channels, the subsidiary Jianhua Travel Agency Co., Ltd. will undertake the referral of medical patients to Taiwan for international medical patient arrangements include comprehensive planning and services such as visas, itineraries, accommodation and travel, complete the relevant regulations that international medical must follow, and increase the Company's revenue.

In the face of the changes and challenges of the environment both at home and abroad, I hope all shareholders continue giving advices and supports, and believe that under the multi-faceted management and efforts in the future, the Company's business will grow steadily and create a better future for the Company of revenue, let shareholders, customers and employees share operating results.

Finally, thank for your support, trust and encouragement from the shareholders again.

Wish you have a good health and a good luck

Chairman	Hu Li San	Sincerely
Manager	Tang Hong De	Sincerely
Account Manager	Zhan Zhi Cong	Sincerely

## II. The Company profile

### A. Date of establishment: September 17, 1998

### B. The Company's history:

1998	<ul style="list-style-type: none"> <li>◆ The company was officially established with a capital of 10 million</li> <li>◆ The main business is the sales of electronic components</li> </ul>
1999	<ul style="list-style-type: none"> <li>◆ Sales of Vitesse Semiconductor products</li> </ul>
2000	<ul style="list-style-type: none"> <li>◆ Sales agents of Summit semiconductor products</li> <li>◆ Sales agents of BTI semiconductor products</li> <li>◆ Sales agents of Dense-Pac semiconductor products</li> </ul>
2001	<ul style="list-style-type: none"> <li>◆ Sales agents of Apogee semiconductor products</li> <li>◆ Cash capital increase 110,000,000, capital amounted to 120,000,000</li> <li>◆ Invested in MetaTech Investment Holding Co Ltd (BVI) USD2,000,000</li> <li>◆ Purchase Office (2, 3rd, 14th Floor, No. 75, Section 1, Xintai 5th Road, XiZhi, Taipei County)</li> </ul>
2002	<ul style="list-style-type: none"> <li>◆ Sales agents of Fordahl semiconductor products</li> <li>◆ Sales agents of Cyan semiconductor products</li> <li>◆ Sales agents of TDK Semiconductor products</li> <li>◆ Sales agents of Master Technology semiconductor products</li> <li>◆ In September 1992, the company issued a public offering and received Yuanfu Securities' online guide</li> <li>◆ With a cash increase of 48 million, the Company's paid-in capital was 168 million</li> </ul>
2003	<ul style="list-style-type: none"> <li>◆ Sales agents of Qctasic semiconductor products</li> <li>◆ Sales agents of Fastrax semiconductor products</li> <li>◆ Sales agents of Samtec connector products</li> <li>◆ Sales agents of u-Nav semiconductor products</li> <li>◆ Sales agents of SIMTEC semiconductor products</li> <li>◆ Sales agents of Intrinsity semiconductor products</li> <li>◆ Sales agents of Volterra Semiconductor products</li> <li>◆ Sales agents of Anachip semiconductor products</li> <li>◆ Applying surplus-to-capital increase and capital reserves to increase capital by 26,700,000. The Company's paid-in capital amounted to 194,700,000</li> <li>◆ On June 27, 2003, it was registered as an emerging stock</li> <li>◆ Apply for shares in OTC on October 31, 2003</li> </ul>

2004	<ul style="list-style-type: none"> <li>◆ Sales agents of Conexant semiconductor products</li> <li>◆ Sales agents of Alta Analog semiconductor products</li> <li>◆ Sales agents of Alliance Semiconductor products</li> <li>◆ Sales agents of TCL semiconductor products</li> <li>◆ Sales agents of Quorum semiconductor products</li> <li>◆ Sales agents of Motia semiconductor products</li> <li>◆ Sales agents of iTerra semiconductor products</li> <li>◆ Sales agents of Gemstone semiconductor products</li> <li>◆ Sales agents of Tak'ASIC semiconductor products</li> <li>◆ On April 6, 2004 by the Securities and Futures Bureau, FSC approved stock application</li> <li>◆ On June 3, 2004, the shares were listed on the counter</li> <li>◆ Transaction surplus was increased to 44,300,000 and the Company's paid-up capital was 239,000,000</li> </ul>
2005	<ul style="list-style-type: none"> <li>◆ Sales agents of Intersil semiconductor products</li> <li>◆ Increased overseas investment to establish an affiliate company "MetaTech Trade (Shenzhen) Co., Ltd."</li> <li>◆ Increased overseas investment to establish MetaTech(S) Pte Ltd. India Branch</li> <li>◆ Transfer surplus to capital increase of 27,000,000, the Company's paid-up capital is 266,000,000</li> </ul>
2006	<ul style="list-style-type: none"> <li>◆ Sales agents of Chipidea semiconductor products</li> <li>◆ Sales agents of Lite-on Ambient Light Sensor products</li> <li>◆ Issued convertible corporate debt denomination of NT\$120 million.</li> <li>◆ Capital surplus transferred to capital 34,000,000 and the Company's paid-in capital was 300,000,000</li> <li>◆ Issuance of common stock for cash 60,000,000, the Company's paid-in capital was 360,000,000</li> <li>◆ Purchase Office (4th and 5th, 14th floor, No. 75 Section 1, Xintai 5th Road, XiZhi, Taipei County)</li> <li>◆ A total of 1,362,532 common shares were converted from corporate bonds, and the Company's paid-in capital amounted to 373,625,320</li> </ul>
2007	<ul style="list-style-type: none"> <li>◆ Sales agents of Lattice Semiconductor products</li> <li>◆ Sales agents of Mindspeed semiconductor products</li> <li>◆ Capital surplus transferred to capital 19,546,200, Capital reserve transferred to capital 24,253,800, the Company's paid-in capital was 417,425,320</li> <li>◆ Conversion of corporate bonds to common shares totalled 573,797 shares, the Company's paid-in capital amounted to 423,163,290</li> <li>◆ Increased overseas investment by MetaTech(S) Pte Ltd. at S\$3,800,000</li> <li>◆ Increased overseas investment by MetaTech Ltd. at HK\$15,000,000</li> </ul>
2008	<ul style="list-style-type: none"> <li>◆ Sales agents of Teridian Semiconductor products</li> <li>◆ Sales agents of Forward Semiconductor products</li> <li>◆ Capital reserve transferred to capital 10,000,000, the Company's paid-in capital was 433,163,290</li> </ul>
2009	<ul style="list-style-type: none"> <li>◆ Sales agents of Ideacom semiconductor products</li> <li>◆ Sales agents of Microvision semiconductor products</li> <li>◆ Sales agents of On-Ramp Wireless semiconductor products</li> <li>◆ Increased overseas investment by MetaTech Ltd. at HK\$ 11,000,000</li> </ul>

2010	<ul style="list-style-type: none"> <li>◆ Sales agents of 5V Technologies, Ltd. Semiconductor products</li> <li>◆ Sales agents of Beijing Yoton semiconductor products</li> <li>◆ Sales agents of Broadlogic semiconductor products</li> <li>◆ Sales agents of ClariPhy semiconductor products</li> <li>◆ Sales agents of E-Switch semiconductor products</li> <li>◆ Sales agents of Eturbo semiconductor products</li> <li>◆ Sales agents of Greenliant semiconductor products</li> <li>◆ Sales agents of Maxim semiconductor products</li> <li>◆ Sales agents of Chingis Technologies Inc. semiconductor products</li> <li>◆ Sales agents of Phoenix semiconductor products</li> <li>◆ Sales agents of United Lighting Opto-electronic Inc. semiconductor products</li> <li>◆ Sales agents of Zywyn + semiconductor products</li> <li>◆ Conversion of corporate bonds to common shares totalled 8,620 shares, the Company's paid-in capital was 433,249,490</li> </ul>
2011	<ul style="list-style-type: none"> <li>◆ Sales agents of AIC semiconductor products</li> <li>◆ Sales agents of eGalax_eMPIA semiconductor products</li> <li>◆ Sales agents of Eturbo semiconductor products</li> <li>◆ Sales agents of Helicomm semiconductor products</li> <li>◆ Sales agents of Jorjin semiconductor products</li> <li>◆ Sales agents of Semitech semiconductor products</li> <li>◆ Sales agents of Silego semiconductor products</li> <li>◆ The first domestic convertible bonds were due and fully redeemed, and on October 3, 2011 terminated counter trading</li> <li>◆ Treasury shares cancelled 1,321,000 shares, the Company's paid-in capital was 420,039,490</li> </ul>
2012	<ul style="list-style-type: none"> <li>◆ Sales agents of InterFET semiconductor products</li> <li>◆ Sales agents of Innovasic semiconductor products</li> <li>◆ Sales agents of KDTouch semiconductor products</li> <li>◆ Sales agents of Seeways semiconductor products</li> <li>◆ Sales agents of APEX semiconductor products</li> <li>◆ Sales agents of BCD Semiconductor products</li> <li>◆ Sales agents of Immeuse semiconductor products</li> </ul>
2013	<ul style="list-style-type: none"> <li>◆ In November, the reduction in capital was used to make up for losses. The number of losses per share decreased by 285.781439 shares, and the capital after the reduction was 300 million</li> <li>◆ In November, the Department of Health Medicine was established</li> </ul>
2014	<ul style="list-style-type: none"> <li>◆ The shareholding business was transferred from ChinaTrust to Concord Securities Co., Ltd. Shares Agency</li> <li>◆ The second domestic convertible bonds of the company were worth \$150 million</li> </ul>
2015	<ul style="list-style-type: none"> <li>◆ For cash increase of 10,000,000 shares, the Company's paid-up capital is 400,000,000.</li> <li>◆ The committees were set up for the first time for the audit committee</li> <li>◆ The board of committees passed and intended to sign the contract of "An integrated technology platform for multifunctional image data and biomedical chips" with Taipei Medical University</li> </ul>

2016	<ul style="list-style-type: none"> <li>◆ Signing an oncology drug-related genetic testing agency agreement with BGI Health Technology (Hong Kong) Co., Ltd., and providing domestic cancer patients with genetic testing services.</li> <li>◆ Signed a memorandum of cooperation with BGI Health Technology (Hong Kong) Co., Ltd. to establish a joint venture company and laboratories in Taiwan, agreed to conduct personalized cancer drug gene testing in Taiwan, and implement localization of cancer gene drug screening.</li> <li>◆ Acquisition of Jianhua Travel Agency Co., Ltd. as a subsidiary company.</li> <li>◆ Signed a Memorandum of Understanding (MOU) with Japan's CellSeed Inc. to develop regenerative medicine in Taiwan, including the transfer of cell culture technology and the reconstruction and repair of human tissues and organs.</li> <li>◆ (For example, the inner wall of the esophagus), including the development plan, clinical trials, manufacturing and product sales.</li> <li>◆ In cooperation with the Japan Celleed Co., Ltd., which has signed a launch contract for the cooperation of cell layer regenerative medicine, MetaTech will introduce the cell layer technology developed by Japan. The two sides jointly researched and developed a regenerative medical development plan for esophagus and knee cartilage in Taiwan to shorten the R&amp;D timeline and promote the commercialization of regenerative medical products as soon as possible.</li> </ul>
2017	<ul style="list-style-type: none"> <li>◆ The signing of a cooperation contract for cell layer regenerative medicine with CellSeed of Japan will introduce the cell layer technology developed by Japan. Development of esophageal and knee cartilage related products, and the establishment of a cell layer process center (CPC) to perform clinical trials of esophageal and knee cartilage regeneration.</li> <li>◆ Signed a memorandum for the development of new cell layer technology with Japan's CellSeed, and will jointly develop new technologies and products with Japan's CellSeed to expand Taiwan's regenerative medicine business.</li> <li>◆ The Company converted 4,016,045 shares into common shares, and the company's paid-in capital amounted to NT\$440,160,450.</li> </ul>
2018	<ul style="list-style-type: none"> <li>◆ Issued 4,000 employee stock option certificates, and the application was effective on January 8, 2018.</li> <li>◆ For the 2017 cash increase of 14,000,000 shares, the Company's paid-in capital is NT\$ 580,160,450.</li> <li>◆ Invested NT\$100 million through the China Development Fund Investment Project, the second company in Taiwan to receive capital injection from the Industrial Innovation Transformation Fund.</li> <li>◆ R&amp;D personnel training in cell layer technology, going to Japan for training in March 2018.</li> <li>◆ Through the Ministry of Economics Industry Bureau industrial upgrading and innovation platform counseling program (innovation optimization plan), in the autologous cell layer of regenerative medicine clinical and product development.</li> <li>◆ A memorandum of understanding on the development of "Skin Cell Layers for Wound Healing Research" was signed with Dr. Dai Nianzhen from the Third Military General Hospital of the National Defense Medical College to innovate and develop skin cell layer products.</li> <li>◆ The Hsinchu Biomedical Park Investment Case Review Committee (Zhubei Branch) was approved for investment in the park.</li> <li>◆ Issued the third domestic secured convertible corporate bond denomination of NT\$150,000,000.</li> <li>◆ The core technology transfer was completed. In November 2018, the seed technicians went to Japan to obtain the knee cartilage layer cell culture technology.</li> <li>◆ The Cell Process Center (CPC) was completed and is trial running now.</li> <li>◆ The IND application for the third phase of the clinical oral mucosal cell layer was submitted to the Ministry of Health and Welfare.</li> </ul>
2019	<ul style="list-style-type: none"> <li>◆ Signed the contraction of knee cartilage layer and the cooperation of nerve plexus technology with Dean Du, Yuan Kun of E-DA Hospital.</li> <li>◆ The third phase clinical trial of autologous oral mucosal cell layer submitted to the Ministry of Health and Welfare was approved in principle.</li> <li>◆ MetaTech signed a tripartite memorandum of cooperation with Hitachi Group in Tokyo, Japan to jointly develop the Taiwanese regenerative medicine market.</li> <li>◆ Sales agents of Singatron semiconductor products</li> <li>◆ Cooperated with E-Da Hospital, E-Da Healthcare Group to apply for the application of autologous chondrocyte therapy technology plan.</li> <li>◆ Cooperated with E-Da Hospital, E-Da Healthcare Group to apply for the application of autologous fibroblast therapy technology</li> </ul>



	<p>plan.</p> <ul style="list-style-type: none"> <li>◆ Jointly held “Global Regenerative Medicine Trends and Outlook Forum” with Taiwan Hitachi Asia Pacific Co., Ltd. and PwC Taiwan.</li> <li>◆ The third phase of clinical trials submitted for human (self) oral mucosa epithelial cell layer tablets was approved by the Ministry of Health and Welfare for trial.</li> <li>◆ Recognized by the 16th National Innovation Award (Biotechnology Pharmaceutical and Precision Medicine category) for the self-developed "Innovation of High-efficiency Aggregated Fibroblasts" project.</li> <li>◆ Cooperated with Taipei Medical University Hospital to apply for the application of autologous fibroblast therapy technology plan.</li> <li>◆ Cooperated with Taipei Medical University Hospital to apply for the application of autologous chondrocyte therapy technology plan.</li> <li>◆ The Company's Cell Processing Center applied for the cell preparation site accreditation in accordance with "Regulations Governing the Application of The Medical Technique and Medical Device", which was approved by the Ministry of Health and Welfare (E-Da Hospital-autologous chondrocytes).</li> <li>◆ Cooperated with Kaohsiung Veterans General Hospital to apply for the application of autologous chondrocyte therapy technology plan.</li> </ul>
2020	<ul style="list-style-type: none"> <li>◆ Established R&amp;D Company-Up Cell Biomedical Inc. in Taiwan with a joint venture with CellSeed of Japan.</li> <li>◆ Cooperated with Hualien Tzu Chi Hospital, Buddhist Tzu Chi Medical Foundation to apply for the application of autologous chondrocyte therapy technology plan.</li> <li>◆ The Company's Cell Processing Center applied for the cell preparation site accreditation in accordance with "Regulations Governing the Application of The Medical Technique and Medical Device", which was approved by the Ministry of Health and Welfare (Kaohsiung Veterans General Hospital-autologous chondrocytes).</li> <li>◆ Signed a tripartite memorandum of cooperation with Hitachi Chemical Co., Ltd. and Taiwan Hitachi Asia Pacific Co., Ltd. for follow-up cooperation. It is expected to cooperate in cell therapy and regenerative medical product development, in Hsinchu Biomedical Science Park builds the largest CDMO cell foundry in Asia and joins Hitachi's cell therapy product supply chain. °</li> <li>◆ The Company's Cell Processing Center applied for the cell preparation site accreditation in accordance with "Regulations Governing the Application of The Medical Technique and Medical Device" and was approved by the Ministry of Health and Welfare (Taipei Medical University Hospital-Autologous Chondrocytes).</li> <li>◆ The Company's Cell Processing Center applied for the approval of cell preparation site in accordance with "Regulations Governing the Application of The Medical Technique and Medical Device" with Hualien Tzu Chi Hospital, Buddhist Tzu Chi medical foundation, which was approved by the Ministry of health and welfare.</li> <li>◆ The Company was granted a Taiwan invention patent (Patent No. I693283) for "A method for manufacturing microcellular lamellae".</li> <li>◆ The Company filed an application for autologous chondrocyte therapy technology in collaboration with Changhua Christian Hospital of Changhua Christian medical consortium.</li> <li>◆ The Company filed an application for autologous fibroblast therapy technology in collaboration with Changhua Christian Hospital of Changhua Christian medical consortium.</li> <li>◆ The Company's Cellular Preparation Center applied for cellular preparation site accreditation (autologous fibroblast) in accordance with the "Regulations Governing the Application or Use of Specific Medical Techniques or Examinations, or Medical Devices" in cooperation with the E-Da Hospital, and received a letter of approval from the Ministry of Health and Welfare.</li> <li>◆ The Board of Directors approved the issuance of additional common shares for cash (Seasoned Equity Offering).</li> <li>◆ The Board of Directors approved the establishment of a new joint venture with Taiwan Hitachi Asia Pacific Co.</li> <li>◆ The Company submitted an application for an autologous chondrocyte therapy technology project in collaboration with the Tri-Service General Hospital.</li> <li>◆ The Company submitted an application for an autologous chondrocyte therapy technology project in collaboration with Min-Sheng General Hospital.</li> <li>◆ The Company established a sole proprietorship, LOCUS Cell Co., Ltd.</li> <li>◆ The Company submitted an application for an autologous chondrocyte therapy technology project in cooperation with Shin Kong Wu Huo Shi Memorial Hospital of Shin Kong Medical Consortium.</li> <li>◆ The Company submitted an application for an autologous chondrocyte therapy technology project in cooperation with Tungs' Taichung MetroHarbor Hospital.</li> </ul>

2021	<ul style="list-style-type: none"> <li>◆ The Company's Cellular Preparation Center applied for cellular preparation site accreditation (autologous fibroblast) in accordance with the "Regulations Governing the Application or Use of Specific Medical Techniques or Examinations, or Medical Devices" in cooperation with Changhua Christian Hospital of Changhua Christian medical consortium, and received a letter of approval from the Ministry of Health and Welfare.</li> <li>◆ The Company's Cellular Preparation Center applied for cellular preparation site accreditation (autologous fibroblast) in accordance with the "Regulations Governing the Application or Use of Specific Medical Techniques or Examinations, or Medical Devices" and received a letter of approval from the Ministry of Health and Welfare.</li> <li>◆ The Company submitted an application for an autologous fibroblast therapy technology project in cooperation with the Taiwan Adventist Hospital.</li> <li>◆ The Company's Cellular Preparation Center applied for cellular preparation site accreditation (autologous fibroblast) in accordance with the "Regulations Governing the Application or Use of Specific Medical Techniques or Examinations, or Medical Devices" in cooperation with Shin Kong Wu Huo Shi Memorial Hospital of Shin Kong Medical Consortium, and received a letter of approval from the Ministry of Health and Welfare.</li> <li>◆ The Company's Board of Directors approved that the private placement of cash capital increase (Seasoned Equity Offering) passed during 2020's annual shareholder meeting is to expire, and the public offering of capital increase has been approved, no new capital requirements are present at this time, therefore no further offerings or issuances will be made at this time."</li> </ul>
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### III. Corporate governance report

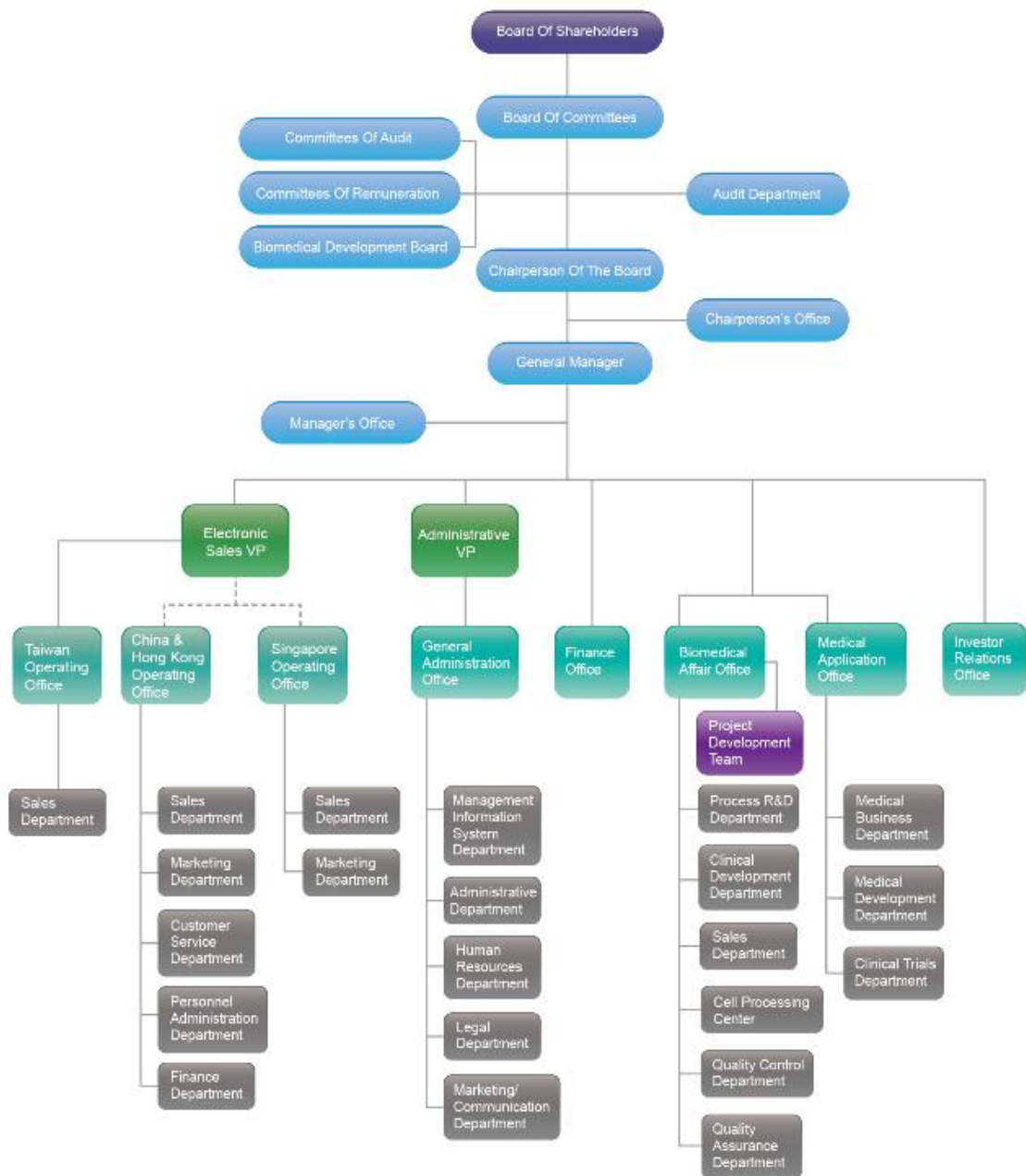
A. Company organization

On November 8, 2020,  
the eighth board of directors passed the resolution

(A) Organization system

1. The Company's organizational structure (Approved at the Sixteenth Meeting of the Eighth Session of the Board of Directors on May 14, 2021)

#### *Company's structure*



## 2. Business operations of major departments

Departments		Main duties
Audit Department		<ul style="list-style-type: none"> <li>◆ Assisting the board of directors and managers in checking and reviewing the lack of internal control system and measuring the effectiveness and efficiency of the operation, and provide timely suggestions for improvement.</li> <li>◆ Checking and tracing of various operating loops.</li> </ul>
Chairperson's Office		<ul style="list-style-type: none"> <li>◆ Assist the chairman in planning the Group's important policies, guidelines, and improvement measures. If necessary, set up an ad hoc group to take charge of this.</li> <li>◆ Assist the chairman or independent director to convene various meetings and contact, send and write proposals (such as the board of directors, the salary compensation committee, the audit committee, the shareholders' (temporary) meeting...), and other issues related to the stock market.</li> <li>◆ Assist in the communication and coordination between the chairman and the directors of departments and carry out the assignment.</li> </ul>
Manager's Office		<ul style="list-style-type: none"> <li>◆ Comprehensive management of the company's various plans for the preparation, evaluation, and implementation.</li> <li>◆ Implement coordination among various departments and institutional planning.</li> </ul>
<b>Electronics Business Group</b>		◆ Management of Taiwan Department of Business, China and Hong Kong Department of Business and Singapore Department of Business.
Taiwan Operating Office		◆ Coordinating the operations across Taiwan.
Subordinate Units	Sales Department	<ul style="list-style-type: none"> <li>◆ Responsible for the procurement and planning of all electronic product lines.</li> <li>◆ Responsible for electronic product market survey, research and analysis, product sales plan formulation and solve customer product design and process issues.</li> <li>◆ Operations and management of electronic merchandise inventory and shipment within the group.</li> <li>◆ Reminder and progress tracking of accounts receivable.</li> </ul>
China and Hong Kong Operating Office		◆ Coordinating the operations of offices in Hong Kong and mainland China.
Singapore Operating Office		◆ Coordinating the operations of offices in Singapore and Southeast Asia.
General Administration Office		◆ Overall management of the group's human resources, legal affairs, administration, general affairs, operation, procurement (except for electronic business-related products), planning, information, funds release, and other affairs.
Subordinate Units	Management Information System Department	◆ Responsible for the planning, construction, and maintenance of the operating system information, computerization, information integration, information security management, etc. of each unit within the group.

	Administrative Department	<ul style="list-style-type: none"> <li>◆ Responsible for the group's general affairs and operation related matters.</li> <li>◆ Responsible for the purchase and management of the Group's fixed assets and internal and external items and equipment (except for electronic business-related products).</li> <li>◆ Responsible for the release of funds within the group.</li> </ul>
		<ul style="list-style-type: none"> <li>◆ Responsible for the group's general affairs and operation related matters.</li> <li>◆ Responsible for the purchase and management of the Group's fixed assets and internal and external items and equipment (except for electronic business-related products).</li> <li>◆ Responsible for the release of funds within the group.</li> </ul>
	Human Resources Department	<ul style="list-style-type: none"> <li>◆ Responsible for group personnel recruitment and deployment, personnel training and development, human resources planning, salary management, performance management, labor relationship management, and administrative operations management.</li> <li>◆ Responsible for reviewing salary and bonus within the group.</li> </ul>
	Legal Department	<ul style="list-style-type: none"> <li>◆ Responsible for the formulation of relevant corporate governance measures, interpretation of laws and regulations, legal affairs, and litigation-related businesses within the group.</li> </ul>
	Marketing/Communication Department	<ul style="list-style-type: none"> <li>◆ Industrial intelligence information gathering, integration, and market analysis.</li> <li>◆ The company's external website planning, design, marketing, and maintenance.</li> <li>◆ Product function, market positioning, business policy, strategy setting, and departmental communication coordination.</li> <li>◆ Product policies, marketing plans, advertising planning, integration of marketing channels, marketing strategy planning, and promotion.</li> </ul>
Finance Office		<ul style="list-style-type: none"> <li>◆ Responsible for providing and analyzing financial management information within the group.</li> <li>◆ Responsible for financial dispatching and fund management within the group.</li> <li>◆ Responsible for intra-group account processing, statement preparation, and tax planning.</li> <li>◆ Responsible for budget compilation and management within the group.</li> <li>◆ Responsible for intra-group stock operations, shareholders' meetings, the board of directors, functional committees, and corporate governance-related matters.</li> </ul>
<b>Biomedical Business Group</b>		<ul style="list-style-type: none"> <li>◆ Manage the Biomedical Department of Business and Medical Applications Department of Business.</li> </ul>
Biomedical Affair Office		<ul style="list-style-type: none"> <li>◆ Coordinating the R&amp;D and technical development of products related to the biomedical business.</li> <li>◆ Coordinating the construction, maintenance, and management of the cell layer process center.</li> <li>◆ Coordinating the application and implementation of clinical trials and "Regulations Special Treatment".</li> <li>◆ Coordinating the cooperation of domestic hospitals.</li> <li>◆ Coordinating the marketing and sales of various biomedical products.</li> <li>◆ Coordinating the testing and management of various medical quality control.</li> <li>◆ Coordinating the issuance, distribution, filing, and management of quality documents related to biomedicine.</li> </ul>
Subordinate Units	Project Development Team	<ul style="list-style-type: none"> <li>◆ Development: data collection and analysis of various types of projects such as technology, products, changes, cooperation between industry, government, academia, research and medicine, project feasibility assessment, preliminary testing, and management before being officially incorporated into the R&amp;D cycle.</li> <li>◆ Project management: government projects, internal projects, external cooperation projects, award applications, etc., are introduced into the R&amp;D cycle according to the company's relevant management methods, and the progress of each project is controlled.</li> <li>◆ Intellectual property management: Realize R&amp;D achievements in different forms, such as patent application and maintenance, academic journal publication, business secrets, copyright, and management of other public publications.</li> </ul>
	Process R&D Department	<ul style="list-style-type: none"> <li>◆ R&amp;D: Comprehensive process R&amp;D and standardization operations, including new technology R&amp;D and process introduction, trial production operations, current process optimization, lower raw material consumption, and new case process cost analysis and evaluation.</li> </ul>
	Clinical Development Department	<ul style="list-style-type: none"> <li>◆ Project management: Comprehensive managing the application, execution, and management of clinical projects.</li> <li>◆ Medical affairs: Medical affairs/Medical and scientific information collection, presentation, and</li> </ul>

		training/Assisting clinical development/Establishing and maintaining KOL relations/Market analysis.
	Sales Department	<ul style="list-style-type: none"> <li>◆ Business Section: Responsible for the service and sales of personalized products related to the biomedical business.</li> <li>◆ Marketing Section: Comprehensive planning and implementation of product promotion and development of biomedical business.</li> <li>◆ Business Management Section: General Administration of the Medical and Medical Department, please pay/account operations and business/contact customer service of the Health Management.</li> </ul>
	Business Operation Division 1	◆ Business development and promotion.
	Business Operation Division 2	◆ Market development.
	Business Operation Division 3	◆ Planning and execution of business plans to achieve performance targets.
	Business Development Division	◆ Marketing plan / strategy development, marketing campaign execution, and business unit assistance.
	Cell Processing Center	<ul style="list-style-type: none"> <li>◆ Factory Affairs Section: Comprehensive managing the facilities and equipment maintenance and verification of the plant and other related operations.</li> <li>◆ Manufacturing Section: Managing the manufacturing operations related to the factory.</li> <li>◆ Production Control Section: Comprehensive managing production schedule planning in the plant, including the preparation, maintenance and follow-up of production schedule plans, confirmation of orders, smooth delivery of maintenance orders, business coordination and communication, and raw material storage inventory management Related work.</li> </ul>
	Quality Control Department	<ul style="list-style-type: none"> <li>◆ Quality Control Section: Managing the relevant testing operations in the factory quality system, including the management of inspection items such as incoming quality control (IQC), process quality control (IPQC), final product quality control (FQC), inspection platform maintenance development, report issuance &amp; Management, quality control system maintenance, traceability.</li> <li>◆ Test Laboratory: In accordance with ISO/IEC 17025:2017 to confirm the operation of certified laboratories, including acceptance inspection, quality control project inspection, on-board operation, result review, and report production.</li> </ul>
	Quality Assurance Department	<ul style="list-style-type: none"> <li>◆ Quality assurance: Implementation of the quality system and validation operation management in accordance with the pharmaceutical regulations in the plant area, establishment and execution of audit/check operations and subsequent corrective and preventive measures in accordance with the pharmaceutical regulations, training and management of the quality system personnel in the factory, and quality procedure operations Formulate maintenance and other quality systematic activities and standards, so that products and services can meet the required quality tasks.</li> <li>◆ Quality document management: document management and filing management of a comprehensive quality system in the factory area.</li> </ul>
	Medical Application Office	<ul style="list-style-type: none"> <li>◆ Coordinating the Company's new medical business development assessment and clinical development of new applications.</li> <li>◆ Responsible for domestic and foreign business development and company cooperation model planning and introduction matters.</li> <li>◆ Coordinating the cooperation and strategic development of domestic biotechnology-related government agencies and legal persons.</li> </ul>
Subordinate Units	Medical Development Department	<ul style="list-style-type: none"> <li>◆ Responsible for the introduction and evaluation of domestic medical technology.</li> <li>◆ Responsible for the planning and management of domestic medical technology and education and training.</li> <li>◆ Responsible for evaluating the services and promotion of medical equipment and regenerative medicine products.</li> </ul>
	Clinical Trials Department	<ul style="list-style-type: none"> <li>◆ Responsible for collecting and evaluating the development of new products and new clinical applications of existing products.</li> <li>◆ Responsible for collecting and discussing with specialists to evaluate the feasibility and introduction of clinical application of products.</li> <li>◆ Responsible for the follow-up and management of the actual application of new products and existing products in various hospitals.</li> </ul>
	Medical Business Department	<ul style="list-style-type: none"> <li>◆ To help to promote the collection of biotechnology team information and the production of assessment reports and other related matters.</li> <li>◆ Responsible for the marketing plan for regenerative medicine products.</li> </ul>

		<ul style="list-style-type: none"> <li>◆ Responsible for the evaluation, introduction, and follow-up of foreign regenerative medicine products and medical technology.</li> <li>◆ To Collect the analysis and evaluation of the latest technologies, patents, information, and related company data of domestic and foreign regenerative medicine.</li> <li>◆ To connect domestic government agencies and related legal persons, establish a strategic alliance of regenerative medicine through cooperation, and deeply cultivate the domestic regenerative medicine industry.</li> </ul>
Investor Relations Office		<ul style="list-style-type: none"> <li>◆ Construct interactive relationships between companies and natural or corporate shareholders, media, and authorities.</li> <li>◆ Assisting the Company's financial, business, and other departments to expand their external relations.</li> <li>◆ Planning and organizing shareholder meetings, legal meetings, and press conferences.</li> <li>◆ Responsible for the Company's speaking tasks.</li> </ul>

**B.Directors, supervisors, general managers, deputy general managers, assistant managers, heads of departments and branches**

1. Directors:

(1) Information of Directors

Deadline for the transfer as of May 2, 2020; Unit: Shares

Job Title	Nationality or place of registration	Name	Gender	Election date Date of taking office	Term of office	Initial election date	Shares held when selected		Now holds the number of shares		Spouses and underage children now hold shares		Shares held in the name of others		The main experience and education	Currently serving concurrently as the Company and other companies	Other supervisors, directors or supervisors within a family with a spouse or two parents		
							Number of shares	Share holding ratio	Number of shares	Share holding ratio	Number of shares	Share holding ratio	Number of shares	Share holding ratio			Title	Name	Relation
Director	Republic of China	Bei De Bi Xiu Investment Co., Ltd.	—	2018.6.25	3 years	2016.6.29	1,077,000	1.86%	3,141,924	5.42%	—	—	—	—	—	—	—	—	—



Chairman	Republic of China	Bei De Bi Xiu Investment Co., Ltd. Representative: Hu, Li San	Male	2018.6.25	3 years	2013.09.30	2,065,495	3.56%	15,012	0.03%	—	—	—	—	Department of Business, National Taiwan University Supervisor, Far East Airlines Partner Accountant, Lan-Jai CPAs Firm Partner Accountant, Ye-Shun CPAs Firm Auditor, Jianxing CPAs Firm	1. Representative of Corporation Directors of Chuanfei Energy Co., Ltd. 2. Representative of Corporation Directors of Zhongfu International Co., Ltd. 3. Partner Accountant, Lianli CPAs Firm 4. Representative, Lishan Investment Co., Ltd. 5. Chairman, iFunFarm Company 6. Chairman, LOCUS Cell Co., Ltd.	—	—	—
Director	Republic of China	Bei De Bi Xiu Investment Co., Ltd. Representative: Tang, Hong De	Male	2018.6.25	3 years	2015.06.30	705,000	1.22%	505,000	0.87%	—	—	—	—	Bachelor of Business Administration, Fu Jen University Director, Cheer Digiart Co., Ltd. Director, Dajun Investment Co., Ltd.	1. General manager of the Company 2. Director, Dajun Investment Co., Ltd.	—	—	—

Director	Republic of China	Bei De Bi Xiu Investment Co., Ltd. Representative: Qiu, Jun Hua (Note 1)	Male	2018.6.25	3 years	2015.06.30	373,000	0.64%	7,000	—	—	—	—	—	Master of Business Administration, National Maeda University, Australia Deputy General Manager, Risheng Bank Director, Risheng Financial Holdings Director, Risheng Bank Director, Risheng Insurance Company Agent	Executive Deputy General Manager, the Company	—	—	—
Director	Republic of China	Bei De Bi Xiu Investment Co., Ltd. Representative: Wang, Hui Jun (Note 2)	Male	2020.2.14	3 years	2020.2.14	—	—	—	—	—	—	—	—	Ph.D., Institute of chemistry, University of Illinois, Champaign Bachelor and Master of Chemistry, National Taiwan University Visiting lecture of Academia Sinica biomedical translation research center, distinguished researcher and Director of Institute of Biochemistry Vice president of Academia Sinica	Independent Director, Standard Chem & Pharm CO., LTD. Independent Director Lin BioScience, Inc. Representative, Up Cell Biomedical Inc. Visiting lecture of Academia Sinica biomedical translation research center	—	—	—

Director	Republic of China	Bei De Bi Xiu Investment Co., Ltd. Representative: Chen, Rui Jie	Male	2018.09.14	3 years	2018.09.14	—	—	—	—	3,000	0.01%	—	—	Master of Medical Information Research Institute, Taipei Medical University Dean of the Hospital of Taipei Medical University Professor of Surgery, Taipei Medical University	Chair Professor, Taipei Medical University Member of Committee of the Medical Development Foundation, Ministry of Health and Welfare Member of the National Health Insurance Dispute Review Committee, Ministry of Health and Welfare	—	—	—
Director	Republic of China	Jun-mao International Co., Ltd.	—	2018.6.25	3 years	2018.6.25	1,592,000	2.74%	5,450,000	9.39%	—	—	—	—	—	Corporate Director, Ma Shen Kai Rui Biochemical Technology Co., Ltd. Corporate Director, CLEANAWAY Co., Ltd. Edora Park Co., Ltd. Junbao Construction Co. Ltd.	—	—	—

Director	Republic of China	Jun-mao International Co., Ltd. Representative: Wu, Zhen Long	Male	2018.6.25	3 years	2018.6.25	2,890,000	4.98%	4,759,000	8.2%	—	—	930,000	1.6%	Chairman, NYA Cable TV Co., Ltd. Chairman, Dayang Cable TV Co., Ltd. Chairman, Dejun Investment Co., Ltd. Chairman, Yufeng Investment Co., Ltd.	1. Chairman, Jun-mao International Co., Ltd. 2. Chairman, Jun-mao Enterprise Co., Ltd. 3. Chairman, Qijiang Security Co., Ltd. 4. Chairman, Junbao Construction Co., Ltd. 5. Chairman, Ma Shen Kai Rui Biotechnology Co., Ltd. 6. Representative, He Cao Foundation 7. Director, Hanxing Department Store Co., Ltd.	—	—	—
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																<p>8. Director, Eastern Home Shopping &amp; Leisure Co., Ltd.</p> <p>9. Chairman, BELXBIO-Pharmaceutical Co.LTD</p> <p>10. Representative of the Corporation Director, Berks Biotech Co., Ltd.</p> <p>11. Chairman, Yongxin Multimedia Co., Ltd.</p> <p>12. Supervisor, Chi-Jiang Apartment Building Management and Maintenance Co., Ltd.</p> <p>13. Board Director, Global Bio Multimedia Co., Ltd.</p>			
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Direct or	Republic of China	Nation al Develo pment Fund, Execut ive Yuan	—	2018.6.25	3 years	2018.6.25	2,777,000	4.79%	2,777,000	4.79%	—	—	—	—	—	1. Genovate Biotechnology Co., Ltd. 2. Taiwan Biotech Co., Ltd. 3. Scinopharm Taiwan, Ltd. 4. Taiwan Flower Biotechnology Co., Ltd. 5. Ubi Pharma Inc. 6. Adimmune Corporation 7. Taigen Biopharmaceuticals Holdings Limited 8. Pharmaessentia Corporation 9. Pharmaengine Inc. 10. Taian Technologies Corp. 11. Biologics Co., Ltd. 12. Erigenics Co., Ltd. 13. Apex Medical Co., Ltd. 14. Intech Biopharm Co., Ltd. 15 Point Robotics Medtech Inc.	—	—	—
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Director	Republic of China	National Development Fund, Executive Yuan Representative: He, Hong Neng	Male	2018.6.25	3 years	2018. .25	—	—	—	—	—	—	—	—	Dean, National Taiwan University College of Medicine Director, Academic Affairs Division, National Taiwan University College of Medicine Vice President, the National Hospital of College of Medicine Director, Medical Research Department, Hospital Attached to National Taiwan University College of Medicine Professor, National Taiwan University College of Medicine Vice President, American Society for Reproductive Immunology Chairman, Taiwan Reproductive Medicine Association Chairman, Taiwan Stem Cell Association Chairman, Taiwan Women's Obstetrics and Gynecology Association Vice President, International Association of Cell Therapy	1.General Counsel, Taipei Medical University and Affiliated System 2.Honorary Director, Taiwanese Society for Reproductive Medicine 3.Supervisor, Taiwan Society for Stem Cell Research 4.Supervisor, Taiwan Association for Cellular Therapy 5.Chairman, Taiwan Society for Biopreservation and Biobanking 6. Vice Chairman, Up Cell Biomedical Inc. 7. Chairman of the Ching Heng Medical Education Foundation 8. Board Director, Mr. Wang Min-Ning Memorial Foundation 9. Board Director, Taiwan Astellas Medical Research and Development Foundation 10. Board Director, Cathay General Hospital of Cathay Medical Consortium. 11. Board Director, NTU Jingfu Foundation 12. Independent Board Director, StemCyte International, Ltd. 13. Independent Board	—	—	—
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																		Director, Fubon Life Assurance Co. 14. Board Director, Taiwan Bio-Development Foundation			
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Direct or	Republic of China	Dajun Investment Co., Ltd.	—	2018.6.25	3 years	2018.6.25	197,000	0.34%	197,000	0.34%	—	—	—	—	—	Sun Dance Entertainment INTL Co., Ltd.	—	—	—	
Direct or	Republic of China	Dajun Investment Co., Ltd. Representative: Yang, Zhi Hui	Female	2018.6.25	3 years	2018.6.25	50,000	0.09%	50,000	0.09%	—	—	—	—	—	Head of Department of Biotechnology, I-Shou University Associate Professor, Department of Biotechnology, I-Shou University Team Leader, Planning and Promotion Team, Public Affairs Office, I-Shou University Professor, Department of Biotechnology, I-Shou University I-SHOU University College of Medicine Vice President	1. Director, Biotaiwan Foundation 2. Vice President of Medical College, I-Shou University 3. Chairman, Biotaiwan Foundation 4. Corporate Supervisor, Taiwan Invention Association 5. Director, International Society for Biocatalysis and Agricultural Biotechnology 6. Professor, I-SHOU University College of Medicine	—	—	—

Director	Republic of China	Dajun Investment Co., Ltd. Representative: Zhao, Hong Zhang	Male	2018.6.25	3 years	2018.6.25	—	—	—	—	25,000	0.04%	—	—	Consultant and CEO, Far East Animation Technology Co., Ltd. Independent Director, Jingwei Aerospace Technology Co., Ltd. Executive Consultant, Sanbeid Digital Creative Co., Ltd. Executive	1. Chairman, Singapore Huan Ju Zhi Ben Investment Management Co., Ltd. 2. Independent Director, Jingwei Aerospace Technology Co., Ltd. 3. Supervisor, Guang Hong Management Consulting Co., Ltd. 4. Consultant, Nanwei Industrial Co. Ltd.	—	—	—
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														Consultant, Fujian Zhiqu Network Information Technology Co., Ltd. Senior Partner, Huayuanhui Investment Fund Partner Executive Consultant, Huaqiang Asset Management Group Executive Consultant, Shanghai Oriental Huifu Fund GP Review Committee, Ministry of Economics Innovation and Optimization Project and Theme R&D Program and 4G Broadband Application Software Innovation and Innovation Park				
Independent Director	Republic of China	Chen, Rong Hua	Male	2018.6.25	3 years	92.06.10	—	—	—	—	—	—	—	Master, Accounting National Chengchi University Institute Lecturer, Department of Accounting, National Chung Hsing University Executive Director, National Federation of CPA Associations of ROC	1. Independent Director, Single Well Industrial Corp. 2. Accountant and Director, L.H.Chen & Co., CPAs	—	—	—

Independent Director	Republic of China	Wu, Rong Yi	Male	2018.6.25	3 years	2018.6.25	—	—	—	—	—	—	—	—	Chairman, Taiwan Brain Trust Professor and Head of Department of Economics, National Taipei University Director, Institute of Economics, National Taipei University Member, Fair Trade Commission of the Executive Yuan Dean, Taiwan Economic Research Institute Vice president, Executive Yuan Chairman, Taiwan Futures Exchange Chairman, Taiwan Stock Exchange Member, National Financial Stability Fund Management Committee of the Executive Yuan Member, Asia Pacific Economic Cooperation (APEC) Eminent Persons Group Independent Board Director, Fubon Securities Co., Ltd	1. Chairman, Taiwan Capital 2. Chairman, Education Foundation of the Taiwan Institute of Water Resources and Agriculture 3. Representative of the Corporation Director, Taishan Buffalo Investment Co., Ltd.	—	—	—
Independent Director	Republic of China	Wang, Wen Zhu	Male	2018.6.25	3 years	2015.06.30	—	—	—	—	—	—	—	—	General Manager Advanced Pharmaceutical Nanotech Inc. Chairman, Division of Business and Marketing, Purzer Pharmaceutical Co., Ltd General Manager, Fresenius Kabi	1. Supervisor, Healthy Aging Health Care Co. Ltd. 2. Chairman, Trefoil Partners Limited	—	—	—

															Taiwan Consultant, Genuine Chemical Pharmaceutical Co., Ltd. General Manager, Departmen t of Medicine, Monsanto Far East Ltd. Taiwan Branch General Manager of department, GSK Taiwan Manager, Department of Business & Marketing, Zuellig Pharma Product / Business Manager, GlaxoSmithKline plc Business Manager, Boehringer Ingelheim Animal Health General Manager , Bio-Juvenate Biotechnology Co., Ltd.				
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Note 1: Qiu, Jun Hua, the director representative of Bei De Bi Xiu Investment Co., Ltd., was a discharge of director on February 14, 2020.

Note 2: Wang, Hui Jun the director representative of Bei De Bi Xiu Investment Co., Ltd. was a election of director on February 14, 2020

(2) Major shareholders of corporation shareholders:

May 2, 2020

Corporation shareholder name	Major shareholders of corporation shareholders
Bei De Bi Xiu Investment Co., Ltd.	He, Rou Xian (98.33%), Chen, Zong Ji (1.67%)
Jun-mao International Co., Ltd.	Wu, Zhen Long (54%), Wu, Jun Yi (23%), Wu, Yi Qi (23%)
National Development Fund, Executive Yuan	—
Dajun Investment Co., Ltd.	Chen, Qiao Fei (96.67%), Chen, Zong Ji (3.33%)

The main shareholder is the corporation and its main shareholder: None.

(3) Whether the working experience of the directors and supervisors is independent

Condition Name	Whether it has more than five years working experience and the following professional qualifications			Compliance with independence (Note 1)												The number of independent directors serving concurrently as other public offering companies
	Business, legal, financial, accounting or corporate business related to the required public and private college instructors	Judges, prosecutors, lawyers, accountants or other national examinations required by the company's business	Work experience required for business, legal, financial, accounting or corporate business	1	2	3	4	5	6	7	8	9	10	11	12	
Bei De Bi Xiu Investment Co., Ltd. Representative: Hu, Li San	✓	✓	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓		—
Jun-mao International Co., Ltd. Representative: Wu, Zhen Long			✓	✓			✓				✓	✓	✓	✓		—

National Development Fund, Executive Yuan Representative: He, Hong Neng	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	—
Bei De Bi Xiu Investment Co., Ltd. Representative: Tang, Hong De			✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	—
Dajun Investment Co., Ltd. Representative: Yang, Zhi Hui	✓	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	—
Dajun Investment Co., Ltd. Representative: Zhao, Hong Zhang	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	1
Bei De Bi Xiu Investment Co., Ltd. Representative: Chen, Rui Jie (Note 3)	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	—
Bei De Bi Xiu Investment Co., Ltd. Representative: Qiu, Jun Hua (Note 3)			✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	—
Bei De Bi Xiu Investment Co., Ltd. Wang, Hui Jun (Note 3)	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	2
Chen, Rong Hua	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	1
Wu, Rong Yi	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	—
Wang, Wen Zhu		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	—

Note 1: For each director or supervisor who meets the following conditions two years prior to the appointment and during his term of office, please tick " " in the space below each condition code.

(1) Non-employed persons of the company or its affiliates.

(2) Directors and supervisors of companies other than the company or its affiliates (but if the company or its parent company and the company's direct and indirect voting rights hold more than 50% of the independent directors of the subsidiary)

(3) Non-individuals, their spouses, minor children, or in the name of others, hold more than one percent of the company's total issued shares or shareholders of the top ten natural persons.

(4) The relatives of the persons listed in the preceding three paragraphs are not only the spouses of the persons listed in the preceding three paragraphs, but also the relatives of the two parents or their relatives or relatives within the five-parent family.

(5) Directors, supervisors or servants of legal person shareholders or directors, supervisors or servants of the top five legal person shareholders who do not directly hold more than 5% of the company's total issued shares.

(6) Directors (directors), supervisors (supervisors), managers, or shareholders holding more than 5 percent of the shares of a particular company or institution that has financial or business contacts with the company.

(7) Business owners, partners, directors (directors), and supervisors (supervisors) of professionals, sole proprietors, partnerships, companies, or organizations that provide services or consulting for businesses, legal affairs, finance, accounting, etc. to companies or related companies, managers and their spouses.

(8) There is no relative relationship with other directors within the spouse or two parents.

(9) There is no one of the circumstances in Article 30 of the Company Law.

(10) There is no article 27 of the company law governing the election of a government, legal person or its representative.

(11) There is no one of the circumstances in Article 30 of the Company Law.

(12) There is no Article 27 of the Company Law which stipulates that the government, legal person or its representative shall be elected

Note 2: The directors and independent directors listed above in the term of the eighth are from 2018/06/25 to 2021/06/24.

Note 3: Qiu, Jun Hua, the director representative of Bei De Bi Xiu Investment Co., Ltd., was a discharge of director on February 14, 2020.  
Wang, Hui Jun, the director representative of Bei De Bi Xiu Investment Co., Ltd. was a election of director on February 14, 2020.



2. General Manager, Deputy General Manager, Assistant Manager, Department and Branch Manager Information

As of the closing date of May 01, 2021; Unit: Shares

Job Title	Nationality or place of registration	Name	Gender	Date of taking office	Holding shares		Spouses and underage children now hold shares		Shares held in the name of others		The main experience and education	Currently serving concurrently as the Company and other companies	Other supervisors, directors or supervisors within a family with a spouse or two parents		
					Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio			Title	Name	Relation
General manager	Republic of China	Tang, Hong De	Male	2016.12.21	505,000	0.87%	—	—	—	—	Bachelor of Business Administration, Fu Jen University Director, Cheer Digiart Co., Ltd. Representative of the Corporation Director, Aplus Shine Biotechnology Co., Ltd. Director, Dajun Investment Co., Ltd.	Director, Dajun Investment Co., Ltd.	—	—	—
Executive Deputy General Manager	Republic of China	Qiu, Jun Hua (Note 1)	Male	2014.05.26	7,000	0.01%	—	—	—	—	Master of Business Administration, National Maeda University, Australia Deputy General Manager, Risheng Bank Director, Risheng Financial Holdings Director, Risheng Bank Director, Risheng Insurance Company Agent	—	—	—	—

Deputy General Manager of Electronic Business	Republic of China	Zhou, Shuo Hui (Note 2)	Male	2017.08.11	—	—	—	—	—	—	Bachelor, Department of International Trade, Tunghai University General Manager, AVerMedia Information (Shanghai) General Manager, AVerMedia Information (Kunshan) Sales Director, Asia sales and Taiwan region, AVerMedia Information (Taiwan)	—	—	—	—
Assistant Manager, Audit Department	Republic of China	Zhu, Xiang Bin (Note 3)	Male	2014.02.26	15,000	0.03%	—	—	—	—	Master, Institute of Finance and Finance, Tamkang University Director, Financial Investment Division, Risheng Bank Deputy General Manager and Chief Financial Officer and Spokesperson, General Administration Office, Honyi International Company Limited	—	—	—	—
Assistant Manager, Audit Department	Republic of China	Ni, Yong Fa (Note 3)	Male	2019.08.13	—	—	—	—	—	—	Graduated from the Department of Enterprise Management, Fu Jen Catholic University Finance Manager, Global BioPharma, Inc. Assistant Manager, Management Office of Lin Shiung Enterprise Co., Ltd. Audit, Chun Yuan Steel Industry Co., Ltd.	—	—	—	—

Assistant Manager of Biomedical Affair Office	Republic of China	Liu, Heng Yu	Male	2016.04.01	—	—	—	—	—	—	Ph.D., Institute of Medical Sciences, Taipei Medical University Technical Director of An Xing Biotechnology Co., Ltd. Assistant Professor, Department of Dentistry, Department of Oral Medicine, Taipei Medical University and Researcher, Stem Cell Research Center	—	—	—	—
Assistant Manager of Medical Application Department	Republic of China	Wang, Ze Xun (Note 4)	Male	2017.06.20	—	—	1,254	—	—	—	Bachelor of Medicine, Taipei Medical University Master and Specialist, Indiana University, USA Ph.D., Kyushu Dental University, Japan Vice Chairman of the Taipei Dental Association and Chairman of the Information Committee Lecturer, Department of Oral Medicine, Taipei Medical University	—	—	—	—
Assistant Manager of Investor Relations Office	Republic of China	Lin, Wen Jie	Male	2017.11.10	—	—	—	—	—	—	Master of Laws, Chinese Culture University Reporter, Taiwan Shin Sheng Daily News Convener, TVBS Weekly Financial Group Chairman's Executive Assistant of United Epitaxy Company, Ltd. Assistant Manager, Ta Chong Securities Co., Ltd.	—	—	—	—

Manager of Finance / Administrative Department	Republic of China	Zhan, Zhi Cong	Male	2017.11.10	—	—	—	—	—	—	Master, Accounting Department, Assistant Manager, Deloitte & Touche	—	—	—	—
Assistant Manager of Taiwan Operating Office	Republic of China	Wang, Shi Jun	Male	2018.10.31	—	—	3,000	0.01%	—	—	International Trade Department, Taipei City University of Science and Technology Opto Sensor Ltd.	—	—	—	—
Assistant Manager of General Administration Office	Republic of China	Deng, An Zhi	Male	2019.11.08	—	—	—	—	—	—	Master, Health Policy and Management Institute of National Taiwan University Executive sponsor, the Supply Center of the Administrative Center, Chang Gung Medical Foundation	—	—	—	—

Note 1: Qiu Jun Hua, Deputy General Manager of Administration, resigned on December 31, 2019. The Company separately announced that the Director of the Biomedical Business Department, Mr. Heng-Yu Liu, will be appointed the role of acting Director of the Medical Application Department.

Note 2: Zhou, Shuo Hui, Deputy General Manager of Electronic Business, resigned on February 28, 2019. The original position was temporarily replaced by the General Manager Tang, Hong De.

Note 3: Zhu, Xiang Bin, Assistant Director of the Audit Department, resigned on April 1, 2019. During this period, Dong, Yi Jie, the Audit Agent, temporarily replaced him. Ni, Yong FA, the new Assistant Director of the Audit Department, took office on August 13, 2019.

Note 4: Wang, Zhen Xun, the Assistant Manager of the Medical Application Office, resigned on March 12, 2020. Wu, Ying Zhen, the Manager of the Medical Application Office, temporarily replaced him.

1. Remuneration of directors, supervisors, general managers and deputy general managers

(1) Remuneration of Directors

December 31, 2020; Unit: NT\$ thousand

Title	Name	Directors' remuneration								Four items A, B, C and D Total share of after-tax equity (Note 10)	Part-time employees receive related emoluments								Seven items A, B, C, D, E, F, and G Total share of after-tax equity	Whether or not to receive transfer costs from subsidiaries (Note 11)		
		remuneration (A) (Note 2)		Retirement pension (B)		Remuneration for surplus distribution (C) (Note 3)		Business execution costs (D) (Note 4)			Salary, bonuses and special costs (E) (Note 5)		Retirement pension (F)		Surplus employee bonuses (G) (Note 6)							
		The company	All companies in the consolidated financial statements (Note 7)	The company	All companies in the consolidated financial statements (Note 7)	The company	All companies in the consolidated financial statements (Note 7)	The company	All companies in the consolidated financial statements (Note 7)		The company	All companies in the consolidated financial statements (Note 7)	Whether or not to receive transfer costs from subsidiaries	All companies in the consolidated financial statements (Note 7)	The company	All companies in the consolidated financial statements (Note 7)	Cash amount	Stock amount			Cash amount	Stock amount
Chairman	Bei-De-Bi-Sho Investment Co., Ltd. Legal Representative Hu, Li San	-	-	-	-	-	-	60	60	(0.07%)	(0.07%)	3,360	3,360	-	-	-	-	-	-	(4.07%)	(4.07%)	N/A
Director	Bei-De-Bi-Sho Investment Co., Ltd. Legal Representative Tang, Hong De	-	-	-	-	-	-	60	60	(0.07%)	(0.07%)	3,230	3,230	108	108	-	-	-	-	(4.05%)	(4.05%)	N/A

Director	Bei-De-Bi-Sho Investment Co., Ltd. Legal Representative Qiu, Jun Hua	-	-	-	-	-	-	-	-	(0.00%)	(0.00%)	-	-	-	-	-	-	-	-	0.00%	0.00%	N/A
Director	Bei-De-Bi-Sho Investment Co., Ltd. Legal Representative Hui-Juin Wang(Note 1)	-	-	-	-	-	-	50	50	(0.06%)	(0.06%)	517	517	32	32	-	-	-	-	(0.67%)	(0.67%)	N/A

Director (Note 2)	Bei De Bi Xiu Investment Co., Ltd. Representative of Corporation Director: Chen, Rui Jie	-	-	-	-	-	-	30	30	(0.04%)	(0.04%)	-	-	-	-	-	-	-	-	0.00%	0.00%	N/A
Director	National Development Fund, Executive Yuan Representative of Corporation Director: He, Hong Neng	-	-	-	-	-	-	50	50	(0.06%)	(0.06%)	1,200	1,200	-	-	-	-	-	-	(1.45%)	(1.45%)	N/A
Director	Jun-mao International Co., Ltd. Representative of Corporation Director: Wu, Zhen Long	-	-	-	-	-	-	60	60	(0.07%)	(0.07%)	-	-	-	-	-	-	-	-	0.00%	0.00%	N/A
Director	Dajun Investment Co., Ltd. Representative of Corporation Director: Yang, Zhi Hui	-	-	-	-	-	-	50	50	(0.06%)	(0.06%)	-	-	-	-	-	-	-	-	0.00%	0.00%	N/A
Director	Dajun Investment Co., Ltd. Representative of Corporation	-	-	-	-	-	-	60	60	(0.07%)	(0.07%)	-	-	-	-	-	-	-	-	0.00%	0.00%	N/A



	Director: Zhao, Hong Zhang																					
Independent Director	Chen, Rong Hua	600	600	-	-	-	-	10	10	(0.74%)	(0.74%)	-	-	-	-	-	-	-	-	0.00%	0.00%	N/A
Independent Director	Wang, Wen Zhu	600	600	-	-	-	-	70	70	(0.81%)	(0.81%)	-	-	-	-	-	-	-	-	0.00%	0.00%	N/A
Independent Director	Wu, Rong Yi	600	600	-	-	-	-	60	60	(0.80%)	(0.80%)	-	-	-	-	-	-	-	-	0.00%	0.00%	N/A

1. Please state the remuneration payment policy, system, standard and structure of the independent director, and state the relevance with the amount of remuneration according to the responsibility, risk, investment time and other factors  
The remuneration of the Independent Directors of the Company is handled in accordance with the resolution of the 22nd Meeting of the 7th board of directors of the Company, and the fixed part-time remuneration shall be paid according to their identities
2. Except as disclosed in the above table, the remuneration received by the directors of the Company for providing services (such as serving as consultants for non-employees) to all companies in the financial report in the most recent year: the Director he, Hong Neng served as the consultant of the Company's biotechnology development, and paid a total of NT \$750,000 as the consultant fee in 2020. Mr. Hong-Neng Ho, who serves as a biotechnology development consultant for the Company, received a total of NT\$1,200,000 in consulting fees in 2020. Mr. Hui-jun Wang serves as the chief biotech analyst for the Company and has received a total salary of NT\$549,000,000 in 2020.

**Remuneration of directors (including independent directors) (To disclose aggregate remuneration information, with the name(s) indicated for each remuneration range)**

Title	Name	Directors' remuneration								Part-time employees receive related emoluments								Seven items A, B, C, D, E, F, and G Total share of after-tax equity	Whether or not to receive transfer costs from subsidiaries (Note 11)			
		remuneration (A) (Note 2)		Retirement pension (B)		Remuneration for surplus distribution (C) (Note 3)		Business execution costs (D) (Note 4)		Four items A, B, C and D Total share of after-tax equity (Note 10)		Salary, bonuses and special costs (E) (Note 5)		Retirement pension (F)		Surplus employee bonuses (G) (Note 6)						
		The company	All companies in the consolidated financial statements (Note 7)	The company	All companies in the consolidated financial statements (Note 7)	The company	All companies in the consolidated financial statements (Note 7)	The company	All companies in the consolidated financial statements (Note 7)	The company	All companies in the consolidated financial statements (Note 7)	Whether or not to receive transfer costs from subsidiaries	All companies in the consolidated financial statements (Note 7)	The company	All companies in the consolidated financial statements (Note 7)	The company	All companies in the consolidated financial statements (Note 7)			Cash amount	Stock amount	Cash amount
Chairman	Bei-De-Bi-Sho Investment Co., Ltd. Legal Representative Hu, Li San	1,818	1,818	-	-	-	-	570	570	(2.58)	(2.58)	8,979	8,979	216	216	-	-	-	-	(9.92)	(9.92)	None
Director	Bei-De-Bi-Sho Investment Co., Ltd. Legal Representative Tang, Hong De																					

Director	Bei-De-Bi-Sho Investment Co., Ltd. Legal Representative Qiu, Jun Hua (Note 1)																																								
	Bei-De-Bi-Sho Investment Co., Ltd. Legal Representative Hui jun Wang (Note 1)																																								
Director	Bei De Bi Xiu Investment Co., Ltd. Representative of Corporation Director: Chen, Rui Jie																																								
Director	National Development Fund, Executive Yuan Representative of Corporation Director: He, Hong Neng	1,800	1,800	-	-	-	-	560	560	(2.86%)	(2.86%)	8,307	8,307	140	140	-	-	-	-	(10.24%)	(10.24%)																				
Director	Jun-mao International Co., Ltd. Representative of Corporation Director: Wu, Zhen Long																																								
Director	Dajun Investment Co., Ltd. Representative of Corporation Director: Yang, Zhi Hui																																								
Director	Dajun Investment Co., Ltd. Representative of Corporation Director: Zhao, Hong Zhang																																								



future risks, it has no relative impact on the company's operating performance. The Company has not yet agreed on the remuneration for the Board of Directors and each of the Directors only receives a fee for their attendance at Board meetings.

2. Except as disclosed in the above table, the remuneration received by the directors of the Company for providing services (such as serving as consultants for non-employees) to all companies in the financial report in the most recent year: the Director he, Hong Neng served as the consultant of the Company's biotechnology development and paid a total of NT \$750,000 as the consultant fee in 2020. Mr. Hong-Neng Ho, who serves as a biotechnology development consultant for the Company, received a total of NT\$1,200,000 in consulting fees in 2020. Mr. Hui-jun Wang serves as the chief biotech analyst for the Company and has received a total salary of NT\$549,000,000 in 2020.

Note1: Bei-De-Bi-Sho Investment Co., Ltd. Legal Representative Jun-Hua Cho will be discharged on February 14, 2020. At the same time, the company has reassigned Hui-Jun Wang to take office on February 14, 2020.

### Remuneration Level Table

To pay each director's remuneration	Name of director			
	The Company	All companies in the financial report	The Company	All companies in the financial report
Less than \$1,000,000	Li-San Hu, Hong-De Tang, Hui-Jun Wang, Rui-Jie Chen, Hong-Neng He, Zhen-Long Wu, Zhi-Hui Yang, Hong-Zhang Zhao, Rong-Hua Chen, Wen-Zhu Wang, Rong-Yi Wu	Li-San Hu, Hong-De Tang, Hui-Jun Wang, Rui-Jie Chen, Hong-Neng He, Zhen-Long Wu, Zhi-Hui Yang, Hong-Zhang Zhao, Rong-Hua Chen, Wen-Zhu Wang, Rong-Yi Wu	Hui-Jiun Wang, Rui-Jie Chen, Zhen-Long Wu, Zhi-Hui Yang, Hong-Zhang Zhao, Rong-Hua Chen, Wen-Zhu Wang, Rong-Yi Wu	Hui-Jiun Wang, Rui-Jie Chen, Zhen-Long Wu, Zhi-Hui Yang, Hong-Zhang Zhao, Rong-Hua Chen, Wen-Zhu Wang, Rong-Yi Wu
\$1,000,000 (inclusive) to \$2,000,000 (excluding)	N/A	N/A	Hong-Neng He	Hong-Neng He
\$2,000,000 (inclusive) to \$3,500,000 (excluding)	N/A	N/A	Li-San Hu	Li-San Hu
\$3,500,000 (inclusive) to \$5,000,000 (excluding)	N/A	N/A	Hong-De Tang	Hong-De Tang
\$5,000,000 (inclusive) to \$10,000,000 (excluding)	N/A	N/A	N/A	N/A
\$10,000,000 (inclusive) to \$15,000,000 (excluding)	N/A	N/A	N/A	N/A
\$15,000,000 (inclusive) to \$30,000,000 (excluding)	N/A	N/A	N/A	N/A
\$30,000,000 (inclusive) to \$50,000,000 (excluding)	N/A	N/A	N/A	N/A
\$50,000,000 (inclusive) to \$100,000,000 (not included)	N/A	N/A	N/A	N/A
\$100,000,000 or more	N/A	N/A	N/A	N/A
Total	A Total of 11 Persons	A Total of 11 Persons	A Total of 11 Persons	A Total of 11 Persons

Note 1: The names of directors should be listed separately (the names of corporate shareholders and their representatives should be listed separately) and the amounts of payments should be disclosed in a summary manner. If the directors are concurrent general managers or deputy general managers, they should fill in this form and the following tables (3-1) or (3-2).

Note 2: Refers to the remuneration of directors for the most recent year (including directors' salaries, job addition, severance payments, various bonuses, awards, etc.).

Note 3: It is filling in the remuneration paid by directors through the board of directors in the most recent year.

Note 4: refers to relevant directors in recent years the business execution cost (including traveling expenses, expenses and allowances, dormitory, car and other physical and so on). As for spending housing, automotive and other transportation or exclusive personal, shall disclose the nature and provide cost, assets or according to the actual the fair value of imputed rent, oil and other resources such as payment of the other driver. Please note that the company pays the driver's related remuneration, but not included in the remuneration.

Note 5: Refers to the most recent annual director of the staff (including also the General manager, deputy general manager, other managers and employees) received including salary, job bonus, severance payment, various bonuses, awards, supervisors, special fees, various allowances, dormitories, distribution vehicles and other in-kind provision and so on. In the case of the provision of housing, motor vehicles and other means of transport or exclusive personal expenses, the nature and cost of the assets provided, the actual or calculated rent, oil and other payments at fair market value shall be disclosed. In the case of a driver, please note that the company pays the relevant remuneration of the driver, but does not count towards the remuneration. Also in accordance with the IFRS 2 "Share Basis Payment" recognized salary costs, including the acquisition of employee recognition certificates, restrictions on the rights of employees of new shares and participation in cash capital to subscribe for shares, and so on, should be included in the remuneration.

Note 6: Refers to the most recent annual director of the staff (including also the General manager, deputy general manager, other managers and employees) to obtain staff remuneration (inclusive of stocks and cash), should disclose the most recent year by the Board of directors through the allocation of staff remuneration, if it is not possible to estimate the proportion of the actual allocation of this year's proposed allocation, and should also fill in the Table I to III.

Note 7: The total amount of emoluments paid by all companies (including the Company) to the directors of the Company should be disclosed. Note 8: The Company pays the total amount of remuneration of each director, shall expose the name of the director at the level of ownership.

Note 9: All the companies (including the company) in the consolidated report should be exposed to the total remuneration of each director of the company, and the names of the directors should be disclosed at the level of ownership.

Note 10: Net after-tax benefits refer to net after-tax benefits of the latest year; those who have adopted IFRS, net after-tax benefits refer to net after-tax benefits of single or individual financial reports of the latest year.

Note 11: a. This column should make it clear that the directors of the Company receive the amount of remunerations related to the transfer of investment from outside the subsidiary.

b. If a director of a company receives a remuneration related to an investment from a subsidiary, the remuneration received by the director of the company from the subsidiary to the investment enterprise shall be included in the I column of the Remuneration Level Table and the name of the field shall be changed to " All transfer business."

c. Remuneration means the directors of the Company receive remuneration as the cause of the reinvestment of subsidiaries outside directors, supervisors or managers and other factors, bonus (including employees, directors and supervisor's remuneration) and operational costs of implementation and other related remuneration.

\* The content of the fee disclosed in this table differs from that of the income tax law. Therefore, the purpose of this table is for information disclosure and not for tax purposes.

(2) Remuneration of General Manager and Deputy General Manager

December 31, 2020; Unit: NT\$ thousand

Title	Name	Salary (A) (Note 2)		Retirement pension (B)		Bonuses and special costs (C) (Note 3)		Employee bonus amount of surplus distribution (D) (Note 4)				Four items A, B, C and D Total share of after-tax equity (%) (Note 8)		Whether or not to receive transfer costs from subsidiaries (Note 9)
		The Comp any	All companies in the consolidat ed financial statements (Note 5)	The Comp any	All companies in the consolidat ed financial Statements (Note 5)	The Comp any	All companies in the consolidat ed financial statements (Note 5)	The Company		All companies in the consolidated financial Statements (Note 5)		The Company	All companies in the consolidated financial statements (Note 5)	
								Cash amount	Stock amount	Cash amount	Stock amount			
Director	Tang, Hong De	3,000	3,000	108	108	230	230	-	-	-	-	(4.05)	(4.05)	N/A
Director (Note 1)	Qiu, Jun Hua	2,179	2,179	108	108	91	91	-	-	-	-	(2.57)	(2.57)	
Deputy General Manager of Electronic Business Division (Note 2)	Zhou, Shuo Hui	350	350	18	18	150	150	-	-	-	-	(0.56)	(0.56)	

Note 1: Qiu, Jun Hua, the Administrative Deputy General Manager, resigned on December 31, 2020.

Note 2: Zhou, Shuo Hui, the Deputy General Manager of Electronic Business Division, resigned on February 28, 2020, and Tang, Hong De, the General Manager, served concurrently.

\* Regardless of the title, all positions equal to the general manager and deputy general managers (such as president, executive director, director, etc.) should be disclosed.



**Remuneration of General Manager and Deputy General Manager (To disclose aggregate remuneration information, with the name(s) indicated for each remuneration range)**

Title	Name	Salary (A) (Note 2)		Retirement pension (B)		Bonuses and special costs (C) (Note 3)		Employee bonus amount of surplus distribution (D) (Note 4)				Four items A, B, C and D Total share of after-tax equity (%) (Note 8)		Whether or not to receive transfer costs from subsidiaries (Note 9)
		The Comp any	All companies in the consolidat ed financial statements (Note 5)	The Comp any	All companies in the consolidat ed financial Statements (Note 5)	The Comp any	All companies in the consolidat ed financial statements (Note 5)	The Company		All companies in the consolidated financial Statements (Note 5)		The Company	All companies in the consolidated financial statements (Note 5)	
								Cash amount	Stock amount	Cash amount	Stock amount			
General Manager	Tang, Hong De													
Administrative Deputy General Manager	Qiu, Jun Hua	3,000	3,000	108	108	230	230	-	-	-	-	(4.05)	(4.05)	N/A
Deputy General Manager of Electronic Business Division	Zhou, Shuo Hui													

**General Manager and Deputy General Manager Remuneration Level Table**

Remuneration levels of paying the various general managers and deputy general managers of the Company	The number of general managers and deputy general managers	
	The Company (Note 6)	All companies in the consolidated financial statements (Note 7) E
Less than NT\$ 1,000,000	Zhou, Shuo Hui	Zhou, Shuo Hui
NT\$ 1,000,000 (inclusive) to NT\$ 2,000,000	N/A	N/A
NT\$ 2,000,000 (inclusive) to NT\$ 3,500,000	N/A	N/A

NT\$3,500,000元(inclusive) to NT\$5,000,000	Hong-De Tang	Hong-De Tang
NT\$ 5,000,000 (inclusive) to NT\$ 10,000,000	N/A	N/A
NT\$ 10,000,000 (inclusive) to NT\$ 15,000,000	N/A	N/A
NT\$ 15,000,000 (inclusive) to NT\$ 30,000,000	N/A	N/A
NT\$ 30,000,000 (inclusive) to NT\$50,000,000	N/A	N/A
NT\$ 50,000,000 (inclusive) to NT\$ 100,000,000	N/A	N/A
More than NT\$ 100,000,000	N/A	N/A
Total	N/A	N/A

Note 1: The names of the general manager and the deputy general manager should be separately listed, and the amount of each payment should be disclosed in a summary manner. If the director is also the general manager or deputy general manager, this form and the above table (1-1) or (1-2) should be filled out.

Note 2: They are the salary, job addition, and severance payment of the general manager and deputy general manager of the most recent year.

Note 3: They are various bonuses, incentives, horse and horse fees, special expenses, various allowances, dormitory, car, and other physical supplies, and other remuneration of the general manager and deputy general manager of the most recent year. In the case of the provision of housing, motor vehicles, and other means of transport or exclusive individuals, the nature and cost of assets provided the actual or at a fair market price, rent, oil, and other payments should be disclosed. If there is a driver, please note the Company's payment for the driver, but not included the remuneration. The salary expenses recognized in accordance with IFRS 2 "Share Basis Payment", including obtaining employee stock option certificates, restricting employee new shares, and participating in cash increase subscription shares, shall also be included in the remuneration.

Note 4: The amount of compensation (including stocks and cash) of the employees of the general manager and deputy general manager who have been distributed by the board of directors in the most recent year is included, if it is not possible to estimate, the proposed distribution amount for this year will be calculated based on the proportion of the actual distribution amount 1 year, and the Table I to III should be added. After-tax net profit refers to the net profit after tax in the most recent year; if the international financial reporting standard has been adopted, net profit after tax is the after-tax net profit of the individual or individual financial report of the most recent year.

Note 5: The total amount of remuneration paid to the general manager and deputy general manager by all companies (including the Company) in the consolidated report shall be disclosed.

Note 6: The Company pays each general manager and deputy general manager the total amount of remuneration and discloses the names of the general manager and deputy general manager the ownership level.

Note 7: The total amount of remuneration paid by all companies (including the company) to each general manager and deputy general manager of the company in the consolidated report shall be disclosed, and the names of the general manager and deputy general manager shall be disclosed in the ownership level.

Note 8: Net after-tax benefits refer to net after-tax benefits of the latest year; those who have adopted IFRS, net after-tax benefits refer to net after-tax benefits of single or individual financial reports of the latest year

Note 9: a. This column should make it clear that the general manager and deputy general manager of the Company receive the number of honorariums related to the transfer of investment from outside the subsidiary.

b. If the general manager and deputy general manager of the Company receive a remuneration related to an investment from a subsidiary, the remuneration received by the general manager and deputy general manager of the Company from the subsidiary to the investment enterprise shall be included in the E column of the Remuneration Level Table and the name of the firm shall be changed to "All transfer business."

c. Remuneration means the general manager and deputy general manager of the Company receive remuneration as the cause of the reinvestment of subsidiaries outside directors, supervisors or managers and other factors, bonus (including employees, directors and supervisors remuneration) and operational costs of implementation and other related remuneration.

\* The content of the fee disclosed in this table differs from that of the income tax law. Therefore, the purpose of this table is for information disclosure and not for tax purposes.

- (3) The name of the manager who distributed the employee bonus and the dispensing situation: None.
- (4) The top ten employees who obtained the names of the employee's dividends, job titles, and the employee's dividend amount: None.
- (5) Comparing the analysis of the total remuneration of the directors, supervisors, general managers, and deputy general managers of the company and the consolidated statements in the latest two years. It also clarifies the policies, standards, and composition of rewards, the procedures for setting remuneration, and the related business performance.

1. The Company paid the total remuneration of directors, supervisors, general managers, and deputy general managers in after-tax profit analysis for the most recent two years

Statistics ended Until December 31, 2020, Unit: NT\$ thousand

Title	2019				2020			
	Total remuneration (NT\$ thousand)		Total share of after-tax equity		Total remuneration (NT\$ thousand)		Total share of after-tax equity	
	The Company	All investment projects	The Company	All investment projects	The Company	All investment projects	The Company	All investment projects
Director	2,388	2,388	(2.58)	(2.58)	2,360	2,360	(2.86)	(2.86)
Supervisor (Note 1)	-	-	-	-	-	-	-	-
General Manager and Deputy General Manager	6,195	6,195	(6.68)	(6.68)	3,338	3,338	(4.05)	(4.05)

Note 1: The first resolution of the seventh session of the Board of Directors of the Company was established on June 30, 2015, to establish an audit committee to replace the supervisory function.

Note 2: Policies, standards, and combinations of emoluments payable, procedures for setting emoluments and the relatedness to business performance

- (1) The remuneration paid by the Company to the directors and the supervisor can be divided into the director's entertainment and business execution costs. According to the provisions of Article 22 of the Articles of the Company Policy, the supervisor's remuneration is determined at the company's annual level. If there is any surplus in the annual final account of the Company, the tax should be paid first to make up for past losses. The 10% increase is the statutory surplus reserve, and the remaining balance together with the previous year's undistributed surplus shall be submitted by the board of directors to the shareholders' meeting for resolution or distribution; The distribution ratio of employee bonuses is one ten-thousandth. In the shareholder dividends distributed to the shareholders, the proportion of cash dividends distributed shall not be less than 30%. The rest shall be distributed in the form of stock dividends and shall be decided by the shareholders' meeting. Since the establishment of a fixed level of entertainment does not depend on the level of the surplus of the current year, it has no relative effect on the Company's operating performance.
- (2) The remuneration paid to the general manager and the deputy general manager of the Company can be divided into three employee bonuses for salary, bonuses, and bonuses.

**Remuneration of the top five directors of listed and OTC companies (Individual disclosure of name and remuneration (Note 1))**

Title	Name	Salary (A) (Note 2)		Retirement pension (B)		Bonuses and special costs (C) (Note 3)		Employee bonus amount of surplus distribution (D) (Note 4)				Four items A, B, C and D Total share of after-tax equity (%) (Note 6)		Whether or not to receive transfer costs from subsidiaries (Note 7)
		The Company	All companies in the consolidated financial statements (Note 5)	The Company	All companies in the consolidated financial statements (Note 5)	The Company	All companies in the consolidated financial statements (Note 5)	The Company		All companies in the consolidated financial statements (Note 5)		The Company	All companies in the consolidated financial statements	
								Cash amount	Stock amount	Cash amount	Stock amount			
General Manager	Hong-De Tang	3,000	3,000	108	108	230	230	-	-	-	-	(4.05)	(4.05)	N/A
Assistant Manager	Heng-Yu Liu	2,400	2,400	108	108	214	214	-	-	-	-	(3.30)	(3.30)	N/A
Assistant Manager	Shih-Chun Wang	1,200	1,200	106	106	1,024	1,024	-	-	-	-	(2.82)	(2.82)	N/A
Assistant Manager	Wen-Jie Lin	1,500	1,500	90	90	100	100	-	-	-	-	(2.05)	(2.05)	N/A
Assistant Manager	Chi-Tsung Chan	1,200	1,200	66	66	72	72	-	-	-	-	(1.62)	(1.62)	N/A

Note 1: The "Top five directors of remuneration", which refers to the company's managers, up to the relevant manager's certification standards, according to the former Securities and Futures Bureau, FSC, on March 27, 2003. The letter No. 0920001301 stipulated the application scope of "Manager". As for the calculation and determination principle of "the top five remunerations", the company manager receives the salaries,

retirement pensions, bonuses and special expenses from all companies in the consolidated financial report, and the total amount of employee compensation (that is, A +B+C+D four totals), and after the ranking, the top five remunerations are recognized. If the director concurrently serves as the former supervisor, this table and the above table (1-1) should be completed.

Note 2: It is the amount of the salary, job bonus, and severance payment of the top five remuneration executives in the most recent year.

Note 3: It is the number of various bonuses, incentive payments, transportation allowance, special allowance, various allowances, dormitories, company cars, and other compensation amounts for the top five remuneration executives in the most recent year. Where the expenses of housing, motor vehicles, and other means of transport or exclusive individuals are provided, the nature and cost of the assets provided, actual or fair market rates of rent, oil, and other payments shall be disclosed. If with drivers, please note that the company pays the drivers in relation to the remuneration but does not include the remuneration. The salary expenses recognized in accordance with IFRS 2 "Share-based payment", including obtaining employee warrants, restricting employee rights of new shares and participating in cash capital increase subscription shares, shall also be included in the remuneration.

Note 4: It is the amount of the compensation amount (including stock and cash) of the top five directors of remuneration approved by the board of directors in the most recent year. If it cannot be estimated, the proposed distribution amount of this year shall be calculated according to the proportion of the actual distribution amount of last year, and it shall also attach to the Table 1-3.

Note 5: The total amount of remuneration paid to the top five remuneration executives of the Company by all companies (including the Company) in the consolidated report should be disclosed.

Note 6: Net profit after tax refers to the net after-tax benefit of individual or individual financial reports in the most recent year.

Note 7: a. This column should clearly state that the top five remuneration executives of the company receive the amount of the remunerations from the affiliated transfer business or the parent company (if not, please fill in "None").

b. Remuneration means remuneration, bonus (including remuneration of employees, directors, and supervisors) and business execution allowances received by the top five remuneration executives of the company as directors, supervisors, or managers of the subsidiary's transfer business or parent company.

\* The content of the fee disclosed in this table differs from that of the income tax law. Therefore, the purpose of this table is for information disclosure and not for tax purposes.

### C. Operational situation of corporate governance

(A) The board of directors' operations:

The board of directors has held 8 meetings(A) from FY2020 to May 14, 2021, the attendance of individual board directors are listed below:

Title	Name	Actual attendance (B)	Delegated attendance	Actual attendance ratio (%) 【B/A】	Note
Chairman	Bei De Bi Xiu Investment Co., Ltd. Representative: Hu, Li San	8	—	100.00%	—
Director	Bei De Bi Xiu Investment Co., Ltd. Representative: Tang, Hong De	8	—	100.00%	—
Director	Bei De Bi Xiu Investment Co., Ltd. Representative: Qiu, Jun Hua (Note 2)	0	—	0%	Reassigned and discharged 109/2/14, due attendance 1 time
Director	Bei De Bi Xiu Investment Co., Ltd. Representative: Wang, Hui Jun (Note 2)	7	—	100.00%	Reassigned due 109/2/14, attendance 6 times
Director	Bei De Bi Xiu Investment Co., Ltd. Representative of Corporation Director: Chen, Rui Jie (Note 2)	6	1	75%	Leave of Absence 1 time
Director	Jun-mao International Co., Ltd. Representative of Corporation Director: Wu, Zhen Long	8	—	100.00%	—
Director	National Development Fund, Executive Yuan Representative of Corporation Director: He, Hong Neng	7	1	87.5%	—
Director	Dajun Investment Co., Ltd. Representative of Corporation Director: Yang, Zhi Hui	8	—	100.00%	—
Director	Dajun Investment Co., Ltd. Representative of Corporation Director: Zhao, Hong Zhang	7	—	87.5%	Leave of Absence 1 time

Independent Director	Wu, Rong Yi	8	—	100.00%	—
Independent Director	Chen, Rong Hua	4	4	50%	—
Independent Director	Wang, Wen Zhu	8	—	100.00%	—

Other items to be recorded:

I. If the operation of the board of directors is one of the following circumstances, the date, period of the board of directors, the content of the proposal, the opinions of all independent directors and the handling of the opinions of the independent directors by the company should be clarified:

(1) Items listed in Article 14(3) of the Securities Exchange Act.

1. The 4th meeting of the 8th board of directors on January 22, 2019: the board of directors applied to Chinatrust Commercial Bank for the renewal of the comprehensive loan financing line and the mutual endorsement and guarantee proposal between the company and MetaTech Limited, a great grandson of Hong Kong, which was approved by the chairman after consulting all directors. Independent directors have no individual opinions.
2. The 4th meeting of the 8th board of directors on January 22, 2019: the proposal on loan of funds between related parties was approved by the chairman after consultation with all directors. Independent directors have no individual opinions.
3. The 5th meeting of the 8th board of directors on March 26, 2019: the amendment to some provisions of "Regulations governing loans" of the Group was approved by all directors' present at the consultation of the chairman. Independent directors have no individual opinions.
4. The 5th meeting of the 8th board of directors on March 26, 2019: the amendment to some provisions of "Regulations governing endorsement guarantee" of the Group was approved by all directors' present at the consultation of the chairman. Independent directors have no individual opinions.
5. The 5th meeting of the 8th board of directors on March 26, 2019: the amendment to some provisions of "Regulations governing the acquisition and disposal of assets" of the Group, which was approved by all directors present at the consultation of the chairman. Independent directors have no individual opinions.
6. The 6th meeting of the 8th board of directors on May 3, 2019: in order to purchase goods from Sunnwealth Electric Machine Industry Co., Ltd., MetaTech Trading (Shenzhen) Co., Ltd. requested the Company to apply to the bank for the issuance of standby L / C or performance guarantee, which was amended and approved by all directors present at the consultation of the chairman. The independent director directed the finance department to strengthen the presentation of the reasonableness of the bank line application and endorsement guarantee in the board of directors. The finance department has amended and reported to the board of directors after the meeting.
7. The 7th meeting of the 8th board of directors on August 13, 2019: in order to meet the needs of business development, the Company first hired He, Hong Neng, director to serve as the production and technology development consultant on May 15, 2019, aiming at the case of salary and remuneration of He, Hong Neng, director to be paid. He, Hong Neng did not vote on the withdrawal of the case, and which was approved by the remaining directors present at the consultation of the chairman. Independent directors have no individual opinions.
8. The 7th meeting of the 8th board of directors on August 13, 2019: the "sales and collection cycle", "purchase and payment cycle" written system of the internal control system of the Biomedical Affair Office and the amendment to the approval authority table, which was approved by all directors present at the consultation of the chairman. Independent directors have no individual opinions.
9. The 7th meeting of the 8th board of directors on August 13, 2019, Ni, Yong Fa, was appointed as the new director of the Audit Department of the Company, which was approved by all directors' present at the consultation of the chairman. Independent directors have no individual opinions.
10. The 7th meeting of the 8th board of directors on August 13, 2019: PwC Taiwan's public accountant fee proposal from the second quarter of 2019 to the first quarter of 2020, which was approved by all directors' present at the consultation of the chairman. Independent directors have no individual opinions.
11. The 8th meeting of the 8th board of directors on November 8, 2019: The Company's annual audit plan for 2020, which was approved by all directors present at the consultation of the chairman. Independent directors have no individual opinions.
12. The 8th meeting of the 8th board of directors on November 8, 2019: the renewal of liability insurance for directors, supervisors and managers in 2019, which was approved by all directors' present at the consultation of the chairman. Independent directors have no individual opinions.
13. The 9th meeting of the 8th board of directors on January 10, 2020: newly formulated the written system and power table of internal control system "production cycle", revised the written system of "R & D cycle", "real estate, plant and equipment cycle" and "computer information cycle", which was approved by all directors present at the consultation of the chairman. The audit committee directed that the general purpose of the project should be to obtain research and development results. As amended by the Company after the meeting and approved by the board of directors.
14. The 9th meeting of the 8th board of directors on January 10, 2020: the amendment to some provisions of risk management policies



and procedures, which was approved by all directors' present at the consultation of the chairman. Independent directors have no individual opinions.

15. The 14th meeting of the 8th session of the Board of Directors held on January 22, 2021: The loan of funds between related parties of MTI Holding Co., Ltd. to MetaTech (S) Pte Ltd. in the amount of \$500,000 USD was approved by the Chairman after consulting all directors present. The independent directors had no additional comments.
16. The 14th meeting of the 8th session of the Board of Directors held on January 22, 2021: The loan of funds between related parties of MTI Holding Co., Ltd. to MetaTech (S) Pte Ltd. in the amount of \$1,000,000 USD was approved by the Chairman after consulting all directors present. The independent directors had no additional comments.
17. The 14th meeting of the 8th session of the Board of Directors held on January 22, 2021: The proposed application for renewal of assorted loan financing limits from Chinatrust Commercial Bank and the provision of endorsement guarantee by the Company to Metatech Limited, a third-tier subsidiary of the Company in Hong Kong was approved by the Chairman after consultation with all Directors present. The independent directors had no additional comments.
18. The 15th meeting of the 8th session of the Board of Directors held on March 26, 2021: The "Statement of Internal Control System" for FY2020 was approved by the Chairman after consulting all the directors present. The independent directors had no additional comments.
19. The 15th meeting of the 8th session of the Board of Directors held on March 26, 2021: The proposal to lift non-compete clauses for new directors from this year's annual meeting of shareholders was approved by the Chairman after consulting all directors present. The independent directors had no additional comments.
20. The 15th meeting of the 8th session of the Board of Directors held on March 26, 2021: The proposal to lift the non-compete clause for new directors from this year's annual meeting of shareholders was approved by the Chairman after consulting all directors present. The independent directors had no additional comments.
21. The 15th meeting of the 8th session of the Board of Directors held on March 26, 2021: The Company's subsidiary, LOCUS Cell Co., Ltd. intends to conduct a seasoned equity offering. The total amount of capital to be invested is expected to be NT\$1,999 million, and the paid-in capital after the capital increase will be NT\$2 billion. The proposal was amended and approved by the Chairman after consultation with all directors present. The independent directors requested the board of directors to note in the minutes that the chairman of the board of directors of LOCUS Cell Co., Ltd is Mr. Li-San Hu.
22. The 16th meeting of the 8th session of the Board of Directors held on May 14, 2021: The proposal to amend the "Procedures for Internal Control System Self-Assessment" was approved by the Chairman after consulting all the directors present. The independent directors had no additional comments.
23. The 16th meeting of the 8th session of the Board of Directors held on May 14, 2021: Accounting fees from the second quarter of 2021 to the first quarter of 2022 for PwC Taiwan were approved by the Chairman after consulting all the directors present. The independent directors had no additional comments.
24. The 16th meeting of the 8th session of the Board of Directors held on May 14, 2021: The proposal to discontinue private placement for common stock passed at the 2020 annual meeting of shareholders was amended and approved by the Chairman after consultation with all directors present. The independent directors instructed that the proposed discontinuation should state that the reason for the discontinuation is that a cash capital increase proposal has been approved and not solely due to expiration.

- (2) Meetings of the board of directors other than those mentioned in the preceding paragraph, which are opposed or reserved by independent directors and have record or written statements: None.
- II. The Directors' implementation of the avoidance of the resolution on interest-related issues shall sue the names of the directors, the contents of the proposals, the reason for the avoidance of interests, and the participation in voting:
1. The 7th meeting of the 8th board of directors on August 13, 2019: in order to meet the needs of business development, the Company first hired He, Hong Neng, director to serve as the production and technology development consultant on May 15, 2019, aiming at the case of salary and remuneration of He, Hong Neng, director to be paid. He, Hong Neng did not vote on the withdrawal of the case, and which was approved by the remaining directors present at the consultation of the chairman. Independent directors have no individual opinions.
  2. The 10th meeting of the 8th board of directors on March 27, 2020: Director Wang Huijun's original remuneration for the company's general counsel, Director Wang Huijun did not vote on the withdrawal of the case, and which was approved by the remaining directors present at the consultation of the chairman. Independent directors have no individual opinions.
  3. The 11th meeting of the 8th board of directors on May 8, 2020: in order to meet the needs of business development, the Company first hired He, Hong Neng, director to serve as the production and technology development consultant, aiming at the case of salary and remuneration of He, Hong Neng, director to be paid. He, Hong Neng did not vote on the withdrawal of the case, and which was approved by the remaining directors present at the consultation of the chairman. Independent directors have no individual opinions.
  4. The 16th meeting of the 8th session of the board of directors held on May 14, 2021: The case of shareholders' proposals admissions and director election candidates (including independent director) auditing was examined independently. The director candidates under examination, director Hong-De Tang, director Rui-Jie Chen, director Huijun Wang, director Zhi-Hui Yang and independent director Wen-Zhu Wang, were excused from the meeting when their respective motions were reviewed.
- III. The listed OTC companies should disclose information on the evaluation cycle and period, evaluation scope, method, and evaluation content of the board of directors' self (or peers) evaluation, and fill out the attached Table II (2) the evaluation implementation status of the board of directors: The Company has not yet implemented.

(1) Evaluation of performance by the Board of Directors :

Evaluation Periods	Evaluation Duration	Scope of Evaluation	Evaluation Method	Evaluation Content
Once Per Year	2020/1/1~ 2020/12/31	1. Self-evaluation of the Board of Directors' performance 2. Self-evaluation of the performance of individual board members 3. Self-evaluation of the performance of the Audit Committee 4. Self-evaluation of the performance of the Remuneration Committee	Self-evaluation by the Board, self-evaluation by the members of the Board and performance evaluation by external professional institutions, experts or other appropriate means appointed every three years	1. Performance evaluation of the board of directors includes: the degree of participation in the company's operation, the quality of the board of directors' decisions, the composition and structure of the board of directors, the selection and continued education of directors, and internal control. 2. Performance evaluation of individual board members includes: understanding of the company's objectives and tasks, knowledge of directors' duties, participation in the company's operations, internal relationship management and communication, directors' professionalism and continued education, internal control, etc. ° 3. Performance evaluation of functional committees: participation in company operations, awareness of functional committee responsibilities, quality of functional committee decisions, composition and selection of functional committee members, internal control, etc.

(1) Evaluation Results :

1. Self-evaluation of the Board of Directors' performance

Evaluation Items	No . of Items	Total Score	Self-Evaluated score	Percentage	Score
A、Participation of Company Operations	13	143	142	27.08	26.89
B、Quality of Board Decisions	12	132	121	25.00	22.92
C、Composition and Structure of the Board	6	66	66	12.50	12.50
D、Selection and Continued Education of Board Members	7	77	77	14.58	14.58
E、Internal Control	10	110	109	20.84	20.64
Total	48	528	515	100.00	97.53

Evaluation result: Satisfactory

1. Self-evaluation of the performance of individual board members

Evaluation Items	No . of Items	Total Score	Self-Evaluated score	Percentage	Score
A、Understanding of Company Objectives	3	33	33	12.00	12.00
B、Knowledge of Director's duties	4	44	43	16.00	15.64
C、Participation of Company Operations	8	88	75	32.00	27.27
D、Internal Relationship and Communication	3	33	30	12.00	10.91
E、Professionalism and Continued Education	4	44	44	16.00	16.00
F、Internal Control	3	33	33	12.00	12.00
Total	25	275	258	100	93.82

Evaluation result: Satisfactory

1. Self-evaluation of the performance of the Audit Committee

Evaluation Items	No . of Items	Total Score	Self-Evaluated score	Percentage	Score
A. Participation of Company Operations	16	48	47	31.37	30.72
B. Improvement of Audit Committee Decision Quality	15	45	45	29.41	29.41
C. Committee composition and structure	5	15	15	9.80	9.80
D. Selection and Continued Education of Committee Members	6	18	18	11.76	11.76
E. Internal Control	9	27	27	17.66	17.65
Total	51	153	152	100.00	99.34

Evaluation result: Satisfactory

2. Self-evaluation of the performance of the Remuneration Committee

Evaluation Items	No . of Items	Total Score	Self-Evaluated score	Percentage	Score
A. Participation of Company Operations	8	24	23	29.63	28.40
B. Improvement of Remuneration Committee Decision Quality	7	21	21	25.93	25.93
C. Committee	5	15	11	18.52	13.58

D. Selection and Continued Education of Committee Members	3	9	9	11.11	11.11
E. Internal Control	4	12	12	14.81	14.81
Total	27	81	76	100.00	93.83

Evaluation result: Satisfactory

IV. The year and the most recent year to strengthen the objectives (For example, setting up an audit committee to improve information transparency, etc.) of the board of directors and performance assessment:

The objectives of strengthening the functions of the board include the following:

- (A) Establishment of the Audit Committee: On June 30, 2015, the Company established an audit committee to replace the supervisors and strengthen corporate governance and management functions.
- (B) Enhance the transparency of information: The Company has assigned designated personnel to collect and disclose Company information, implement the spokesperson system, and update company website information.
- (C) Independent directors and internal audit supervisors strengthen communication: The Company's overall annual business plan and budget are reported in the audit committee. The independent director reviews the Company's proposed business plan and conducts regular financial, business, and market reports in the later board of directors so that the independent director can effectively supervise the actual implementation results of the Company's business plan. In terms of financial statements and internal control audit of the Company, annual and semi-annual financial reports are reviewed in the audit committee meeting, and the audit report information is provided monthly to enable independent directors to have sufficient information to understand and supervise the Company's operating results.
- (D) Improving the operational efficiency and decision-making ability of the board of directors: the Company has formulated "Regulations governing procedure for board of directors meetings" and strengthening the functions of the board of directors in accordance with the rules. Strengthening the professional knowledge of directors, to strengthen the functions of the board of directors, provide the information about the professional knowledge courses of directors to the directors of the Company, participate in the professional courses organized by the SFC, and provide the information according to the "Directions for the implementation of continuing education for directors and supervisors of TWSE listed and TPEX listed companies", which the hours required for further study shall be arranged for each director.

Note 1: The seventh term is 2015/06/30~2018/06/24, and the eighth term is 2018/06/25~2021/06/24.

Note 2: Qiu, Jun Hua, the director representative of Bei De Bi Xiu Investment Co., Ltd., was a discharge of director on February 14, 2020. Wang, Hui Jun, the director representative of Bei De Bi Xiu Investment Co., Ltd. was an election of director on February 14, 2020.

(B) Information about the operation of the audit committee or the supervisor's participation in the operation of the board of directors:

1. Information on the operation of the Audit Committee:

The Company established a replacement auditor of the audit committee after the directors were fully re-elected on June 30, 2015

(1) There are 3 audit committee members of the Company.

(2) The term of office of the current members: June 25, 2018 to June 24, 2021.

Audit Committee met 8 times from FY2020 to May 14, 2021 with the attendance of independent directors as follows:

Title	Name	Actual attendance (B)	Entrusted Attendance	Actual attendance ratio (%) 【 B/A 】	Note
Independent Director	Chen, Rong Hua	4	4	50.00%	
Independent Director	Wang, Wen Zhu	8	0	100.00%	
Independent Director	Wu, Rong Yi	8	0	100.00%	

Other items to be recorded:

I. If the audit committee has any of the following circumstances, it shall state the date, period, resolutions, and resolutions of the audit committee and the company's handling of the audit committee's opinions.

(1) Items listed in Article 14(5) of the Securities Exchange Act.

- The 4th meeting of the 8th board of directors on January 22, 2019: the board of directors applied to Chinatrust Commercial Bank for the renewal of the comprehensive loan financing line and the mutual endorsement and guarantee proposal between the company and MetaTech Limited, a great grandson of Hong Kong, which was approved by the chairman after consulting all directors. Independent directors have no individual opinions.
- The 4th meeting of the 8th board of directors on January 22, 2019: the proposal on loan of funds between related parties was approved by the chairman after consultation with all directors. Independent directors have no individual opinions.
- The 5th meeting of the 8th board of directors on March 26, 2019: the amendment to some provisions of "Regulations governing loans" of the Group was approved by all directors' present at the consultation of the chairman. Independent directors have no individual opinions.
- The 5th meeting of the 8th board of directors on March 26, 2019: the amendment to some provisions of "Regulations governing endorsement guarantee" of the Group was approved by all directors' present at the consultation of the chairman. Independent

directors have no individual opinions.

5. The 5th meeting of the 8th board of directors on March 26, 2019: the amendment to some provisions of "Regulations governing the acquisition and disposal of assets" of the Group, which was approved by all directors present at the consultation of the chairman. Independent directors have no individual opinions.
6. The 6th meeting of the 8th board of directors on May 3, 2019: in order to purchase goods from Sunnwealth Electric Machine Industry Co., Ltd., MetaTech Trading (Shenzhen) Co., Ltd. requested the Company to apply to the bank for the issuance of standby L / C or performance guarantee, which was amended and approved by all directors present at the consultation of the chairman. The independent director directed the finance department to strengthen the presentation of the reasonableness of the bank line application and endorsement guarantee in the board of directors. The finance department has amended and reported to the board of directors after the meeting.
7. The 7th meeting of the 8th board of directors on August 13, 2019: in order to meet the needs of business development, the Company first hired He, Hong Neng, director to serve as the production and technology development consultant on May 15, 2019, aiming at the case of salary and remuneration of He, Hong Neng, director to be paid. He, Hong Neng did not vote on the withdrawal of the case, and which was approved by the remaining directors present at the consultation of the chairman. Independent directors have no individual opinions.
8. The 7th meeting of the 8th board of directors on August 13, 2019: the "sales and collection cycle", "purchase and payment cycle" written system of the internal control system of the Biomedical Affair Office and the amendment to the approval authority table, which was approved by all directors present at the consultation of the chairman. Independent directors have no individual opinions.
9. The 7th meeting of the 8th board of directors on August 13, 2019, Ni, Yong Fa, was appointed as the new director of the Audit Department of the Company, which was approved by all directors' present at the consultation of the chairman. Independent directors have no individual opinions.
10. The 7th meeting of the 8th board of directors on August 13, 2019: PwC Taiwan's public accountant fee proposal from the second quarter of 2019 to the first quarter of 2020, which was approved by all directors' present at the consultation of the chairman. Independent directors have no individual opinions.
11. The 8th meeting of the 8th board of directors on November 8, 2019: The Company's annual audit plan for 2020, which was approved by all directors' present at the consultation of the chairman. Independent directors have no individual opinions.
12. The 8th meeting of the 8th board of directors on November 8, 2019: the renewal of liability insurance for directors, supervisors and managers in 2019, which was approved by all directors' present at the consultation of the chairman. Independent directors have no individual opinions.
13. The 9th meeting of the 8th board of directors on January 10, 2020: newly formulated the written system and power table of internal control system "production cycle", revised the written system of "R & D cycle", "real estate, plant and equipment cycle" and "computer information cycle", which was approved by all directors present at the consultation of the chairman. The audit committee directed that the general purpose of the project should be to obtain research and development results. Amended by the Company after the meeting and approved by the board of directors.
14. The 9th meeting of the 8th board of directors on January 10, 2020: the amendment to some provisions of risk management policies and procedures, which was approved by all directors' present at the consultation of the chairman. Independent directors have no individual opinions.
15. The 9th meeting of the 8th board of directors on January 10, 2020: the case of MTI Holding Co., Ltd. loan and MetaTech (s) Pte Ltd. USD 500 thousand loans between related parties, which was approved by all directors' present at the consultation of the chairman. Independent directors have no individual opinions.
16. The 9th meeting of the 8th board of directors on January 10, 2020: the case of MTI Holding Co., Ltd. loan and MetaTech Ltd. USD 1000 thousand loans between related parties, which was approved by all directors' present at the consultation of the chairman. Independent directors have no individual opinions.
17. The 9th meeting of the 8th board of directors on January 10, 2020: the board of directors applied to Chinatrust Commercial Bank for the renewal of the comprehensive loan financing line and the mutual endorsement and guarantee proposal between the company and MetaTech Limited, a great grandson of Hong Kong, which was approved by the chairman after consulting all directors. Independent directors have no individual opinions.
18. The 10th meeting of the 8th board of directors on March 27, 2020: the lifting of the restrictions on the prohibition of competition

by directors of the Company's regular shareholders' meeting of this year, which was approved by the chairman after consulting all directors. Independent directors have no individual opinions.

19. The 11th meeting of the 8th board of directors on May 8, 2020: PwC Taiwan's public accountant fee proposal from the second quarter of 2020 to the first quarter of 2021, which was approved by all directors' present at the consultation of the chairman. Independent directors have no individual opinions.
  20. The 11th meeting of the 8th board of directors on May 8, 2020: the Company plans to issue common shares with private equity capital increase. This case was amended by the chairman in consultation with all attending directors. The independent director's instructions should clearly disclose the use of funds to facilitate investors' discretion. Therefore, in this article, the use of funds for private placement is added to the "Expanding Business Investment" item for investors to refer to.
  21. The 11th meeting of the 2nd session of the audit committee on August 10, 2020: The proposal to revise the "Payroll Cycle" and "Investment Cycle" of the Company's internal control system, as well as the "Inventory Management Cycle" and "Purchase and Payment Cycle" applicable to the Electronics Division was approved by the chairman after consulting all the members present without objection.
  22. The 11th meeting of the 2nd session of the audit committee on August 10, 2020: The Company's proposal to establish a joint venture with Taiwan Hitachi Asia Pacific Co. to establish the Zhubei Joint Venture Company was approved by the Chairman after consulting all the members present without objection.
  23. The 11th meeting of the 2nd session of the audit committee on August 10, 2020: The Company's proposal to issue additional common shares for cash(Seasoned Equity Offering) in 2020 was approved by the Chairman after consulting all members present and revising the operational plan for healthy performance.
  24. The 12th meeting of the 2nd session of the audit committee on November 06, 2020: The proposal of the Company's annual audit plan for 2021 was approved by the Chairman with no objection from all members present.
  25. The 12th meeting of the 2nd session of the audit committee on November 06, 2020: The renewal of directors' and supervisors' liability insurance for 2020 was approved by the Chairman after consulting all the members present.
  26. The 12th meeting of the 2nd session of the audit committee on November 06, 2020: The proposal to apply for a loan of funds from MTI Holding Co. was approved by the Chairman after consulting all the members present.
  27. The 13th meeting of the 2nd session of the audit Committee on January 22, 2021: Loan of funds between related parties - MTI Holding Co., Ltd. to MetaTech (S) Pte Ltd. in the amount of \$500,000 USD was approved by the chairman after consulting all members present.
  28. The 13th meeting of the 2nd session of the audit Committee on January 22, 2021: Loan of funds between related parties of MTI Holding Co., Ltd. to Metatech Ltd in the amount of \$1,000,000 USD was approved by the chairman after consulting all members present.
  29. The 13th meeting of the 2nd session of the audit Committee on January 22, 2021: The proposed application for renewal of assorted loan financing limits from Chinatrust Commercial Bank and the provision of endorsement guarantee by the Company to Metatech Limited, a third-tier subsidiary of the Company in Hong Kong was approved by the Chairman after consultation with all members present and amendment to adjust the amount of joint controlled amount mentioned in the statement from NT\$50,000,000
- (2) Matters that are not passed by the audit committee but are approved by more than two-thirds of all directors, except for the matters previously mentioned: None.
- II. The implementation of the independent director's evasion of the interest-related motion bill shall state the name of the independent director, the content of the motion, the reason for the avoidance of the interest, and participation in voting: No such situation.
- III. Communication between independent directors, internal audit supervisors and accountants (for example, matters regarding the company's financial and business conditions, methods, and results, etc.):
1. The internal audit supervisor of the company regularly communicates with the members in the audit committee on the audit report method:
    - (1)Periodicity - Monthly audit reports are signed by the Chairman and sent to the Independent Directors for review and independent replies by email and post. In accordance with its instructions, the audit work content will be strengthened to ensure the authenticity of the internal control system.
    - (2)Non-scheduled - usually use telephone, email or face-to-face methods to communicate the findings and how to continuously improve the audit value. If any major violations are found, immediately notify the independent directors.
    - (3)Communication items include:

②2020.01.10, reported on the business performance of the audit division from October to November 2019 and the work plan and performance of the audit division in the first half of 2019, the new internal control system "production cycle" in written format, the approval authority table, the revisions to the written system of "R&D cycle", "property, plant and equipment cycle" and "computer information cycle". Revised risk management policies and

procedures. The independent directors proposed to amend the item of "Purpose" in the R&D cycle - General Provisions: the purpose should be to obtain R&D results, the Company provided revisions to the independent directors for review, and the independent directors had no comments on the revised contents and reported to the Board of Directors.

©2020.03.27 Reported the business performance of the audit division from December 2019 to February 2020, 2020 audit division work plan and performance, and the FY2019 annual "Statement of Internal Control System". The independent directors had no comments, while the independent directors of the Company facilitated good communication on the execution and performance of the audit division.

©2020.05.08: (1) March 2020 audit division business performance. (2) Work plan and performance of the Audit Division in 2020. The independent directors had no comments, while the independent directors of the Company facilitated good communication on the execution and performance of the audit division.

©2020.08.10: (1) April to June 2020 audit division business performance. (2) Work plan and performance of the audit division for the second half of 2020. (3) Revision of the "Payroll Cycle" and "Investment Cycle" of the Company's internal control system, as well as the "Inventory Management Cycle" and "Purchase and Payment Cycle" applicable to the Electronics Division. The independent directors had no comments, while the independent directors of the Company facilitated good communication on the execution and performance of the audit division.

©2020.11.06: (1) July to September 2020 audit division business performance. (2) 2020 risk assessment and management items. (3) Work plan and performance of the audit department in 2020. The independent directors had no comments, while the independent directors of the Company facilitated good communication on the execution and performance of the audit division.

2. The company's visa accountant reports quarterly financial statements check or review communication in the quarterly audit committee meeting:

(1) Periodic - The auditors will communicate with the audit committee with regard to the audit plan, implementation and results before and after the audit of the quarterly, semi-annual and annual reports.

(2) Non-periodic - If any other operational or internal control related cases require immediate communication and discussion, a meeting will be arranged as appropriate.

(3) Communicated matters include:

(1) 2020.03.27: Reported the adjustments to the fiscal year 2019 audit, and discussed and communicated with the accountants on certain accounting principles and tax issues. The results of the communication were good and the following items were discussed:

1. The following three major items were reported to the audit committee by Mr. Ming-Chuan Hsu, CPA and Mr. Chung-Hsiu Wu, Manager of PwC.

1) Report on the scope, strategy and planning of the audit of financial statements for fiscal year 2019 - Report on the impact of the novel coronavirus outbreak, and the audit report.

2) 2019 annual internal control report.

3) Other matters that should be communicated with management.

2. The audits are planned and conducted in accordance with the "Rules Governing the Audit of Financial Statements by Certified Public Accountants", "Financial Supervisory Commission Letter No. 1090360805 dated February 25, 2020" and generally accepted auditing standards in the Republic of China. The audit report is expected to be issued on March 19, 2020, and is expected to be in the form of an unqualified audit report.

(2) 2020.08.10: Reported the adjustments in review of the second quarter of 2020, and discussed and communicated on selected accounts. The results of the communication were good with no additional comments from independent board directors. The following items were discussed:

1. Report on the results of the review of consolidated financial statements for the second quarter of 2020.

2. The content, schedule and plan of the fiscal 2020 audit plan.



3.

1. work scope, strategy and planning report of financial statement audit of each quarter in 2018. (2) 2018 internal control report. (3) Other matters to be communicated with the governance unit. The independent directors and Accountants of the Company have good communication results.
2. in order to comply with IFRS16 lease accounting, we obtained Hsinchu biomedical science Park will capitalize the rent on the leasehold assets and leasehold liabilities under the balance sheet, and recognize the interest expense and depreciation expense when paying the rent in each period, which will affect the presentation of the financial statements in the balance sheet. Since the two subjects of assets and liabilities are added at the same time, the total assets and liabilities will increase. The independent directors and Accountants of the company have good communication results. (2) According to Letter No. 20180200029, the Company will apply IFRS16 "lease" from 2019. All lease contracts (except short-term or low value leases) shall be recorded to enhance the transparency of financial statements. For the Company's leasing, it will present borrowing: right to use assets, lending: lease liabilities in the future, so the estimated impact on the financial statements in 2019 is about NTD 53,434,000, and this bulletin will be included in the "Regulations governing the acquisition and disposal of assets". The Firm has complied with the relevant provisions of No. 10 statement of professional ethics of Accountants on the independence of the Company in this year's audit and has not found any violation of the relevant provisions that may affect the independence of the Firm. (3) Article 14 and 36 of the securities and Exchange Act amend the relevant provisions to require that the financial statements submitted to the audit committee and the board of directors shall be signed or sealed by the chairman, manager and chief financial officer. The independent directors and Accountants of the Company have good communication results.

2. Supervisors' participation in the operation of the board of directors:

The Company established an audit committee to replace the monitor after the directors were fully re-elected on June 30, 2015.

(C) Differences and Causes of Corporate Governance Best Practice Principles for TWSE/GTSM Listed Companies:

Items	Operational situation			Differences and Causes of Corporate Governance Best Practice Principles for TWSE/GTSM Listed Companies
	Yes	No	Summary description	
I. Is the Company based on the "Corporate Governance Best Practice Principles for TWSE/GTSM Listed Companies" to determine and disclose the corporate governance practices?	V		The Company has adopted a "Corporate Governance Best Practice Principles for TWSE/GTSM Listed Companies" , Please refer to the Company's official website for the Corporate Governance Code of Practice. <a href="http://www.metatech.com.tw/">http://www.metatech.com.tw/</a>	It complies with the "Corporate Governance Best Practice Principles for TWSE/GTSM Listed Companies"
II. Company's shareholding structure and shareholders' equity (A) The way of the Company processed the problem of shareholders' dispute or proposals	V		(A) The Company has established a spokesperson system in accordance with the regulations to handle related issues and coordinate the Company's relevant units to perform follow-up operations.	It complies with the "Corporate Governance Best Practice Principles for TWSE/GTSM Listed Companies"
(B) The Company owns the major shareholders of the actual control Company and the list of ultimate controllers of majorshareholders	V		(B) The Company has acquired the relevant list, and regularly tracked the monthly turnover of the Company's stocks.	It complies with the "Corporate Governance Best Practice Principles for TWSE/GTSM Listed Companies"
(C) The way of the Company established risk control and firewall with business relationship	V		(C) The Company's operations are based on internal control and the company's specific company's financial business transactions. The Company's personnel, assets, and financial management rights have been clearly demarcated, and each of them has established its own firewall. Through the exclusive certification method, the Company's internet access to the relevant information of the investment Company.	It complies with the "Corporate Governance Best Practice Principles for TWSE/GTSM Listed Companies"

<p>(D) Whether the Company has established internal regulations and prohibits insiders from using undisclosed information in the market to buy and sell securities?</p>	<p>V</p>	<p>(D) The company has established the "Prevention of Insider Trading Management Measures", and at least once a year, the Company shall conduct education and publicity on "Management of the prevention of insider trading", "Procedures for handling material insider information" and relevant laws and regulations for directors, managers and employees. To provide timely education and guidance to new directors, managers and employees upon their arrival.</p> <p>* on August 26, 2020, the current directors, independent directors, managers and employees have been educated and promoted, including the scope of major internal information, confidential operation, public operation and illegal handling, and the files have been sent to all directors, independent directors, managers and employees for reference.</p>	<p>It complies with the "Corporate Governance Best Practice Principles for TWSE/GTSM Listed Companies"</p>
<p>III. Composition and responsibilities of the board of directors (A) Does the board of directors formulate a diversification policy and implement it for the membership?</p>	<p>V</p>	<p>(A) Article 11 of the Articles of Association of the Company stipulates that 9-11 persons with directors (including independent directors) shall organize the board of directors and adopt the nomination system for candidates. The board of directors shall be diversified and have the necessary business, legal, financial, accounting or biomedical services. In the case of professional knowledge and independence, and having three independent directors, it is more able to supervise the operation of the company; each member considers whether it is in line with the company's development plan. Please consult the company's official website for the company's diversification policy and implementation. <a href="http://www.metatech.com.tw/invest/pdf/more.pdf">http://www.metatech.com.tw/invest/pdf/more.pdf</a></p>	<p>It complies with the "Corporate Governance Best Practice Principles for TWSE/GTSM Listed Companies"</p>
<p>(B) Whether the company voluntarily sets up other functional committees other than the salary compensation committee and audit committee established according to law?</p>	<p>V</p>	<p>(B) The company sets up the salary compensation committee according to law, and legally orders the audit committee to be set up after the election of the next director. At present, no other functional committee has been set up. On August 7, 2018, the members of the Biomedical Development Committee were periodic announced and actually operated. In addition, the Biomedical Development Committee shall hold at least two meetings a year and may hold meetings at any time as necessary. The functions and powers of the committee are as follows, and the proposed matters shall be submitted to the board of directors for discussion:</p> <ol style="list-style-type: none"> <li>1. Review the major decisions and operation plans of the company's</li> </ol>	<p>It complies with the "Corporate Governance Best Practice Principles for TWSE/GTSM Listed Companies"</p>

			<p>medical department.</p> <p>2. Supervise the implementation of major plans of the health care department.</p> <p>3. Supervise and deal with the risks faced by the health care department</p> <p>4. Ensure that the health care department complies with relevant laws and regulations.</p> <p>5. Plan the future development direction, etc.</p>	
(C) Whether the company has established a method for assessing the performance of the board of directors and its assessment methods, and performs performance assessment periodically and annually? And report the results of performance evaluation to the board of directors, and apply to individual directors' remuneration and nomination renewal reference?	V		<p>The company has formulated the performance evaluation method and evaluation method of the board of directors. The performance evaluation report of the board of directors is based on the achievement of annual objectives, self-evaluation of directors and mutual evaluation of directors. At the end of each year, the company reviews the results and submits the results of performance evaluation to the board of directors. At the same time, the report is applied to the reference of salary and remuneration of individual directors and nomination and renewal. (The results of this year's evaluation can be found in this annual report - Disclosure of information on the evaluation periods, duration, scope, method and content of the evaluation by the board of directors (or peers), along with the performance of the evaluation by the board of directors in Table 2(2).)</p>	<p>It complies with the "Corporate Governance Best Practice Principles for TWSE/GTSM Listed Companies"</p>
(D) Whether the company regularly assesses the independence of signing accountants?	V		<p>In accordance with Article 27 of the code of corporate governance practice, the Company regularly evaluates the independence of certified public accountants, formulates the audit and evaluation form of certified public accountants with reference to Article 47 of the Accounting Law and No. 10 "integrity, impartiality, objectivity and independence" in the bulletin of professional ethics, and issues the statement of independence of certified public accountants, which is approved by the audit committee and submitted to the board of directors for approval independence of accountant.</p>	<p>It complies with the "Corporate Governance Best Practice Principles for TWSE/GTSM Listed Companies"</p>

<p>IV. Whether the listed and OTC companies allocate competent and appropriate number of corporate governance personnel, and designate corporate governance directors to be responsible for corporate governance related matters (including but not limited to providing the information required for the directors and supervisors to carry out their business, assisting the directors and supervisors to comply with laws and regulations, handling the relevant matters of the meetings of the board of directors and the shareholders' meeting according to law, making the minutes of the meetings of the board of directors and the shareholders' meeting, etc.)?</p>	<p>V</p>	<p>The company's corporate governance related affairs, the Finance Department as a corporate governance unit, is responsible for providing instant messages to shareholders at public information observatories or company websites.</p> <p>Provide relevant matters of the board of directors and shareholder meetings according to law, and assist the company in complying with the relevant laws and regulations of the board of directors and the shareholders' meeting; providing the information required by the directors to execute their business, and the latest regulatory developments related to operating the Company to assist the directors in complying with the ordinance.</p>	<p>It complies with the "Corporate Governance Best Practice Principles for TWSE/GTSM Listed Companies"</p>
<p>V. Does the company establish a communication channel with interested parties (including but not limited to shareholders, employees, customers, suppliers, etc.) and set up a stakeholder area on the company's website, and appropriately respond to the important corporate social responsibility issues that are of interest to stakeholders?</p>	<p>V</p>	<p>The company has a "Stakeholder Area" on the company's website, providing contact information and processing by E-mail.</p> <p>For the communication channel of the company's stakeholders, please visit our official website.</p> <p><a href="http://www.metatech.com.tw/invest/pdf/report.pdf">Http://www.metatech.com.tw/invest/pdf/report.pdf</a></p>	<p>It complies with the "Corporate Governance Best Practice Principles for TWSE/GTSM Listed Companies"</p>
<p>VI. Does the company appoint a professional agency to handle the shareholders' affairs?</p>	<p>V</p>	<p>The company has appointed Concord Securities Co., Ltd. to handle the related affairs of the shareholders' meeting</p>	<p>It complies with the "Corporate Governance Best Practice Principles for TWSE/GTSM Listed Companies"</p>
<p>VII. Information disclosure (A) The Company set up a website to expose financial business and corporate governance information</p>	<p>V</p>	<p>(A) The Company's financial business and corporate governance information, in addition to entering the Market Observation Post System as required by the Act, also disclosed relevant information on the company's website.</p> <p>Please refer to our official website for information on the company's financial business and corporate governance.</p> <p><a href="http://www.metatech.com.tw">Http://www.metatech.com.tw</a></p>	<p>It complies with the "Corporate Governance Best Practice Principles for TWSE/GTSM Listed Companies"</p>

<p>(B) The company adopts other ways of exposing information (such as setting up an English website, assigning someone to take charge of the collection and disclosure of company information, implementing a spokesperson system, and placing a corporate website during the legal person's explanation process).</p>	<p>V</p>	<p>(B) The Company adopts other information disclosure methods: The company adopts other information disclosure methods:</p> <ol style="list-style-type: none"> <li>1. The company has a public website and special personnel responsible for maintenance.</li> <li>2. Significant information is announced at public information observatories.</li> <li>3. The company has a spokesman and agent spokesman system.</li> </ol>	<p>It complies with the "Corporate Governance Best Practice Principles for TWSE/GTSM Listed Companies"</p>
<p>(C) Whether a company announces and reports the annual financial report within two months after the end of the fiscal year, and announces and reports the financial report of the first, second and third quarters and the operation of each month in advance before the specified time limit?</p>	<p>V</p>	<p>The Company announces and reports the annual financial report within two months after the end of the fiscal year, and announces and reports the financial report of the first, second and third quarters and the operation of each month in advance before the specified time limit.</p>	<p>The Paragraph 2 of Article 36 of the Securities Exchange Law provides for handling.</p>

<p>VIII. Does the company have any other important information (including but not limited to employee rights, employee care, investor relations, supplier relationships, rights of interested parties, education for directors and supervisors, and other risks?) The implementation of policies and risk measurement standards, the implementation of customer policies, the company's purchase of liability insurance for directors and supervisors, etc.)</p>	<p>V</p>	<ol style="list-style-type: none"> <li>1. Employees' Rights and Employees' Care: The Company has established the Employee Welfare Committee to implement the retirement system in accordance with the Labor Standards Law, and to appropriately plan employees for further education and training, pay attention to labor relations, and ensure the rights and interests of employees.</li> <li>2. Investor Relations: The Company's laws and regulations mandated disclosure of relevant information of the company in order to protect the investor's basic rights and accomplish the responsibility of the company to the shareholders.</li> <li>3. Supplier relations: The company's customer service department and business unit will jointly manage supplier-related matters.</li> <li>4. The rights of interested parties: The company's rights and interests to the interested parties are exhausted.</li> <li>5. Status of studies for directors and supervisors: The directors and supervisors of the company have regular education as required.</li> <li>6. Implementation of Risk Management and Risk Measurement Criteria: The company has relevant operational guidelines and control methods, which are supervised and urged by various responsible supervisors. The auditors regularly or occasionally check, report and track progress in implementation.</li> </ol>	<p>It complies with the "Corporate Governance Best Practice Principles for TWSE/GTSM Listed Companies"</p>
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		<p>7. The implementation of customer policies: the Company is jointly managed by the Business Department to deal with customer-related matters.</p> <p>8. The situation in which the company purchased liability insurance for directors and independent directors: The Company has insurance coverage for directors and employees. The insurance period from October 2018 to October 2019 is USD 10,000,000.</p>	
<p>IX. Please state the improvement of the corporate governance evaluation results issued by the Corporate Governance Center of the Taiwan Stock Exchange Co., Ltd. in the most recent year, and propose priority enhancements and measures for those who have not yet improved. (No need to fill in the companies not included in the evaluation company)</p> <p>The Company's seventh corporate governance ranking was at 6%-20% of OTC company rankings. During this period, the Company has improved its English annual report, English meeting notice, English meeting manual, and English financial statements, as well as improved its disclosure of the implementation of the decisions made at the previous year's annual shareholders' meeting.</p> <p>We have also established a reporting system on our website for ethical violations. In order to fulfill our corporate social responsibility, the Company has compiled a CSR report for three consecutive years. The "Board of Directors and Functional Committee Performance Evaluation Plan" was formulated at the 13th meeting of the 8th session of the board of directors (2020.11.06), which stipulates that an evaluation should be conducted by an external professional and independent organization or a team of external experts and scholars, at least once every three years. The Company commenced the implementation within the current year and reported the performance evaluation of the board of directors for 2020 on the Market Observation Post Platform at the end of March 2021.</p>			



(D) If a company has a remuneration committee, it should disclose its composition, duties, and operations:

1. Salary Committee Member Information:

Identity (Note 1)	Condition Names	Whether it has more than five years working experience and the following professional qualifications			Compliance with independence (Note 1)										The number of independent directors serving concurrently as other public offering companies	Note	
		Business, legal, financial, accounting or corporate business related to the required public and private college instructors	Judges, prosecutors, lawyers, accountants or other national examinations required by the company's business	Work experience required for business, legal, financial, accounting or corporate business	1	2	3	4	5	6	7	8	9	10			
Independent Director	Chen, Rong Hua	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	1	The fourth term of 2018/8/7~20 21/6/24
Independent Director	Wang, Wen Zhu	—	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	—	The fourth term of 2018/8/7~20 21/6/24
Other	Huang, Can Lie (Note 1)	—	—	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	—	The fourth term of 2018/8/7~20 21/6/24

Note 1 : Mr. Tsan-Lie Huang resigned on March 15, 2021 due to personal business commitments. On May 14, 2021, the Board of Directors approved the by-election nomination of Committee Member Juin-Rung Chiu for a term of office from May 14, 2021 to June 24, 2021 (the expiration of the term of the 4th Remuneration Committee).

Note 2 : Please specify if the director, independent director or other.

Note 3 : Each member who meets the following conditions during the two years prior to the election and during his term of office, please fill the " " in the space below the condition code.

- (1) Not employed by the company or its employers.
- (2) The non-company nitrile-based company's affairs and supervisors (but only if the company's company, company or company directly and indirectly holds more than 50% of the shares of the company's shares and is otherwise independent of the company, Not limited to this).
- (3) Non-individuals, their spouses, minor children, or other persons holding natural-property shares in which the company has issued more than one-hundredth of the total number of shares or holds the top ten shares in the name of others.
- (4) Not the manager listed in (1) or the spouse, relatives within the second parent, or direct blood relatives within the third parent, etc. of the managers listed in (1) or (2), (3).
- (5) Directors, supervisors or directors of corporate shareholders who do not directly hold more than 5% of the company's total issued shares, hold the top five shares, or appoint representatives to act as company directors or supervisors in accordance with Article 27, paragraph 1 or 2, of the Company Law Employee (but if the independent directors established by the company and its parent company, subsidiary company or subsidiary of the same parent company in accordance with this law or local national laws and regulations are concurrently held by each other, it is not limited to this).
- (6) More than half of the shares that are not on the board of directors of the company or have voting rights are the directors, supervisors or employees of other companies controlled by the same person (but if it is the company or its parent company, subsidiary or subsidiary of the same parent company according to this (The independent directors established by the law or local national laws and regulations shall not be limited to this.)
- (7) Directors (directors), supervisors (supervisors) or servants of other companies or institutions who are not the same person or spouse with the company's chairman, general manager or equivalent, but if the company and its parent company, subsidiary (If the independent directors established by the subsidiary of the same parent company in accordance with this law or local national laws serve concurrently, they are not limited to this).
- (8) Directors (directors), supervisors (supervisors), managers or shareholders holding more than 5% of a specific company or organization that does not have financial or business dealings with the company (but if a specific company or organization holds 20% of the company's total issued shares The above does not exceed 50%, and the independent directors established by the company and its parent company, subsidiary company or subsidiary of the same parent company in accordance with this law or local national laws and regulations concurrently serve each other, not subject to this limit).
- (9) Professionals, sole proprietorships, partnerships, business owners of companies or institutions that do not provide audits for companies or related companies, or business, legal, financial, accounting and other related services that have not received more than NT\$500,000 in the past two years. Partners, directors (directors), supervisors (supervisors), managers and their spouses. However, members of the Remuneration Committee, Public Acquisition Review Committee, or M&A Special Committee that perform their duties in accordance with the relevant laws and regulations of the Securities Exchange Act or the Corporate M&A Act are not limited to this.
- (10) There is no one of the circumstances in Article 30 of the Company Law.

## 2. Information on the operation of the remuneration committee:

The Company has established a remuneration committee on December 15, 2011, which aims to assist the board of directors in the implementation and evaluation of the Company's salary and welfare policies, as well as the rewards of the managers.

(1) The Company's remuneration committee has a total of 3 members.

(2) This term of office of the current members is from August 7, 2018 to June 24, 2021.

The annual salary remuneration committee met 7 times (A) from 2019 to May 8, 2020, and membership qualifications and attendances are as follows:

Title	Name	Actual attendance (B)	Entrusted Attendance	Actual attendance ratio (%) 【 B/A 】	Note
Convener	Wang, Wen Zhu	5	—	100%	The fourth term of 2018/8/7~2021/6/24
Commissioner	Chen, Rong Hua	2	3	66.67%	The fourth term of 2018/8/7~2021/6/24
Commissioner	Huang, Can Lie (Note 1)	4	—	100%	Due for 4 meeting attendances. Resigned on 2021.03.15

Note 1 : Mr. Tsan-Lie Huang resigned on March 15, 2021 due to personal business commitments. On May 14, 2021, the Board of Directors approved the by-election nomination of Committee Member Juin-Rung Chiu for a term of office from May 14, 2021 to June 24, 2021 (the expiration of the term of the 4th Remuneration Committee).

Other items to be recorded:

- I. If the Board of Directors does not adopt or amend the recommendations of the Compensation Committee, it shall state the date, terms, resolutions, resolutions of the Board of Directors and the company's opinions on the opinions of the Compensation Committee.(If the Board of Directors approves salary compensation that is better than that of the Compensation Committee, the differences and reasons should be stated.): None.
- II. The remuneration of the Compensation Committee, if members have objections or reservations, and there are records or written statements, it should be stated that the salary and compensation committee date, period, the contents of the motion, all members of the views and opinions on the handling of the members: The discussion and resolution results of each division of the Remuneration Committee of the Company, and the Company's handling of members' opinions are as follows:
  1. The 6th meeting of the 4th Remuneration Committee on January 10, 2020: In the year-end bonus payment plan of the company's managers in 2019, the committee members proposed to increase the bonus allocation base of relevant units, which was approved by all directors present at the consultation of the chairman. The Company will adjust the base number after the meeting, which will be approved by the board of directors.
  2. The 6th meeting of the 4th Remuneration Committee on January 10, 2020: The distribution system and basis of performance bonus of Electronic Business Division in 2020, which was approved by all directors' present at the consultation of the chairman.
  3. The 7th meeting of the 4th Remuneration Committee on March 27, 2020: The case of remuneration of director Wang, Hui Jun, assigned to serve as the Company's general consultant,

which was approved by all directors' present at the consultation of the chairman.

4. The 7th meeting of the 4th Remuneration Committee on May 8, 2020: Director He, Hong Neng, proposed to continue to serve as the Company's Biotechnology Development consultant, which was approved by all directors' present at the consultation of the chairman.
  5. The 9th meeting of the 4th session of the remuneration committee on January 22, 2021: The proposal to adjust the salary of Mr. Shih-Chun Wang, the assistant manager of the Taiwan Operations Division, was approved by the chairman after consulting all the members present.
  6. The 9th meeting of the 4th session of the remuneration committee on January 22, 2021: The proposal for the payment of year-end bonus to management for 2020 was approved by the Chairman after consulting all members present. (Internal managers who were present at the meeting were asked to recuse themselves from the meeting during the voting.)
3. The organizational responsibilities of the remuneration committee are listed as follows:.
1. To establish and regularly review the policies, systems, standards and structures for performance evaluation and compensation of directors and managers.
  2. To establish and regularly review the compensation of directors and managers. The Committee shall perform the preceding duties and responsibilities in accordance with the following principles:
    - (1) The performance evaluation and compensation of directors and managers should be assessed with reference to the typical level of compensation in the industry, taking into account individual performance, the Company's operating performance and future risks.
    - (2) Directors and managers should not be encouraged to engage in behavior that exceeds the Company's risk appetite in pursuit of compensation.
    - (3) The proportion of remuneration to directors and senior managers for short-term performance and the period of variable pay payment should be determined by taking into account the industry characteristics and the nature of the Company's operations.

The aforementioned remuneration and compensation includes cash compensation, stock options, stock dividends, retirement benefits or severance pay, benefits and other material rewards. The scope of which should be in line with the criteria for disclosing the remuneration and compensation of directors and managers in the Company's annual reports.

(E) Performance of social responsibility and differences between the code of practice of corporate social responsibility of listed and OTC companies and the reasons:

Items	Operational situation (Note 1)			Differences and Causes of Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies
	Yes	No	Summary description (Note 2)	
I. Does the company conduct risk assessments on environmental, social and corporate governance issues related to the company's operations in accordance with the principle of materiality, and formulate relevant risk management policies or strategies? (Note 3)	✓		In accordance with the principle of materiality, the company has conducted risk assessment on environmental, social and corporate governance issues related to the operation of the Company and completed the corporate social responsibility statement in 2020. Please go to the Company's official website for inquiry: <a href="http://www.metatech.com.tw/invest/metatech_CSR.aspx">http://www.metatech.com.tw/invest/metatech_CSR.aspx</a> At the same time, the risk management policy has formulated on January 10, 2020. Please go to the Company's official website for inquiry: <a href="http://www.metatech.com.tw/invest/business_management.aspx">http://www.metatech.com.tw/invest/business_management.aspx</a>	It complies with the "Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies"
II. Does the company set up a full-time (part-time) unit that promotes corporate social responsibility, and the board of directors authorizes the senior management to handle it, and reports the handling situation to the board of directors?	✓		The Company is concurrently promoted by the Finance Office to promote corporate social responsibility, and the board of directors authorizes senior management to handle and report the handling situation to the board of directors.	It complies with the "Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies"
III. Environmental issues (1) Does the company establish an appropriate environmental management system according to its industrial characteristics?	✓		The company establishes an appropriate environmental management system according to the nature of its operating activities. The special unit or personnel responsible for environmental management promotes and maintains environmental management-related systems and organizes environmental education courses for management and employees.	It complies with the "Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies"

<p>(2) Is the company committed to improving the efficiency of the use of resources and using recycled materials with low impact on environmental loads?</p>	✓		<p>In order to improve the utilization efficiency of various resources, the Company will make proper and sustainable use of water resources and formulate relevant management measures. At the same time, it plans to build and strengthen relevant environmental protection treatment facilities to avoid polluting water, air and land; and do its utmost to reduce the adverse impact on human health and the environment, and adopt the best and feasible pollution prevention and control technology measures.</p>	<p>It complies with the "Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies"</p>
<p>(3) Does the company assess the potential risks and opportunities of climate change to the company now and in the future, and take measures to deal with climate-related issues?</p>	✓		<p>The Company pays attention to the impact of climate change on its operations and, in accordance with the operating conditions and greenhouse gas inventory results, formulates the Company's energy conservation and carbon reduction and greenhouse gas reduction strategies to reduce the impact of the Company's operations on the natural environment.</p>	<p>It complies with the "Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies"</p>
<p>(4) Does the company count greenhouse gas emissions, water consumption and total weight of waste in the past two years, and formulate policies for energy saving and carbon reduction, greenhouse gas reduction, water use reduction or other waste management?</p>	✓		<p>The Company's gross annual electricity consumption amounts to approximately 822,255 kWh, which indirectly generates 438,261.92 kg of CO<sub>2</sub>e greenhouse gas emissions (calculated using the emission coefficient method, unit electricity carbon emission coefficient is calculated based on the latest announced electricity carbon emission coefficient of 0.533 kgCO<sub>2</sub>e/kWh by the Energy Bureau in 2018), and gross fuel consumption of approximately 2014.87 liters for official company vehicles, directly generating approximately 4,757.67 kg of CO<sub>2</sub>e greenhouse gas (calculated using the emission coefficient method, emission coefficient is calculated with reference to the greenhouse gas emission coefficient table version 6.0.4 announced by the EPA, GWP was calculated using the 2007 IPCC Fourth Assessment Report). Please go to the Company's official website for inquiry: <a href="http://www.metatech.com.tw/invest/metatech_CSR.aspx">http://www.metatech.com.tw/invest/metatech_CSR.aspx</a></p>	<p>It complies with the "Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies"</p>

<p>IV. Social issues (1) Does the company formulate relevant management policies and procedures in accordance with relevant regulations and international human rights conventions?</p>	✓		<p>In accordance with the United Nations Universal Declaration of Human Rights, the Global Compact, the International Labor Organization Convention, and other international human rights conventions, the Company is committed to protecting the basic human rights of its employees and creating an environment where human rights are fully protected.</p>	<p>It complies with the "Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies"</p>
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(2) Does the company formulate and implement reasonable employee welfare measures (including compensation, vacations, and other benefits), and appropriately reflect operating performance or results in employee compensation?	✓		The Company has formulated reasonable employee welfare measures, and appropriately reflected operating performance or results in employee compensation. Such as performance bonuses and year-end bonuses.	It complies with the "Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies"
(3) Does the company provide a safe and healthy working environment for employees and regularly implement safety and health education for employees?	✓		The Company regularly carries out safety and health education and publicity and formulates protective measures for working environment and personal safety of employees on 2021.02.05, we established a workplace sexual harassment prevention and disciplinary policy. . For protective measures for working environment and personal safety of employees, please go to the Company's official website for inquiry <a href="http://www.metatech.com.tw/invest/pdf/custm.pdf">http://www.metatech.com.tw/invest/pdf/custm.pdf</a>	It complies with the "Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies"
(4) Does the company establish an effective career development training program for employees?	✓		The Company formulates personnel training plan, and each unit propose education courses every year, and provides external course training according to the needs of employees. Website Index: <a href="http://www.metatech.com.tw/invest/custmandteach.aspx">http://www.metatech.com.tw/invest/custmandteach.aspx</a>	It complies with the "Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies"
(5) Does the Company follow relevant laws and regulations and international standards for customer health and safety, customer privacy, marketing and labeling of products and services, and formulate relevant policies and complaint procedures to protect the rights and interests of consumers?	✓		The Company implements a close relationship with customers, including customer health and safety, customer privacy, after-sales customer service and maintenance. And follow the relevant regulations and international standards. For the complaint channel of the Company, please go to the Company's official website for inquiry <a href="http://www.metatech.com.tw/invest/pdf/report.pdf">http://www.metatech.com.tw/invest/pdf/report.pdf</a>	It complies with the "Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies"
(6) Does the Company formulate supplier management policies that require suppliers to follow relevant regulations on environmental protection, occupational safety and health, or labor human rights, and their implementation?	✓		The Company complies with relevant laws and regulations, protects the legitimate rights and interests of employees, and requires suppliers to respect internationally recognized basic labor and human rights principles.	It complies with the "Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies"
V. Does the company prepare corporate social responsibility reports and other reports that disclose the company's non-financial information in accordance with the international reporting standards or guidelines? Is the disclosure report confirmed or guaranteed by the third-party verification unit?	✓		In accordance with the principle of materiality, the Company has conducted risk assessment on environmental, social and corporate governance issues related to the operation of the Company and completed the corporate social responsibility statement in 2020 Please go to the Company's official website for inquiry <a href="http://www.metatech.com.tw/invest/metatech_CSR.aspx">http://www.metatech.com.tw/invest/metatech_CSR.aspx</a> At present, the Company has not obtained the confirmation or guarantee opinions from the third-party verification unit, but it has also made efforts in this direction.	It complies with the "Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies"

VI. If the Company has its own corporate social responsibility code in accordance with the "Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies", please state the difference between its operation and the established code:

The Company practices corporate social responsibility, and promotes economic, environmental and social progress, in order to achieve the goal of sustainable development, refer to the "Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed" jointly formulated by the Taiwan Stock Exchange and the Taipei Exchange set "Corporate Social Responsibility Best Practice Principles" to implement corporate governance, develop a sustainable environment, maintain social welfare, strengthen corporate social responsibility information disclosure, and operate on the ground according to the methods. The current operations have achieved good results, but the Company has not obtained the confirmation or guarantee opinions from the third-party verification unit, but it has also made efforts in this direction.

VII. Other important information helpful in understanding the operational status of corporate social responsibility:

- (1) Environmental protection work: The Company is purely a non-production activity in the buying and selling industry, and will not affect the environmental, air, water, waste, poison, noise and other harmful environmental factors. However, the environmental impacts of life and office are still continuously reduced. The photocopying paper currently used in the office mainly uses recycled paper with environmental certification marks and announces that colleagues use photocopying of recycled photocopying paper to implement the repeated use of the company's internal envelopes. In order to save paper resources, the company promotes the thorough implementation of waste distribution and sets up a resource recycling office in order to be able to devote itself to environmental protection.
- (2) Social contribution: The Company adheres to the philosophy of "taking it from the society and using it in society". In addition to pursuing the goal of sustainable business, MetaTech Co., Ltd. supports education and technology research and development projects with practical actions, and also provides disadvantaged groups in learning. Donate and support and hope to use the participation of various public welfare activities to connect internal colleagues and even expand the whole society, so that more people pay attention to social welfare and invest in it. The company's sponsored projects are detailed in the following website: [http://www.metatech.com.tw/invest/social\\_responsibility.aspx](http://www.metatech.com.tw/invest/social_responsibility.aspx)
- (3) Social services: The Company cooperated with government agencies to publicize the "Control of Tobacco Harm" and called on all employees to pay attention to their health.
- (4) Human rights: In accordance with the United Nations Universal Declaration of Human Rights, the Global Compact, the International Labor Organization Convention, and other international human rights conventions, the Company has prepared the "Regulations on the Human Rights Policy of Metatech Co." In order to ensure that both internal and external members of the Company are treated fairly and with dignity.
- (5) Employees' Health Care: In order to take care of the physical and mental health of employees, the company arranges for employees to carry out health checks so that employees can understand their own health status and thus love and strengthen their own health.



(F) Performance of ethical corporate management and differences between ethical corporate management best practice principles of listed and OTC companies:

Items	Operational situation			Differences and Causes of Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies
	Yes	No	Summary description	
I. Establish good faith business policies and plans (1) Does the Company have a good faith operation policy approved by the board of directors, and clearly state the good faith operation policy and practice in the regulations and external documents, as well as the commitment of the board of directors and senior management to actively implement the operation policy?	✓		The Company has currently formulated a policy of integrity management. In the regulations and external documents, the policies and practices of operating in good faith are clearly stated. The board of directors and the management shall exercise their powers with caution when performing business. The Company's Audit Department will conduct irregular audits.	It complies with the "Ethical corporate management best practice principles for TWSE/GTSM Listed Companies"
(2) Does the Company establish an evaluation mechanism for the risk of dishonest behavior, regularly analyze and evaluate the business activities with high risk of dishonest behavior within the business scope, and formulate the prevention plan for dishonest behavior based on it, and at least cover the prevention measures for the behaviors in Article 7, paragraph 2 of "Ethical corporate management best practice principles for TWSE / GTSM listed companies"?	✓		The Company has stipulated that directors, managers, employees, appointees or those with substantial control ability should not directly or indirectly provide, promise, demand or accept any improper benefits, or do other dishonest acts in violation of integrity, law or fiduciary obligations in the process of doing business, in order to obtain or maintain benefits, and the Company regularly analyzes and evaluates their business activities with high risk of dishonesty within the business scope.	It complies with the "Ethical corporate management best practice principles for TWSE/GTSM Listed Companies"
(3) Does the company specify operating procedures, conduct guidelines, disciplinary and grievance systems for violations in the prevention of dishonest conduct plan, implement them, and regularly review the revised disclosure plan?	✓		At present, the Company has formulated rules and instructions for employees. In order to implement the policy of honest operation and actively prevent dishonest behavior, the company regularly publicizes the spirit of honest operation through employee education and training and to regularly review and revise the former disclosed program.	It complies with the "Ethical corporate management best practice principles for TWSE/GTSM Listed Companies"
II. The implementation of credit management (1) Whether the company evaluates the record of creditworthiness of its counterparties, and specifies the terms of its honesty and behavior in its contract with its counterparty?	✓		Before the establishment of a commercial relationship, assess the legitimacy of the target, and whether there are records of dishonest conduct and bank notes to ensure that its business practices are fair, transparent and will not require, provide or accept bribery.	It complies with the "Ethical corporate management best practice principles for TWSE/GTSM Listed Companies"

(2) Does the Company set up a special unit under the board of directors to promote the integrity management of the enterprise, and regularly (at least once a year) report to the board of directors on its integrity management policies and plans to prevent dishonest behaviors and supervision and implementation?	✓		Although the Company has not set up a full-time (Part-time) unit to promote corporate social responsibility, but the relevant positions are distributed in various departments, the company will spare no effort to fulfill the corporate responsibility.	It complies with the "Ethical corporate management best practice principles for TWSE/GTSM Listed Companies"
(3) Whether the Company has formulated a policy to prevent conflict of interest, provide a proper statement pipeline, and implement it?	✓		The directors of the Company are highly disciplined and have a stake in the bills listed on the board of directors, which are of interest to the legal persons themselves or their representatives. They are detrimental to the best interests of the Company and do not participate in the discussion and voting and avoid them. For details, please refer to the following website: <a href="http://www.metatech.com.tw/invest/business_management.aspx">http://www.metatech.com.tw/invest/business_management.aspx</a>	It complies with the "Ethical corporate management best practice principles for TWSE/GTSM Listed Companies"
(4) Whether the Company has established an effective accounting system and internal control system for the implementation of integrity management, and the internal audit unit will formulate relevant audit plans based on the results of the assessment of the risk of dishonesty, and check the plan to prevent dishonesty Follow the situation, or entrust an accountant to perform the audit?	✓		The Company has established effective internal control, relevant management measures and accounting systems to implement, and has audit units to regularly audit the relevant compliance of all units of the Company. For details, please refer to the following website: <a href="http://www.metatech.com.tw/invest/business_management.aspx">http://www.metatech.com.tw/invest/business_management.aspx</a>	It complies with the "Ethical corporate management best practice principles for TWSE/GTSM Listed Companies"
(5) Whether the Company regularly organizes internal and external education and training for integrity management?	✓		The Company has now set employee rules and instructions and strengthened employee advocacy. For details, please refer to the following website: <a href="http://www.metatech.com.tw/invest/business_management.aspx">http://www.metatech.com.tw/invest/business_management.aspx</a>	It complies with the "Ethical corporate management best practice principles for TWSE/GTSM Listed Companies"
III. The Company's reporting system operation				
(1) Does the company formulate a specific reporting and reward system, and establish a convenient reporting channel, and assign appropriate personnel to handle the object of the report?	✓		The Company has established a specific reporting and reward system and a reporting system for violations of professional ethics. We will also assign appropriate personnel to be responsible for the handling of the reported objects. Please refer to our official website for information about our complaint channel: <a href="http://www.metatech.com.tw/reportmate/report.aspx">http://www.metatech.com.tw/reportmate/report.aspx</a>	It complies with the "Ethical corporate management best practice principles for TWSE/GTSM Listed Companies"
(2) whether the company has established the standard operating procedures and relevant confidentiality mechanisms for the handling of accusations?	✓		This corporation has established procedures for the handling of reports of illegal, unethical or dishonest conduct, which specify the standard operating procedures for the investigation, follow-up measures to be taken after the completion of the investigation and relevant confidentiality mechanisms.	It complies with the "Ethical corporate management best practice principles for TWSE/GTSM Listed Companies"

(3) Whether the company has taken measures to protect the prosecutor from improper handling due to the prosecution?		✓	The Company allows anonymous reporting and will keep confidential and protect the colleagues and relevant personnel who report violations or participate in the investigation process, so as to avoid unfair retaliation and treatment and assign special personnel to investigate.	It complies with the "Ethical corporate management best practice principles for TWSE/GTSM Listed Companies"
IV. Strengthen information disclosure (1) Whether the company has disclosed the content of the integrity management code it has made and promoted its effectiveness on its website and public information observatory?		✓	The Company has disclosed the content of the integrity management code and its effectiveness on the Company's website and Market Observation Post System. For details, please refer to the following website: <a href="http://www.metatech.com.tw/invest/business_management.aspx">http://www.metatech.com.tw/invest/business_management.aspx</a>	It complies with the "Ethical corporate management best practice principles for TWSE/GTSM Listed Companies"
V. If a company has its own integrity management code based on the " Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies ", please state the difference between its operation and the code: Companies are required to disclose in the public information observatory corporate governance area.				
VI. Other important information helpful in understanding the operating conditions of the company's business integrity: (such as the company's review of the revised rules of incorporation, etc.): None.				

(G) Regulations on Human Rights Policy of Metatech Co..If a company has a corporate governance code and related regulations, it should disclose its search method:

1. The Company has established the following relevant regulations and methods in accordance with the " Corporate Governance Best Practice Principles for TWSE / GTSM Listed Companies ":

- (1) The rules of procedure in shareholders' meeting
- (2) The rules of procedure in Board of Directors
- (3) The method for the board of directors and supervisor's election
- (4) Regulations governing the acquisition and disposal of assets
- (5) Regulations governing endorsement guarantee
- (6) Regulations governing loans
- (7) Measures for supervision and management of subsidiaries
- (8) Procedures for handling material inside information
- (9) Ethical corporate management best practice principles
- (10) Measures to prevent insider trading operation
- (11) The ethical behavior principle of directors and managers
- (12) Corporate social responsibility best practice principles
- (13) Audit Committee Charter
- (14) Corporate governance practice principles
- (15) Remuneration Committee Charter
- (16) Standard Operating Procedures for Handling Requests Made by Directors
- (17) Regulations for reporting illegal and unethical or dishonest behaviors
- (18) Regulations Information Management
- (19) Management of related party transactions
- (20) Risk response strategies and risk management procedures
- (21) Regulations for complaints and disciplinary measures against sexual harassment in the workplace
- (22) Regulations of the Board of Directors and Functional Committee on Performance Evaluation
- (23) Regulations on the Management of Intellectual Property Rights
- (24) Regulations on Management of Business Secrets
- (25) Regulations on Human Rights Policy of Metatech Co..

2. Inquiry mode:

The Company website: <http://www.metatech.com.tw>, is in the investor area, expose the Company's financial business and corporate governance information.

(H) The Company has established "Procedures for handling material inside information" and announcements:

The Company's "Measures to prevent insider trading operation" included internal major information processing operations procedures, which were approved by the Board of Directors in December 2009 and revised in May 2017. The Board of Directors announced this procedure to all directors and supervisors on the same day.

After the meeting, relevant information on the procedures will be sent to the directors and supervisors of the company for reference. In the Company's internal aspects, after the board of directors recognizes, this procedure and precautions are placed in the Company's public data area for the managers of the Company, the heads of management, and all my colleagues to follow.

(I) Other important information that can enhance the understanding of the operation of corporate governance has been revealed:

The query method is as follows:

1. The Company's newly appointed internal supervisors, managers, and other insiders distributed the latest version of the "Relevant laws and regulations and precautions for insider equity at over-the-counter market and emerging stock market" to the securities counter trading center for insiders to follow.
2. Market Observation Post System: <http://newmops.tse.com.tw>
3. The Company's website: <http://www.metatech.com.tw> Investor Area

(J) Internal control system and implementation status

1. Internal Control System Statement

**MetaTech (AP) Inc.**  
**Internal Control System Statement**

March 27, 2020

In accordance with the results of self-inspection, the Company's internal control system for the year of 2018 states the following:

- I. The Company is aware that establishing, implementing and maintaining the internal control system is the responsibility of the board of directors and managers of the Company. The Company has established this system. Its purpose is to provide reasonable assurance as to the achievement of the objectives and objectives of the operation's effectiveness and efficiency (including profitability, performance, and protection of asset safety, etc.), reliability of financial reporting, and compliance with relevant laws and regulations.
- II. The internal control system has its inherent limitations. Regardless of how well the design is completed, an effective internal control system can only provide reasonable assurance for the achievement of the above three goals. Moreover, the effectiveness of the internal control system is due to changes in the environment and circumstances. May change with it. However, the Company's internal control system has a mechanism for self-monitoring. Once the lack is identified, the Company will take corrective action.
- III. The Company determines the effectiveness of the design and implementation of the internal

control system based on the judgment items of the effectiveness of the internal control system as stipulated in the “Regulations Governing Establishment of Internal Control Systems by Public Companies” (hereinafter referred to as the “Regulations Governing”). The internal control system used in the “Regulations Governing” determines the project in accordance with the process of management control. The internal control system is divided into five components: 1. Control environment, 2. Risk assessment, 3. Control operation, 4. Information and communication, and 5. Supervision. Each component includes several items. For the aforementioned items, please refer to the provisions of the “Regulations Governing”.

IV. The Company has adopted the above-mentioned internal control system to judge the project and check the effectiveness of the design and implementation of the internal control system.

V. Based on the inspection results of the preceding paragraph, considering the Company's internal control system as of December 31, 2018 (including supervision and management of subsidiaries) includes the degree to which the effectiveness and efficiency objectives of the operation are reached, and the financial reports. The design and implementation of the relevant internal control systems, such as reliability and related laws, are effective, and they can reasonably ensure the achievement of the above objectives.

VI. This statement will become the main content of the Company's annual report and the public statement and will be open to the public. If any of the above disclosed content is false or hidden, it will involve the legal obligations of Article 20, Article 32, Article 171, and Article 174 of the Securities Exchange Act.

VII. This statement was approved by the board of directors of the Company on March 27, 2020. Of the 11 directors present (Including 1 persons entrusted to attend), 0 had dissenting opinions. All of them agreed with the contents of this statement and made the statement.

MetaTech (AP) Inc.

Chairman: Hu, Li San Signature

General Manager: Tang, Hong De Signature

2. When commissioning an accountant project to review the internal control system, the accountant review report should be disclosed: Not applicable.

(K) In the most recent year and as of the publication of the annual report, the Company and its internal personnel were punished according to law, and the Company's internal personnel violated the provisions of the internal control system for penalties, major defects, and improvements: No such situation.

(L) In 2018 and as of the printing date of the annual report, important resolutions of the shareholders' meeting and the board of directors:

Shareholders' Meeting / Board of Directors	Date	Important resolutions						
2020 Shareholders' Meeting	2020.06.17	Proposals Matters:						
		1. Acknowledging the 2018 Business Report and the Consolidated Financial Statements, the voting results are as follows. The voting weights represent 98.74% of the voting rights of the shareholders at the time of voting:						
		Items	Attendance at shareholders' voting rights	Agree	Opposition	Invalid	Abstaining/Not voting	Resolution results/implementation status tracking
		Weights	33,603,421	33,180,938	475	0	422,008	This case was approved and announced in the Market Observation Post System after the meeting.
		Proportion	100.00%	98.74%	0.00%	0	1.26%	
		2. Acknowledging the 2018 loss allocation, the voting results are as follows, in favour of weights accounting for 98.74% of the voting rights of shareholders at the time of voting.						
		Items	Attendance at shareholders' voting rights	Agree	Opposition	Invalid	Abstaining/Not voting	Resolution results/implementation status tracking
		Weights	33,603,421	33,181,077	488	0	421,856	This case was approved and announced in the Market Observation Post System after the meeting.
		Proportion	100.00%	98.74%	0.00%	0	1.26%	
		Discussion Matters:						
		1. The voting result of the amendment of the Company's Articles of Association is as follows. The voting rights in favour of the Company accounted for 98.71% of the voting rights of the shareholders present at the time of voting.						
		Items	Attendance at shareholders' voting rights	Agree	Opposition	Invalid	Abstaining/Not voting	Resolution results/implementation status tracking
Weights	33,603,421	33,171,072	10,493	0	421,856	This case was approved		

		Proportion	100.00%	98.71%	0.03%	0	1.26%	and announced in the Market Observation Post System after the meeting. And completed the change of the Ministry of Economy on 2020.8.5.
2. In the revised section of the group's "Procedures for the loan of funds and the operation of others", the voting results are as follows, in favour of weighting 98.65% of the voting rights of shareholders at the time of voting.								
		Items	Attendance at shareholders' voting rights	Agree	Opposition	Invalid	Abstaining/Not voting	Resolution results/implementation status tracking
		Weights	33,603,421	33,171,076	10,489	0	421,856	This case was approved and announced in the Market Observation Post System after the meeting. The Company will be faithfully implemented in accordance with regulations. Due to the expiration of its one-year processing period, it is proposed not to be renewed at the shareholders' meeting on June 29, 110..
		Proportion	100.00%	98.71%	0.03%	0	1.26%	
3. In the revised section of the group's "endorsement guarantee Operating Procedures", the voting results are as follows, in favour of weights accounting for 98.65% of the voting rights of shareholders at the time of voting.								
		Items	Attendance at shareholders' voting rights	Agree	Opposition	Invalid	Abstaining/Not voting	Resolution results/implementation status tracking
		Weights	34,174,733	33,714,729	2,774	0	457,230	This case was approved and announced in the Market Observation Post System after the meeting. The Company will be faithfully implemented in accordance with regulations.
		Proportion	100.00%	98.65%	0.01%	0	1.34%	
4. In the revised section of the group "acquisition or disposition of asset disposal procedures", the voting results are as follows, in favor of weight 98.65% of the voting rights of shareholders at the time of voting.								
		Items	Attendance at shareholders' voting rights	Agree	Opposition	Invalid	Abstaining/Not voting	Resolution results/implementation status tracking
		Weights	34,174,733	33,714,728	2,776	0	457,229	This case was approved and announced in the Market Observation Post System after the meeting. The Company will be faithfully implemented in accordance with regulations.
		Proportion	100.00%	98.65%	0.01%	0	1.34%	



5. In the revised section of lifting the restrictions on Directors' competing behaviors of the Company, the voting results are as follows, in favor of weight 98.65% of the voting rights of shareholders at the time of voting.							
Items	Attendance at shareholders' voting rights	Agree	Opposition	Invalid	Abstaining/Not voting	Resolution results/implementation status tracking	
Weights	36,168,788	35,612,050	61,332	0	495,406	This case was approved and announced in the Market Observation Post System after the meeting.	
Proportion	100.00%	98.46%	0.17%	0	1.37%		

Shareholders' Meeting / Board of Directors	Date	Important resolutions	Resolution results/implementation status tracking
The 4th meeting of the 8th Board of Directors	2020.1.22	1. By renewing the application for the renewal of the comprehensive loan financing amount from the Chinatrust Commercial Bank and the mutual endorsement of the Company and the Hong Kong great-grandson Company MetaTech Limited.	It has been approved by Chinatrust Commercial Bank and will report the content of the loan verification in this meeting.
		2. Passed the loan of funds between related parties.	It shall be implemented according to the resolution of the board of directors and announced in the Market Observation Post System.
		3. Passed the Company's 2018 employees and managers year-end bonus issue.	It shall be implemented according to the resolution of the board of directors and the base of bonus calculation shall be based on the weighted average of the employees' salary in the past six months.
		4. Passed the season bonus case of the Wang, Shi Jun, the Assistant Manager of the Electronic Business Division.	It shall be implemented according to the resolution of the board of directors.
The 5th meeting of the 8th Board of Directors	2020.3.26	1. Passed the 2018 annual "Internal Control System Statement" to agree to the case.	It shall be implemented according to the resolution of the board of directors.
		2. Passed the Company's 2018 annual individual financial statements and consolidated financial statements.	It shall be implemented according to the resolution of the board of directors and strengthens the presentation of business report.
		3. Passed the Company's 2018 annual loss compensation case.	It shall be implemented according to the resolution of the board of directors and strengthens the statement of loss recovery methods and disclose them in the business plan or annual report.
		4. Amendments to the provisions of the "Articles of Association" of the Company.	It shall be implemented according to the resolution of the board of directors.

		5. Amendments to the provisions of the "Funding and Others Operating Procedures" of the Group.	It shall be implemented according to the resolution of the board of directors.
		6. Amendments to the provisions of the "Endorsement Guarantee Operating Procedures" of the Group.	It shall be implemented according to the resolution of the board of directors.
		7. Amendments to the provisions of the "Acquisition or Disposition of Assets Processing Procedures" of the Group.	It shall be implemented according to the resolution of the board of directors.
		8. Amendments to the provisions of the "Acquisition or Disposition of Assets Processing Procedures" of the Group.	It shall be implemented according to the resolution of the board of directors.
		9. Amended the 2020 annual electronic institution performance bonus distribution system and basic case.	It shall be implemented according to the resolution of the board of directors, and the new version will be drafted and discussed with the Remuneration Committee in the future.
		10. Passed dissolving the restrictions on the prohibition of competition of directors of the Company's shareholders' meeting this year.	It shall be implemented according to the resolution of the board of directors.
		11. By holding the date, time, address and the contents of the 2020 shareholders' meeting, and exercising the voting rights by electronic means.	It shall be implemented according to the resolution of the board of directors.
		12. Passed applying for a joint venture financing case from China Trust Commercial Bank through the Company and Hong Kong's great-grandson company MetaTech Limited. (from the report to the 12th case of the discussion).	It shall be implemented according to the resolution of the board of directors.
The 6th meeting of the 8th Board of Directors	2020.5.3	1. Passed applying to the Taiwanese corporate bank for a renewal of the credit line.	It shall be implemented according to the resolution of the board of directors.
		2. Passed applying for renewal of the credit line to Changhua Bank.	It shall be implemented according to the resolution of the board of directors.
		3. Passed applying to the Land Bank for a credit line.	It shall be implemented according to the resolution of the board of directors.
		4. Passed MetaTech Trading (Shenzhen) Co., Ltd. to purchase goods from Sunonwealth Electric Machine Industry Co., Ltd., the Company is requested to apply to the bank to open a STANDBY L/C or performance guarantee letter.	It shall be implemented according to the resolution of the board of directors.
The 7th meeting of the 8th Board of Directors	2020.8.13	1. Adjusted the organizational structure of the Biomedical Business Department.	The adjustment of the organizational structure has been completed in accordance with the resolution of the board of directors. The Biomedical Business Division would supplement the detailed operating plan and budget of the Biomedical Division with the annual budget proposal for the next

			meeting.
		2. For business development needs, the industry first hired Director He, Hong Neng as the Company's biotechnology development consultant on May 15, 2020, in response to the compensation payable to Director He.	It shall be implemented according to the resolution of the board of directors.
		3. In order to accelerate the development and application of new cell layer projects, it is planned to establish a research and development company in Taiwan with a joint venture with CellSeed of Japan.	At present, the Company's organizational structure has been completed, and the source of funds and equity structure have been confirmed. The medical application will report on the implementation of this meeting in detail. (Annex V of the detailed report, pages 41-67)
		4. Amendments to the "Sales and Collection Cycle", "Purchase and Payment Cycle" written system and approval authority table for the internal control system of the Biomedical Business Division.	It shall be implemented according to the resolution of the board of directors and announced in the Market Observation Post System.
		5. It is proposed to appoint Mr. Ni Yong Fa as the new head of the Audit Department of the Company.	It shall be implemented according to the resolution of the board of directors and announced in the Market Observation Post System.
		6. PwC Taiwan's public accountant fee case from the second quarter of 2020 to the first quarter of 2020.	It shall be implemented according to the resolution of the board of directors.
		7. Comprehensively revise the company's "Accounting System" provisions.	It shall be implemented according to the resolution of the board of directors and announced to the group.
		8. It is proposed to apply for credit line to the national agricultural banks.	It was approved by the national agricultural banks and the guarantee procedure was completed on 8/29.
The 8th meeting of the 8th Board of Directors	2020.11.8	1. The Company's annual audit plan for 2020.	It shall be implemented according to the resolution of the board of directors.
		2. Amendments to some provisions of the Group's "Ethical corporate management best practice principles".	It shall be implemented according to the resolution of the board of directors.
		3. It is proposed to adjust the organizational structure of the Company.	It shall be implemented according to the resolution of the board of directors. The Group's internal knowledge was announced after the division of "Per Administration Department" into "Legal Department" and "Human Resources Department".
		4. Adjusted the salary case of Liu, Heng Yu, the assistant manager of the Biomedical Business Division.	It shall be implemented according to the resolution of the board of directors.

		5. In order to cooperate with the organization adjustment, it is proposed to promote Deng, An Zhi of the General Management Office to be the assistant manager.	It shall be implemented according to the resolution of the board of directors and declared as an insider.
		6. In order to cooperate with the organization adjustment, it is planned to promote Zhan, Zhi Cong as the assistant manager and serve as the director of the Finance Department.	It shall be implemented according to the resolution of the board of directors.
		7. In order to obtain the "building interior decoration certificate" of the medical workshop and office, it is necessary to obtain the "separate and combined household consent" and other documents signed by the landlord, Kingfisher Technology Corp.	It shall be implemented according to the resolution of the board of directors. Completed the contract signing process with a third-party notary on 11/14.
		8. The case concerning the renewal of liability insurance for directors, supervisors and managers in 2020.	It shall be implemented according to the resolution of the board of directors. And complete the remittance on 12 / 25.
		9. The Company intends to apply to MTI Holding Co. Ltd. for capital loan and case	It shall be implemented according to the resolution of the board of directors and announced in the Market Observation Post System.
The 9th meeting of the 8th Board of Directors	2020.1.10	1. Amendments to the new internal control system "production cycle" written system and approval authority table, revised "research and development cycle", "real estate, plant and equipment cycle" and "computer information cycle" written system case.	It shall be implemented according to the resolution of the board of directors. And announced to the group.
		2. Approved the risk management policies and procedures.	It shall be implemented according to the resolution of the board of directors. And announced to the group.
		3. Amended and approved the Company's 2020 budget and annual operating plan.	It shall be implemented according to the resolution of the board of directors.
		4. Approved the loan of funds between people with related relationships—MTI Holding Co., Ltd. and MetaTech (S) Pte Ltd. USD 500 thousand.	It shall be implemented according to the resolution of the board of directors and announced in the Market Observation Post System.
		5. Approved the loan of funds between people with related relationships—MTI Holding Co., Ltd. and MetaTech (S) Pte Ltd. USD 1,000 thousand.	It shall be implemented according to the resolution of the board of directors and announced in the Market Observation Post System.
		6. Passed the proposed application to the Chinatrust Commercial Bank for the renewal of the comprehensive lending facility and the mutual endorsement of the guarantee between the Hong Kong Great-Grandson Company MetaTech Limited.	It has passed the credit line review of Chinatrust Commercial Bank and announced in the market observation post system after the meeting on that day. On February 20, the counter insurance procedure was completed.
		7. Amendments to the Company's 2020 year-end manager bonus payment case.	The amendment was completed in accordance with the resolution of the board of directors and was issued on January 20.
		8. 2020 electronic institutions performance bonus distribution system and the basis of the case.	It shall be implemented according to the resolution of the board of directors.

The 10th meeting of the 8th Board of Directors	2020.3.27	1. Approved the 2020 "Internal Control System Statement".	Approved by the board of directors and will be disclosed in the 2020 annual report.
		2. Passed the Company's 2020 individual financial statements and consolidated financial statements.	Approved by the board of directors, the declaration will be completed on 3/31; 6/30 will be submitted to the shareholders' meeting for recognition.
		3. Passed consideration of the Company's 2020 loss allocation case.	Approved by the board of directors and disclosed in the business plan or annual report, 6/30 will be submitted to the shareholders' meeting for recognition.
		4. Approved to apply to Mega Bank for a short-term comprehensive credit line.	It shall be implemented according to the resolution of the board of directors. Completed the bank guarantee procedure on 4/10.
		5. Approved the lifting of the prohibition on the non-compete of directors of this year's shareholders' meeting	Approved by the board of directors and would be submitted to the shareholders' meeting for approval on 6/30.
		6. By holding the date, time, address and content of the resolution of the 2020 shareholders' meeting, the voting right may be exercised electronically.	It shall be implemented according to the resolution of the board of directors and announced in the Market Observation Post System.
		7. Amendments to the Company's "Management of Related Party Transactions".	It shall be implemented according to the resolution of the board of directors. And announced to the group.
		8. The director Wang, Hui Jun's remuneration as the Company's general consultant was submitted to the case for approval.	It shall be implemented according to the resolution of the board of directors.
The 11th meeting of the 8th Board of Directors	2020.5.8	1. Approved the PwC Taiwan public accountant case from the second quarter of 2020 to the first quarter of 2021.	It shall be implemented according to the resolution of the board of directors.
		2. Amendment to the company's plan to issue ordinary shares with private equity capital increase.	It shall be implemented according to the resolution of the board of directors and announced in the Market Observation Post System.
		3. In order to cooperate with the revision of regulations, the company's "The rules of procedure in the board of directors" case was revised.	It shall be implemented according to the resolution of the board of directors. And announced to the group.
		4. Approved the "Management of Financial Statement Compilation Process" case.	It shall be implemented according to the resolution of the board of directors. And announced to the group.
		5. Passed to Chang Hwa Commercial Bank, Ltd. for the extension of the credit line.	It shall be implemented according to the resolution of the board of directors.
		6. Through the re-appointment of Director He, Hong Neng as the biotechnology development consultant of the Company, the case concerning the remuneration of Director He should be paid.	It shall be implemented according to the resolution of the board of directors.

The 12th meeting of the 8th session of the board of directors	2020.8.11	1. Approved the revision of the "Payroll Cycle" and "Investment Cycle" of the Company's internal control system, as well as the "Inventory Management Cycle" and "Purchase and Payment Cycle" applicable to the Electronics Division.	The board of directors approved and the process was carried out, which was announced to the Group after the meeting.
		2. Approved the proposed joint venture between the Company and Taiwan Hitachi Asia Pacific Co., Ltd. to establish the Zhubei Joint Venture Company.	After the board of directors' approval, the announcement was made on the Market Observation Post System, the M&H investment case was listed as important, and the follow-up issues were reported at each board meeting.
		3. Amended and approved the Company's proposal to issue additional shares of common stock for cash(Seasoned Equity Offering) in fiscal 2020.	Approved by the board of directors' amendment to the operation plan for healthy performance, which was announced on the Market Observation Post System after the meeting. The revised plan was sent to all directors on 8/31 along with the minutes of the board meeting and is scheduled to be sent to the Securities and Futures Bureau in mid-November.
		4. ° Approved the proposed credit line application to the Land Bank of Taiwan.	The board of directors approved and the process was carried out, bank guarantee process was completed on 8/20.
		5. Approved the proposed renewal of credit line from Taiwan Business Bank.	board of directors approved and the process was carried out, bank guarantee process was completed on 8/20.
The 13th meeting of the 8th session of the board of directors	2020.11.06	1. Approved the Company's annual audit plan for 2021.	The board of directors approved and the process was carried out, which was announced on the Market Observation Post System on 12/1.
		2. Approved the renewal of liability insurance for directors, supervisors and managers for 2020.	The board of directors approved and the process was carried out, remittance was completed on 12/25 °
		3. Approved the Company's proposal for a loan of funds from MTI Holding Co.	The board of directors approved and the process was carried out, which was announced on the Market Observation Post System after the meeting.
		4. Approved the proposal to establish the "Performance Evaluation Method of the Board of Directors and Functional Committees" of the Company.	After the board of directors' approval, the notion was announced to the Group, a questionnaire will be sent to the directors for completion by the end of January, and the results of the evaluation will be reported at the board of directors' meeting in March, after the councils have compiled statistics.
		5. ° Amended and approved the amendment to the Company's operational plan for healthy performance.	The revised plan was approved by the board of directors after improving the presentation of assumptions and marketing strategies. The revised plan was sent to the directors together with the minutes on 11/26.

The 14th meeting of the 8th session of the board of directors	2021.01.22	1. Amended and approved the Company's fiscal year 2021 budget and annual operating plan.	As approved by the board of directors, the supplementary report of the meeting was sent to the directors for their consideration together with the minutes of the meeting on February 9.
		2. Approved the loan of funds between related parties of MTI Holding Co., Ltd. to Metatech Ltd. in the amount of \$500,000 USD.	The board of directors approved and the process was carried out, which was announced on the Market Observation Post System after the meeting.
		3. Approved the loan of funds between related parties of MTI Holding Co., Ltd. to Metatech Ltd. in the amount of \$1000,000 USD.	The board of directors approved and the process was carried out, which was announced on the Market Observation Post System after the meeting.
		4. Approved the proposed application for renewal of assorted loan financing limits from Chinatrust Commercial Bank and the provision of endorsement guarantee by the Company to Metatech Limited, a third-tier subsidiary of the Company in Hong Kong.	Amendment to adjust the amount of joint controlled amount mentioned in the statement from NT\$50,000,000 to NT\$85,000,000 was applied in accordance to the auditing committee's suggestions, which was announced on the Market Observation Post System after the meeting. Bank guarantee process was completed on 2021/2/5.
		5. Approved the renewal of short-term assorted credit line with Mega International Commercial Bank	The board of directors approved and the process was carried out, bank guarantee process was completed on 2021/2/17
		6. Approved the ratification of the re-designation of corporate directors of subsidiary Metatech Investment Holding Co. and second-tier subsidiary MTI Holding Co.	The board of directors approved and the process was carried out.
		7. Approved the proposal to adjust the salary of Mr. Shih-Chun Wang, assistant manager of Taiwan Operations Division.	The board of directors approved and the process was carried out.
		8. Approved the payment of the year-end bonus to the management for 2020.	The board of directors approved and the process was carried out. Issuance was completed on 2/5.
The 15th meeting of the 8th session of the board of directors	2021.03.26	1. Approved the "Statement of Internal Control System" for 2020.	The board of directors ratified and the process was completed.
		2. Approved to adjust the organizational structure of the Biomedical Division and to revise regulations regarding the appointment and removal of inspectors.	The board of directors ratified and the process was completed, which was announced to the Group after the meeting.
		3. Passed the credit line application to Taiwan Business Bank	The board of directors approved and the process was carried out, bank guarantee process was completed on 4/20
		4. Amended and approved the individual financial statements and consolidated financial statements of the Company for FY2020.	Amended and approved by the board of directors, relevant financial information was announced on the Market Observation Post System immediately after the meeting. Amendments were made to the business development status of the Biomedical Division and the items to be promoted in the Business Report for 2020, which was recommended by the Directors in the Tenth Report, and the amended annex was sent to the Directors with the agenda on 4/15.
		5. Approved the appropriation for the Company's FY2020 loss.	The board of directors approved and the process was carried out, which was announced on the Market Observation Post System

			after the meeting.
		6. Approved the date, time, location, and motions for the 2021 annual meeting of shareholders, the use of electronic means to exercise voting rights was also approved.	The board of directors approved and the process was carried out, which was announced on the Market Observation Post System after the meeting.
		7. Approved the proposal for the election of directors (including independent directors) of the Company, as well as the nomination period, the number of candidates to be elected, and the premises for accepting nominations.	The board of directors approved and the process was carried out, which was announced on the Market Observation Post System on 4/13.
		8. Approved the proposal to lift the non-compete clause for new directors appointed at this year's annual meeting of shareholders.	As approved by the Board of Directors, a motion will be proposed at the shareholders' meeting on 6/29.
		9. Approved the proposal for the Company's subsidiary, LOCUS Cell Co., Ltd., to conduct a seasoned equity offering with a total amount of NT\$1,999 million capital to be invested, and an expected paid-in capital after the capital increase to be NT\$2 billion.	Approved by the board of directors, the funds were fully received on May 12, and an extraordinary general meeting is expected to be held on May 31 to re-elect directors and supervisors.
		10. Amended and approved the amendment to the Company's operation plan for healthy performance.	Amended and approved by the board of directors, the amended annex was sent to the directors along with the minutes on 4/15.
The 16th meeting of the 8th session of the board of directors	2021.05.14	1. Approved revisions of the "Procedures for Internal Control System Self-Assessment".	The board of directors approved and the process was carried out, which was announced to the Group after the meeting.
		2. Approved the establishment of the Company's " Regulations for Human Rights Policy".	The board of directors approved and the process was carried out, which was announced to the Group after the meeting.
		3. Approved the proposed amendments to certain articles of the Company's by-laws.	Approved by the board of directors. And will be proposed to the shareholders meeting on 6/29 for discussion and voting.
		4. Approved the request for by-election for the Company's remuneration committee.	The board of directors approved and the process was carried out, which was announced on the Market Observation Post System after the meeting.
		5. Approved the accountant's fee payment for the second quarter of 2021 to the first quarter of 2022 for the firm of PwC.	The board of directors approved and the process was carried out.
		6. Amended and approved the discontinuation of the private placement of common stock passed at the Company's 2020 annual meeting of shareholders.	Amended and approved by the board of directors. The audit committee instructed that the proposed discontinuation should state that the reason for the discontinuation is that a cash capital increase proposal has been approved and not solely due to expiration. After amendments were made, the information was announced on the Market Observation Post System after the meeting.
		7. Approved the acceptance of shareholders' proposals and the election of director (including independent director) candidates for review.	The board of directors approved and the process was carried out, which was announced on the Market Observation Post System after the meeting.



		8. Approved the motions of the 2021 annual meeting of shareholders.	The board of directors approved and the process was carried out, which was announced on the Market Observation Post System after the meeting.
		9. Approved the proposed establishment of the Electronics Business Group and the Biomedical Business Group to unify related businesses, and related organizational structure revisions.	The board of directors approved and the process was carried out, which was announced to the Group after the meeting.
		10. Approved the proposal to adjust the remuneration of Mr. Chi-Chung Chien, assistant manager of the Finance Department.	The board of directors approved, and process was completed.

(M) In the most recent year and as of the publication of the annual report, the directors or supervisors had different opinions on the important resolutions passed by the board of directors and there were records or written statements. The main content: No such situation.

(N) In the most recent year and up to the date of printing annual reports, the resignation and dismissal of persons related to financial reporting: (including the chairman, general manager, chief accountant, chief internal auditor, head of corporate management, head of research and development)

May 31, 2020

Title	Name	Appointment date	Dismissal date	Reasons for resigning or dismissal
Audit Manager	Zhu, Xiang Bin	2014.02.26	2020.04.01	Resignation due to health factors
Medical Application Office	Wang, Zhe Xun	2017.06.20	2020.03.12	Resignation due to personal career planning

#### D. Professional fees of the CPAs:

(A) Public accountant's fees

Accounting firm name	Accountant's name		During the audit	Note
PricewaterhouseCoopers Taiwan	Xu, Ming Chuan	Zhi, Bing Jun	2020/01/01/~2020/12/31	

Unit: NT\$ thousand

Public fee items	Audit public fee	Non-audit public fee	Total
Amount of distance			
1 Less than \$2,000 thousand		√(Note)	√

2	\$2,000 thousand (inclusive) to \$4,000 thousand	✓		✓
3	\$4,000 thousand (inclusive) to \$6,000 thousand			
4	\$6,000 thousand (inclusive) to \$8,000 thousand			
5	\$8,000 thousand (inclusive) to \$10,000 thousand			
6	More than \$10,000 thousand (inclusive)			

Note: The Company's non-audit public fees are advance money and employee share options.

Unit: NT\$ thousand

Accounting firm name	Accountant's name	Audit public fees	Non-audit public fees					During the audit	Remarks
			System Design	Business registration	Human Resources	Other (Note 2)	Subtotal		
PricewaterhouseCoopers Taiwan	Xu, Ming Chuan	2,800				179	179	2020/01/01-2020/12/31	The non-audit fees are for trust report verification and the translation of financial statements to English.
	Zhi, Bing Jun							2020/01/01-2020/12/31	

Note 1: If the Company changes its accountant or accounting firm this year, it should list the check period separately, explain the reason for the change in the remarks, and disclose the audit and non-audit public fees and other information.

Note 2: Non-audit public fees are listed separately according to the service items. If the "others" of the non-audit public fees reach 25% of the total non-audit public fees, the service contents should be listed in the remarks.

- (B) The non-audit public fees of the firms and their affiliates that pay accountants and accountants are more than 4% of the audit public fees: None
- (C) Replacement of accounting firms and replacement of audit public fees paid in the year compared to the reduction of audit public fees in the previous year: Not applicable
- (D) Audit public fees are reduced by more than 15 percent from the previous year: None

**E. In the most recent two years and subsequent periods, the information for Change of the CPAs:**

**(E) About the former Accountants:**

Change Date	2017.01.01		
Replace reason and explanation	In order to cooperate with the internal adjustment of the PricewaterhouseCoopers Taiwan		
The description was terminated or not accepted by the appointor or accountant	party situation	accountant	appointed person
	Proactively terminate the appointment	Not applicable	Not applicable
	No longer accept (continue) appointment	Not applicable	Not applicable
Opinions and Reasons for Examining Check Reports Other than Unqualified Opinions within the Latest Two Years	None		
Is there any disagreement with the issuer or not	Yes		Accounting principles or practices
			Financial report disclosure
			Check the scope or steps
			Others
	No	V	
	Instructions		
Other disclosures (the fourth point of Article 10(5) of this Code should be disclosed)	Not applicable		

**(F) About the current Accountants:**

Office name	PricewaterhouseCoopers Taiwan
Accountant's name	Xu, Ming Chuan
Date of appointment	Not applicable
Pre-commissioning accounting methods or accounting principles for specific transactions and opinions on the possible issuance of financial reports Consultations and results	Not applicable
Written Opinions of Successional Accountants on Disagreement of Previous Accountants	Not applicable

**F. The Company's chairman, general managers, and managers responsible for finance or accounting who have held a position in the CPA office or its affiliates within the latest year: None.**

**G. Changes in shareholdings of directors, supervisors, managers and major shareholders**

(A) Changes in the shareholdings of directors, supervisors, managers and major shareholders

Unit: share

Title	Name	2020		Ended the transfer date as of May 2, 2020	
		Number of shares held Increase (decrease) number	Pledged shares Increase (decrease) number	Number of shares held Increase (decrease) number	Pledged shares Increase (decrease) number
Director	Bei De Bi Xiu Investment Co., Ltd.	—	—	—	—
Representative of Corporation Director	Bei De Bi Xiu Investment Co., Ltd. Representative: Chen, Zong Ji	—	—	—	—
Representative and chairman of Corporation Director	Bei De Bi Xiu Investment Co., Ltd. Representative: Hu, Li San	—	—	—	—
Representative and General manager of Corporation Director	Bei De Bi Xiu Investment Co., Ltd. Representative: Tang, Hong De	(200,000)	—	—	—
Representative of Corporation Director	Bei De Bi Xiu Investment Co., Ltd. Representative: Chen, Rui Jie	—	—	—	—
Representative and Executive deputy general manager of Corporation Director	Bei De Bi Xiu Investment Co., Ltd. Representative: Qiu, Jun Hua (Note 1)	—	—	(366,000)	—
Representative of Corporation Director	Bei De Bi Xiu Investment Co., Ltd. Representative: Wang, Hui Jun (Note 1)	—	—	—	—
Director	Jun-mao International Co., Ltd.	198,000	—	1,982,000	—
Representative of Corporation Director	Bei De Bi Xiu Investment Co., Ltd. Representative: Wu, Zhen Long	996,000	—	—	—
Director	National Development Fund, Executive Yuan	—	—	—	—
Representative of Corporation Director	National Development Fund, Executive Yuan Representative: He, Hong	—	—	—	—

	Neng				
Director	Dajun Investment Co., Ltd.		—	—	—
Representative of Corporation Director	Dajun Investment Co., Ltd. Representative of Corporation Director: Yang, Zhi Hui		—	—	—
Representative of Corporation Director	Dajun Investment Co., Ltd. Representative of Corporation Director: Zhao, Hong Zhang		—	—	—
Independent Director	Wu, Rong Yi		—	—	—
Independent Director	Chen, Rong Hua		—	—	—
Independent Director	Wang, Wen Zhu		—	—	—
Auditing Assistant Manager	Zhu, Xiang Bin (Note 2)		—	—	—
Auditing Assistant Manager	Ni, Yong Fa (Note 2)		—	—	—
Deputy General Manager of Electronic Business	Zhou, Shuo Hui (Note 3)		—	—	—
General Manager of Biomedical Affair Office	Liu, Heng Yu		—	—	—
General Manager of Finance / Management Division	Zhan, Zhi Cong		—	—	—
Assistant Manager of Investment Relations Department	Lin, Wen Jie		—	—	—
Assistant Manager of Medical Application Department	Wang, Zhe Xun (Note 4)		—	—	—
Assistant Manager of Taiwan Operating Office	Wang, Shi Jun	3,000	—	—	—
General Administration Office	Deng, An Zhi (Note 5)		—	—	—

Note 1: Qiu Jun Hua, Deputy General Manager of Administration, resigned on December 31, 2020.

Note 2: Zhou, Shuo Hui, Deputy General Manager of Electronic Business, resigned on February 28, 2020. The original position was temporarily replaced by the General Manager Tang, Hong De.

Note 3: Zhu, Xiang Bin, Assistant Director of the Audit Department, resigned on April 1, 2020. During this period, Dong, Yi Jie, the Audit Agent, temporarily replaced him. Ni, Yong FA, the new Assistant Director of the Audit Department, took office on August 13, 2020.

Note 4: Wang, Zhen Xun, the Assistant Manager of the Medical Application Office, resigned on March 12, 2020. Wu, Ying Zhen, the Manager of the Medical Application Office, temporarily replaced him

Note 5: Deng, An Zhi, Assistant Manager of the General Administration Office, took office on November 8, 2020.

(B) Directors, Supervisors, Managers and Major Shareholders Transfer of Ownership: None.

(C) Directors, Supervisors, Managers and Major Shareholders Equity Pledge Information: None.

## H. Shareholding ratio accounts for the relationship between the top ten shareholders

Deadline for the transfer as of May 2, 2020; Unit: Shares; %

Name	Holding shares by person		Spouses, underage children holding shares		Total holding shares in the name of others		The relationship between the top ten shareholders and those who are related to Financial Accounting Standards Bulletin No. 6 and its name and relationship		Note
	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Name	Relations	
Jun-mao International Co., Ltd.	5,450,000	9.39%					Wu, Zhen Long	Chairman	
Jun-mao International Co., Ltd. Representative: Wu, Zhen Long	3,886,000	6.70%					Wu, Zhen Long	In person	
Wu, Zhen Long	3,886,000	6.70%			818,000	1.41%	Jun-mao International Co., Ltd.	Chairman	
Bei De Bi Xiu Investment Co., Ltd.	3,141,924	5.42%							
Bei De Bi Xiu Investment Co., Ltd. Representative: Chen, Zong Ji	0	0%							
National Development Fund, Executive Yuan	2,777,000	4.79%							
National Development Fund, Executive Yuan Representative: Chen, Mei Ling	0	0%							
Huan Cheng Shi Yu Investment Co., Ltd.	2,499,000	4.31%							
Huan Cheng Shi Yu Investment Co., Ltd. Representative: Yu, Qi Lin	0	0%							
Ou Si Mi	2,341,000	4.04%							

Chi Jiang Security Co., Ltd.	818,000	1.41%					Wu, Zhen Long	Chairman	
Lin, Fang Bang	770,000	1.33%							
Wang, Wen Hua	721,000	1.24%							
Su, Min Hui	720,000	1.24%							

**I. The number of shares held by the Company, the Company's directors, supervisors, managers, and directly or indirectly controlled by the same investment business and combined to calculate the comprehensive shareholding ratio**

Deadline for the transfer as of May 2, 2020; Unit: Shares; %

Transfer to investment	The Company's investment		Directors, supervisors, managers, and direct or indirect control of investment in the business		Comprehensive investment	
	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio
MetaTech Investment Holding Co.,Ltd.	10,000,000	100.00	-	-	10,000,000	100.00
MTI Holding Co.,Ltd	-	-	10,000,000	100.00	10,000,000	100.00
MetaTech(S) Pte Ltd.	-	-	3,800,000	100.00	3,800,000	100.00
MetaTech Ltd.	-	-	46,000,000	100.00	46,000,000	100.00
MetaTech(SZ)	-	-	Not applicable	100.00	Not applicable	100.00
Jianhua Travel Agency Co., Ltd.	800	100.00	-	-	800	100.00
Up Cell Biomedical Inc.	3,300,000	25.38	1,450,000-	11.15	4,750,000	36.53

Note: It is the company's long-term investment using the equity method.

## IV. Capital Overview

### A. Capital and shares

#### (A) Source of equity

May 2, 2020 Unit: NT\$ thousand; thousand shares

Year Month	Issue price	Certified capital		Actual capital		Note		
		Number of shares	Amount	Number of shares	Amount	Source of equity	In addition to the property o ther than cash	Others
1998.09	10	1,000	10,000	1,000	10,000	Cash establishment	-	Note 1
2001.12	10	12,000	120,000	12,000	120,000	Cash increase	-	Note 2
2002.12	15	30,000	300,000	16,800	168,000	Cash increase	-	Note 3
2003.09	10	30,000	300,000	19,470	194,700	Surplus and dividends increased by \$9,900 thousand	-	Note 4
						Transfer of capital reserves to increase of \$16,800 thousand		
2004.06	10	30,000	300,000	23,900	239,000	Surplus and dividends increased by \$4,430 thousand	-	Note 5
2005.09	10	30,000	300,000	26,600	266,000	Surplus and dividends increased by \$20,054 thousand	-	Note 6
						Capital reserve increased by \$6,946 thousand		
2006.06	10	100,000	1,000,000	30,000	300,000	Surplus and dividends increased by \$34,000	-	Note 7
2006.10	14	100,000	1,000,000	36,000	360,000	Increased cash by \$60,000 thousand	-	Note 8
2006.12	17.10	100,000	1,000,000	37,363	373,625	Conversion of corporate bonds to common stock of \$13,625 thousand	-	Note 9
2007.03	17.10	100,000	1,000,000	37,579	375,789	Corporate bonds converted to common stock \$2,164 thousand	-	Note 10
2007.06	10	100,000	1,000,000	41,959	419,589	Surplus and dividends increased by \$19,546 thousand	-	Note 11
						Conversion of capital reserves to capital increase by \$24,254 thousand		
2007.06	17.10	100,000	1,000,000	42,152	421,519	Corporate bonds converted to common stock \$1,930 thousand	-	Note 12
2007.09	17.10	100,000	1,000,000	42,316	423,163	Corporate bonds converted to common stock \$1,645 thousand	-	Note 13
2008.09	11.60	100,000	1,000,000	43,316	433,163	Capital reserve increased by \$10,000 thousand	-	Note 14



2010.12	11.60	100,000	1,000,000	43,325	433,249	Corporate Bonds Converted to Common Shares \$86 thousand	-	Note 15
2011.04	10	100,000	1,000,000	42,004	420,039	Cancellation of treasury shares by \$13,210 thousand	-	Note 16
2013.11	10	100,000	1,000,000	30,000	300,000	Cancellation of common stock 120,039 thousand	-	Note 17
2015.01	20.05	100,000	1,000,000	40,000	400,000	Cash increase \$ 100,000 thousand	-	Note 18
2017.05	37.35	100,000	1,000,000	43,949	439,491	Corporate bonds converted to common stocks NT\$ 39,491 thousand	-	Note 19
2017.09	37.35	100,000	1,000,000	44,016	440,160	Corporate bonds converted into common stocks NT\$ 669 thousand		Note 20
2018.01	36	100,000	1,000,000	58,016	580,160	Cash increase of \$140,000 thousand		Note 21

Note1: 1998.09.17 Approval No.00592284

Note2: 2002.01.09 Approval No.09101001740

Note3: 2002.09.26 Approval No.0910151865

Note4: 2003.09.15 Approval No.09232661990

Note5: 2004.06.11 Approval No.09332220350

Note6: 2005.09.02 Approval No.09432742670

Note7: 2006.08.04 Approval No.09532624610

Note8: 2006.08.21 Approval No.0950135986

Note9: 2007.04.23 Approval No.09632010150

Note10: 2007.05.15 Approval No.09632112690

Note11: 2007.07.09 Approval No.0960034965

Note12: 2007.09.05 Approval No.09632722790

Note13: 2007.12.11 Approval No.09633185050

Note14: 2008.07.07 Approval No.0970033733

Note15: 2010.12.22 Approval No.0993177428

Note16: 2011.04.18 Approval No.1005022056

Note17: 2013.11.08 Approval No.1020042213

Note18: 2015.01.16 Approval No.1030053618

Note19: 2017.05.23 Approval No.1068031847

Note20: 2017.09.08 Approval No.1068058488

Note21: 2018.01.29 Approval No.09633185050

1. The types of shares that have been issued during the most recent year and up to the publication date of the annual report

May 2, 2020

Share Category	Authorized capital stock				Note
	Outstanding Shares	Any repurchases of the Company	Unissued shares	Total	
Common shares	58,016,045 shares	0 shares	141,983,955 shares	200,000,000 Shares (Note 2)	Note1

Note 1: The Company listed at over-the-counter market on June 3, 2004.

Note 2: The Company changed the total capital to NTD 2,000,000,000 on August 08, 2020, the amount per share was \$10, and the total number of shares was 200,000,000 shares.

2. General declaration system related information: None.

(B) Shareholders' structure

Deadline for the transfer as of May 2, 2020; Unit: Shares

Shareholders structure Quantity	Government Institutions	Financial Institutions	Other corporations	Foreign Institutions and outsiders	Personal	Total
Number of people	1	0	113	10,159	17	10,290
Holding shares	2,777,000	0	12,576,453	41,953,501	709,091	58,016,045
Shareholding ratio	4.79%	0.00%	21.68%	72.31%	1.22%	100.00%

(C) The ownership distribution

1. Common shares

Deadline for the transfer as of May 2, 2020; \$ 10 per share

Shareholding classification	Shareholders	Holding shares	Shareholding ratio
1 to 999	7,987	188,651	0.33
1,000 to 5,000	1,477	3,187,132	5.49
5,001 to 10,000	318	2,492,506	4.30
10,001 to 15,000	121	1,560,663	2.69
15,000 to 20,000	87	1,573,096	2.71
20,001 to 30,000	89	2,233,387	3.85
30,001 to 40,000	50	1,806,600	3.11
40,001 to 50,000	21	926,891	1.60
50,001 to 100,000	63	4,561,938	7.86
100,001 to 200,000	39	5,650,159	9.74
200,001 to 400,000	17	4,729,414	8.15
400,001 to 600,000	6	2,780,164	4.79
600,001 to 800,000	8	5,412,520	9.33
800,001 to 1,000,000	1	818,000	1.41
1,000,001 more	6	20,094,924	34.64
Total	10,290	58,016,045	100.00

2. Preferred shares: The Company did not issue preferred shares.

(D) List of major shareholders

Deadline for the transfer as of May 2, 2020; Unit: Shares

Name of major shareholders	Shares	Holding shares	Shareholding ratio
Jun-mao International Co., Ltd.		5,450,000	9.39
Wu, Zhen Long		3,886,000	6.70
Bei De Bi Xiu Investment Co., Ltd.		3,141,924	5.42

National Development Fund, Executive Yuan	2,777,000	4.79
Huan Cheng Shi Yu Investment Co., Ltd.	2,499,000	4.31
Ou Si Mi	2,341,000	4.04
Chi Jiang Security Co., Ltd.	818,000	1.41
Lin, Fang Bang	770,000	1.33
Wang, Wen Hua	721,000	1.24
Su, Min Hui	720,000	1.24

(E) The price, net value, surplus, dividends and related information per share in the most recent two years

Unit: NT\$ thousand

Items		Years	2019	2020	Year as of March 31, 2021 (Note 8)
Per stock price (Note 1)	Highest		70.50	69.0	57.7
	Lowest		43.30	52.1	32.55
	Average		57.38	61.08	47.14
Net value per share (Note 2)	Before distribution		18.49	17.31	17.00
	After distribution		18.49	17.31	17.00
Earnings per share	Weighted average number of shares		57,440,703 shares	58,016,045 shares	58,016,045 shares
	Earnings per share (before retroactive) (Note 3)		(1.01)	(1.60)	(0.43)
	Earnings per share (after retroactive) (Note 3)		(1.01)	(1.60)	(0.43)
Dividend per share	Cash dividends		0	0	0
	Share grants	Surplus allotment	0	0	0
		Capital reserve	0	0	0
	Accumulated unpaid dividends (Note 4)		0	0	0
Investment compensation analysis	P/E (Note 5)		(56.81)	(38.175)	-
	Ratio of dividend/price to dividend ratio (Note 6)		(Note 10)	(Note 10)	Not assigned
	Dividend yield (Note 7)		(Note 10)	(Note 10)	Not assigned

# If there is surplus or capital reserve transferred to the capital increase and share allotment, the market price and cash dividend information retroactively adjusted according to the issued shares shall be disclosed.

Note 1: List the highest and lowest market prices for common stock for each year and calculate the average market price for each year based on the transaction value and trading volume for each year.

Note 2: Please specify the number of shares that have already been issued at the end of the year and the allocation based on the resolutions of the shareholders meeting of the next year.

Note 3: If there are retrospective adjustments due to circumstances such as unpaid share placement, the pre-adjustment and adjusted earnings per share should be presented.

Note 4: If it is stipulated that the undistributed dividends of the equity securities accumulated in the current year will be accumulated to the issuers of the surplus year, the accumulated unpaid dividends for the current year shall be disclosed separately.

Note 5:  $P / E = \text{current average closing price per share} / \text{earnings per share}$ .

Note 6:  $\text{Ratio of dividend/price to dividend ratio} = \text{the average closing price per share} / \text{cash dividend per share}$ . Note 7:  $\text{Cash dividend yield} = \text{cash dividend per share} / \text{current average closing price per share}$ .

Note 8: The net value per share and earnings per share shall include the information checked and verified by the accountants in the most recent quarter as of the printing date of the annual report; the remaining columns shall include the data for the year ending on the date of publication of the annual report.

Note 9: The Board of Directors passed the resolution on March 26, 2020, which did not distribute dividends for the year 2018. It is intended to be recognized by the regular shareholders meeting on June 17, 2020.

Note 10: The Board of Directors passed a resolution on March 27, 2020, which did not distribute dividends for the year 2020. It is intended to be recognized by the regular shareholders meeting on June 30, 2020;

## (F) The Company dividend policy and implementation

### 1. Articles of Association of the Company Article 18 of the dividend policy is as follows:

Art. 18 : If the Company's annual accounts are profitable, staff remuneration should be set at 1% to 5%, but when the Company still has accumulated losses, it should reserve the amount of compensation in advance.

Employees transferred by the Company to subsidiaries (or employees of subordinate subsidiaries meeting certain conditions), shall subject to the above distribution of remuneration to employees, the conditions and methods are fixed by the board of directors.

Art. 18-1 : The Company's total final accounts if for any surplus, taxes should be first made up for the past losses, next making up 10 percent for the statutory surplus public reserve. The remaining balances, together with the undistributed earnings of prior years, will be reserved or distributed by the board of directors for resolution of the shareholders' meeting; to distribute among shareholders dividends in another way, the proportion of cash dividend paid is not less than 30%, and the rest is distributed in the form of stock dividend. When the company distributes surplus, except for statutory surplus reserve according to law, should be in accordance with the first paragraph of Article 41 of the Securities and Exchange Act, in the current year, the amount of debts deducted from the shareholders' equity occurred (If the long-term equity investment has not realized the loss of the impairment loss, the cumulative conversion adjustment and so on) no special surplus reserve from the same amount as the previous year's after-tax surplus for the purpose of distribution of earnings shall not be distributed. When the amount of the shareholder's equity deduction is reversed, should be another surplus on the revolving part.

2. The situation of the proposed dividend distribution for the current year:

The Company's 2020 deficit compensation, on March 27, 2020 by the Board of Directors through the current year does not assign dividends; the case shall be reported to the June 30, 2020 general meeting of shareholders for adoption.

3. Expected significant change in dividend policy :

The Company expects no major changes to the dividend policy.

(G) The effect of the proposed unpaid share allotment on the Company's business performance and earnings per share:

Not Applicable (The Company was loss in 2018, no distribution of surplus)

(H) Employees' bonuses and rewards of directors and supervisors:

1. The dividends of employees and the amount or scope of rewards of directors and supervisors contained in the Company's articles of association:

According to Article 15 of the Articles of Association, the remuneration of directors is determined by the board of directors according to the normal level of the same industry.

According to Article 18 of the Articles of Association of the Company, if the company's annual final accounts are profitable, the employee's compensation shall be 1% to 5%. However, if the company still has accumulated losses, the amount of compensation should be retained in advance. The employees transferred to the subsidiaries of the Company (or employees of subordinate subsidiaries that meet certain conditions) may be subject to the distribution of the above-mentioned employees' compensation, and the conditions and methods shall be determined by the Board of Directors.

2. In the current period, the estimated basis of the remuneration of the employees, directors and supervisors, the basis for the calculation of the number of shares remunerated by the stocks and the actual distribution amount are treated according to the changes in the accounting estimates. The company has been approved by the board of directors on March 27, 2020, and no remuneration will be distributed for the current year.

3. The board of directors has passed the distribution of remuneration: there is no distribution of employees and directors' compensation in the current year, so it is not applicable.

(1) Remuneration of employees and directors' remuneration distributed in cash or stock. If there is a discrepancy between the estimated annual amount and the recognized cost, the difference, cause and treatment should be disclosed: not applicable.

(2) The amount of compensation paid by the employees in the stock accounted for the total net profit after tax and the total amount of employee compensation: not applicable.

4. Actual distribution of employees, directors and supervisors in the previous year:

In the previous year, there were no employee cash dividends, stock bonuses, and remunerations of directors and supervisors.

(l) The situation of the Company repurchased shares: None.

1. According to Article 28-2 of the Securities Exchange Act and the provisions of the Measures for the listed companies to repurchase shares of the company.
2. The transfer of shares to the employees intends to repurchase shares of the Company from the centralized market of securities, and the relevant matters for the purchase of shares are as follows:

Deadline for the transfer as of May 2, 2020; Unit: NT\$, Shares

Items	Times	The first time	The second time	The third time
The board of directors resolution date		2004/08/10	2005/05/10	2007/11/07
Repurchase shares purpose		Transfer of shares to employees	Transfer of shares to employees	Transfer of shares to employees
Repurchase Share types and quantity		Common shares / 746,000 shares	Common shares / 750,000 shares	Common shares /1,321,000 shares
Repurchase period		2004/08/13 ~ 2004/10/12	2005/05/12 ~ 2005/07/11	2007/11/09 ~ 2008/01/08
Repurchase interval price		\$23.40 ~ \$28.00	\$14.80 ~ \$16.85	\$12.00 ~ \$20.00
The total amount of repurchase		\$19,591,398	\$11,751,666	\$18,819,324
Number of shares sold and transferred		746,000 shares (Note 2)	750,000 shares (Note 1)	1,321,000 shares (Note 3)
Cumulative holdings of shares of the Company		0 share	0 share	0 share
Cumulative holdings of the Company's shares as a percentage of the total issued shares		0.00%	0.00%	0.00%

Note 1: It was paid on March 29, 2006 and transferred to employees.

Note 2: It was taxed on February 6, 2007 and transferred to employees.

Note 3: The cancellation of capital reduction registration was completed on April 18, 2011. The base date for the reduction was on March 31, 2011.

## B. Corporate bonds management:

### The situation of corporate bonds handled

Types of corporate bonds (Note 2)	The first secured convertible corporate bonds (Note 5)	The second secured convertible corporate bonds (Note 5)	The third secured convertible corporate bonds (Note 5)
Issue (process) date	October 2, 2006	July 24, 2014	January 9, 2019
Denomination	NT\$ 120,000,000	NT\$ 150,000,000	NT\$ 150,000,000
Issuing and Trading Locations (Note 3)	-	-	-
Issue price	According to the full denomination of the bond issue	According to the full denomination of the bond issue	NT\$ 101 (Issued at a premium)
Total amount	NT\$ 120,000,000	NT\$ 150,000,000	NT\$ 151,500,000
Interest rate	0%	0%	0%
Period	5-year/expiry date: October 1, 2011	3-year/expiry date: July 24, 2017	3-year/expiry date: January 9, 2022
Guarantee agency	Taiwan Cooperative Bank	Yuanda Commercial Bank (stock) Company	Taiwan Business Bank
Trustee	Taiwan Cooperative Bank	Trust Department, Risheng International Commercial Bank	Trust Department, Land Bank of Taiwan
Underwriting Agency	MasterLink Securities Corporation	Concord Securities Co., Ltd.	Waterland Securities Co., Ltd.
Signing lawyer	Huang, Tai Yuan Lawyer	Zhuang, Zhen Nong Lawyer	Qiu, Ya Wen Lawyer
Signing accountant	PricewaterhouseCoopers Taiwan	PricewaterhouseCoopers Taiwan	PricewaterhouseCoopers Taiwan
Reimbursement method	Repay cash at the time of expiration	When the time of maturity expires, the principal will be paid once in cash according to the denomination of the bond.	When the time of maturity expires, the principal will be paid once in cash according to the denomination of the bond.
Unpaid Repayment	NT\$ 0(Repaid in full in October 2011)	NT\$ 1,300,000 (As of the closing date of the transfer, April 22)	NT\$ 151,500,000 (As of the closing date the transfer, May 2)
	(A) The closing price of the convertible corporate bonds from the day following the issuance of one month to the end of the issuance period of 40 days,	(A) The date of the issuance of the conversion corporate bond is one month after the expiration of the issue period, and the tenth day before the expiration of the issue period	(A) The conversion of corporate bonds shall begin on the day following the expiration of three months from the

Types of corporate bonds (Note 2)	The first secured convertible corporate bonds (Note 5)	The second secured convertible corporate bonds (Note 5)	The third secured convertible corporate bonds (Note 5)
Redemption or early settlement terms	<p>if the closing price of the common stock of the company at the counter buying center lasts for 30 consecutive business days, when the conversion price exceeds 50 percent (inclusive) or more, the Company may send a "Bond Redemption Notice" to the bondholders by registered mail within the next 30 business days. (The aforementioned period starts from the date of dispatch of the company, and the expiry date of the period is used as the base date for bond redemption, and the aforementioned period shall not be the bondholder and the counter is requested to announce the purchase price of the counter at the time of the expiry of the period, and calculate the redemption price according to the period mentioned in (c) and the bond redemption yield (from the date of the bond issuance date to the base day for bond redemption), and withdraw all the bonds in cash.</p> <p>(B) From the day following the issuance of the convertible corporate bonds to the end of the issue period up to 40 days before the expiry of the issuance period, if the outstanding balance of the convertible corporate bonds is less than 10% of the total amount of the original issuance, the Company may obtain any subsequent time, declaring a "Bond Redemption Notice" by registered creditors (the period mentioned above is calculated from the date of dispatch of the Company, and the expiry date of</p>	<p>(expiration date), if the closing price of the company's common stock at the counter trading center exceeds 30% (inclusive) of the closing price for 30 consecutive business days, the Company may, within 30 business days thereafter, send a "Bond Redemption Notice" to the bondholders by registered mail, and please call the cabinet to buy the center announcement. (According to the register on the list of creditors on the five business days prior to the dispatch, the investors who subsequently obtained the conversion of corporate bonds due to trading or other reasons shall be notified by way of announcement).</p> <p>(B) When the total amount of bonds not converted in the conversion of corporate bonds is less than 10% of the total amount of the issue, the total amount of the bonds that have not been converted by the conversion of the corporate bonds will be less than 10% of the total amount of the issue, at any time thereafter, the Company may send a "Bond Redemption Notice" to the bondholders by registered mail, and the letter will be announced by the Counter Buying Center. (According to the register on the list of creditors on the five business days prior to the dispatch, the investors who subsequently obtained the conversion of corporate bonds due to trading or other reasons shall be notified by way of announcement).</p> <p>(C) The Company will use the 30th day from the date of the issuance of the "Bond Redemption Notice" (inclusive) as the base date for bond redemption (the foregoing period shall not be the ninth period of suspension of the</p>	<p>date of issue (April 10, 2019) to 40 days before the expiration of the issue period (November 30, 2021), if the closing price of the ordinary shares of the Company in the securities firm's business premises exceeds 30% of the current trading day, the conversion price is more than 30% (inclusive), the Company will send a 30-day "Bond Redemption Notice" to the bondholders by registered mail within 30 business days thereafter. (The aforesaid period starts from the date of the Company's letter of issuance, and the expiration date of the period is the base date for the bond redemption, and the foregoing period shall not be the period of the suspension of the conversion of Article 9 of the present Measures).</p> <p>And (According to the register on the fifth business day bond holder's register before the date of the "Bond Redemption Notice", the investor who subsequently obtained the conversion of the corporate bond due to trading or other reasons shall be notified by way of announcement).</p> <p>And the letter to the counter trading center to announce the exercise of the redemption right of the Company, and within five business days after the benchmark date of the bond redemption, all the converted corporate bonds that are in circulation are redeemed in cash in denominations of the bonds.</p>



Types of corporate bonds (Note 2)	The first secured convertible corporate bonds (Note 5)	The second secured convertible corporate bonds (Note 5)	The third secured convertible corporate bonds (Note 5)
	<p>the period is used as the bond redemption base date, and the aforementioned period must not be the period for the conversion of Article 9) for bondholders, in addition, the counter is requested to inform the center of the purchase center and upon expiration of the period, calculate the redemption price according to the period mentioned in (3) and the bond redemption yield (from the date of the bond issuance to the base day for bond redemption), withdraw all the bonds in cash.</p> <p>(C) Redemption yields are as follows:</p> <ol style="list-style-type: none"> <li>1. From the day following the issuance of one month to the date of the issuance of the full four-year period, the bond will be redeemed at a yield of 1.5% per year.</li> <li>2. From the day following the issuance of four years to the end of the 40th day prior to the expiration of the convertible corporate bonds, the convertible corporate bonds are redeemed at the bond's denomination.</li> </ol> <p>(D) If bondholders do not receive a written reply to the stock agent of the company (which will be effective at the time of delivery, using the postal date of mailing), it will be received by the holder of the bond on the "Redemption of Bonds". The company may convert its convertible corporate bonds into new shares issued by the company at the conversion price at that time, using the expiry date of the notice period as the conversion base date.</p>	<p>conversion period). Whether or not the bondholders replied in writing to the Company's stock agency for cash redemption before the bond redemption base date (effective at the time of delivery, the postmarker is based on postmark date), and the Company redeems the bond holder's convertible corporate bonds in cash on the five business days after the benchmark date of bond redemption.</p>	<p>(B) The conversion of corporate bonds shall begin on the day following the expiration of three months from the date of issue (April 10, 2019) to 40 days before the expiration of the issue period (November 30, 2021), at the time when the balance of the Company's debt is less than 10% of the total amount of the original issue, the Company may, at any time thereafter, send a 30-day "Bond Redemption Notice" to the bondholders by registered post. (The aforesaid period starts from the date of the Company's letter of issuance, and the expiration date of the period is the base date for the bond redemption, and the foregoing period shall not be the period of the suspension of the conversion of Article 9 of the present Measures).</p> <p>And (According to the register on the fifth business day bond holder's register before the date of the "Bond Redemption Notice", the investor who subsequently obtained the conversion of the corporate bond due to trading or other reasons shall be notified by way of announcement).</p> <p>And the letter to the counter trading center to announce the exercise of the redemption right of the Company, and within five business days after the benchmark date of the bond redemption, all the converted corporate bonds that are in circulation are redeemed in cash in denominations</p>

Types of corporate bonds (Note 2)		The first secured convertible corporate bonds (Note 5)	The second secured convertible corporate bonds (Note 5)	The third secured convertible corporate bonds (Note 5)
				of the bonds. (C) If the creditor does not reply in writing to the Company's stock agency before the benchmark date of the bond redemption as stated in the "Bond Redemption Notice" (effective at the time of delivery, the postmarker shall post the postmark date), the Company shall redeem the Converted Corporate Bonds held by it in cash on the maturity date.
Restrictions (Note 4)		None	None	None
Name of the credit rating, the rating date, corporate bonds rating results		None	None	None
With other rights	The amount of ordinary shares, overseas depositary receipts or other securities that have been converted (exchanged or subscribed) as of the date of publication of the annual report.	NT\$0 (Repaid in full in October 2011)	None	None
	Issuance and conversion (exchange or subscription) approach	Details of the Company's First Secured Convertible Corporate Bonds Issuance Procedures	Details of the Company's Second Secured Convertible Corporate Bonds Issuance Procedures	Details of the Company's Third Secured Convertible Corporate Bonds Issuance Procedures

Types of corporate bonds (Note 2)	The first secured convertible corporate bonds (Note 5)	The second secured convertible corporate bonds (Note 5)	The third secured convertible corporate bonds (Note 5)
Issuance and conversion, exchange or subscription methods, issuance conditions may affect dilution of equity and influence on existing shareholders' equity	There is no significant dilution of equity, and if the number of shares after full conversion only accounts for 7.29% of the total number of shares, the dilution effect on equity is limited.	The total issue amount is NT\$150 million, which is calculated based on the current conversion price of \$37.35. If all shares are converted, approximately 2,677 thousand shares will be added, accounting for approximately 6.69% of the current number of shares.	For the total amount of NT\$151.5 million, based on the current conversion price of \$ 63.3, if the total conversion, the number of ordinary shares will increase by 2,369,000 shares, accounting for 4.08% of the current shares.
Exchange name of the depository name	None	None	None

Note 1: The case of corporate debt processing includes public and private corporate bonds in process. The public company debts in process are the ones that have already come into effect (approved); the private company debts in the process are those that have been passed by the board of directors.

Note 2: The number of columns depends on the actual number of adjustments.

Note 3: Fill in overseas corporate debtors.

Note 4: Such as restrictions on the distribution of cash dividends, foreign investment or the requirement to maintain a certain proportion of assets.

Note 5: Private owners should be marked in a prominent manner.

Note 6: In the case of conversion of corporate bonds, exchange of corporate bonds, issuance of corporate bonds, or corporate bonds with warrants, the disclosure of corporate bond information, the exchange of corporate bond data, and the issuance of corporate bonds in accordance with the nature shall be disclosed in accordance with the nature of the statement and attachment of equity company debt information.

### Convertible corporate bonds information

corporate bonds type		The first secured convertible corporate bonds in 2006			The second secured convertible corporate bonds in 2014			The third secured convertible corporate bonds in 2018	
Year		2010	2011	As of April 30, 2012	2016	2017	As of April 30, 2018	2019	As of April 30, 2020
Convertible corporate bonds market price	Highest	120.0	113.1	Not applicable (Note 1)	118.00	151.00	Not applicable (Note 2)	133	123
	Lowest	104.6	113.1	Not applicable (Note 1)	103.00	111.65	Not applicable (Note 2)	111.1	107.1
	Average	112.3	113.1	Not applicable (Note 1)	110.75	126.41	Not applicable (Note 2)	122.17	113.81
Conversion price		11.6		Not applicable (Note 1)	37.35		Not applicable (Note 2)	63.3	63.3
Issue (Processing) Date and Conversion Date		17.1		Not applicable (Note 1)	2014/7/24 39.76		Not applicable (Note 2)	2019/1/9 63.3	
Perform the conversion obligation		Please refer to the "issuance and conversion measures" of the company's debt management in the above table.		Not applicable (Note 1)	Please refer to the "issuance and conversion measures" of the company's debt management in the above table.		Not applicable (Note 2)	Not applicable (Note 3)	Please refer to the "issuance and conversion measures" of the company's debt management in the above table.

Note 1: The first domestic secured convertible corporate bonds of the Company in 2006 expired on October 1, 2011 and the sale of the shares at over-the-counter market was terminated on October 3, 2011.

Note 2: The Company's second domestic guaranteed convertible corporate bonds in 2014 expired on July 24, 2017, and the sale of the counters was terminated on July 25, 2017.

Note 3: The Company's third domestic guaranteed convertible corporate bonds in 2018 expired on January 9, 2019, and the sale of the counters was terminated on January 9, 2022.,and The conversion will start on April 10, 2019.

**C. Preferred stocks management: None.**

**D. Overseas depository receipts management: None.**

**E. Employee stock option certificates management:**

May 31, 2020

Type of employee stock option certificate	The first time (period) Employee stock option certificate	The second time (period) Employee stock option certificate	The third time (period) Employee stock option certificate
Effective date of declaration	2018.1.8	2018.1.8	2018.1.8
Issue (handle) Date	2018.4.2	2018.5.14	2018.11.15
Number of issuing units	2,280	1,297	423
Number of subscribed shares issued as a percentage of total issued shares	3.93%	2.24%	0.73%
Subscription duration	2018.4.2~2024.4.1	2018.5.14~2024.5.13	2018.11.15~2024.11.14
Ways of performance	Issuance of new shares	Issuance of new shares	Issuance of new shares
Limited subscription period and ratio (%)	2 years ago : 100% The 3rd year : 65% The 4th year : 45% The 5th year : 25% The 6th year : Unlimited	2 years ago : 100% The 3rd year : 65% The 4th year : 45% The 5th year : 25% The 6th year : Unlimited	2 years ago : 100% The 3rd year : 65% The 4th year : 45% The 5th year : 25% The 6th year : Unlimited
Executed Acquisition Stock Number	-	-	-
Subscription amount has been executed.	-	-	-
Number of shares not executed	2,280	1,297	423
Unexecuted subscribers' subscription price per share	58.5	59.2	55.0
The ratio of unexecuted shares to total issued shares (%)	3.93%	2.24%	0.73%
Impact on shareholders' equity	-	-	-

**The name of the top ten employees who obtained the employee stock option certificate and the number of the top ten employees who can obtain the stock option certificate, the acquisition and subscription status**

May 31, 2020

	Title (Note 1)	Name	Number of shares acquired	The number of shares acquired to the total number of issued shares (Note 4)	Executed (Note 2)				Not executed (Note 2)			
					Number of shares subscribed	Subscription price (Note 5)	Subscription amount	The number of shares subscribed to the total number of issued shares (Note 4)	Number of shares subscribed	Subscription price (Note 6)	Subscription amount	The number of shares subscribed to the total number of issued shares (Note 4)
Manager	General manager	Tang, Hong De (Note 7)	694	1.2%	—	—	—	—	694	\$ 58.5 ; \$ 59.2	—	1.2%
	Deputy general manager	Qiu, Jun Hua (Note 8)										
	Assistant Manager	Liu, Heng Yu										
	Assistant Manager	Wang, Ze Xun										
	Assistant Manager	Lin, Wen Jie										
	Assistant Manager	Wang, Shi Jun										
	Assistant Manager	Zhan, Zhi Cong										
	Assistant Manager	Deng Anzhi										
Employees (Note 3)	General Manager, China and Hong Kong Operations	Jin, Qiang	1,047	1.80%	—	—	—	—	1,047	\$ 58.5 ; \$ 59.2 ; \$ 55	—	1.80%
	Deputy General Manager, Sales and Marketing Department, China and Hong Kong Operations	Meng, Qing Biao										
	Deputy General Manager, South China Operations, China and Hong Kong Operations	Yin, Xian Zhen										

Manager	Chen, Wen Jin											
Manager	Wen, Hao											
Assistant manager	He, Ren Hui											
Assistant manager	Chen, Xue											
Executive Assistant of Chairman	Yang Jiang, Shu Mei											
Executive Assistant of General Manager	Zhou, Li Sha											
Executive Assistant of General Manager	Liang, Zhi Jing											

Note 1: Including managers and employees (who have been resigned or deceased, should be noted), individual names and titles should be disclosed, but their acquisition and subscription can be disclosed in a summary manner.

Note 2: The number of fields is adjusted according to the actual number of times of issuance.

Note 3: The top ten employees who have acquired warrants refer to employees other than managers.

Note 4: The total number of issued shares refers to the number of shares listed in the registration data of the Ministry of Economy. Note 5: The executed employee's subscription price shall be disclosed at the time of execution.

Note 6: Unexecuted employee's warrant price shall disclose the adjusted warrant price calculated according to the issuance method.

Note 7: Qiu, Jun Hua, Deputy General Manager of administration, resigned on December 31, 2019.

Note 8: Wang, Zhe Chun, Assistant Manager of the Medical Application Office, resigned on March 12, 2020.

#### **F. New Shares of Restricting Employee Rights: None.**

#### **G. Mergers and acquisitions or transfer of shares of other companies to issue new shares: None.**

#### **H. Fund utilization plans and status**

(A) 2015 cash increase:

1. Plan content:

(1) Approval date and number of capital increase: Financial Management Certificate of the Executive Yuan Financial Supervision and Administration Commission on March 17, 2016 Letter No. 1050004642 was approved.

2. Implementation situation:

(1) On May 19, 2016, the Financial Management Committee approved the revocation, and the Financial Management Committee issued the letter No. 1050020158 for approval.

(B) 2017 cash increase:

1. Plan content:

(1).Capital increase approval date and the no. of the official letter: Financial Supervisory Commission R.O.C.(Taiwan) approved through the official letter no. 1060036940 issued on Oct 13th 2017.

(2).The detail of implementation:

The total amount of funds used by Metatech in this plan was 546.548 million New Taiwan dollars, which was mainly for the business development of regenerative medicine. The details included the technology transfer royalties for cooperation with CellSeed, the laboratory construction and maintenance costs, the equipment costs and clinical trials expenses, etc. All of these expenses was in order to apply the cell sheet technology to esophagus and knee cartilage. The actual implementation of the plan was as follows:

- (1) On May 19, 2016, the Financial Management Committee approved the revocation, and the Letter No. 1050020158 was approved. Unit: NT\$ thousand

Project	Implementation situation		As of the first quarter of 2012	Reasons for advance or backward progress and improvement plans
CellSeed Premium	Amount expended	Expected	357,600	This plan item was the royalty paying for the contracted cooperation of a cell-sheet regenerative medicine with CellSeed Inc. of Japan. This case is mainly divided into two products, the cell sheets applied for esophagus and knee cartilage. Metatech had applied the consultation service provided by the Center of Drug Evaluation, Taiwan (CDE) as planned. Due to the differences in regulations between Taiwan and Japan, the Center of Drug Evaluation, Taiwan (CDE) requested more clinical trial-related documents for review. However, such documents needed to be provided by CellSeed, so it took additional time to prepare the documents. In addition, this kind of documents required a lot of time for translation, and the translation should be corrected by CellSeed. As a result, the completion time of the item was slightly behind the expected progress. The final payment of royalties should be paid after the products are launched. There was no major issue found here
		Actual	345,273	
	Execution progress (%)	Expected	100%	
		Actual	96.55%	
Laboratory construction	Amount expended	Expected	35,000	Metatech was expected to use 35million NT dollars to pay for the laboratory construction in our fund-raising plan. Until the first quarter of 2021, Metatech' s actual capital expenditure is 44.88 million NT dollars, and the actual cumulative capital execution progress is 128.22%. Now the lab had constructed and confirmed as completion. The actual payment progress exceeded the original estimation because originally, it' s planned to build a cell sheet processing center at Metatech' s current site (Far East World Center). However, after the evaluation of future operational growth, it' s found the structure of the building which might result into limitation for lab future expansion. Metatech' s board of directors approved to rent thee space at the Farglory U-TOWN building on February 5, 2018, and the lab was moved to the new location. After reviewing the relevant contract and Metatech' s board of directors' meeting minutes, the construction of the laboratory increased by 9.88 million NT dollars. The used area of the new site was about 306 pings, which was an increase of 62 pings (25.41%) compared with the 244 pings used on the original site, and the expenses increased 9.35 million
		Actual	44,880	
	Execution progress (%)	Expected	100%	



		Actual	128.22%	NT dollars. In addition, in order to make the laboratory operation more smoothly, we changed part of the design, so it increased 0.53 million NT dollars. The above-mentioned total of 9.88 million NT dollars was paid by Metatech directly. It's no major finding found here.
Equipment	Amount expended	Expected	55,000	Metatech was expected to use 55 million NT dollars for the purchase of experimental equipment in our fund-raising plan. Until the first quarter of 2021, the planned cumulative expenditure is 55 million NT dollars. The actual cumulative expenditure is 54.953 million NT dollars, and the actual cumulative implementation progress is 99.91%. The progress is slightly behind the original estimate, because some instruments are under final pre-purchase evaluation.
		Actual	54,953	
	Execution progress (%)	Expected	100%	
		Actual	99.91%	
Clinical trial cost	Amount expended	Expected	66,288	<p>Clinical trial costs mainly include CRO (Contract Research Organization) service fee and clinical trial operation costs in hospitals. The cost of CRO service was happened according to the review progress of the authority. In addition, the clinical trial expenses in hospitals would be happened after the approval is obtained. Metatech's clinical trial expenses are planned to be used for esophagus repair and knee cartilage repair, respectively:</p> <p>In the part of the esophagus repair, Metatech has submitted an IND application to TFDA, and obtained a TFDA official letter on February 13, 2019 to approve the conduction of the trial. Between July and November 2019, Metatech submitted the amendment to TFDA which was based on the review opinions, and this amendment was approved by TFDA on December 5, 2019. Later at June 22, 2020, Metatech consulted with CDE for the change of the manufactory site, and submitted the third amendment on July 9, 2020. The SIV of E-Da Hospital and E-Da Cancer Hospital was completed on Oct 15th and 16th 2020, and the subject enrolment had started.</p> <p>Regarding to the knee cartilage project, Metatech cooperated with E-Da Hospital to apply to perform the cell sheet therapy according to "Administrative Regulation on Special Medical Instruments and Inspection Techniques". The E-Da Hospital was approved by the Ministry of Health and Welfare, Taiwan with an official letter on December 18, 2019. Metatech's cell preparation center complies with the Good Manufacturing Practices for Human Cell Tissue (GTP), and it has been approved to perform this technique to provide cell sheet products to E-Da Hospital. Revenues began to be generated from May 2020, so the unspent funds of the knee cartilage project of 28.181 million NT dollars were adjusted to enrich working capital to improve Metatech's operating performance. There is no major abnormality found here.</p> <p>Metatech is expected to use 66.288 million NT dollars to pay for clinical trial costs in our fund-raising plan. Until the first quarter of 2021, the planned cumulative expenditure is 66.288 million NT dollars, and the actual cumulative expenditure is 13.053 million NT dollars. The actual cumulative implementation progress 19.69%, the actual payment progress is delaying behind the original estimate.</p>
		Actual	13,053	
	Execution	Expected	100%	
	progress (%)	Actual	19.69%	

				due to the longer-than-expected review by the health authority. In addition, the global COVID-19 (COVID-19) epidemic affecting the subject enrollment plan and the continuous evolution of cell therapy regulations. Even though the progress delayed, but the reason was reasonable after evaluation.
Laboratory maintenance cost	Amount expended	Expected	32,660	T Metatech is expected to use 32.66 million NT dollars in laboratory maintenance. Until the first quarter of 2021, the planned cumulative expenditure is 32.66 million NT dollars, and the actual cumulative expenditure is 33.296 million NT dollars. The actual cumulative implementation progress is 101.94%. This part of plan has been implemented, and the laboratory has been built and confirmed, so the subsequent payment of laboratory maintenance fees has also been completed. The payment progress is assessed to be reasonable. Matatech' s lab has started the test manufacturing at the end of 2018. The initial lab maintenance fee should be low. After Metatech started to invest in R&D and production, the lab maintenance cost would gradually increase. There is no major finding found here.
		Actual	33,296	
	Execution progress (%)	Expected	100.00%	
		Actual	101.94%	
Total	Amount expended	Expected	546,548	Until the first quarter of 2021, the actual expenditures and implementation progress of Metatech' s 2017 cash capital increase is 89.92%, which is delaying behind the expected progress. The reasons are the longer-than-expected review progress of the health authority and the continuous evolution of cell therapy regulations, which led to the implementation of the plan delaying. After evaluation, it' s reasonable and there is no major abnormality found here
		Actual	491,455	
	Execution progress (%)	Expected	100%	
		Actual	89.92%	

(1) Esophagus repair

Main reason for delaying :

A. 審查進度落後: The delay of review progress

(A) The main reason is mostly from the long review time resulted from the health authority, the Ministry of Health and Welfare and the operating hospitals. This esophageal cell sheet product may become Taiwan' s first cell therapy product on the market. After the transfer of technology from Japan to Taiwan, the Ministry of Health and Welfare of Taiwan took the most rigorous review after receiving the Japanese documents. (Taiwan does not have any cell-related products, so the Ministry of Health and Welfare does not have similar review experience, including no Japan cell-related manufactory inspection experience) All of these induced the delay of subsequent submission and implementation delay, and hospitals' IRB must review after Ministry of Health and Welfare did. (refer to the table below).

Plan items/ Timeline	2017	2018	2019	2020
----------------------	------	------	------	------

	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Esophagus repair														
1. ocuments check, discussion the trial design with CRO & PI, etc.														
2. CDE pre-review														
3. Pre-IND) IND submission														
4. IRB submission														
5. Site initiation visit (SIV)														
6. The conduction of clinical trial														
7. Statistics and CSR writing														
8. NDA filing														
9. NDA Approved														
10. Launching														
IND approved by MOHW							2/12							
GTP approval of CellSeed CPC from MOHW								5/16						
Metatech' s CPC completed								4月						
IRB approval (E-da 5/3, NTUH 7/9)								5/3	7/9					
The request from CS for training for investigators									7月底					
JP training performed										10/3-4				
IND amendment approved										12/5				
Import licenses of drug and trial-related medical devices obtained										12/13				
IND amendment submission (Change of CPC)													7/9	
Metatech CPC inspection by MOHW													9/3	
GTP approval of MT CPC by MOHW														10/8
SIV completed in EDAH & EDACH														

2017 Capital raising version
  2018 CB version
  Updated version
  The events of affecting timeline

Plan items/ Timeline	2021				2022				2023				2024			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Esophagus repair																
1. Documents check, discussion the trial design with CRO & PI, etc.																
2. CDE pre-review																
3. IND submission																
4. IRB submission																
5. Site initiation visit (SIV)																
6. The conduction of clinical trial																
7. Statistics and CSR writing																
8. NDA filing																
9. NDA approved																
10. Launching																
The 1 <sup>st</sup> transplantation completed	2/4															
The meeting of Taiwan Esophageal Research Alliance	1/24															
NTUH SIV (enrollment started)	3月															

After the clinical trial was approved, Japan' s CellSeed, the original technical transfer unit, requested Metatech to send the investigators to be trained by Japanese physician in Japan before the trial started the enrollment, to ensure that the first case of esophageal cell sheet transplantation could be successfully performed in Taiwan. This is also one of the reasons why the schedule is lagging behind.

The delay of subject enrollment

From the end of 2019, a global COVID-19 epidemic happened, which has led to the impact of enrollment (refer to the description in the amendment submission provided to the Ministry of Health and Welfare' s and the impact of the COVID-19 epidemic).

As a result, the enrollment plan, including Taiwan or China patient recruitment, could not perform as planned. The enrollment timeline should be re-scheduled.

Japan was severely affected by COVID-19. Metatech could not send Taiwanese samples to Japan for manufacturing. Aa a result, it was unable to cooperate for the enrollment in Taiwan.

Improvements :

Metatech has obtained TFDA approval of GTP for manufacturing the cell sheets for esophagus repair on October 8, 2020 (official letter No. 1091409689), and now it is not affected by Japan' s inability to cooperate due to COVID-19. In addition, E-Da Hospital physician requested the support from the Esophageal Research Alliance (including 11 hospitals and 20 doctors in TW) to refer qualified patients to the investigators in E-Da hospital or National Taiwan University Hospital, it will speed up the enrollment of this trial. The CPC is preparing to upgrade to comply with PIC/s GMP standard, to accelerate the timeline of clinical trials and to cooperate with large foreign cell therapy

manufacturers in the future. Currently, it has obtained the factory registration and submitted the application for the license of the drug manufacturer. The PIC/S GMP CPC is expected to become a leading site for cell therapy in Taiwan.

Until early June 2021, 2 esophagus cell sheet transplantations have been completed. The first one was transplanted in E-Da Hospital in February 2021. Since the transplantation, there have been no adverse events or esophageal strictures found during this period. The investigators also indicated that the subject have well recovered. The second one is the transplantation completed by National Taiwan University Hospital in May 2021. Metatech expects to complete 12 subjects recruitment by the end of 2021, and complete all evaluations by 2022.

## (2) Knee cartilage

Regarding to the original part of the clinical trial of knee cartilage cell sheet, Metatech has applied for consultation with the Center for Drug Evaluation, Taiwan (CDE) in the fourth quarter of 2018, and the CDE consultation was held in January 2019. However, because the regulation "Administrative Regulation on Special Medical Instruments and Inspection Techniques" was released in September 2018, and one of the applicable indications is the autologous chondrocyte transplantation for knee cartilage defects, which is in line with the goal of the technical transfer to apply for clinical trials. Therefore, Metatech decided to cooperate with hospitals to submit the application, and the first application submitted by E-da Hospital was approved by the Ministry of Health and Welfare in 2019. The subjects received this technique need to pay for this treatment, and the revenue has been recognized. After careful evaluation, Metatech will focus on application of , rather than the conduction of the knee cartilage clinical trial project for the time being. Metatech now has 8 cooperated hospitals approved by the Ministry of Health and Welfare, including EDAH, KSVGH, TMUH, HLTCH, CCH, SKH and TSGH. The hospitals under negotiation include KS-CGHMH, Central Clinic & Hospital, NCKUH and NTUH. E-Da Hospital has officially enrolled subjects and generated revenue from May 2020. the hospital with the largest number of enrollment is still E-Da Hospital. There are total 33 subjects enrolled, with 32 in EDAH and 1 in HLTCH.

## (III) Supplementary explanation on the implementation of the third secured convertible company's claims in 2018 :

### 1. Plan content :

- (1) Approved issuance date and document number : Financial Supervision and Administration Commission of the Executive Yuan December 14, 2018 Jin Guan Zheng Fa Zi No. 1070345294.

### 2. Supplement explanation of implementation situation :

Regarding the raising and issuance of convertible corporate bonds as part of the stocking of new agency rights in 2018 :

- i. According to your company's supplementary information, the United States has imposed an additional 10% tariff on computer motherboards, desktop computers, laptops, mobile phones, tablets, etc. exported from China since September 2018, and preannounced to raised tariffs of those stated above from 10% to 25% starting from January 1, 2019 as noticed on the website of the International Trade Bureau. Your company has stated the acquirement of agency rights of Luxshare-ICT Co., Ltd. and Singatron Enterprise Co., Ltd. on the application for fundraising submitted in October 2018, which became effective on December 14, 2018. Your company should be able to estimate the impact of the US-China trade war on products of the new agency

rights at the time of delivery. Please explain why the impact of the previous disclosure incident on the new agency rights is not evaluated and prepared? And why did not consider revising the fundraising purpose at application summation?

Company answer:

According to the website of the International Trade Bureau, the U.S. tariff adjustment policy has been made as following after September 2018

Date	Description
<b>2018.09.17</b>	The U.S. Trade Representative's Office announced the third wave of taxation lists on September 17th, Eastern Time. There are a total of 5,745 products (less than the 6,031 items announced on July 10), <b>involving US imports from China worth about US\$200 billion, which will be imposed an additional 10% tariff on September 24; and from January 1, 2019, the additional tariff on the aforementioned products will be increased from 10% to 25%.</b>
<b>2018.12.14</b>	The U.S. Trade Representative's Office revised the date for the increase of the tax rate for the US\$200 billion taxation list, <b>which was originally increased from 10% to 25% on January 1, 2019 to March 2 of the same year.</b>
<b>2019.02.28</b>	The United States Trade Representative's Office announced the draft Federal Register on February 28, 2019, <b>which postponed the increase of US\$200 billion in tariffs on China imports to 25% and continued an additional 10% tariff.</b>
<b>2019.03.05</b>	The United States issued the Federal Register on March 5, 2019, which stated <b>the tariff rate imposed on China imports of US\$200 billion in value will continue to be maintained at 10% until further notice.</b>
<b>2019.05.08</b>	The United States Trade Representative's Office announced that it will publish in the Federal Register on May 9, 2019 stating <b>an increase of the tariffs on US\$200 billion mainland Chinese products from an additional 10% to 25% starting from May 10.</b>

Although it was announced that the tax of the US\$200 billion imports would be increased to 25% on January 1, 2019 by the time the company submitted the CB case, it was only a forecast that still under negotiation between the US and China. The company thought the implement of an additional 25% tariff might turn around, and therefore did not evaluate its impact on the new agency rights at application submission in 2018. Moreover, the US announced a postpone on the originally planned 25% tariff increase starting from January 1, 2019 to March 2 of the same year after the China-US meeting in Argentina on December 1, 2018. Again, there were an announcement to delay the implement until further notice on February 28, 2019, and an announcement to carry out 25% tariff increase officially on May 5, 2019. As the US has already announce a postpone on tariff increase when the company's 2018 CB case came into effective on December 14, 2018, the company assessed that there is no need to modify the fundraising purpose.

- i. According to the quarterly report of your company's capital increase usage, all the funds raised in this time had been used up in the second quarter of 2019. However, the increase in revenue from original customers of the electronics department was mainly increased in 2020 according to the supplementary data, could your company specify the actual use of the funds raised in this time?

Company answer:

The company disclosed that the funds raised in this time were used to enrich working capital in the

public statement 2018 CB case. The specific applications included the stocking requirements of the new and the original agency rights of the electronic department. Other applications also included salary expenses of the electronic department and logistics unit, and expenses incurred in related operations.

The raised NT\$151,500 thousand was put immediately to enrich working capital after the actual fundraising on January 7, 2019 in the 2018 CB case, as observable in the actual cash receipts and expenditures of the electronic department which included salary expenses of the electronic department and the logistics unit, and expenses incurred in related operations. The salary of the electronic department and logistics unit and other expenses in 2019 to April 2020 were NT\$57,045 thousand and NT\$95,465 thousand respectively, totaling NT\$152,510 thousand. The fund raised in the 2018 CB case was used up completely, and indeed used in the electronic department operation. In addition, some customers switched production lines back to Taiwan due to the China-US trade transfer orders, where the benefits of this adjustment appeared mainly in 2020. Thus, the operating income of the individual electronic department in 2020 was significantly increased as compared to that of 2019. The company has requested a certified public accountant to issue an opinion letter in accordance with Article 9, Paragraph 1, Subparagraph 7 of the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, and will publish the updated information into the "Quarterly Statement of Usage Status" of this fundraising in the fundraising plan of the Market Observation Post System on April 9, 2021.

2019 and 2020 January-April Electronic Department Cash Income and Expenditure Statement  
Unit: Thousands in New Taiwan Dollars("NTD")

	2019/1	2019/2	2019/3	2019/4	2019/5	2019/6	2019/7	2019/8	2019/9	2019/10	2019/11	2019/12	2020/1	2020/2	2020/3	2020/4	合計
Expenses of the electronics department and the logistics unit	6,417	3,069	0	6,561	3,075	0	3,494	6,247	0	3,555	6,439	3,225	5,681	3,024	0	6,258	57,045
Various expenses of the electronic department	12,957	2,591	4,551	3,411	6,903	5,757	4,452	3,571	6,038	6,092	5,634	6,485	10,586	4,580	5,380	6,477	95,465
Total cash expenditure	19,374	5,660	4,551	9,972	9,978	5,757	7,946	9,818	6,038	9,647	12,073	9,710	16,267	7,604	5,380	12,735	152,510

## V. Operational Highlights

### A. Business contents:

#### (A) Business Scope

##### 1. Main contents of the business:

- (1) CC01080 Electronic Components Manufacturing.
- (2) F119010 Electronic Materials Wholesale.
- (3) F219010 Electronic Materials Retail.
- (4) I301010 Information Software Services.
- (5) I301020 data processing service industry.
- (6) IG01010 Biotechnology Services.
- (7) IG02010 Research and Development.
- (8) F108040 cosmetics wholesale industry.
- (9) F208040 Cosmetics Retail.
- (10) F102040 Beverage Wholesale.
- (11) F102170 Wholesale Foodstuffs.
- (12) F203010 Food retail and beverage retailing.
- (13) F401010 International trade.
- (14) I199990 Other consultancy services.
- (15) IZ99990 Other business services.
- (16) I103060 Management Consultancy.
- (17) CF01011 Medical Device Manufacturing.
- (18) F108031 wholesale of medical equipment.
- (19) F208031 Medical equipment retail industry.
- (20) C802100 cosmetics manufacturing industry.
- (21) C802110 Cosmetic pigment manufacturing.
- (22) JE01010 Leasing industry.
- (23) F113030 Precision instrument wholesale industry.
- (24) F208050 Class B pharmaceutical retail business.
- (25) F213040 Precision instrument retailing.
- (26) F399040 No storefront retail business.
- (27) F601010 Intellectual property rights industry.
- (28) I301030 Electronic information supply service industry.
- (29) IC01010 drug testing industry.



(30) F108021 Western medicine wholesale industry.

(31) F208021 Western medicine retail industry.

(32) C802041 Medicine manufacturing industry

(33) ZZ99999 Except for permitting business, operating business which is not prohibited or restricted by Law.

2. The proportion of business in 2020:

Unit: NT\$ thousand ; %

Main products	Sales Amount	Business ratio
Biomedical products	10,837	0.69%
Consumer products	45,787	2.91%
Communication products	213,122	13.52%
Connector	1,038,739	65.90%
Others	267,594	16.98%
Total	1,576,079	100.00%

3. The Company's current goods (services) project:

(1) Main business contents:

The main business items of the company are wholesale sales of electronic materials. The product categories represented by the Company are consumer products, communication products and connectors.

(2) Product brand for agent distribution: (in alphabetical order)

Electronic Department:

1	ADDA	10	Iatiat	19	Neoway Technology	28	SKYLAB
2	Alliancememory	11	ICPLUS	20	Netsol	29	SUNON
3	Analog	12	InterFET	21	E-otron	30	SU-SCON
4	ASIX	13	Infibi	22	Walsin	31	Winchester INTERCONNECT
5	Cirrus	14	Jensondisplay	23	Phoenix Contact	32	YEEBO LCD
6	E-switch	15	Kdtouch	24	Pixelworks		
7	Everspin	16	Ledengin	25	Samtec		
8	Gridcomm-PLC	17	Metrodyne	26	Singatron		
9	Holtek	18	MXIC	27	SINGWAY		

Biomedical Department:

1	BGI	2	CellSeed		
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#### 4. Development of new products (services):

- Electronic Department:

In 2020, it is expected to look for semiconductor product agent lines, mainly for modular IC products and power control management IC products.

- Biomedical Department:

The company has signed a regenerative medicine cooperation contract with CellSeed Inc. of Japan on April 24, 2017, which introducing "cell sheet culture technology" to develop autologous esophageal cell sheet and autologous articular chondrocyte sheet as the main product.

Esophageal cell sheet can be used to prevent esophageal stenosis symptoms of superficial esophageal cancer after endoscopic submucosal dissection (ESD) and maintain the esophageal lumen space. It has a favorable effect on the reconstruction of the esophagus compared with traditional medicine or endoscopic balloon dilatation treatment.

Chondrocyte cell sheet can induce autologous chondrocytes to regenerate and restore damaged articular cartilage tissue without the need to bear the possible side effects of traditional artificial joint replacement. It is more important that chondrocyte cell sheet keeps the integrity of the original knee and bones, and thus significantly improve the quality of life compared with traditional therapeutic methods.

In addition, the company also acts as an agent for smart cell culture dishes with temperature-responsive polymer coating (PIPAAm). Only by changing the temperature ( $37^{\circ}\text{C} \rightarrow 20^{\circ}\text{C}$ ), a layer cell sheet can be completely separated from the culture dish. Mimics of physiological tissue or organs can be produced from stacking cell sheets by different cell types or layer numbers to form three-dimensional structures for tissue repair in such as esophagus, articular cartilage, heart, limbal deficiency and other indications. It has good potential for future development.

In the "Administrative Regulation on Special Medical Instruments and Inspection Techniques" (referred to as the Special Administrative Measures later) announced and implemented by the Ministry of Health and Welfare (MoHW) of Taiwan on September 6, 2018, the 6 cell therapy topics with certain safety and predictable outcomes are classified into special medical techniques and controlled. Among topics on the positive list of the Special Administrative Measures, the application of "Autologous Cartilage Cell Transplantation to Treat Knee Cartilage Defects" opens an alternative self-pay treatment option to patients with knee cartilage defects which treatment protocols are proposed by medical institutions to MoHW, and executed by physicians qualified for cell therapy techniques. Since the company has introduced chondrocyte cell sheet culture technique from CellSeed Inc., the company took the lead in therapeutic protocol application with E-Da Hospital in accordance with the Special Administrative Measures. This application was approved on December 18, 2019 by MoHW, and has become the first approved non-cancer cell therapy in Taiwan. MetaTech has later cooperated with

numerous Taiwan medical centers and teaching hospitals in application of this therapeutic protocol implement. The approvals for the protocol implement have been given to E-Da Hospital (2019/12/18), Kaohsiung Veterans General Hospital (2020/4/10), Taipei Medical University Hospital (2020/4/14), Buddhist Tzu Chi Medical Foundation Hualien Tzu Chi Hospital (2020/4/23), Changhua Christian Hospital (2021/1/19), Shin Kong Wu Huo-Shih Memorial Hospital (2021/5/14), Tri-Service General Hospital (2021/5/20), and Taoyan Min Sheng General Hospital (2021/5/28) as listed to June 9, 2021. E-Da Hospital has officially admitted patients and made revenue since May 2020. E-Da Hospital has also the largest admission rate among above approved medical institutions, where E-Da Hospital has admitted 34/35 patients and 1/35 by Buddhist Tzu Chi Medical Foundation Hualien Tzu Chi Hospital. The hospitals under cooperation negotiation include Kaohsiung Chang Gung Memorial Hospital, Center Clinic Medical Center General Hospital Foundation, National Cheng Kung University Hospital, National Taiwan University Hospital, Chi Mei Medical Center, and Tungs' Taichung MetroHarbor Hospital. It is expected that a total of at least 12 medical institutions will be approved to implement the protocol by the end of 2021, and there will be more than 50 cooperative physicians.

Autologous fibroblast cell therapy has been shown to greatly reduce the aforementioned side effects in clinical trial literatures, and thus be considered as a safe, low side effect, and long-lasting new therapeutics that repairs and patches up patients' skin defects. The company has independently developed an autologous fibroblast cell therapy based on the company's existing cell culture technology, and later has proposed the therapeutic protocol in accordance to the usage of "Autologous Fibroblast Transplantation to Treat Skin Defects: Wrinkles, Depressions and Scars" in the Special Administrative Measures. And the protocol is approved to implement in E-Da Hospital on July 29, 2020 and Changhua Christian Hospital on January 15, 2021. Moreover, the company expects to submit applications of protocol implement with Buddhist Tzu Chi Medical Foundation Hualien Tzu Chi Hospital, Taiwan Adventist Hospital, and Keelung Chang Gung Memorial Hospital.

Autologous immune cell therapy has received the most attention among the 6 cell therapy topics announced in the Special Administrative Measures, because this may be the last ray of hope for cancer patients whose existing therapies are ineffective. There are 6 immune cell types that are applicable to hematological malignancies or phase 1~3 solid tumor cancer patients that are unresponsive to standard treatment, or patients with stage 4 solid cancer, including NK, DC, CIK, DC-CIK, TIL, gamma-delta T, etc. In consideration of above, the company is actively developing peripheral blood mononuclear cell (PBMC) cryopreservation technology and services in expectation to provide patients/customers with personalized and precise medical services. The procedure starts from isolating PBMC from whole blood of patients/customers to be cryopreserved for probable future demand of the patients/customers. Target immune cells like NK or CIK are later multiplied in cell culture, tested for safety, and transplanted

back into the body to treat the disease. The company plans to promote PBMC storage and obtains the first stage revenues in the early phase. The company then plans to submit therapeutic protocols in accordance with the Special Administrative Measures with numerous hospitals, and obtain implement approval and legal right to charge. These are expected to generate the second stage revenues.

In order to reduce cost, stabilize quality, sustain safety and efficacy level, and reduce the number of operations of cell therapy products, some regenerative medicine companies have evolved into the so called Contract Development and Manufacturing Organization (CDMO), which can be seen in Lonza and Hitachi Chemical Advanced Therapeutics Solutions (HCATS)/PCT. It is bound to start now to plan for the problems associated with allogeneic cell therapy, such as saturation of production lines and insufficient production capacity, once the regulation is loosened in the future. Therefore, MetaTech and Taiwan Hitachi Asia Pacific Co., Ltd. have signed an MOU to collaborate in establishment a new company, and also the Asia's largest CDMO cell factory in Zhubei Biomedical Park which complies with PIC/S GMP manufactory standard. Hitachi's automated production system will also be introduced to achieve the purpose of improving product yield and safety, and reducing production costs for better facilitate the company's future CDMO orders. The company's outsourced products will include chondrocyte cell sheets, fibroblasts, CAR-T (Chimeric Antigen Receptor T-Cell Immunotherapy), CAR-NK (chimeric antigen receptor natural killer cell), etc.

With the growth in numbers of the company's collaborative hospitals receiving approvals to implement cell therapy protocols in accordance to the Special Administrative Measures, it is foreseeable that the cell therapy market may grow rapidly in the future. MetaTech deploys in advance to outsource product manufacture to CDMO for the demands of the existing 13 collaborative hospitals and more in future. The strategy of the company is to develop a comprehensive and closely integrated medical service battle-array, a high quality CDMO cell therapy factory, and well-coordinated cell banking services to increase the company's market share and cell therapy market in Taiwan in the near future. Our company looks forward to be the leader in Taiwan's regenerative medicine industry.

## (B) Industry Overview:

### 1. The status and development of the industry

#### ● Electronic business

Regardless of domestic and foreign, there have been many changes in the electronics industry in the past decade, and companies with similar nature have been merging and consolidating each other, and moving closer to specific products and markets.

In 2018, the overall situation is faced with the big ones, and the survival of small and medium-sized enterprises is not easy, and concerns about the trade war between China and US. The demand of end consumers also shows band-like changes. It is the subject of various electronics companies to seize the market pulse and change rapidly.

In recent years, developing countries such as the mainland and Southeast Asia, with their low labor costs and vast land resources, have gradually lost the advantages of Taiwan's past low-cost and high-efficiency manufacturing. In response to this trend and the operation mode of the world-class global logistics company (Global Logistics), Taiwanese manufacturers must establish production bases in the mainland, Southeast Asia and other places, so that the component channel business is bound to respond to the needs of downstream customers. MetaTech Company provides a complete marketing channel to overseas customers to serve customers.

Taiwan's electronics industry can't rely on fast supply and low price to maintain growth. MetaTech Company has established a business headquarters in Taiwan to coordinate research and development, business, and dispatch financial resources to establish a global production base. The company is an electronic parts distributor. In this model, we will improve our research and development capabilities, support the product design of our participating customers, establish a global fast supply capability, and provide our customers with global production bases and problem-solving solutions. This is the key to the success of MetaTech Company as a channel provider. In response to the formation of The Belt and Road Initiative and the red supply chain in the mainland, the company also seeks to cooperate with more excellent land-based products through mainland subsidiaries. We hope to be able to dig deeper into local customers and sell more advantageous products to countries such as East Asia and SouthAsia.

## ● Biomedical business

President Tsai Ing-wen swore in her re-election inauguration speech to develop 5+2 industries ("smart machinery", "Asia. Silicon Valley", "green energy technology", "biomedical industry", and "defense industry". "", "New Agriculture" and "Circular Economy") to create "six core strategic industries" in Taiwan on May 20, 2020. Among the "six core strategic industries", "Taiwan Precision Health Industry" -the "Taiwan National Team" has demonstrated sufficient ability to integrate with the world's top technologies during the COVID-19 pandemics. The government will fully support biomedical related industries and make Taiwan a key force in the future global economy.

In "Fostering Taiwan's Precision Health Industry", "Developing innovative treatments" is mentioned : there should be development of big data processing and analysis technologies for data like gene sequencing, focus on researches related to Taiwan's major diseases, development of novel medical technology in cell therapy, immune cell therapy, and disease diagnostics, and exploration of new biomarkers and drug treatment methods, to achieve personalized medical goals of precise diagnosis and precise treatment in future. This is the first time that the "cell therapy" industry has been incorporated into the national development strategy, which clearly shows the government's determination to promote the development of the cell therapy industry.

Taiwan has the world's top semiconductor technology and development experience, and it is likewise to expect regenerative medicine becoming an important part of Taiwan's industry. As wafer manufacturing for semiconductor development, it is also comparable to cell preparation for regenerative medicine development. Borrow from the experience of semiconductor industry, the requirements to become a key player in global regenerative

medicine industry including open regulations, excellent medical techniques and quality services of Taiwan's medical staffs, flexible R&D capabilities of biomedical talents, development of high quality cell preparation sites with consistent quality control and manufacture, digital surveillance system, industrial processes automation, and high equipment self-manufacturing capabilities, as a niche supporting the development and innovation of Taiwan's regenerative medicine industry and CDMO cell factory.

Taiwan has actively collaborated with domestic private enterprises in development of biotechnology industry in recent years, in hoping to create another "blue ocean" in Taiwan. The linkage of industry-academic can hasten industrialization of research and development results with the vision of creating Taiwan as an important center of the Asia-Pacific biomedical research and development industry, promoting the development of the biotechnology industry and enhancing the health and well-being of the people. In terms of market expansion and industrial development of new products, the Ministry of Economic Affairs has not only provided a more favorable health insurance pricing mechanism, but has also assisted potential manufacturers in order to deploy market channels in accordance with the characteristics of each foreign market such as Japan and the United States.

In terms of laws and regulations, the government has completed the amendment to the "Regulations on the Development of Biotechnology and New Drugs," and issued and implemented the "Administrative Regulation on Special Medical Instruments and Inspection Techniques" (Special Administrative Measures) on September 6, 2018. So that the cell therapy technology can be implemented in accordance with the laws, and benefits people of the country. Our company is also one of the companies that has been benefited from the implementation of the Special Administrative Measures.

The company is also planning the storage of immune cells recently, because patients do not need to seek first-line vitality and go overseas to administer cell preparations to treat cancer after the passage of Taiwan's "Special Administrative Measures". In addition, receiving a domestic cell therapy treatment can help the medical ends to know better the purity and other quality measures of cell products, make data more transparent to production line involvers and supervisors, reduce transportation risks and medical disputes, and provide more protection for patients. The current requirements for the inclusion into an immune cell therapy are quite stringent, so not all cancer patients are eligible and meet the treatment prerequisites. Therefore, the company actively communicates with oncologists to better understand the needs of clinical patients and design more feasible clinical trial protocols for better enrollment. At this stage, the immune cells of people of the country can be stored for later cell product development and approval, which will have more diverse applications in the future.

## 2. The connection between the industry and the downstream

Taiwan's electronics industry can become a global center for the research, development and production of electronic products. The main reason for this is that in addition to rapid R&D and production, low manufacturing costs, stable supply, flexibility, and competitive prices, the biggest feature is its professional up-and-down, downstream division of labor model and good use of the mainland's production base. Under the trend of the electronics industry going into a professional division of labor, domestic electronic components and access vendors have long since escaped their roles as agents and

sales, and have become an important part of the semiconductor industry's production and sales structure, in addition to establishing sales channels for upstream domestic and foreign original suppliers. In addition, downstream manufacturers need to provide warehousing services, rapid delivery, technical support, after-sales services and financial support to help downstream customers reduce their time-to-market and effectively reduce operational risks. Therefore, through this effective division of labor model in the upper, middle and lower reaches, the operational efficiency of the overall electronics industry in Taiwan will be enhanced.

### 3. The regenerative medicine market and company development trend

The 21st century is the era of regenerative medicine that promotes rapid development and maturation of the technology. The global regenerative medicine market is growing rapidly, and is expected to reach 380 billion US dollars in 2050. Especially with the strong support of former US FDA Commissioner Scott Gottlieb, the market confidence in regenerative medicine has been enhanced. Scott Gottlieb said that the FDA expects to approve 40 cell and gene therapies by 2022, and 10-20 cell and gene therapy products will be approved every year by 2025. This news has encouraged the development of the global regenerative medicine market.

An international organization that pays attention to the development of regenerative medicine around the world - Alliance for Regenerative Medicine (ARM), has pointed out in the annual report "2020: Growth & Resilience in Regenerative Medicine" that 2020 is the watershed of rapid development of regenerative medicine and advanced treatments and sets a new record of how vigorous market financing poured into the development of the regenerative medicine industry. Despite the severe challenges posed by the global pandemic of COVID-19, the regenerative medicine industry raised nearly 20 billion U.S. dollars in 2020, breaking the previous record of 13.5 billion U.S. dollars in 2018. In addition, the total number of global manufacturers related to gene, cell and tissue engineering therapies reached 1085.

In 2020, we have seen some important research milestones in the fields of iPSC, gene editing, and allogeneic cell-based immunotherapy. The network of regenerative medicine is also expanding. Many clinical trials have suspended making new research progresses due to the COVID-19 pandemic, but most of the trials have already resumed. Although there are follow-up problems and data loss imposing long-term impact on the regenerative medicine industry, developers have largely overcome the difficulties caused by COVID-19 pandemic.

Looking ahead, ARM expects that the number of patients benefiting from emerging therapies will increase. Therapies for indications with larger patient groups (such as diabetes, cardiovascular disease, stroke, Alzheimer's disease and Parkinson's disease) continue to proceed into clinical trials. COVID-19 pandemic has caused some ongoing supply chain disruptions, but overall productivity performance in 2020 is still considered good. With the expansion of vaccine production scale, a large amount of production capacity will be consumed, and whether there will be a follow-up chain reaction remains to be observed. Conversely, the trend of using viral vectors to produce vaccines may ultimately benefit the production of viral vectors used in gene therapy. CDMOs are working rapidly to expand their production capacity. Examples of the recently announced expansions include: FUJIFILM's US\$2 billion investment in a new large-scale cell culture production plant; Thermo Fisher recently acquisition of viral vector manufacturer Honegen for US\$880 million; and Cytiva's bet 500 million US dollars to increase manufacturing capacity.

There are more clinical trials going on in 2020 than in previous years, with 1,220 trials recruiting more than 90,000 patients worldwide, of which 152 have entered clinical phase 3, accounting for 12.46%. It is expected that there will be 152 Phase 3 clinical trials in the United States, and at least 8 other candidate products under new drug application review in Europe and around the world in 2021 -more patients will soon benefit from these regenerative medicine drugs. Based on these, the representative of the European Medicines Agency predicts that by 2025, 10-20 cell and gene therapies will be approved every year. Moreover, rapid approval approaches for innovative therapies (such as the RMAT of the US FDA and Priority Medicine (PRIME) in Europe) will continue to accelerate the development process. Biomedical-related clinical trials conducted in 2020 account 423 gene therapy (Gene Therapy) clinical trials, 368 cell therapy (Cell Therapy) clinical trials, and 419 cell-based immuno-oncology therapy (Cell-Based IO) clinical trials, of which more than half of Phase 1 clinical trials. Obviously, the market for immuno-oncology cell therapy has received the most



attention.

Undoubtedly, as a commercial product that requires deep expertise in sales channels and strong support from large pharmaceutical factories and biotech companies, regenerative medicine has become an increasingly mature treatment method now. However, advancing the development of regenerative medicine has been facing many challenges along the way. In 2020, the issues of cell dosage, cell delivery, and CMC manufacturing were solved. With a strong sales channel, it is expected that the regenerative medicine industry will continue to learn and mature gradually as more products enter the market.

Although Taiwan's medical standards are among the top in the world, the progress of regenerative medicine has not been able to keep pace with advanced countries. Therefore, when the company first stepped into the biotechnology field, it introduced the more mature "autologous knee chondrocyte sheet" and "oral mucosal epithelial cell sheet" culture technology from Japanese CellSeed Inc. In addition, the company also focuses on development technologies itself, such as the development of "autologous fibroblasts." In view of the fact that immune cell-assisted tumor therapy has always been the topic with the largest market share under the "Special Administrative Measures", the company has also invested relevant resources in the development of immune cell applications such as PBMC research, hoping to establish a cell bank and proposed therapeutic protocols in accordance to the "Special Administrative Measures" and other means to enter the market of immune cell therapy for cancer treatment as soon as possible.

The company's biomedical development plans are as follows :

- (1) As Taiwan's Ministry of Health and Welfare follows the example of Japan's Ministry of Health, Welfare and Welfare to construct and loosen regulations on regenerative medicine, it is hoped that the safety and effectiveness of regenerative medicine technology and products can be ensured and the growth of the regenerative medicine industry be promoted through the relaxation of regulations and the supervision of government units. In September 2018, the MoHW finally passed the "Administrative Regulation on Special Medical Instruments and Inspection Techniques" (referred to as the "Special Administrative Measures"), which encouraged Taiwan's regenerative medicine industry. The "Special Administrative Measures" opened 6 cell therapy topics, namely autologous CD34+ selection peripheral blood stem cell transplantation, autoimmune cell therapy, autologous adipose stem cell transplantation, autologous fibroblast transplantation, autologous bone marrow mesenchymal stem cell transplantation and autologous chondrocyte transplantation. Among them, autologous fibroblasts and autologous chondrocytes are topics that the company has applied for since 2019.

The company currently has been approved to use "Autologous Cartilage Cell Transplantation to Treat Knee Cartilage Defects" in following collaborative medical institutions: E-Da Hospital (passed on 2019/12/18), Kaohsiung Veterans General Hospital (2020/4/10), Taipei Medical University Hospital (2020/4/14), Buddhist Tzu Chi Medical Foundation Hualien Tzu Chi Hospital (2020/4/23), Changhua Christian Hospital (2021/1/19), Shin Kong Wu Huo-Shih Memorial Hospital (2021/5/14), Tri-Service General Hospital (2021/5/20), and Taoyan Min Sheng General Hospital (2021/5/28) as listed to June 9, 2021. The hospitals under cooperation negotiation include Kaohsiung Chang Gung Memorial Hospital, Center Clinic

Medical Center General Hospital Foundation, National Cheng Kung University Hospital, National Taiwan University Hospital, Chi Mei Medical Center, and Tungs' Taichung MetroHarbor Hospital. It is expected that there will be a total of at least 12 medical institutions will be approved to implement the protocol, and more than 50 cooperative physicians by the end of 2021, working together to increase the revenue of the company's Biomedical Department.

In addition, the cell therapy protocol for the "Autologous Fibroblast Transplantation to Treat Skin Defects (Wrinkles, Cavities and Scars Filling and Repairing)" has been approved to implement in E-Da Hospital and Changhua Christian Hospital in accordance to the "Special Administrative Measures" by the MoHW, and still under application review with Hualien Tzu Chi Hospital, Taiwan Adventist Hospital and Keelung Chang Gung Memorial Hospital. In future, cooperation will be expanded to medical aesthetic clinics, which is expected to bring considerable profits to the biomedical department.

- (2) The most common type of clinical cell products is single cell injection. There is no tissue or 3D cell culture product on the market in Taiwan. It is obvious that a sheet-like cell product has its product innovation, market exclusivity, differential techniques and better clinical applicability. The company's culture technology of "autologous human oral mucosal epithelial cell sheet" was transferred from Japanese CellSeed Inc., and its product has been approved to conduct the third phase of human clinical trials by the MoHW in Taiwan. It is among the first 5 phase III clinical trials carried out in Taiwan. It is optimistic that the product will be launched in the fourth quarter of 2024.

The regenerative medicine industry chain includes basic research, clinical trials, application for permission to market (or conditional permission), manufacturing, and marketing and surveillance, and so on development focuses, which has the characteristics of internationalization and industrialization. Therefore, the development of the regenerative medicine industry chain has a trend to be integrated vertically and divided labor horizontally. In view of this, the company and Japanese CellSeed Co., Ltd. have jointly established Up-Cell Biotechnology Co., Ltd. to develop not only cell sheets with clinical therapeutic potential, but also to develop applications related to nerve repair and nerve regeneration. Hoping the clinical trials of aforementioned applications can be carried out soon, and break through the limitations in the law of regenerative medicine. It is also hoped to develop diversified applications of products and technologies, and promote the application of cell sheet products to increase production value.

In order to strengthen the development of Taiwan's regenerative medicine, the company and the Japanese Hitachi Group has signed a memorandum of cooperation in April 2020 to establish a joint venture company- Locus Cell Co., Ltd. in the Zhubei Biomedical Park, as the largest CDMO cell factory in Asia. The cell factory plans to take up CDMO orders both at home and abroad. This joint venture will also cooperate with major collaborative research institutions to develop emerging technologies and conduct clinical trials.

In future, the company will aim to (a) establish a human cell tissue storage library, (b) serve

as a cell preparation center under the Special Administrative Measures, and (c) provide multiple cell therapy services. The company is also necessary to educate customers on products through the establishment of these goals, cultivates high-level talents and promotes products. At the same time, it is necessary to develop multiple channels to strengthen cooperative relations and collect royalties to increase profits.

#### 4. Various product development trends and competition

Looking ahead, the market is optimistic about the development opportunities in the following seven areas, including Internet of Things, cloud computing, wearable devices, medical electronics, vehicle energy battery and wireless charging technology.

##### ● Electronic business

###### (1) Internet of things and cloud computing

The Internet of Things digitizes the real world, and its application areas mainly include: transportation and logistics, health care, smart environment (home, office, factory), personal and social areas, and have a very broad market and application prospects. The concept of cloud computing represents the use of networks to enable computers to collaborate with each other or make services available. As a result, it will drive the development of computer hardware and software equipment such as servers and storage.

###### (2) Wearable device

A wearable device is a mobile smart device that can be worn directly on a person or can be integrated into clothes, accessories and record human data. In addition to Google Glass, Bluetooth headsets, and watch calculators, we are also familiar with some of the novelties, such as bright skirts, hanging camera that automatically photographs, keyboard pants, smart clothing for sensors, and solar charging backpacks. As wearable technology becomes more and more important, the use of wireless connectivity technology to interconnect devices with smart phones will be the key to the development of these devices. For example, with Bluetooth and WiFi technology, consumers can get data (such as calories burned, heart rate, etc.) from wearable devices. Transfer data to smartphones or the cloud without using too much power; With WiFi Direct, consumers can connect two WiFi devices directly without an access point or computer; combining wearable devices with location technology can enable some interesting new application features, such as doctors can In tracking the patient's condition in the clinical environment, retailers can send targeted advertising messages to consumers.

###### (3) Medical Electronics

It is believed that electronic technology will become more and more popular in the field of medical applications. In the future, there will be more opportunities to benefit people. For example, blood glucose sensor monitoring systems, insulin pumping, and diagnostics of viruses through DNA analysis can be used in medical applications.

###### (4) Wireless charging technology

Wireless charging, also known as inductive charging, non-contact inductive charging, utilizes near-field sensing, that is, inductive coupling, to transfer energy from a power supply device (charger) to a device that uses electricity.

The device uses the received energy to charge the battery and at the same time for its own operation.

Since the charger and the power supply device use inductive coupling to transfer energy, there is no wire connection between the two. Therefore, both the charger and the power-consuming device can be exposed without any conductive contacts.

###### (5) Energy batteries for automobiles (electronics)

Domestic energy-saving and carbon-reduction electric vehicles are sweeping the global trend. The electric vehicle market has increased Japanese battery demand. Faced with the trend of increasing power demand, battery companies represented by Panasonic, LG Chemical of South Korea, and BYD of China are competing fiercely. At the same time, automobile manufacturers represented by automobiles, automobiles, etc. are also in the battery industry. Actively lay out cross-industry fields. Therefore, focus on products in the next 10 to 20 years.

## (6) Equipment for power grid shutdown

Energy-saving and energy-saving carbon have become the global theme and the focus of reducing attention. Therefore, the world is conducting research and promotion of solar photovoltaic, energy, hydrogen energy and fuel cell and smart energy for solar energy technology and promotion plans. Four major themes are added, and energy saving is added. , Green Energy Circular Economy and Green Finance, etc. Therefore, this application will develop into a key product on the market in the next 10 to 30 years.

## ● Biomedical business

### (1) Cell therapy treatment plan in accordance with the "Regulations of Special Medical Technique"

The "autologous oral mucosal epithelial cell sheet" that our company had introduced from Japan's CellSeed Co., Ltd., which can be used to inhibit esophageal stricture that may occur after ESD for superficial esophageal cancer, has been approved by the Ministry of Health and Welfare to proceed to phase 3 clinical study. On February 4, 2021, our company has completed the first esophageal sheet transplantation. Dr. Wen-Lun Wang, the convener of the Taiwan Esophageal Research Alliance and the principal investigator of the trial at E-Da Hospital, said, "It has already been five weeks after the first patient had received the transplantation. From the patient's return visits and endoscopic follow-ups, comparing the effect of epithelial sheet grafting and traditional treatment, both the wound healing process and clinical symptoms are significantly better than traditional treatment and expected outcome. This gave us much more confidence in the sheet transplant technology. If the clinical trials go smoothly, the 'oral mucosal epithelial cell sheet' may be the first regenerative medicine product to be successfully approved for marketing in Taiwan."

Our company has also applied for cell therapy treatment plans under the "Regulations of Special Medical Technique" for the treatment of knee cartilage defects with the "articular chondrocyte cell sheet" technology. As of June 9, 2021, MetaTech has obtained approval by the Ministry of Health and Welfare in accordance with the "Regulations of Special Medical Technique" for our autologous chondrocyte implantation for knee cartilage defects at E-Da Hospital (Approval Date: 2019/12/18), Kaohsiung Veterans General Hospital (Approval Date: 2020/4/10), Taipei Medical University Hospital (Approval Date: 2020/4/14), Hualien Tzu Chi Hospital (Approval Date: 2020/4/23), Changhua Christian Hospital (Approval Date: 2021/1/19), Shin Kong Wu Ho-Shih Memorial Hospital (Approval Date: 2021/5/14), Tri-Service General Hospital (Approval Date: 2021/5/20), and Min-Sheng General Hospital (Approval Date: 2021/5/28). The hospitals that we are negotiating with include Kaohsiung Chang Gung Memorial Hospital, Central Clinic and Hospital, National Cheng Kung University Hospital, National Taiwan University Hospital, Chi Mei Medical Center, and Tungs' Taichung MetroHarbor Hospital. Therefore, it is expected that we will obtain approvals with a total of at least 12 collaborating hospitals by the end of 2021, with more than 50 cooperating doctors. At the same time, in 2021, MetaTech has also begun to expand to allogenic chondrocytes, from its storage, development of treatment and clinical trial application. Among the partnering hospitals, E-Da Hospital had officially started to accept cases and generate revenue from May 2020. So far, the hospital with the largest number of cases remains as E-Da Hospital. A total of 35 cases have been included, 34 of which are from E-Da Hospital, and 1 of which is from Hualien Tzu Chi, this has created the world's most advanced knee cartilage regeneration medical record. The patients range between 26 and 69 years old, and many patients were able to return to normal life within 6 months, achieving amazing results of complete recovery.

Regarding the treatment of skin defects (filling and repairing of wrinkles, pits and scars) with autologous fibroblast transplantation, as of April 15, 2021, the Ministry of Health and Welfare has approved our application, in compliance of "Regulations of Special Medical Technique", at E-Da Hospital and Changhua Christian Hospital. Currently, one case has been included, and the first course of injection will be started on March 10, 2021. In addition, before the end of 2021, we are also expecting to apply for cell

therapy treatment with Hualien Tzu Chi Hospital, Taiwan Adventist Hospital and Keelung Chang Gung Memorial Hospital.

As of April 15, 2021, of the 78 cell therapy treatment plan applications approved by the Ministry of Health and Welfare, only 2 are related to the indication of skin defects (filling and repair of wrinkles, cavities and scars), both of which are by our company (E-Da Hospital and Changhua Christian Hospital ); In addition, there are 10 cell therapy applications approved for the indication of knee cartilage defects, half of which are by our company. From this, it is obvious that our company is the pioneer to enter the new market and can enjoy exclusive profits, brand loyalty and customer switching costs before other manufacturers can follow up, and have time to develop learning effects and economies of scale to deter latecomers from joining the market to share the pie. However, our company must also pay for higher R&D expenditures, educate consumers about the new products, and invest in industrial infrastructure and other costs. The six cell therapy programs approved through the “Regulations of Special Medical Technique” can only be implemented by partner hospitals and physicians who have passed the review. Accordingly, our company will continue to increase the number of partnering hospitals for our autologous chondrocyte transplantation and autologous fibroblast transplantation treatment plans, and expand the collaboration channels through adding autoimmune cell therapy applications, in order to expand the scale of operation to seize the market in the future.

## (2) Genetic testing

Genetic testing is the greatest invention of preventive medicine in the 21st century. There are more than 30 Taiwanese manufacturers investing in precision medicine in the country. Our company is cooperating with BGI, one of the world’s leader in the genomics field, to conduct personalized hereditary cancer risk screening and targeted therapy genetic screening in our country. We are able to detect genetic mutations of more than 5%, interpreting relevant genes with an accuracy of 99%, and allowing patients to obtain information about their own genes to complete a more accurate precision medical treatment. Our company is currently striving to develop family cancer genetic testing and will effectively establish a medical management plan for cancer families to prevent or reduce the incidence of hereditary cancers in the family, or to conduct early detection and treatment. For patients who are already afflicted, we also provide patients with appropriate targeted therapy to complete more accurate and precise medical treatment, and assist clinicians in diagnosis and reference to develop more complete cancer treatment plans.

## 5. Technology and R&D Overview:

### ● Electronic business

(1) The R&D expenses invested for the current year up to the date of publication of the annual report: No R&D expenses occurred during the year. However, based on serving customers, accelerating product listing and increasing the added value of technology, the Company invested manpower in the three major sales regions, Taiwan, China and ASEAN, and established product technical support and product application development departments to respond to customers' technical needs to help customers shorten the time to market.

(2) Successfully developed technologies or products:

The company is a professional distributor of semiconductor components, non-general manufacturing, it does not apply.

(3) The future research and development direction:

In response to the continuous innovation of cloud products and communication network products, and actively in the wireless communication, broadband network, automotive electronics market and smart home, the smart grid high value-added application market continues to invest resources, and find the right original supplier to jointly develop the next generation of new technology.

### ● Biomedical business

(1).Autologous oral mucosal epithelial cell sheet (for the indication of suppressing esophageal stricture in patients with superficial esophageal cancer after endoscopic submucosal dissection): The company has completed the first case of esophageal sheet transplantation on February 4, 2021. In addition, National Taiwan University Hospital has performed the second esophageal sheet transplantation on May 26, 2021. With the simultaneous participation of E-Da Hospital, E-Da Cancer Hospital and National Taiwan University Hospital in clinical admissions, it is expected that the admission of 12 patients will be completed in the fourth quarter of 2021 and the evaluation of 12 patients will be completed in the fourth quarter of 2022. In order to overcome the difficulty of case collection, our company had held the "Taiwan Esophageal Research Alliance: Inter-center Research Conference" at the Hi-Lai Hotel in Kaohsiung on January 24, 2021. The meeting was hosted by Dr. Wen-Lun Wang from E-Da Hospital (also the clinical trial principal investigator of this case), gathering more than 30 physicians from 11 hospital systems related to the treatment of esophageal cancer across Taiwan, such as National Taiwan University Hospital, Far Eastern Memorial Hospital, Taipei Medical University Hospital, Tzu Chi Hospital, Taichung Veterans General Hospital, Chung Shan Medical University Hospital, National Cheng Kung University Hospital, Chi Mei Medical Center, Kaohsiung Chang Gung Memorial Hospital, Kaohsiung Medical University Hospital and E-Da Hospital, establishing the Taiwan Esophageal Research Alliance. This not only promotes the research of esophageal cancer in our country, the more important task is to invite physicians who join the alliance to introduce suitable patients to National Taiwan University Hospital, E-Da Hospital or E-Da Cancer Hospital, the three main hospitals executing our esophageal cell sheet clinical trial, in order to assist our company in case collection.

(2) Articular cartilage cell sheet (for the indication of knee cartilage defect):

A. Introduction of automated systematic manufacturing: In cooperation with the Hitachi Manufacturing Co.,



Ltd. Kobe Laboratory, the ACE series of automated closed system is used as the prototype for simulation testing. In the future, this will be moved to the Zhubei Biomedical Park of (MetaTech and Taiwan Hitachi Asia Pacific Co., Ltd.) joint venture company for cooperative development.

B. Allogeneic chondrocyte sheet manufacturing process and clinical trials: preparing to cooperate with the hospitals to apply for the IRB trial program.

(3) High-efficiency aggregated fibroblasts (for the indication of skin defects: filling and repair of wrinkles, cavities and scars): This technology is developed wholly by our company, so we should be able to claim intellectual property rights. At present, in terms of patent applications, the company has successively obtained Taiwan invention patent approval for "A manufacturing method of micro cell sheet" and "A 3D cell sphere structure that promotes viability and proliferation, its manufacturing method and use" (certificate number: I693283 and I724528), and we will continue to layout related patent family in the future.

(4) Peripheral blood mononuclear cells: After applying for IRB in cooperation with Beijing Medical University to obtain donor blood, the immune cells (CIK and NK) are separated, proliferated and cultured, and a cell manufacturing process that meets the requirements of Taiwan's regulations is established, and will serve as a commercial manufacturing process for future immune cell storage services.

(5) Next-generation NK anti-tumor cell therapy: The company signed a memorandum of cooperation with CHO Pharma, Inc. CHO Pharma, Inc. has the world's leading special anti-glycan antibody development capabilities and the global patented glycoengineered antibody platform technology (CHOptimax). Our company has also introduced Japan's unique global regenerative medicine application and cell layer culture technology, and we are joining hands to develop the next generation NK technology. This technology is expected to improve the efficiency of isolating NK cells (natural killer cells) from peripheral blood, and to greatly expand the cell yield and enhance the cytotoxic effect. The activated NK cells by this method can not only resist tumors and resist the invasion of pathogens, but also has the added function of regulating immunity. The two parties also plan to develop a specific chimeric antigen receptor natural killer cell (CAR natural killer cell, CAR-NK) for the exploration of immune cell therapy for a variety of malignant tumors.

(1) Research and development personnel and their academic experience:

Note: employee turnover rates = number of employees leaving / (number of employees at the end of the period + number of employees leaving).

Unit:persons ; %

Project/year		2017	2018	2019	2020	End of 5/31 of 2021
Number of people at the beginning		13	18	24	34	39
New in this year		12	16	15	17	6
Transferees		-	6	1	1	1
Resignation of this period		7	4	4	12	9
Employees and retirees		-	-	-	1	-
Final number		18	24	34	39	35
Average years (years)		1.02	1.22	1.50	1.77	2.07
Turnover rate (%)		25.00 %	14.29 %	10.53 %	23.53	20.45
Education distribution	Doctor	5	5	5	5	6
	Master	15	15	23	27	20
	University (professional school)	4	4	6	7	9
	High school	-	-	-	-	-

6. Long-term and short-term business development plans:

a. Enhancing product line complementarity and diversification

Actively enhance the complementarity and performance of product lines and expand the diversification of product lines.

b. Expand customer base and strengthen customer relationships

Actively expand the customer base and establish a long-term cooperative relationship with dedicated team services for large EMS factory customers and excellent customers to maintain stable growth. Enhancing technical support capabilities

To train excellent technical talents to help customers shorten their time-to-market and enhance their technical support capabilities, thereby enhancing customer service quality.

c. Improve core competitiveness

Absorb international professional and technical capabilities to further enhance the core competitiveness so as to strive for more business development space.

## B. Development of business scale

- a. actively strive for the existing product line for the distribution of the entire Asia- Pacific region

With current operating results and experience in Taiwan, Hong Kong, or Singapore, we actively seek suppliers' formal authorization for distribution rights in the Asia- Pacific region and strengthen sales networks.

- b. Establishing the China Mainland Application Design Center in Shenzhen Based on Taiwan's application design and technical support personnel, we will make good use of high-level, low-cost technical talents from the mainland to provide customers with complete application solutions, and then use the Asia Pacific sales network to enhance our core competitiveness.

- c. Increase new product line and enhance product integrity in the whole area. Mainly looking for new application market products (mainly Chinese and Taiwan manufacturers), and can currently sell products in Taiwan, China / Hongkong or Singapore, mainly to enhance and enhance product diversification to customers.

## 2. Long-term plan

### A. Marketing strategy

- a. Continually introduce products from international manufacturers to enhance product line complementarity and competitive advantage

Existing product lines and marketing positions based on extensive customer base, and actively introduce new product lines, and with key suppliers to obtain long-term strategic alliance, in order to grasp the essence quasi-market information and new product trends.

- b. According to the advantage of regionalization, set regional differentiation business strategy

The Taiwan region will gradually be backed by high-end, advanced application product design and technical support, and will provide Taiwanese businessmen with faster and more reliable technical support and logistic services. In addition to the existing communications mainland market, the central office equipment market, and actively cultivate Taiwan experience of small and medium potential customer base, in

applications, the low-end consumer and PC peripheral development direction. In addition to the stable international contractual labor market in Southeast Asia, the Southeast Asia region is striving to develop high-end home digital application products and actively explore emerging markets such as Vietnam and India.

- C. Pay attention to the cooperation of new products with the original factory, and actively lay out relevant application areas and enhance the application scalability of new areas.

## B. Development of business scale

In the future, the company will uphold its adherence to the professional semiconductor component access and adapt to the changes and trends of the industry and will actively develop towards the goal of internationalization.

A. Provide multiple cell storage solutions. Understand the needs of patients/customers, encourage patients/customers to store the target cells as soon as possible when they are healthy, and educate patients/customers about the indications and scope of treatment that the stored cells can be used in the future. At the first stage, the company can obtain revenue through this strategy from the revenue of the cell storage business.

B. Actively cooperate with major teaching hospitals across the country to research and apply for IRB, developing new products and services through communication and technical cooperation with the medical community.

C. Cooperate with insurers to launch autologous cell therapy insurance policies, combined with the medical insurance system to expand the cell therapy market, to reduce the pressure of patients' out-of-pocket costs for high-priced new therapies, and to enhance the health and well-being of the people in our country through the in-kind payment insurance system and deep investigation of the potential market.

D. Actively hold regenerative medicine seminars and forums on related topics to promote exchanges between industry, government, academics, research, and medical circles, so as to promote research and development results that can actually meet the needs of clinical applications, and truly practice the spirit of regenerative medicine for the benefit of mankind.

H. Continue to develop regenerative medical products and services. Strengthen self-research and development capabilities, combine medical and market needs, and enhance the company's influence in the industry.

## Development of business scale

### (2) Operational scale development

- A. Continue to increase the number of cooperating hospitals (channels) of our company's cell therapy treatment plans that have been approved through "Regulations of Special Medical Technique", including "autologous chondrocytes" and "autologous fibroblasts". We are planning to layout 20 hospitals all cross Taiwan's North, Central, Southern and Eastern regions, with the goal of allowing patients/customers to receive safe cell therapy nearby.
- B. Continue to cooperate with major hospitals in applying for immune cell therapy of the six cell therapy projects by the Regulations of Special Medical Techniques, increasing our range of products and service items, and in turn increase revenue.

## 2. long-term plan

### A. Marketing strategy

A. Expand international medical care. China has a large area and a large population. The current hospital service area in this country cannot cover all areas. Our company will partner our cooperating hospital - Changhua Show Chwan Memorial Hospital, and our company's Taiwan tourism business channel (Chien Hwa Travel Service Co., Ltd.) to promote the cooperation and exchanges of regenerative medical technology between Taiwan and China, and through this bring in willing customers/patients with demand to come to Taiwan to receive cell therapy.

In addition, Vietnam's overseas medical expenditures in 2014 and 2015 were nearly US\$3 billion. The company has signed a collaboration agreement with the City International Hospital in Vietnam, actively developing the overseas medical market in Vietnam, and we will also expand the overseas medical market in other Southeast Asian countries in the future.

- B. Set up a startup company in the Hsinchu Biomedical Park, Taiwan, and discuss with the Hitachi Group of Japan to introduce an automation system to facilitate stable production in the future and save labor costs and time consumption. The start-up company will build a cell factory that complies with PIC/S (The Pharmaceutical Inspection Convention and Pharmaceutical Inspection Co-operation Scheme) GMP (Good Manufacturing Practices) specifications, incorporating automated production modules and AI manufacturing systems to assist in cell layer production, and provide cell products CDMO (Contract Development and Manufacturing Organization, commissioned research and development and production services) OEM, joining the global regenerative medicine industry supply chain.

## (2) Operational scale development

- A. Establish the International Consortium Association of Regenerative Medicine to

enhance the development level of our country's regenerative medicine and share new medical knowledge.

B. Establish a supply chain system for regenerative medicine products, such as a cold chain transportation system, and expand overseas business alliances.

C. With the goal of establishing a human cell tissue storage bank, serving as a cell preparation center under the “Regulations of Special Medical Technique” and providing multiple cell therapy services, and in the process, provide product education, high-level talent cultivation, production capacity expansion and product promotion, and at the same time, we can also develop new enterprise channels, technology transfer or authorization.

## B. Marketing and production and sales overview:

### (A) Market Analysis:

#### 1. Sales (provide) area of major commodities (services):

Unit: NT\$ thousand

Sales area	Year	2020	
		Amount	%
Foreign sales		1, 209, 949	76. 77%
Domestic sales		366, 130	23. 23%
Total		1, 576, 079	100. 00%

#### 2. Market share:

##### ● Electronic business

The Company's 2020 annual turnover of NT\$ 1,564,903,000, the amount of 2020 consolidated revenues add 11.06% Mainly for finding new requirements in the application part of new markets (high-end commercial switches, vehicle-mounted switches, high-end servers, wafer test machines, gaming devices) and starting shipping. In the future, the company will continue to focus on the development of higher-margin products (E-Switch, Phoenix) and increase the proportion of other profitable product lines. Increase in market share. And integrate product integrity.

Unit: NT\$ thousand; %

Company name	Main products	Company type	Realized amount of capital	Revenue in 2020	Revenue growth rate (%)	2020 EPS
MetaTech	Electronic materials wholesale sales	at over-the-counter market	580,160	1, 565, 242	(11. 06)	(1. 42)

Yu Jie	Electronic materials retail, electronic materials wholesale, electronic information supply services	at over-the-counter market	365,679	752, 176	(28.12)	0.35
Bei Wei	Burning, processing, testing and trading of computer electronic products and components	at over-the-counter market	721,458	3, 698, 478	17.42	1.26
Quanda	Distribution Agents and Maintenance of Electronic Components, Components, Integrated Circuits, Design and Test Instruments	at over-the-counter market	686,600	1, 899, 030	(17.66)	(0.36)

Compared with the peers in the company and its subsidiaries, although they are all electronic component distributors, the capital scale is similar, but the nature of the products represented by the companies is still different. The Company and its subsidiaries have lower operating income, which is lower than the minimum, but higher than that of the company. The main adjustment of customer structure and the elimination of poorly profitable product lines have led to a decline in revenue. Since the completion of the electronic department's manpower optimization and improvement of gross profit margin in 2017, profitability has been shown. However, considering the industrial innovation, the transformation to the biotechnology and medical industry will increase the impact of operating expenses and reduce the profit in the current period. The company and its subsidiaries are based on the principle of steady operation and sustainable development. Therefore, in terms of product sales strategy, the company focuses on the layout of the overall 3C industry and strengthens the coverage of the product line to avoid the impact of the downturn of a single electronics industry. Gradually develop high-margin and promising products, strengthen long-term and stable relationship with customers, and make the company's revenue grow steadily.

The Company and its subsidiaries are electronic component distributors, mainly distributing European and American brands. The products range from communication products, connectors and consumer products. With the main brands of distributors, Samtec and Everspin, their market share is stable. The Company and its subsidiaries have been actively developing agent brands for various application fields, which will help to increase the market share of the industry in the future.

#### ● Biomedical business

- (B) According to the market research report "2020: Growth & Resilience in Regenerative Medicine Annual Report" (Alliance for Regenerative Medicine, ARM), by the end of 2020, the number of global companies engaged in regenerative medicine-related businesses, including gene therapy, cell therapy and tissue engineering, etc. has surpassed 1085, an increase of 98 as compared to 2019

(9.93%). The number of regenerative medicine products that have entered clinical trials worldwide has reached 1,220, which is an increase of 154 (14.45%) compared with 2019. Among them, there are 152 phase 3 trials, 685 cases phase 2 trials and 383 cases phase 1 trials. In 2020, the total investment in global regenerative medicine and advanced therapies is about 20 billion US dollars.

- (C) According to a research report by Market and Markets, the global regenerative medicine market, including cell therapy, immune cell therapy, gene therapy and tissue engineering products, had a market size of US\$10.5 billion in 2018, and it is estimated that the global regenerative medicine market will reach US\$25.3 billion in 2022. This meant a compound annual growth rate of 24.6% from 2018 to 2022, which shows the vigorous development and prosperity of the regenerative medicine industry.
- (D) According to the 2020 Biotechnology White Paper by the Ministry of Economic Affairs, the total revenue of the biotechnology industry in 2019 was NT\$559.7 billion, an increase of 8.7% compared to 2018, and the growth rate was the highest in recent years. The amount of private biotechnology investment reached NT\$55.1 billion. The accumulated amount invested by the National Development Fund of the Executive Yuan in the biotechnology field is NT\$13.3 billion, of which the company has received 100 million yuan from the National Development Fund in 2018.
- (E) According to the annual statistics of the Health Insurance Department of the Ministry of Health and Welfare, in 2016, the number of medical consultations for knee osteoarthritis in Taiwan was 790,509, and by 2019, the number of consultations was 863,119, with an average increase rate of 2.99% during this period. Among them, among the 12 hospitals that cooperated with MetaTech for knee chondrocyte treatment in accordance to the Regulations of Special Medical Techniques, the average number of artificial knee joint replacements in the past 3 years (from 106 to 108) was 5,332. According to the Taiwanese Medical Association Foundation's Market Evaluation Report for Esophageal and Knee Replacement in Taiwan, about 30% of the people in Taiwan accept articular chondrocyte cell sheet therapy instead of traditional therapies. On this basis,  $5332 \text{ (people)} \times 30\% = 1600 \text{ people}$ . Without including the number of international patients who come to Taiwan for medical treatment, it is optimistically estimated that the number of patients in Taiwan will be up to about 1600.
- (F) As the articular chondrocyte cell sheet must comply with the "Regulations of Special Medical Technique", its access is limited and can only be performed by hospitals approved by the Ministry of Health and Welfare and specific doctors in the hospital. Accordingly, the company has accelerated the application process with



other cooperating hospitals and increased the number of available physicians. It is estimated that from 2021 to 2024, the revenue of autologous knee cartilage cell sheet transplantation will reach 166, 395, 650 and 1486, respectively. Coupled with the vigorous promotion and establishment of treatment reputation from 2020 to 2023 by the company and partner physicians, it is estimated that the replacement rate will reach 30% of the number of artificial knee replacements in 12 hospitals in 2024.

## 1. The market supply and demand and future growth:

### ● Electronic business

When the semiconductor industry is in a better stage, the supply of components will fall short of supply, and the revenue and gross profit of the channel vendors will also increase. However, when the revenue of the channel vendor decreases, it does not necessarily mean that the profit of the channel vendor decreases. In particular, the agent products are in the lead-in period, and the channel dealers usually enjoy higher gross profit. Therefore, if the agent parts are out of stock, their revenue may be reduced. However, with the increase in gross profit margin, the distributors will also maintain profitability. In addition, the main business of the company is to sell semiconductor components to downstream electronic product manufacturers at home and abroad. The downstream manufacturers' major sales regions are Europe and the United States. Therefore, due to the traditional third quarter of the global electronics industry and the seasonal demand season, electronic manufacturers still have seasonal differences in demand for semiconductor components. In order to reduce the impact of changes in customers' seasonal demand on the company, the company and its subsidiaries adjust the procurement and purchase schedules at any time after assessing the market characteristics and the supply and demand conditions of each product, so as to avoid the situation of excess inventory. The occurrence of the issue of the Sino-US trade war in 2019 brought about a great change in the ecology of electronic products and the manufacturing chain. The most influential area was the electronics manufacturer in China, which began to transfer production bases to Southeast Asian countries and Taiwan. To prevent the drop of transfer business, every company strengthened its business and Human Resources Bureau outside China. The company has made every effort to circulate this part of its business with each other and to meet the needs of the market and customers.

In terms of medical electronics, the overall medical service healthcare market showed a steady growth trend under the influence of the promotion and growth of medical services such as medical cosmetology and health checkups and the significant increase in the number of passengers from Taiwan to Taiwan. With the increase of the elderly population and the rise of health care, the demand for medical services has increased significantly. The survival of the human body is headed by health, and it is always relevant. Therefore, in the short term, there is no significant difference between peak and peak seasons.

### ● Biomedical business

- (G) In recent years, the number of foreign citizens coming to Taiwan to receive medical services or health checks has continued to rise, which proves that Taiwan's medical achievements have an international reputation and competitiveness. In terms of medical technology, international popularity and medical costs, compared with other countries in the world, its cost performance has considerable advantages. Through overseas marketing channels and cross-industry cooperation with travel companies, Taiwan's medical tourism has reached nearly 1.93 million people in 2017, with an output value of NT\$97 billion.
- (H) According to a 2017 survey conducted by the Taiwan External Trade Development Council TAITRA, Taiwan's joint reconstruction surgery has the advantages of less tissue trauma, short recovery time, and low fees. Each year, there are about 20,000 people who come to Taiwan for joint replacements through international medical services; and according to the National Health Insurance Medical Quality

Information Disclosure Network of the National Health Insurance Agency of the Ministry of Health and Welfare of Taiwan, in 2017, more than 25,000 people in Taiwan underwent artificial knee joint reconstruction surgery. Converting this with a replacement rate of a minimum of 5% to a maximum of 30%, the market size can be optimistically estimated to be between 2,250 to 13,500 people.

- (I) Taiwan's cosmetic medicine and plastic surgeons have always had a place in the global medical aesthetics field. In the past, our country's plastic surgeons had created and improved many core surgical techniques, and trained plastic surgeons from all over the world. For example, one in every four orthopedic surgeons in Korea was trained in Taiwan. The advantages of non-invasive treatment, short recovery period, low side effects, affordable prices, customer-oriented holistic service approach, etc., have attracted overseas medical and aesthetic customers to Taiwan, showing an increasing trend year by year. It can thus be seen that the company's autologous fibroblast cell transplantation to treat skin defects, approved by the Ministry of Health and Welfare of Taiwan in accordance with the "Regulations of Special Medical Technique", will not only benefits domestic customers/patients, but will also be attractive for international medical customers/patients, and we can anticipate the future.
- (J) According to the announcement by the National Health Administration of the Ministry of Health and Welfare, the total number of esophageal cancer patients in Taiwan in 2016 was 2,599, and the number of patients in the first stage was 285, accounting for about 11% of the esophageal cancer patients in the whole year ( $285/2599 = 10.97\%$ ).  $2599 \times 11\%$  (proportion of stage 1 esophageal cancer)  $\times 19\%$  (over 75% of esophageal squamous cell tumors) = 57 (people). According to the Taiwanese Medical Association Foundation's Market Evaluation Report for Esophageal and Knee Replacement in Taiwan, about 30% of the people in Taiwan accept esophageal cell sheet therapy instead of traditional therapies. On this basis,  $57$  (persons)  $\times 30\% = 17$  people, thus the annual revenue after marketing is conservatively estimated to be 15-20 cases. In contrast, about 470,000 esophageal surgeries are performed in China each year. According to this ratio, the number of patients who meet the conditions for use of the product is estimated to be about 2,950, which will be our main target market for the company's esophageal cell sheet products.
- (K) The definition of regenerative medicine is the use of healthy cells to repair and replace damaged or necrotic cells and tissues or organs damaged by disease or trauma. The fields involved are centered on cell and tissue engineering. Among them, the sciences of clinical medicine, materials engineering, cell biology, and genetic engineering must be integrated. According to research estimates by Research and Markets, a global market research organization, the global regenerative medicine market is expected to grow from US\$18.9 billion in 2016 to US\$53.7 billion in 2021, with a compound annual growth rate of 23.3%. As the global population enters the "ageing population", the life span of human beings is prolonged, accompanied by an increase in the aging population and patients with degenerative diseases. Traditional medical treatment has been unable to effectively cure major traumas and major diseases, and new regenerative medical technologies need to be incorporated in order to achieve greater effectiveness. Therefore, we can expect that the demand for related regenerative medical technology and care will be further increased.

## 1. Competitive niche:

### ● Electronic business

The agency distribution channel industry must be able to occupy an important place in the market, and it is necessary to grasp the timeliness, not only in the supply of products and technical support, but also to enable downstream manufacturers to compete in the shortest possible time. Force's products are launched.

In the professional division of labor system electronics industry, global management of the production mode, making professional electronic components agents dealers can offer value to downstream firms, no longer limited product and price, but extends to logistical support grant product mix and integrity; and the value of technical services. In the industry, the product portfolio complete or not, provide technical service capabilities of strength, speed of delivery and obtain professional information of career success or failure is often the key, and the impact on customer service quality of the merits of the Company professional and technical services capabilities and image of the industry in times affirmed, because of its ability to oncoming products with holes foresight can provide customers with the best immediate product portfolio, and regain the initiative to provide customers the latest and most feature excellent product information resources, the role of professional products and services play an extremely cause, to ensure the continued expansion of the company's future performance. The company can ensure the niche of market competition based on the following points:

- (1) Complete complementary agent line for information, communication and consumer electronics
- (2) Complete and strong management team
- (3) Superior Supply Management System
- (4) Strong technical support capabilities and diversified product portfolio
- (5) Good marketing channels and far-reaching layout
- (6) Layout related applications in new areas

### ● Biomedical business

At present, in terms of the 6 types of cell therapy projects allowed by the "Regulations of Special Medical Technique", our company has obtained approval for implementing "autologous chondrocyte transplantation" for the treatment of knee cartilage defects at 8 hospitals, with a market share of 50%; and 2 hospitals for "autologous fibroblast transplantation" to treat skin defects.

There are still no competitors in the medical market for "autologous chondrocyte cell sheet transplantation" and "autologous fibroblasts to treat skin defects". Because our company is FIRST TO MARKET, we have a comparative advantage which includes: (1) Leading technology and irreplaceability; (2) Creating economies of scale; (3) Channel relationships and customer stability; (4) Taking the lead in constructing strategic assets; (5) Increasing customer switching costs; (6) Price leadership, industry benchmark. In the process of industrial development, the company made important strategic and technical decisions, and took the lead in entering the market of "autologous chondrocytes for the treatment of knee cartilage defects" and "autologous fibroblasts for the treatment of skin defects" instead of choosing "autoimmune cell therapy market" which has low competitor visibility, resulting in a competitive advantage and can enjoy an irreplaceable competitive niche.

In the development of regenerative medical products, the company chose to technology transfer from CellSeed the "oral mucosal epithelial cell sheet" transplantation technology, the project with most mature technology and the most complete clinical data, for the inhibition of post-ESD esophageal stricture for superficial esophageal cancer. This choice had similarly adopted the market pioneer strategy. Once the technology and information were obtained, we immediately applied for phase 3 clinical trial in Taiwan, and successfully received approval by the Ministry of Health and Welfare. If our company is able to complete the clinical trial as soon as possible and obtain the regulatory approval for marketing, we will then have a say in the market.

## 2. The development prospects of favorable and unfavorable factors

and the countermeasures:

### ● Electronic business

(1) The favorable factors:

- A. Communication network, GPS , LED , Security and mobile applications continue to grow
- B. The vertical division of labor benefits gradually
- C. Professional technical service capabilities
- D. Perfect after-sale service and total solution
- E. Agency stability

(2) Disadvantages and Countermeasures:

- A. The company is small and it is difficult to compete with large distributors  
Remedy: The company is currently focused on cutting into the niche

market, maintaining customer service relationships and maintaining high gross margins by providing better service quality for larger access providers and assisting customers in solving R&D challenges.

- B. Rapid product change and short life cycle

Responsive measures: The company regularly convenes a review meeting to analyze and analyze computer information management systems to accurately grasp the development status of customers' product lifecycles, formulate preventive measures that should be taken, and adjust the number of weeks of inventory stocking, as well as market product trends and technologies. Dynamically, set the company's future development direction and opportunities, actively represent star products, timely introduce new product agency rights and develop new customers to grasp new market developers.

### ● Biomedical business

(1) Favorable factors:

- A. Cooperate with the well-known Japanese company Cellseed to introduce cell sheet technology, and Cellseed has been deeply involved in the field of regenerative medicine for a long time and is in line with international standards.

- B. The company uses technology authorization to cooperate with Cellseed, which can save a lot of manpower and expense in the early R&D work.
- C. At present, Taiwan's regenerative medicine field is lacking in investment by listed companies. Our company is thus one of the earlier investor in the market and cooperates with many hospital alliances, allowing us to maintain competitiveness.
- D. We will conduct comprehensive cooperation in the field of regenerative medicine with Japan Hitachi and build a state-of-the-art automated production cell therapy product factory, which can increase mass-production manufacture efficiency, saving labor costs and time.

(2) Unfavorable factors and corresponding measures:

- A. The products and technology patents of advanced countries are well protected, and they must also face the competition of low-priced products from developing countries.

Corresponding measures: The company is currently cooperating with Japan in the form of technology authorization to make our products more competitive. In addition, the regenerative medicine products that we have currently introduced have not been widely promoted in developing countries and are less susceptible to other low-priced products.

- B. Regenerative medicine is a relatively new technology in Taiwan and requires a lot of cost in promotion.

Corresponding measures: The company will train its business personnel to receive regular training, and plan to cooperate with major hospitals in product promotion, so that patients can choose regenerative medicine products instead of traditional treatment methods.

(L) Important uses and production processes of major products:

1. The main product use

Electronic business :

<b>main products</b>	<b>use way</b>
Consumerproducts	Broadband network , related multimedia and video applications
Communicationproducts	Semiconductors such as mobile phones and satellite positioning systems
Connector	The original semiconductor of network and communication
Others	Touch screen, transmission application module

Biomedical business :

main products	use way
Regenerative Medicine - Cell Layer	1. For the prevention of esophageal cancer after endoscopic submucosal dissection (ESD) to prevent esophageal stenosis. 2. Regeneration and repair of knee cartilage for articular cartilage defects.
Cell storage service	1. Storage of chondrocytes from the knee joint to be applied to the cartilage defect of the knee joint. 2. Autogenous fibroblast storage for the application of skin defects, subcutaneous and soft tissue defects, other surface minimally invasive techniques or adjuvant therapy. 3. The peripheral blood mononuclear cells are stored in the blood for the application of hematological malignancies, stage I to stage III solid cancers, which are invalid after standard treatment and stage IV solid cancers. 4. The storage of adipose stem cells can be used as a combination or adjuvant therapy for the treatment of difficult wounds, extensive burns or skin trauma, subcutaneous and soft tissue defects, degenerative arthritis, knee cartilage defects, and other surface minimally invasive techniques.

2. The main product production process: not applicable (the company's non-manufacturing)

(M) Supply status of major raw materials: The Company is an original supplier of access industry that is not a manufacturing industry and does not have major raw materials, and only provides supply of major commodities.

Electronic business :

The main product name	Supplier
Consumer products	AIC, Alliance
Communication products	Asix, Silabs, Everspin, Jorjin
Connector	Samtec, E-Switch, Phoenix Contact, Speedtech
Others	LedEngin, Sunon

Biomedical business :

The main product name	Supplier
Autologous fibroblast transplantation	E-Da Hospital 、Changhua Hospital
Autologous cell layer transplantation	E-Da Hospital, Kaohsiung Wing General Hospital, Beijing Medical University, Hualien Tzu Chi, Guangming Shenghua Hospital, Xinguang Hospital, General Hospital of the Three Armed Forces, Minsheng General Hospital.
Survival of autologous peripheral blood mononuclear cells	Taipei medical university hospital, Hualien Tzu Chi hospital.



(N) In the most recent fiscal year, the company accounted for more than 10% of the total (import) value of the customer's name and the amount and proportion of its purchase (or sales), and the reason for the change.

The last two years a major supplier of information

Unit:NT\$ thousand

Item	2019				2020				As of the end of the first quarter of 2021			
	Name	Amount	Annual net purchase ratio [ % ]	Relationship with the issuer	Name	Amount	Annual net purchase ratio [ % ]	Relationship with the issuer	Name	Amount	Annual net purchase ratio [ % ]	Relationship with the issuer
1	A	692, 248	56%	None	A	785, 060	57%	None	A	158, 848	42%	None
2	B	191, 931	16%	None	D	223, 863	16%	None	D	71, 496	19%	None
3	Others	348, 709	28%	None	Others	379, 678	27%	None	Others	146, 848	39%	None
4	Net purchase	1, 232, 888	100		Net purchase	1, 388, 601	100		Net purchase	377, 192	100	

Note 1: The name of the supplier and the amount and proportion of the total purchases in the last two years are specified. However, if the contract stipulates that the name of the supplier or the object of the transaction is an individual and non-related person, the supplier can be coded.

Note 2: Up to the date of publication of the annual newspapers and periodicals, companies listed or whose stocks have been bought and sold in the securities firm's business premises shall disclose the latest financial data which have been checked, endorsed or checked by the accountant.

Customer information on major sales in the most recent two years

Unit: NT\$ thousand

Item	2019				2020				As of the end of the first quarter of 2021			
	Name	Amount	Annual net purchase ratio [ % ]	Relationship with the issuer	Name	Amount	Annual net purchase ratio [ % ]	Relationship with the issuer	Name	Amount	Annual net purchase ratio [ % ]	Relationship with the issuer
1	Others	113,296	8.02%	None	Others	169,887	10.78%	None	Others	5,607	1	None
2	Net Purchase	1,299,279	91.98%		Net Purchase	1,406,192	89.22%		Net Purchase	398,158		

Note 1: The name of the supplier and the amount and proportion of the total purchases in the last two years are specified. However, if the contract stipulates that the name of the customer or the object of the transaction is an individual and non-related person, the supplier can be coded.

Note 2: Up to the date of publication of the annual newspapers and periodicals, companies listed or whose stocks have been bought and sold in the securities firm's business premises shall disclose the latest financial data which have been checked, endorsed or checked by the accountant.

(O) Annual production value in the most recent two years

The company is a professional distributor of semiconductor components, non-general manufacturing, it does not apply.

(P) Sales volume in the most recent two years

The company's non-manufacturing manufacturing industry and the original specifications cannot be statistical analysis of the number, so the sales value table analysis is as follows:

Production value in the last two years

Year Production value Main commodity (or sector)	2019			2020		
	Production capacity	output	output value	Production capacity	output	output value
Biomedical Products	-	-	-	264	56	5,199
total	-	-	-	264	56	5,199

Unit: thousand each; NT\$ thousand

Annual sales Volume Value Major Products	2019				2020			
	Domestic sales		Foreign sales		Domestic sales		Foreign sales	
	volume	value	volume	value	volume	value	volume	value
Biomedical products	1	2,266	-	-	7	10,837	-	-
Others	19	966	182,406	273,484	1	27	125,102	267,567
Consumer products	1,114	3,197	4,638	59,122	1,288	4,006	4,307	41,781
Communications products	177	12,648	1,442	150,996	102	8,476	1,898	204,646
Connectors	7,527	281,918	31,242	627,978	6,653	342,784	44,462	695,955
Total	8,838	300,995	219,728	1,111,580	8,051	366,130	175,769	1,209,949

(Q) The Company's Key Performance Indicators (Key Performance Indicator, KPI)

1. Personnel costs to bear the average turnover in the most recent two years:

Unit: NT\$ thousand

	2019	2020
Turnover	1,412,575	1,576,079
Personnel costs	136,568	134,120
Personnel costs / turnover	0.10	0.09

2. The turnover per employee created in the most recent two years:

Unit: NT\$ thousand

	2019	2020
Turnover	1,412,575	1,576,079
Number of employees	142	146

Turnover/employees	9, 948	10, 795
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### 3. Financial structure, repayment ability and operating capability in the most recent two years:

Unit: %; times

	2019	2020
Debt ratio (%)	33.29	38.83
Current ratio (%)	340.22	244.84
Quick ratio (%)	298.62	215.26
Accounts receivable turnover (times)	4.87	5.49
Inventory turnover rate (times)	12.38	16.31

### C.Information on employees in the most recent two years and up to the annual report date:

May 31, 2021

Number of 107employee (person)	Year	The year ended May 31, 2021	2020	2019
	Business staff		95	96
Application Engineer		-	-	-
administration staff		55	50	51
Total		150	146	142
Average age		43.34	41.97	42.30
Average service year (years)		8.03	7.82	7.14
Degree of academic distribution	Ph.D.	8.67%	8.22%	9.16%
	Master	24.00%	26.03%	22.54%
	University	62.00%	59.59%	61.97%
	High school	4.67%	5.48%	5.63%
	Below high school	0.66%	0.68%	0.70%
	Total	100.0%	100.0%	100.0%

### D.Environmental expenses information

(A) According to the law of the law, a person who is required to apply for a pollution facility installation permit or pollution discharge permit, or should pay pollution control costs, or should establish a special personnel for environmental protection units, the explanation of his application, payment or establishment status: the company Department of semiconductor components distribution agents, there is no production activities, nor produce pollution situation, according to the No. 0910057747, the Company in writing of the review determined that the utilities' temporary possession is not listed, "it is also non-polluting The situation does not apply.

Listed counters should explain the implementation of the EU's Restriction of Hazardous Substances Directive

(RoHS). (According to the Taiwan Stock Exchange on April 13, 2006, the No. 0950007006 and the GreTai Securities Market April 12, 2006, the No. 0950200962): the Company under this industry characteristics, not the European Union Restriction of Hazardous Substances Affected by directive (RoHS).

(B) Investment in major equipment for pollution prevention and its use and possible benefits: Not applicable.

(C) In the most recent two years and as of the date of publication of the annual report, the

company has experienced pollution incidents, and it has been notified of its handling: None.

(D) The total amount of losses and penalties incurred by the company due to

environmental pollution in the most recent two years and up to and including the date of publication of the annual report.

It also discloses its future countermeasures and possible expenditures: None.

(E) The current pollution situation and its impact on the company's earnings, competitive position, and capital expenditures and the expected major environmental capital expenditures for the next two years: None

## **E.Labour relations**

(F) Lists the employees' welfare measures, education, training, retirement system and their implementation, as well as the agreement between labor and capital and the maintenance of employees' rights and interests.

1. Employee benefits measures (1)

Year-end dinner.

(2) Year-end bonuses.

(3) Labor and health insurance and travel overseas travel insurance policy

(4) Professional education and training.

(5) Free health check service

(6) Provide parking space.

(7) Matters handled by the Employee Welfare Committee:

The Employee Welfare Committee provides marriage and maternity gratuities, sick inpatient gratuities, funerals and funerals, and organizes employee travel activities as well as the establishment of corporate club activities. The club activities each provide activity grants to enhance employees' friendship and physical and mental health.

2. Staff training and training system

(1) In order to enhance the competitiveness of employees, the company has planned "Educational Training Management Procedure" and "On-the-job Training Management Method" to enable each employee to maximize their potential through talent training.

(2) The company's annual training business department combines internal self-run training, external institutional training courses and internal training of various departments.

(A) Internal training: from colleagues in their professional field as lecturers, teaching their own experience and expertise; or

Employ experts from relevant fields of professional institutions to provide employees with common sense of life safety service.

(B) External training: self-enrolling by colleagues, participating in professional courses offered by business consulting companies, educational training institutions and government agencies. The company provides annual training allowance for colleagues.

(C) Training for new recruits: description of organization and system, working rules and duties, and regular assessment and supervision.

(D) Further subsidy: subsidize outstanding colleagues to go to famous academic institutions in China for advanced studies, and continue to learn relevant knowledge and skills in their work.

(3) The company's statistics and expenditure on staff's further education and training in 2018 are as follows:

2020/12/31

Education Training	Internal training	External training
Trainee times	70 people/time	31 people/time
Expenditure	NTD	NTD 337,406
Course Title	<p>A. Liberal Course            Trainees: 58 persons            Hours: 104 hrs</p> <p>1. Taiwan Safety and Fire Protection Association            —Fire Safety Workshop            —Disaster prevention and rescue</p> <p>2. Chinese Association of Fire Protection            —Fire safety and earthquake disaster response lectures            —Fire safety response protection workshop</p> <p>3. Education and training of new employees            —General safety and</p>	<p>A. Biomedical Business Division            Trainees: 7 persons            Hours: 369 hrs</p> <p>1. CellSeed            —Professional technology transfer and training</p> <p>2. Taiwan Society of Quality Assurance (TSQA)            —2019 Human cell, tissue, and cellular and tissue-based products GTP compliance illustration meeting</p> <p>3. Cmp-micro.com, Inc.            —2019 Endotoxin Inspection Seminar</p> <p>4. Food and Drug Administration, MOHW            —Introduction to Drug Goods Marketing Regulations (GDP)</p> <p>B. Director, Independent Director, Audit, Finance            Trainees: 15 persons            Hours: 96 hrs</p> <p>1. Taiwan Corporate Governance Association            —Analysis of key messages and responsibilities of the annual report: views of directors and supervisors            —Shareholders' meeting and equity management            —New regulations and trends of corporate governance that must be known to directors and supervisors in 2019            —Anti-tax avoidance laws and Taiwan version of CRS are coming! From corporate governance, we will discuss the impact of overseas companies and coping            —Financial technology and financial supervision technology practices and case to investigate            —Public company board of directors and shareholders will practice theoretical discussion</p>

<p>health education and training (public administrative work)</p> <p>B. Professional function training</p> <p>Trainees: 12 persons Hours: 101.5 hrs</p> <p>1. AIC New Product Training</p> <p>2. Internal education and training of Samtec &amp; Phoenix</p> <p>3. Internal education and training of Samtec &amp; Phoenix &amp; E-Switch</p> <p>4. Explain Evespin product content and principle</p> <p>5. AIC product principle</p> <p>6. Internal education and training of Samtec</p> <p>7. All Anle Training</p> <p>8. AIC product training</p> <p>9. RF connector +Cable</p> <p>10. Samtec product basic materials and testing</p> <p>11. Samtec basic electronic concept</p> <p>12. Samtec, RF, HS and signal principle</p> <p>13. Samtec product</p> <p>14. Phoenix (PXC) product education and training, training for terminal blocks, round connectors, Board to Board</p>	<p>—"Company assets" and case analysis - shareholder did not say sell, the board sold will be in trouble?</p> <p>—Evaluation of the functioning and effectiveness of the board of directors</p> <p>—How directors fulfill their "loyal duties"</p> <p>—Key information and responsibilities analysis of annual reports: views of directors and supervisors</p> <p>—How directors and supervisors supervise the company to do fraud detection and prevention and establish a whistleblowing mechanism to strengthen corporate governance</p> <p>—Analysis of financial reports Step Version-Five Forces Analysis -Changes and New Situations of Joint Stock Companies under the Amendment of the Company Law- Trends and Prevention of Major Corporate Fraud -How to Understand Financial Statements-A Lesson for Non-financial Background Directors and Supervisors -Evaluate the Truth of the Company's Business Results The first step: financial report analysis and restrictions</p> <p>—In the rapidly changing environment of technology, directors lead the company to respond</p> <p>—The responsibility of directors and supervisors of corporate mergers and acquisitions</p> <p>—Fubon Property and Casualty Directors and Supervisors' Responsibilities and Corporate Governance Practice Seminar</p> <p>—Key audits that the board should understand matters and countermeasures</p> <p>—Global competitive market, how can companies continue to create peak management and sustainable management</p> <p>2. Securities &amp; Futures Institute</p> <p>—Basic knowledge of capital security, personal data and business secret protection for enterprises</p> <p>—New amendments to the Income Tax Act (including companies and individuals) in practice class in 2018</p> <p>—Analysis of "New technology audit transformation" and "data analysis" practice cases under emerging technology</p> <p>3. Taipei Exchange</p> <p>—2019 annual bond market promotion illustration meeting</p> <p>—Internal insider regulations advocacy</p> <p>—2019 advocacy of the matters to be done by the OTC companies</p> <p>C. General Administration Office</p> <p>Trainees: 9 persons Hours: 98 hrs</p> <p>1. Dun &amp; Bradstreet (Taiwan)</p> <p>—Excel functions to automatically handle accounting, financial report preparation and advanced budget comparison application</p> <p>—How to effectively conduct financial analysis</p> <p>—Practical PPT briefing report production skills</p> <p>2. Ivan Information -</p> <p>—Corporate Security Workshop-Information Security Threats/Restoration Restores Against Violence</p> <p>3. China Productivity Center</p> <p>—Production management how to coordinate production and marketing and how to schedule production</p> <p>4. Cmp-micro.com, Inc.</p> <p>—2019 Endotoxin Testing Workshop</p> <p>5. Data Systems Consulting Co., Ltd.</p> <p>—Easy Flow form design and approval authority and application</p>
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	<p>and other products</p> <p>15. Basic connector concept</p> <p>16. Samtec multi-row products, and double row connector</p>	<p>6. Femas HR</p> <ul style="list-style-type: none"> <li>—Cloud human resource management system</li> </ul> <p>7. Hewlett Packard Enterprise</p> <ul style="list-style-type: none"> <li>—HPE SimpliVity 380 System Administration</li> <li>—HPE Information Manager Forum and Veeam Backup Solution</li> </ul>
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### 3. Employee retirement system

The Company is to take care of the staff retirement and promote harmonious labor relations, employee pensions and benefits have been set management measures, this approach covers all official appointments employees. Select the employee pension system of the old system, the Company reserves set aside retirement provision and management handled it according to the Interior Ministry of Labor, 4% real gross monthly salary of workers to set aside pension, dial deposit accounts in the Central Trust of China; select the employee pension system of the new system, the company every month at 6% of the actual gross salary workers put appropriated labor pension personal accounts. About retirement matters, refer to the basis of "Labor Standards Law" and "Labor Pension Act," the relevant provisions.

### 4. Employee behavior or ethics code:

The company's employees' instructions and instructions for the relevant employees' behavior or ethical methods and regulations are followed by all employees of the company and placed in the company's public data area for reference by all colleagues. The relevant methods and codes are briefly described as follows:

#### (1) Employee Code of Ethics, which is summarized as follows:

(A) In addition to abide by government decree and shall comply with all regulations promulgated by the Company and the interim announcement or notification, to work together for the company's services.

(B) Confidentiality of important documents must be performed with due diligence.

(C) should live in harmony and mutual cooperation, cautious, non-abusive, fighting, trouble, disturb the order, public safety or hinder other rows enough to damage the company's reputation is.

(D) Care should be taken to protect public property. There must be no wastage or damage to the situation. Any damage or loss due to negligence must be compensated according to the price.

(E) Do not use your authority to obtain property, rebates, or gifts from the manufacturer.

(F) should abide by the company's regulations and perform the company's powers and responsibilities.

#### (2) Formulating incentives and penalties

#### (3) Staff performance appraisal methods

#### (4) Employee Work Regulations and Code of Conduct

### 5. Protection measures for the working environment and employees' personal safety: In order to protect the health and safety of employees, the company has a proper plan for each of the workplaces as follows:

#### (1) Work environment

(A) The company attaches great importance to the safety of its employees' work

environment and participates in the announcement of the fire drills from the Park Management Committee from time to time to ensure the safety of its employees and to respond to emergencies to achieve the ultimate goal of zero disaster.

(B) Employees' rules are also provided for the work environment and employees' personal safety protection measures, and their employees are required to implement them thoroughly.

(C) In terms of design and decoration of the office, in addition to taking into account factors such as earthquake protection and flame protection to provide employees with the most comfortable and safe working environment, the import and export office has installed access control cards, security systems and monitors.

(D) The workplace should be organized and rectified in a timely manner, and it should always be kept clean and tidy.

(2) Personal safety of employees

(A) The Company established the Staff Welfare Committee to hold various welfare measures and various subsidy operations.

(B) Apply for labor insurance, universal health insurance and labor pension insurance in accordance with the law to protect the personal safety and rights of employees.

(C) The employees of the Company are on a business trip, and they also apply for Ping an Insurance to protect their personal safety and rights.

(D) Conduct professional health checkups with professional medical clinic teams and implement health management to maintain employee health.

(E) Arrange the activities of employees' leisure and health activities from time to time and enhance the interaction between colleagues to enhance the opportunities of emotion and encouragement.

(F) The company has built a face identification system to maintain the safety of staff access.

(G) set out the losses suffered as a result of labour disputes in the most recent year and as of the publication date of the annual report, and disclose the estimated and possible future amounts and response measures:

1. Losses suffered by the company due to labor disputes in the most recent two years: The company has not had any major labor disputes except the following non- significant events in the last two years and up to the date of publication of the annual report:

(1) The company has always paid attention to labor relations, so in the last two years there have been no labor disputes and no losses due to labor disputes.

(2) The company has established a good communication channel between the employer and the

employer, and the relationship is rational and harmonious. In the future, if there are no other factors outside the change of the employer-employee relationship, no loss of money will occur.

2. The estimated amount and countermeasures of the losses incurred due to labor disputes at present and in the future may be:

The company plans the principles of human resources management and reviews the related personnel system at any time in response to changes in the social and economic environment. It also pays attention to employee benefits, provides a good working environment, takes care of the employees' lives, smooths communication channels, and harmonizes the employer-employee relationship. The company regularly convenes a labor-management conference and submits it to the Labor Bureau for the record. It also has a staff welfare committee and allocates employee benefits according to the proportion of operating income, which is used to promote employees' welfare measures, so as to increase employee cohesion and promote labor-capital relations. Due to the current harmonious relationship between labor and capital of the company, it is estimated that the possibility of losses due to labor disputes in the future is extremely low. In the future, we will continue to uphold humane management and establish a multi-channel communication system. In addition to the harmonious relationship we have in the future, we expect the relationship between labor and capital to be further enhanced in the future.

## F.Important contracts: (in alphabetical order)

### 1. Electronic part:

#### Customers:

Nature of contract	product line	Contract date	main content	Restrictions
Purchase contract	Accton Technology Co., Ltd.	Automatic renewal for 1 year every year after 2013/8/12~2 years	Semiconductor component sales	24-month product defect warranty liability Prohibition of inter-industry competition
Purchase contract	Inventec Corporation	Automatic renewal for 1 year after 2008/12/08 to three years and unlimited times	Semiconductor component sales	Five-year product warranty responsibility after discontinuation of production Three years warranty after receipt
Purchase contract	Hon Hai Precision Industry Co., Ltd.	Automatic renewal for 1 year every year from 2008/12/08~5 years	Semiconductor component sales	Product assurance Confidentiality clause
Purchase contract	WESTERN DIGITAL (SanDisk acquired by Western Digital)	Automatic renewal for 1 year every year from 2017/10/1~1 year	Semiconductor component sales	Product assurance Confidentiality clause

#### Suppliers:

Nature of contract	product line	Contract date	main content	Restrictions
Agency and sales contract TW/HK/CN	Samtec	2003/01/01- continued validity until termination	Semiconductor component sales agent	Sales area restrictions Intellectual property rights restrictions Privacy Policy
Agency and sales contract TW/CN/SG/HK	Everspin	Automatic renewal for 1 year every year from 2009/01/05~2 year	Semiconductor component sales agent	Sales area restrictions Intellectual property rights restrictions Privacy Policy
Agency and sales contract CN	Pixelworks (ViXS acquired by Pixelworks)-	2020/04/01- continued validity until termination	Semiconductor component sales agent	Sales area restrictions Intellectual property rights restrictions Privacy Policy
Agency and sales contract TW/CN/SG	E-Switch	2020/01/01- continued validity until termination	Semiconductor component sales agent	Sales area restrictions Intellectual property rights restrictions Privacy Policy
Agency and sales contract TW	Phoenix	2021/01/01-2021/12/31	Semiconductor component sales agent	Sales area restrictions Intellectual property rights restrictions Privacy Policy
Agency and sales contract TW	Analog	2021/01/01-2021/12/31	Semiconductor component sales agent	Sales area restrictions Intellectual property rights restrictions Privacy Policy

## 2. Biomedical part:

Nature of contract	product line	Contract date	main content	Restrictions
Collaboration Agreement	CellSeed Inc.	2017/04/24~2027	Introduced cell layer technology into Taiwan, and established a cell layer processing center (CPC) to continue the clinical trial of esophageal and knee cartilage regeneration	<p>a. The price of technology transfer will not be refunded due to termination or cancellation of this agreement.</p> <p>b. In the future commercialization, the company shall pay a certain percentage of the royalties to Japan's CellSeed Company.</p> <p>c. The term of this contract is 10 years. Before the expiration of the contract, the two parties will extend the exhibition for one year without dissent, and the extension will be the same.</p> <p>d. The ownership of the patents and any other intellectual property of the derivative products in the future, either party must agree in writing to confirm the application.</p> <p>e. During the term of this contract, if the company develops similar esophageal and knee cartilage products and technologies with people or companies other than CellSeed, Japan CellSeed has the right to suspend the contract and the company needs to return all the confidential information previously provided by the Japanese.</p>

Nature of contract	product line	Contract date	main content	Restrictions
Real estate lease contract	Kingfisher Technology Corp.	2018.02.23~2028.05.14	Site leasing of cell layer factory	MetaTech may not sublease the lease subject to a third party other than the affiliated company without consent.
Engineering contract	Three-Power Tech co., Ltd.	2018.03.01~ Project warranty expiration	Cell layer factory construction	None
Amendment No.2 to Collaboration Agreement	CellSeed Inc.	2018/12/6 ~ 2027	Adjustment of payment schedule	None
Distributorship Agreement	CellSeed Inc.	2018/12/27 ~ 2021/1/7	CellSeed Inc. authorized the distribution right of petri dishes to MetaTech	<p>a. The place of sale is within the territory of the Republic of China.</p> <p>b. MetaTech shall not, without the prior written consent of CellSeed Inc., directly or indirectly sell, purchase, process or trade any products deemed to be the same, similar or competitive with the distribution subject during the term of this agreement.</p> <p>c. MetaTech must not disclose:</p> <ol style="list-style-type: none"> <li>1. Make the customer resell the culture dish to the area outside the distribution scope.</li> <li>2. Establish branches, warehouses or other overseas entities or facilities related to the resale of products.</li> <li>3. Directly or indirectly sell or transfer the subject matter of distribution abroad.</li> <li>4. Sell and distribute the target products to overseas customers through Internet, TV, catalogue, magazine or other media platforms.</li> </ol>
Cell therapy product commission preparation contract	E-Da Hospital	2020.03.06 ~ the end of the validity period	Co-operation of cell therapy projects (knee cartilage cell tablets)	None
Cell therapy product commission preparation contract	Hualien Tzu Chi Hospital	2020/6/10 ~ the end of the validity period	Co-operation of cell therapy projects (knee cartilage cell tablets)	None
Autologous Normal Cell Transplantation Joint Adverse Defect Collaboration	Taipei Medical University Affiliated Hospital	2020/7/7 ~ the end of the validity period	Co-operation of cell therapy projects (knee cartilage cell tablets)	None
Cell therapy product commission preparation contract	Kaohsiung Veterans General Hospital	2020/7/16 ~ the end of the validity period	Co-operation of cell therapy projects (knee cartilage cell tablets)	None
Cell therapy product commission preparation contract	E-Da Hospital	2020/7/29 ~ the end of the validity period	Co-operation of cell therapy projects (knee cartilage cell tablets)	None
Cell therapy product commission preparation contract	Changhua Christian Medical Foundation Incorporated Christian Hospital	2021/3/4 ~ the end of the validity period	Co-operation of cell therapy projects (knee cartilage cell tablets)	None

Autologous Normal Cell Transplantation Joint Adverse Defect Collaboration	CellSeed Inc.	2017/4/24 ~ 2037	Extend the contract period	None
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## VI. Financial information

### A. The five-year concise balance sheet and income statement- International Financial Reporting Standards

#### (A) The concise balance sheet – International Financial Reporting Standards – Consolidated Information

Unit: NT\$ thousand

Item	Year	The most recent five years financial information					Year-end financial data as of March 31, 2020(Note 2)
		2016	2017	2018	2019	2020	
Current assets		703,827	638,435	910,355	776,169	748,041	823,946
Real estate, plant and equipment		60,868	84,031	177,016	222,399	212,680	209,171
Intangible Assets		0	13,860	136,975	258,627	277,933	275,982
Right-of-use asset		0	0	0	127,694	125,601	123,186
Other assets		44,172	43,370	86,242	120,648	131,736	128,389
Total assets		808,867	779,696	1,310,588	1,505,537	1,495,991	1,560,674
Current liabilities	Before distribution	344,433	173,663	226,993	228,135	305,525	527,391
	After distribution	(註2)	(註2)	(註2)	(註2)	(註3)	(註3)
Not-Current liabilities		2,142	6,518	10,736	273,074	275,399	126,463
Total liabilities	Before distribution	346,575	180,181	237,729	501,209	580,924	653,854
	After distribution	(Note 2)	(Note 2)	(Note 2)	(Note 2)	(Note 3)	(Note 3)
Equity Attributable to the Owners of the Parent Company		462,292	599,515	1,072,859	1,004,328	915,067	906,820
Capital		400,000	440,160	580,160	580,160	580,160	580,160
Additional Paid-In Capital		126,005	234,624	618,263	649,086	657,872	659,370
Retained Earnings	Before distribution	(60,867)	(55,630)	(114,567)	(206,808)	(289,712)	(299,458)
	After distribution	(Note 2)	(Note 2)	(Note 2)	(Note 2)	(Note 3)	(Note 3)
Other interests		(2,846)	(19,639)	(10,997)	(18,110)	(33,253)	(33,252)
Treasury stock		0	0	0	0	0	0
Non-controlling interests		0	0	0	0	0	0
Total shareholders' equity	Before distribution	462,292	599,515	1,072,859	1,004,328	915,067	906,820
	After distribution	(Note 2)	(Note 2)	(Note 2)	(Note 2)	(Note 3)	(Note 3)



Note 1: The above financial information has been checked by the accountant.

Note 2: There is no proposed surplus distribution in 2015~2018.

Note 3: The 2019 surplus distribution case has not been passed by the shareholders meeting.

(B) The concise Income statement – International Financial Reporting Standards – Consolidated Information

Unit: NT\$ thousand

Year Item	The most recent five years financial information					Year-end financial data as of March 31, 2021 (Note 1)
	2016	2017	2018	2019	2020	
Operating Revenue	1,662,820	1,429,233	1,460,290	1,412,575	1,576,079	403,765
Gross Profit	145,206	162,128	150,033	141,740	170,694	59,421
Operating profit (Loss)	(56,192)	11,432	(81,657)	(115,686)	(80,265)	(7,582)
Non-Operating Income and Expenses	(9,537)	(3,496)	16,145	(3,087)	(11,910)	2,411
Income Before Tax	(65,729)	7,936	(65,512)	(118,773)	(92,175)	(5,171)
Income (loss) from continuing operations, net of income tax	(56,195)	5,189	(57,744)	(92,695)	(82,495)	(9,746)
Loss from discontinued operations	0	0	0	0	0	0
Net profit (loss) for the current period	(56,195)	5,189	(57,744)	(92,695)	(82,495)	(9,746)
Other comprehensive income (net of tax) in this period	(6,382)	(16,745)	7,449	(6,659)	(15,552)	1
Total consolidated profit and loss for the current period	(62,577)	(11,556)	(50,295)	(99,354)	(98,047)	(9,745)
Net loss attributable to Owners of Parent	(56,195)	5,189	(57,744)	(92,695)	(82,495)	(9,746)
Net loss attributable to non-controlling interests	0	0	0	0	0	0
Consolidated profit or loss attributable to Owners of Parent	(62,577)	(11,556)	(50,295)	(99,354)	(98,047)	(9,745)
Total comprehensive profit and loss attributable to non- controlling interests	0	0	0	0	0	0
Earnings per share	(1.40)	0.12	(1.01)	(1.60)	(1.42)	(0.17)

Note 1: The above financial information has been checked by the accountant.

(C) The concise balance sheet – International Financial Reporting Standards – Individual Information

Unit: NT\$ thousand

Year Item	The most recent five years financial information (Note 1)					
	2016	2017	2018	2019	2020	
Current assets	253,938	179,906	434,375	298,247	272,630	
Real estate, plant and equipment	59,180	82,886	175,887	221,835	212,244	
Intangible Assets	-	13,860	136,975	258,627	277,933	
Right-of-use asset	-	-	-	122,180	120,868	
Other assets	381,248	392,072	458,956	503,798	521,389	
Total assets	694,366	668,724	1,206,193	1,404,687	1,405,064	
Current liabilities	Before distribution	229,932	62,661	122,568	129,207	215,317
	After distribution	(Note 2)	(Note 2)	(Note 2)	(Note 2)	(Note 3)
Not-Current liabilities	2,142	6,548	10,766	271,152	274,680	
Total liabilities	Before distribution	232,074	69,209	133,334	400,359	489,997
	After distribution	(Note 2)	(Note 2)	(Note 2)	(Note 2)	(Note 3)
Equity Attributable to the Owners of the Parent Company	462,292	599,515	1,072,859	1,004,328	915,067	
Capital	400,000	440,160	580,160	580,160	580,160	
Additional Paid-In Capital	126,005	234,624	618,263	649,086	657,872	
Retained Earnings	Before distribution	(60,867)	(55,630)	(114,567)	(206,808)	(289,712)
	After distribution	(Note 2)	(Note 2)	(Note 2)	(Note 2)	(Note 3)
Other interests	(2,846)	(19,639)	(10,997)	(18,110)	(33,253)	
Treasury stock	0	0	0	0	0	
Non-controlling interests	0	0	0	0	0	
Total shareholders' equity	Before distribution	462,292	599,515	1,072,859	1,004,328	1,405,064
	After distribution	(Note 2)	(Note 2)	(Note 2)	(Note 2)	(Note 3)

Note 1: The above financial information has been checked by the accountant.

Note 2: There is no proposed surplus distribution in 2015~2018.

Note 3: The 2020 surplus distribution case has not been passed by the shareholders meeting.

(D) The concise Income Statement– International Financial Reporting Standards – Individual Information

Unit: NT\$ thousand

Year Item	The most recent five years financial information (Note 1)				
	2016	2017	2018	2019	2020
Operating Revenue	755,010	407,625	428,024	455,905	630,986
Gross Profit	39,125	47,062	45,994	40,395	69,830
Operating profit (Loss)	(51,972)	(23,732)	(96,533)	(136,904)	(105,014)
Non-Operating Income and Expenses	(15,334)	27,409	29,354	17,797	11,698
Income Before Tax	(67,306)	3,677	(67,179)	(119,107)	(93,316)
Income (loss) from continuing operations, net of income tax	(56,195)	5,189	(57,744)	(92,695)	(82,495)
Loss from discontinued operations	-	-	-	-	-
Net profit (loss) for the current period	(56,195)	5,189	(57,744)	(92,695)	(82,495)
Other comprehensive income (net of tax) in this period	(6,382)	(16,745)	7,449	(6,659)	(15,552)
Total consolidated profit and loss for the current period	(62,577)	(11,556)	(50,295)	(99,354)	(98,047)
Net loss attributable to Owners of Parent	(56,195)	5,189	(57,744)	(92,695)	(82,495)
Net loss attributable to non-controlling interests	-	-	-	-	-
Consolidated profit or loss attributable to Owners of Parent	(62,577)	(11,556)	(50,295)	(99,354)	(98,047)
Total comprehensive profit and loss attributable to non-controlling interests	-	-	-	-	-
Earnings per share	(1.40)	0.12	(1.01)	(1.60)	(1.42)

Note 1: The above financial information has been checked by an accountant.

**B. The five-year concise balance sheet and income statement-Generally Accepted Accounting Principles**

- (A) The concise balance sheet –Generally Accepted Accounting Principles –Consolidated Statement  
Not applicable
- (B) The concise balance sheet –Generally Accepted Accounting Principles –Individual Statement  
Not applicable
- (C) The concise Income Statement–Generally Accepted Accounting Principles – Consolidated Statement  
Not applicable
- (D) The concise Income Statement–Generally Accepted Accounting Principles –Individual Statement  
Not applicable

(E) Last five years signed the names of the accountants and their opinions

1. Accountant's Name and Checking Opinion

Year	Office name	Accountant's name	Check opinions
2016	PricewaterhouseCoopers Taiwan	Li Xiu Ling, Zhi Bing Jun	Unqualified opinion
2017	PricewaterhouseCoopers Taiwan	Xu Ming Chuan, Zhi Bing Jun	Unqualified opinion
2018	PricewaterhouseCoopers Taiwan	Xu Ming Chuan, Zhi Bing Jun	Unqualified opinion
2019	PricewaterhouseCoopers Taiwan	Xu Ming Chuan, Zhi Bing Jun	Unqualified opinion
2020	PricewaterhouseCoopers Taiwan	Xu Ming Chuan, Zhi Bing Jun	Unqualified opinion plus other matters paragraph

2. If there is any change of accountants in the last five years, it should be coordinated with the internal organizational adjustment of the PricewaterhouseCoopers Taiwan

**C. Nearly five years financial analysis**

(A) Latest Annual Financial Analysis - Consolidated - International Financial Reporting Standards

Analysis Project		Year	Recent Year Financial Information (Note 1)					Financial Information for the year ended March 31, 2021 (Note 2)
		2016	2017	2018	2019	2020		
Financial Structure (%)	Debt to assets ratio	42.85	23.11	18.14	33.29	38.83	41.90	
	Long-term capital ratio to fixed assets	763.02	721.20	612.15	574.37	559.75	493.99	
Solvency (%)	Current ratio	204.34	367.63	401.05	340.22	244.84	156.23	
	Quick ratio	172.40	305.47	347.37	298.62	215.26	136.58	
	Interest coverage ratio	(19.19)	11.89	(1,487.91)	(24.64)	(14.77)	(2.49)	
Management capacity	Receivables turnover (times)	4.63	5.17	4.99	4.87	5.49	5.20	
	Average number of days received	78.83	70.60	73.14	74.94	66.48	70.19	
	Inventory turnover rate (times)	12.04	11.94	11.80	12.38	16.31	15.44	
	Payable turnover (times)	6.71	8.54	8.46	7.76	9.47	8.76	
	Average sales days	30.32	30.57	30.93	29.48	22.37	23.64	
	Real estate, plant and equipment turnover (times)	27.88	19.73	11.19	7.07	7.25	7.66	
	Total asset turnover (times)	1.81	1.80	1.40	1.00	1.05	1.06	
Profitability	Return on assets (%)	(5.81)	0.73	(5.52)	(6.32)	(5.19)	(2.24)	
	Return on equity (%)	(11.39)	0.98	(6.91)	(8.93)	(8.60)	(4.28)	
	Pre-tax net profit as a	(16.43)	1.80	(11.29)	(20.47)	(15.89)	(0.89)	

	percentage of paid-in capital (%)						
	Pure (loss) profit rate (%)	(3.38)	0.36	(3.95)	(6.56)	(5.23)	(2.41)
	Earnings per share (\$)	(1.40)	0.12	(1.01)	(1.60)	(1.42)	(0.17)
Cash flow	Cash flow ratio (%)	22.70	(39.61)	2.63	(25.11)	(7.01)	1.70
	Cash flow rate (%)	180.45	62.99	(13.38)	(15.76)	(14.28)	(28.88)
	Cash reinvestment ratio (%)	16.51	(11.34)	0.52	(4.67)	(1.85)	0.89
Leverage	Operational leverage	0.56	2.24	0.75	0.54	0.28	(1.21)
	Financial leverage	0.95	1.07	1.00	0.96	0.93	0.84
<p>Reasons for changes in financial ratios in the recent two years: (If the increase or decrease is less than 20%, it can be exempted from analysis.)</p> <p>1. Liabilities to assets ratio: 2020 was due to go through, and intangible assets increased cash capital increase set plant purchase equipment, caused by decreased liabilities accounted assets ratio.</p> <p>2. Interest coverage ratio: 2020 period was due to the increase in loss that interest coverage ratio is negative.</p> <p>3. Fixed asset turnover: 2020 was due to the development of regenerative medicine setting plant and purchase equipment to increase fixed asset turnover caused decline.</p> <p>4. Profitability Ratio Analysis: 2020 was due to the development of regenerative medicine increase in operating expenses caused the current deficit, so in 2020 the profitability ratios decline over the previous period.</p>							

Note 1: The opening of financial information in 2015 -2020 were checked by accountants; in the first quarter of 2020, they were verified by accountants.

## (B) Latest Annual Financial Analysis - Individual - International Financial Reporting Standards

Analysis Project		Year	Recent Year Financial Analysis				
		2016	2017	2018	2019	2020	
Financial Structure (%)	Debt to assets ratio	33.42	10.35	11.05	28.50	34.87	
	Long-term capital ratio to fixed assets	784.78	731.20	616.09	574.97	560.56	
Solvency (%)	Current ratio	110.44	287.11	354.40	230.83	126.62	
	Quick ratio	94.57	234.70	324.17	200.70	102.91	
	Interest coverage ratio	(19.67)	6.04	(1,525.80)	(63.35)	(26.58)	
Management capacity	Receivables turnover (times)	4.16	4.31	4.61	4.34	6.00	
	Average number of days received	87.77	84.63	79.14	84.11	60.83	
	Inventory turnover rate (times)	13.32	10.97	12.13	12.64	14.35	
	Payable turnover (times)	5.62	6.22	6.27	5.46	7.53	
	Average sales days	27.40	33.28	30.09	28.87	25.44	
	Real estate, plant and equipment turnover (times)	13.08	5.74	3.31	2.29	2.91	
	Total asset turnover (times)	0.95	0.60	0.46	0.35	0.45	
Profitability	Return on assets (%)	(6.71)	0.85	(6.16)	(6.98)	(5.67)	

	Return on equity (%)	(11.39)	0.98	(6.91)	(8.93)	(8.60)
	Pre-tax net profit as a percentage of paid-in capital (%)	(16.83)	0.84	(11.58)	(20.53)	(16.08)
	Pure (loss) profit rate (%)	(7.44)	1.27	(13.49)	(20.33)	(13.07)
	Earnings per share (\$)	(1.40)	0.12	(1.01)	(1.60)	(1.42)
Cash flow	Cash flow ratio (%)	17.14	(46.57)	(24.14)	(70.17)	(33.58)
	Cash flow rate (%)	(61.30)	(86.10)	(31.84)	(34.97)	(39.24)
	Cash reinvestment ratio (%)	7.86	(4.51)	(2.62)	(7.51)	(6.35)
Leverage	Operational leverage	0.73	0.59	0.86	0.70	0.56
	Financial leverage	0.94	0.97	1.00	0.99	0.97

Reasons for changes in financial ratios in the recent two years:

1. Flow and quick ratio: 2020 were due cash injection in an increase liquidity, so that the rising flow and quick ratio.
2. Interest coverage ratio: 2020 period was due to the increase in loss that interest coverage ratio is negative.
3. Fixed asset turnover: 2020 was due to the development of regenerative medicine setting plant and purchase equipment to increase fixed asset turnover caused decline.
4. Profitability Ratio Analysis: 2020 was due to the development of regenerative medicine increase in operating expenses caused the current deficit, so in 2020 the profitability ratios decline over the previous period.

Note 1: Opening of financial information in 2013 - 2017 were checked by accountants.

Note 2: The calculation formula for the analysis item is as follows:

- (1) Financial structure
  - ◆ Debt to Total Assets = Total liabilities / Total assets.
  - ◆ The ratio of long-term capital to fixed assets = (net of shareholders' equity + long -term liabilities) / net fixed assets.
- (2) Solvency
  - ◆ Current ratio = current assets / current liabilities.
  - ◆ Quick ratio = (current assets - inventory - prepaid expenses) / current liabilities.
  - ◆ Interest coverage ratio = before income taxes and interest expense net profit / current period interest expense.
- (3) Management capacity
  - ◆ Receivables (including accounts receivable and bills due from operations) Turnover = Net Sales/ Avg. Accounts receivable (including receivables and receivables due to operation) balance.
  - ◆ Average cash days = 365 / receivables turnover.
  - ◆ Inventory turnover = cost of goods sold / average inventory amount.
  - ◆ Average number of days sold = 365 / inventory turnover.
  - ◆ Fixed asset turnover = net sales / average net fixed assets.
  - ◆ Total asset turnover = net sales/ average total assets.
- (4) Profitability
  - ◆ Return on assets = [after tax loss + interest expense × (1 - tax rate)] / average total assets.
  - ◆ Return on shareholders' equity = post - tax profit / loss / average shareholder's equity.
  - ◆ The net profit margin = after - tax profit / loss / net sales.
  - ◆ Earnings per share = (net profit after tax - special share dividend) / weighted average number of shares outstanding.
- (5) Cash flow
  - ◆ Cash flow ratio = net cash flow from operating activities / current liabilities.
  - ◆ Cash flow adequacy ratio net cash flow from operating activities in the last five years / recent five years (capital expenditure + inventory increase + cash dividend).



◆ Cash reinvestment ratio = (Net cash flow from operating activities - cash dividends) / (Gross fixed assets + long - term investments + other assets + working capital).

⑥ ) Leverage

◆ Operating leverage = (net operating income - variable operating costs and expenses) / operating profit.

◆ Financial leverage = operating interest / (business interest - interest expense).

(C) Latest Annual Financial Analysis - Consolidated- Generally Accepted Accounting Principles

Not applicable

(D) Latest Annual Financial Analysis - Individual- Generally Accepted Accounting Principles

Not applicable

## **D. The Audit Committee's review report of the most recent annual financial report**

### **MetaTech (AP) Inc. Audit Committee Review Report**

The Board of Directors has sent the company's 2020 individual financial report and consolidated financial report to the company, and has been audited by Xu, Ming Chuan and Zhi, Bing Jun, both of them, together with the business report and the profit and loss. After reviewing the audit by the Audit Committee, it is considered that there is no discrepancy. According to Article 14-4 of the Securities Exchange Act and Article 219 of the Company Act, the report is submitted and reported for approval.

Sincerely

The Company's 2021 shareholders' meeting

MetaTech (AP) Inc.

Convener of Audit Committee: Wu, Rong Yi

March 26, 2021

**E. Individual financial statements and Accountants' Review Report: See pages 192 to 206 for details.**

**F. The parent company's consolidated financial statements approved by the accountants in the most recent year: See pages 207 to 221 for details.**

**G. The Company and its affiliates have experienced financial difficulties in the most recent year and as of the publication date of the annual report:** As of the date of publication of the annual report, the Company has not encountered the above situation.

**METATECH(AP) INC.**  
**PARENT COMPANY ONLY FINANCIAL**  
**STATEMENTS AND INDEPENDENT AUDITORS'**  
**REPORT**  
**DECEMBER 31, 2020 AND 2019**

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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' REPORT TRANSLATED FROM CHINESE

To the Board of Directors and shareholders of Metatech (AP) Inc.

### ***Opinion***

We have audited the accompanying parent company only balance sheets of Metatech (AP) Inc. (the "Company") as at December 31, 2020 and 2019, and the related parent company only statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the parent company only financial statements, including a summary of significant accounting policies.

In our opinion, based on our audits and the report of other auditors (please refer to the *Other matter* section), the accompanying parent company only financial statements present fairly, in all material respects, the parent company only financial position of Metatech (AP) Inc. as at December 31, 2020 and 2019, and its parent company only financial performance and its parent company only cash flows for the years then ended in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers".

### ***Basis for opinion***

We conducted our audit in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and generally accepted auditing standards in the Republic of China for the year ended December 31, 2020; we conducted our audit in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants, Financial Supervisory Commission Letter No. 1090360805 of February 25, 2020 and generally accepted auditing standards in the Republic of China for the year ended December 31, 2019. Our responsibilities under those standards are further described in the independent auditors' responsibilities for the audit of the consolidated financial statements section of our report. We are independent of the Group in accordance with the Norm of Professional Ethics for Certified Public

Accountants of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. Based on our audits and the reports of the other independent auditors, we believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### ***Key audit matters***

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the parent company only financial statements of the current period. These matters were addressed in the context of our audit of the parent company only financial statements as a whole, and in forming our opinion thereon, we do not provide a separate opinion on these matters.

Key audit matters for the Company's parent company only financial statements of the current period are stated as follows:

#### **Appropriateness of warehouse operating revenue cut-off**

##### Description

For a description of accounting policy on revenue recognition, please refer to Note 4(28). For details of operating revenue, please refer to Note 6(17).

The Company has two delivery types for sales of goods: factory direct shipment and hub warehouse sales. In accordance with IFRS 15 'Revenue from contracts with customers' as endorsed by the Financial Supervisory Commission, assets are transferred when customers obtain control of assets. Revenue is recognised when the Company transfers promised goods to customers and the performance obligation is satisfied. The Company's warehouses are located in Shanghai, a consignee obtains control of the assets when a consignee picks up the goods, but the timing of asset transfer is not fixed and management recognise revenue based on the reports of inventory movement provided by the hub custodians. As the

information process, recording and maintenance of the reports were done manually, it may lead to improper revenue recognition or a discrepancy between physical inventory quantities in the hubs and the quantities in accounting records. Moreover, since transaction amounts before and after the balance sheet date are significant to the financial statements, we determined the appropriateness of warehouse operating revenue cut-off as a key audit matter.

How our audit addressed the matter:

We performed the following audit procedures on appropriateness of warehouse operating revenue cut-off:

1. Based on our understanding of the Company's business and industry, we assessed the reasonableness of warehouse operating revenue recognition policies and procedures and confirmed that these were consistently applied in the financial statements.
2. Understood the warehouses' process of collection, management and shipping, assessed and tested relevant internal controls, including randomly checking whether the product name, quantity and amount in the reports provided by hub custodians were in agreement with pick-up details and information on sales vouchers and confirmed that revenue from inventory movement are recognised in the correct reporting periods.
3. Performed cut-off tests on warehouse operating sales transactions that took place shortly before and after the balance sheet date, including verifying pick-up details provided by hub custodians are in agreement with the product name and quantity of inventory movement records and sales revenue amount, and are recognised in the correct reporting periods.
4. Performed confirmation for stock quantities at the warehouse and verified it against the system and accounting records.

## **Realisability of deferred tax assets**

### Description

For a description of the accounting policy on income tax, please refer to Note 4(25); for accounting estimates and assumption uncertainty in relation to income tax, please refer to Note 5(2); and for details of income tax, please refer to Note 6(21).

The Company's deferred tax assets amounted to \$88,798 thousand as at December 31, 2020. The evaluation of the realisability of deferred tax assets involved the future operation plan which was proposed by management to determine whether there is sufficient taxable income, including the estimated assumptions in forecasting market demand, economic conditions, revenue growth rate and cost considerations, etc. Since the abovementioned assumptions involved critical accounting judgement made by management, and has a high degree of uncertainty, we determined the realisability of deferred income tax assets as a key audit matter.

### How our audit addressed the matter:

We performed the following audit procedures on realisability of deferred tax assets:

1. Obtained an understanding of the Company's operation and industry nature, evaluated the reasonableness of future operation plan which was proposed by management, including preparation working flow of operation plan and assessed the operation plan whether it is consistent with the content which was approved by the management.
2. Discussed with management the content of future operation plan, financial forecasting and assessed the performance intention and ability.
3. Reviewed the assumptions used by the management in determining the growth rate of revenue, cost estimation, and further assessed the reasonableness of estimated future realisable taxable income.



## **Valuation of allowance for inventory valuation losses**

### Description

For a description of the accounting policy on inventory valuation, please refer to Note 4(11); for accounting estimates and assumption uncertainty in relation to inventory valuation, please refer to Note 5(2); and for information on the allowance for inventory valuation losses, please refer to Note 6(4).

The Company's inventories and allowance for inventory valuation losses amounted to \$48,176 thousand and \$3,185 thousand, respectively, as at December 31, 2020. The Company is an agent of semiconductor components which is primarily engaged in sales of niche products and agent of consumer products, communications and connectors. As the agent products are in a small-volume, large-variety production, facing highly competitive nature of the market price and having a short life cycle, there is a higher risk of incurring inventory valuation losses or having obsolete inventory. The Company recognises inventories at the lower of cost and net realisable value. The assessment of the allowance for inventory valuation losses, including the identification of obsolete inventory and determination of net realisable value, often involves subjective judgement and a high degree of uncertainty. Considering the material effect of inventory and its allowance for valuation losses on the parent company only financial statements, we determined the valuation of allowance for inventory valuation losses as a key audit matter.

### How our audit addressed the matter:

We performed the following audit procedures on valuation of allowance for inventory valuation losses:

1. Assessed the reasonableness of policies and procedures related to the provision of allowance for inventory valuation losses based on our understanding of the operations and the characteristics of its industry.
2. Understood the Company's warehousing control procedures. Reviewed the annual physical inventory count plan and participated in the annual inventory count in order to assess the effectiveness of the classification of obsolete inventory and internal control over obsolete inventory.
3. Tested the accuracy of obsolete inventory aging report and assessed the individual assessment used

by the management, including confirming that the inventory movement is within the appropriate age range.

4. Reviewed the appropriateness of the estimation basis for the evaluation of net realisable value, randomly checked supporting documents of product sales and purchases and recalculated and evaluated the reasonableness of allowance for inventory valuation losses.

***Other matter – Reference to the reports of other auditors***

We did not audit the financial statements of certain investments accounted for under the equity method which were audited by other auditors. Therefore, our opinion expressed herein, insofar as it relates to the amounts included in respect of these associates, is based solely on the reports of the other auditors. The balance of these investments accounted for under the equity method amounted to NT\$27,417 thousand and NT\$0 thousand, constituting 2% and 0% of the total assets as at December 31, 2020 and 2019, respectively, and the comprehensive loss recognized from associates and joint ventures accounted for under the equity method amounted to NT\$5,583 thousand and NT\$0 thousand, constituting 6% and 0% of the total comprehensive income for the years then ended, respectively.

***Responsibilities of management and those charged with governance for the parent company only financial statements***

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

In preparing the parent company only financial statements, management is responsible for assessing the Company’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate

the Company or to cease operations, or has no realistic alternative but to do so.

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

### ***Auditors' responsibilities for the audit of the parent company only financial statements***

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

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

1. Identify and assess the risks of material misstatement of the parent company only financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the parent company only financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the parent company only financial statements, including the disclosures, and whether the parent company only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the parent company only financial statements of the current

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

Hsu, Ming-Chuan

Chih, Ping-Chiun

For and on behalf of PricewaterhouseCoopers, Taiwan

March 26, 2021

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The accompanying parent company only 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 parent company only 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.  
PARENT COMPANY ONLY BALANCE SHEETS  
DECEMBER 31, 2020 AND 2019  
(Expressed in thousands of New Taiwan dollars)

Assets	Notes	December 31, 2020		December 31, 2019		
		AMOUNT	%	AMOUNT	%	
<b>Current assets</b>						
1100	Cash and cash equivalents	6(1)	\$ 107,916	8	\$ 132,109	9
1136	Current financial assets at amortised cost	6(2) and 8	13,015	1	12,204	1
1150	Notes receivable, net	6(3)	237	-	918	-
1170	Accounts receivable, net	6(3)	97,660	7	111,504	8
1200	Other receivables		2,196	-	2,299	-
1210	Other receivables - related parties	7	81	-	22	-
1220	Current income tax assets		8	-	29	-
130X	Inventories	6(4)	44,991	3	33,234	2
1410	Prepayments		6,053	-	5,691	1
1470	Other current assets		473	-	237	-
11XX	<b>Current Assets</b>		<u>272,630</u>	<u>19</u>	<u>298,247</u>	<u>21</u>
<b>Non-current assets</b>						
1550	Investments accounted for under equity method	6(5)	421,445	30	386,034	28
1600	Property, plant and equipment	6(6) and 8	212,244	15	221,835	16
1755	Right-of-use assets	6(7)	120,868	9	122,180	9
1780	Intangible assets	6(9)	277,933	20	258,627	18
1840	Deferred income tax assets	6(21)	88,798	6	74,542	5
1900	Other non-current assets	6(6)(8)(12)(23)	11,146	1	43,222	3
15XX	<b>Non-current assets</b>		<u>1,132,434</u>	<u>81</u>	<u>1,106,440</u>	<u>79</u>
1XXX	<b>Total assets</b>		<u>\$ 1,405,064</u>	<u>100</u>	<u>\$ 1,404,687</u>	<u>100</u>

(Continued)

METATECH(AP) INC.  
PARENT COMPANY ONLY BALANCE SHEETS  
DECEMBER 31, 2020 AND 2019  
(Expressed in thousands of New Taiwan dollars)

Liabilities and Equity		Notes	December 31, 2020		December 31, 2019	
			AMOUNT	%	AMOUNT	%
<b>Current liabilities</b>						
2100	Short-term borrowings	6(10) and 8	\$ 111,000	8	\$ 20,000	1
2130	Current contract liabilities	6(17)	869	-	124	-
2150	Notes payable		324	-	324	-
2170	Accounts payable		68,773	5	79,278	6
2180	Accounts payable - related parties	7	88	-	239	-
2200	Other payables		16,456	1	12,082	1
2220	Other payables - related parties	7	209	-	151	-
2250	Provisions for liabilities - current		4,433	-	4,433	-
2280	Current lease liabilities		12,807	1	11,806	1
2300	Other current liabilities		358	-	770	-
21XX	<b>Current Liabilities</b>		<u>215,317</u>	<u>15</u>	<u>129,207</u>	<u>9</u>
<b>Non-current liabilities</b>						
2530	Corporate bonds payable	6(11)	147,408	11	144,861	10
2570	Deferred income tax liabilities	6(21)	15,533	1	14,259	1
2580	Non-current lease liabilities		111,409	8	112,002	8
2600	Other non-current liabilities		330	-	30	-
25XX	<b>Non-current liabilities</b>		<u>274,680</u>	<u>20</u>	<u>271,152</u>	<u>19</u>
2XXX	<b>Total Liabilities</b>		<u>489,997</u>	<u>35</u>	<u>400,359</u>	<u>28</u>
<b>Equity</b>						
	Share capital	6(14)				
3110	Share capital - common stock		580,160	41	580,160	41
	Capital surplus	6(15)				
3200	Capital surplus		657,872	47	649,086	47
	Retained earnings	6(16)				
3350	Accumulated deficit		( 289,712)	( 21)	( 206,808)	( 15)
	Other equity interest					
3400	Other equity interest		( 33,253)	( 2)	( 18,110)	( 1)
3XXX	<b>Total equity</b>		<u>915,067</u>	<u>65</u>	<u>1,004,328</u>	<u>72</u>
	Significant contingent liabilities and unrecognised contract commitments	9				
	Significant subsequent event	11				
3X2X	<b>Total liabilities and equity</b>		<u>\$ 1,405,064</u>	<u>100</u>	<u>\$ 1,404,687</u>	<u>100</u>

The accompanying notes are an integral part of these parent company only financial statements.

METATECH(AP) INC.  
PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME  
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019  
(Expressed in thousands of New Taiwan dollars, except loss per share)

	Items	Notes	Year ended December 31			
			2020		2019	
			AMOUNT	%	AMOUNT	%
4000	Sales revenue	6(17) and 7	\$ 630,986	100	\$ 455,905	100
5000	Operating costs	6(4)(19) and 7	( 561,156)	( 89)	( 415,510)	( 91)
5950	Net operating margin		69,830	11	40,395	9
	Operating expenses	6(19)(20)				
6100	Selling expenses		( 59,181)	( 9)	( 53,428)	( 12)
6200	General and administrative expenses		( 53,641)	( 9)	( 66,311)	( 14)
6300	Research and development expenses		( 62,022)	( 10)	( 57,560)	( 13)
6000	Total operating expenses		( 174,844)	( 28)	( 177,299)	( 39)
6900	Operating loss		( 105,014)	( 17)	( 136,904)	( 30)
	Non-operating revenue and expenses					
7100	Interest income		172	-	322	-
7010	Other income		1,273	-	1,190	-
7020	Other gains and losses	6(18)	( 2,429)	-	1,114	-
7050	Finance costs		( 5,931)	( 1)	( 4,355)	( 1)
7070	Share of profit of associates and joint ventures accounted for using equity method, net		18,613	3	19,526	5
7000	Total non-operating revenue and expenses		11,698	2	17,797	4
7900	<b>Loss before income tax</b>		( 93,316)	( 15)	( 119,107)	( 26)
7950	Income tax benefit	6(21)	10,821	2	26,412	6
8200	<b>Loss for the year</b>		<u>(\$ 82,495)</u>	<u>( 13)</u>	<u>(\$ 92,695)</u>	<u>( 20)</u>
	<b>Other comprehensive income (net)</b>					
	<b>Other comprehensive income</b>					
	<b>Components of other comprehensive income (loss) that will not be reclassified to profit or loss</b>					
8311	Other comprehensive income, before tax, actuarial gains (losses) on defined benefit plans		(\$ 511)	-	\$ 568	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	6(21)	102	-	( 114)	-
8310	Components of other comprehensive income that will not be reclassified to profit or loss		( 409)	-	454	-
	<b>Components of other comprehensive income that will be reclassified to profit or loss</b>					
8361	Financial statements translation differences of foreign operations		( 17,202)	( 3)	( 8,891)	( 2)
8399	Income tax relating to the components of other comprehensive income	6(21)	2,059	-	1,778	-
8360	Components of other comprehensive loss that will be reclassified to profit or loss		( 15,143)	( 3)	( 7,113)	( 2)
8300	<b>Other comprehensive loss for the year</b>		<u>(\$ 15,552)</u>	<u>( 3)</u>	<u>(\$ 6,659)</u>	<u>( 2)</u>
8500	<b>Total comprehensive loss for the year</b>		<u>(\$ 98,047)</u>	<u>( 16)</u>	<u>(\$ 99,354)</u>	<u>( 22)</u>
	Basic loss per share	6(22)				
9750	Total basic loss per share		(\$ 1.42)		(\$ 1.60)	
9850	Total diluted loss per share		(\$ 1.42)		(\$ 1.60)	

The accompanying notes are an integral part of these parent company only financial statements.



METATECH(AP) INC.  
PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY  
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019  
(Expressed in thousands of New Taiwan dollars)

		<u>Capital surplus</u>							
	<u>Notes</u>	<u>Share capital - common stock</u>	<u>Additional paid- in capital</u>	<u>Employee share options</u>	<u>Stock warrants</u>	<u>Others</u>	<u>Legal reserve</u>	<u>Financial statements translation differences of foreign operations</u>	<u>Total equity</u>
<u>2019</u>									
Balance at January 1, 2019		\$ 580,160	\$ 601,205	\$ 16,974	\$ -	\$ 84	(\$ 114,567)	(\$ 10,997)	\$ 1,072,859
Loss for the year		-	-	-	-	-	( 92,695)	-	( 92,695)
Other comprehensive (loss) income		-	-	-	-	-	454	( 7,113)	( 6,659)
Total comprehensive loss		-	-	-	-	-	( 92,241)	( 7,113)	( 99,354)
Share-based payments	6(13)	-	-	25,258	-	-	-	-	25,258
Due to recognition of equity component of convertible bonds issued	6(11)	-	-	-	5,565	-	-	-	5,565
Balance at December 31, 2019		<u>\$ 580,160</u>	<u>\$ 601,205</u>	<u>\$ 42,232</u>	<u>\$ 5,565</u>	<u>\$ 84</u>	<u>(\$ 206,808)</u>	<u>(\$ 18,110)</u>	<u>\$ 1,004,328</u>
<u>2020</u>									
Balance at January 1, 2020		\$ 580,160	\$ 601,205	\$ 42,232	\$ 5,565	\$ 84	(\$ 206,808)	(\$ 18,110)	\$ 1,004,328
Loss for the year		-	-	-	-	-	( 82,495)	-	( 82,495)
Other comprehensive loss		-	-	-	-	-	( 409)	( 15,143)	( 15,552)
Total comprehensive loss		-	-	-	-	-	( 82,904)	( 15,143)	( 98,047)
Share-based payments	6(13)	-	-	8,786	-	-	-	-	8,786
Balance at December 31, 2020		<u>\$ 580,160</u>	<u>\$ 601,205</u>	<u>\$ 51,018</u>	<u>\$ 5,565</u>	<u>\$ 84</u>	<u>(\$ 289,712)</u>	<u>(\$ 33,253)</u>	<u>\$ 915,067</u>

The accompanying notes are an integral part of these parent company only financial statements.

METATECH(AP) INC.  
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

(Expressed in thousands of New Taiwan dollars)

	Notes	Year ended December 31	
		2020	2019
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES</u></b>			
Loss before tax		(\$ 93,316 )	(\$ 119,107 )
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation expense (including right of use assets)	6(6)(7)(19)	31,043	27,701
Amortization expense	6(19)	642	367
Net loss on financial assets at fair value through profit or loss	6(18)	-	210
Interest expense		3,384	1,851
Interest expense of bonds discount amortization		2,547	2,503
Interest income		( 172 )	( 322 )
Share of profit of associates and joint ventures accounted for using equity method		( 18,613 )	( 19,526 )
Share based compensation cost	6(13)	8,786	25,258
Loss on disposal of property, plant and equipment	6(6)	315	-
Gains arising from lease modifications		( 4 )	-
Changes in operating assets and liabilities			
Changes in operating assets			
Notes receivable, net		681	509
Accounts receivable		13,844	( 15,239 )
Accounts receivable - related parties		-	182
Other receivables		103	131
Other receivables - related parties		( 59 )	8,073
Inventories		( 11,757 )	( 742 )
Prepayments		( 362 )	( 1,135 )
Other current assets		( 235 )	161
Net defined benefit assets	6(12)	( 22 )	( 20 )
Changes in operating liabilities			
Contract liabilities		745	( 32 )
Notes payable		-	( 1,053 )
Accounts payable		( 10,505 )	8,803
Accounts payable - related parties		( 151 )	( 176 )
Other payables		4,351	( 7,895 )
Other payables - related parties		58	27
Other current liabilities		( 412 )	341
Cash outflow generated from operations		( 69,109 )	( 89,130 )
Interest received		172	322
Interest paid		( 3,384 )	( 1,851 )
Interest taxes paid		21	( 7 )
Net cash flows used in operating activities		( 72,300 )	( 90,666 )
<b><u>CASH FLOWS FROM INVESTING ACTIVITIES</u></b>			
Acquisition of financial assets at amortised cost	6(2)	( 812 )	( 2,142 )
Acquisition in subsidiaries		( 1,000 )	-
Acquisition of property, plant and equipment	6(6)(23)	( 7,686 )	( 34,066 )
Proceeds from disposal of property, plant and equipment	6(6)	385	-
Acquisition of intangible assets	6(9)	( 19,306 )	( 121,652 )
Increase in refundable deposits		( 107 )	197
Increase in prepayment for equipment		( 1,490 )	-
Increase in other non current assets		( 458 )	( 33,978 )
Net cash flows used in investing activities		( 30,474 )	( 192,035 )
<b><u>CASH FLOWS FROM FINANCING ACTIVITIES</u></b>			
Increase in short-term borrowings		318,000	35,000
Repayments of short-term borrowings		( 227,000 )	( 35,000 )
Proceeds from issuance of convertible bonds		-	147,712
Repayment of principal portion of lease liabilities	6(7)	( 12,719 )	( 11,348 )
Increase in guarantee deposit received		300	-
Net cash flows from financing activities		78,581	136,364
Net decrease in cash and cash equivalents		( 24,193 )	( 146,337 )
Cash and cash equivalents at beginning of year	6(1)	132,109	278,446
Cash and cash equivalents at end of year	6(1)	\$ 107,916	\$ 132,109

The accompanying notes are an integral part of these parent company only financial statements.

**METATECH (AP) INC. AND SUBSIDIARIES**  
**CONSOLIDATED FINANCIAL STATEMENTS AND**  
**INDEPENDENT AUDITORS' REPORT**  
**DECEMBER 31, 2020 AND 2019**

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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.

METATECH (AP) INC. AND SUBSIDIARIES

Declaration of Consolidated Financial Statements of Affiliated Enterprises

For the year ended December 31, 2020, pursuant to “Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises, ” the company that is required to be included in the consolidated financial statements of affiliates, is the same as the company required to be included in the consolidated financial statements of parent and subsidiary companies under International Financial Reporting Standard 10. If relevant information that should be disclosed in the consolidated financial statements of affiliates has all been disclosed in the consolidated financial statements of parent and subsidiary companies, it shall not be required to prepare separate consolidated financial statements of affiliates.

Hereby declare,

METATECH (AP) INC.

Hu Li San, Chairman

March 26 , 2021

## INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

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

### ***Opinion***

We have audited the accompanying consolidated balance sheets of MetaTech (AP) Inc. and subsidiaries (the "Group") as at December 31, 2020 and 2019, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, based on our audits and the report of other auditors (please refer to the *Other matter* section), the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2020 and 2019, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the Financial Supervisory Commission.

### ***Basis for opinion***

We conducted our audit in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and generally accepted auditing standards in the Republic of China for the year ended December 31, 2020; we conducted our audit in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants, Financial Supervisory Commission Letter No. 1090360805 of February 25, 2020 and generally accepted auditing standards in the Republic of China for the year ended December 31, 2019. Our responsibilities under those standards are further described in the independent auditors' responsibilities for the audit of the consolidated financial statements section of our report. We are independent of the Group in accordance with the Norm of Professional Ethics for Certified Public Accountants of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. Based on our audits and the reports of the other independent auditors, we believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### ***Key audit matters***

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

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

#### **Appropriateness of warehouse operating revenue cut-off**

##### Description

For a description of accounting policy on revenue recognition, please refer to Note 4(29). For details of operating revenue, please refer to Note 6(17).

The Group has two delivery types for sales of goods: factory direct shipment and hub warehouse sales. In accordance with IFRS 15 'Revenue from contracts with customers' as endorsed by the Financial Supervisory Commission, assets are transferred when customers obtain control of the assets. Revenue is recognised when the Company transfers promised goods to customers and the performance obligation is satisfied. The Company's warehouses are located in Shanghai, a consignee obtains control of the assets when a consignee picks up the goods, but the timing of assets transfer is not fixed and management recognises revenue based on the reports of inventory movement provided by the hub custodians. As the information process, recording and maintenance of the reports were done manually, it may lead to improper revenue recognition or a discrepancy between physical inventory quantities in the hubs and the quantities in accounting records. Moreover, since transaction amounts before and after the balance sheet date are significant to the financial statements, we determined the appropriateness of warehouse operating revenue cut-off as a key audit matter.

### How our audit addressed the matter:

We performed the following audit procedures on appropriateness of warehouse operating revenue cut-off:

1. Based on our understanding of the Company's business and industry, we assessed the reasonableness of warehouse operating revenue recognition policies and procedures and confirmed that these were consistently applied in the financial statements.
2. Understood the warehouses' process of collection, management and shipping, assessed and tested relevant internal controls, including randomly checking whether the product name, quantity and amount in the reports provided by hub custodians were in agreement with pick-up details and information on sales vouchers and confirmed that revenue from inventory movement are recognised in the correct reporting periods.
3. Performed cut-off tests on warehouse operating sales transactions that took place shortly before and after the balance sheet date, including verifying pick-up details provided by hub custodians are in agreement with the product name and quantity of inventory movement records and sales revenue amount, and are recognised in the correct reporting periods.
4. Performed confirmation for stock quantities at the warehouse and verified it against the system and accounting records.

### **Realisability of deferred tax assets**

#### Description

For a description of the accounting policy on income tax, please refer to Note 4(26); for accounting estimates and assumption uncertainty in relation to income tax, please refer to Note 5(2); and for details of income tax, please refer to Note 6(21).

The Group's deferred tax assets amounted to \$88,798 thousand as at December 31, 2020. The evaluation of the realisability of deferred tax assets involved the future operation plan which was proposed by management to determine whether there is sufficient taxable income, including the estimated

assumptions in forecasting market demand, revenue growth rate and cost considerations, etc. Since the abovementioned assumptions involved critical accounting judgement made by management, and has a high degree of uncertainty, we determined the realisability of deferred income tax assets as a key audit matter.

How our audit addressed the matter:

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

1. Obtained an understanding of the Group's operation and industry nature, evaluated the reasonableness of future operation plan which was proposed by management, including preparation working flow of operation plan and assessed the operation plan whether it is consistent with the content which was approved by the management.
2. Discussed with management the content of future operation plan, financial forecasting and assessed the performance intention and ability.
3. Reviewed the assumptions used by the management in determining the growth rate of revenue, cost estimation, and further assessed the reasonableness of estimated future realisable taxable income.

**Valuation of allowance for inventory valuation losses**

Description

For a description of the accounting policy on inventory valuation, please refer to Note 4(12); for accounting estimates and assumption uncertainty in relation to inventory valuation, please refer to Note 5(2); and for information on the allowance for inventory valuation losses, please refer to Note 6(4).

The Group's inventories and allowance for inventory valuation losses amounted to \$95,759 thousand and \$12,019 thousand, respectively, as at December 31, 2020. The Group is an agent of semiconductor components which is primarily engaged in sales of niche products and agent of consumer products, communications and connectors. As the agent products are in a small-volume, large-variety production, facing highly competitive nature of the market price and having a short life cycle, there is a higher risk of incurring inventory valuation losses or having obsolete inventory. The Group recognises inventories



at the lower of cost and net realisable value. The assessment of the allowance for inventory valuation losses, including the identification of obsolete inventory and determination of net realisable value, often involves subjective judgement and a high degree of uncertainty. Considering the material effect of inventory and its allowance for valuation losses on the consolidated financial statements, we determined the valuation of allowance for inventory valuation losses as a key audit matter.

#### How our audit addressed the matter

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

1. Assessed the reasonableness of policies and procedures related to the provision of allowance for inventory valuation losses based on our understanding of the operations and the characteristics of its industry.
2. Understood the Group's warehousing control procedures. Reviewed the annual physical inventory count plan and participated in the annual inventory count in order to assess the effectiveness of the classification of obsolete inventory and internal control over obsolete inventory.
3. Tested the accuracy of obsolete inventory aging report and assessed the individual assessment used by the management, including confirming that the inventory movement is within the appropriate age range.
4. Reviewed the appropriateness of the estimation basis for the evaluation of net realisable value, randomly checked supporting documents of product sales and purchases and recalculated and evaluated the reasonableness of allowance for inventory valuation losses.

#### ***Other matter – Reference to the reports of other auditors***

We did not audit the financial statements of certain investments accounted for under the equity method which were audited by other auditors. Therefore, our opinion expressed herein, insofar as it relates to the amounts included in respect of these associates, is based solely on the reports of the other auditors. The balance of these investments accounted for under the equity method amounted to NT\$27,417 thousand and NT\$0 thousand, constituting 2% and 0% of the consolidated total assets as at December 31, 2020 and 2019, respectively, and the comprehensive loss recognized from associates and joint ventures accounted for under the equity method amounted to NT\$5,583 thousand and NT\$0 thousand,

constituting 6% and 0% of the consolidated total comprehensive income for the years then ended, respectively.

***Other matter – Parent company only financial reports***

We have audited and expressed an unmodified opinion on the parent company only financial statements of MetaTech (AP) Inc. as at and for the years ended December 31, 2020 and 2019.

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

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

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

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

***Auditors’ responsibilities for the audit of the consolidated financial statements***

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

to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

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

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

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

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

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

Hsu, Ming-Chuan

Chih, Ping-Chiun

For and on behalf of PricewaterhouseCoopers, Taiwan

March 26, 2021

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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**  
**DECEMBER 31, 2020 AND 2019**  
(Expressed in thousands of New Taiwan dollars)

Assets	Notes	December 31, 2020		December 31, 2019	
		AMOUNT	%	AMOUNT	%
<b>Current Assets</b>					
1100	Cash and cash equivalents	\$ 367,577	25	\$ 364,039	24
1136	Current financial assets at amortised cost	13,015	1	12,204	1
1150	Notes receivable, net	237	-	2,684	-
1170	Accounts receivable, net	273,946	18	297,460	20
1200	Other receivables	2,197	-	2,310	-
1220	Current income tax assets	8	-	1,593	-
130X	Inventories	83,740	6	88,559	6
1410	Prepayments	6,629	-	6,347	1
1470	Other current assets	692	-	973	-
11XX	<b>Current Assets</b>	<u>748,041</u>	<u>50</u>	<u>776,169</u>	<u>52</u>
<b>Non-current assets</b>					
1550	Investments accounted for using the equity method	27,417	2	-	-
1600	Property, plant and equipment	212,680	14	222,399	15
1755	Right-of-use assets	125,601	8	127,694	8
1780	Intangible assets	277,933	19	258,627	17
1840	Deferred income tax assets	88,798	6	74,542	5
1900	Other non-current assets	15,521	1	46,106	3
15XX	<b>Non-current assets</b>	<u>747,950</u>	<u>50</u>	<u>729,368</u>	<u>48</u>
1XXX	<b>Total assets</b>	<u>\$ 1,495,991</u>	<u>100</u>	<u>\$ 1,505,537</u>	<u>100</u>

(Continued)

**METATECH (AP) INC. AND SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEETS**  
**DECEMBER 31, 2020 AND 2019**  
(Expressed in thousands of New Taiwan dollars)

Liabilities and Equity		Notes	December 31, 2020		December 31, 2019	
			AMOUNT	%	AMOUNT	%
<b>Current Liabilities</b>						
2100	Short-term borrowings	6(10) and 8	\$ 111,000	8	\$ 20,000	1
2130	Current contract liabilities	6(17)	9,484	1	3,135	-
2150	Notes payable		324	-	590	-
2170	Accounts payable		133,547	9	162,483	11
2200	Other payables		28,805	2	20,890	2
2230	Current income tax liabilities	6(21)	197	-	-	-
2250	Provisions for liabilities - current		4,433	-	4,433	-
2280	Current lease liabilities		17,002	1	15,585	1
2300	Other current liabilities		733	-	1,019	-
21XX	<b>Current Liabilities</b>		<u>305,525</u>	<u>21</u>	<u>228,135</u>	<u>15</u>
<b>Non-current liabilities</b>						
2530	Corporate bonds payable	6(11)	147,408	10	144,861	10
2570	Deferred income tax liabilities	6(21)	15,533	1	14,259	1
2580	Non-current lease liabilities		112,158	7	113,954	7
2600	Other non-current liabilities		300	-	-	-
25XX	<b>Non-current liabilities</b>		<u>275,399</u>	<u>18</u>	<u>273,074</u>	<u>18</u>
2XXX	<b>Total Liabilities</b>		<u>580,924</u>	<u>39</u>	<u>501,209</u>	<u>33</u>
<b>Equity</b>						
Equity attributable to owners of the parent						
Share capital						
3110	Share capital - common stock	6(14)	580,160	39	580,160	39
Capital surplus						
3200	Capital surplus	6(15)	657,872	43	649,086	43
Retained earnings						
3350	Accumulated deficit	6(16)	( 289,712)	( 19)	( 206,808)	( 14)
Other equity						
3400	Other equity interest		( 33,253)	( 2)	( 18,110)	( 1)
31XX	<b>Equity attributable to owners of the parent</b>		<u>915,067</u>	<u>61</u>	<u>1,004,328</u>	<u>67</u>
3XXX	<b>Total equity</b>		<u>915,067</u>	<u>61</u>	<u>1,004,328</u>	<u>67</u>
Significant contingent liabilities and unrecognised contract commitments						
Significant events after the balance sheet date						
3X2X	<b>Total liabilities and equity</b>		<u>\$ 1,495,991</u>	<u>100</u>	<u>\$ 1,505,537</u>	<u>100</u>

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

**METATECH (AP) INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**  
**FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019**  
(Expressed in thousands of New Taiwan dollars, except loss per share)

Items	Notes	Year ended December 31				
		2020		2019		
		AMOUNT	%	AMOUNT	%	
4000	Sales revenue	6(17) and 14	\$ 1,576,079	100	\$ 1,412,575	100
5000	Operating costs	6(4)(19)(20)	( 1,405,385)	( 89)	( 1,270,835)	( 90)
5950	Net operating margin		170,694	11	141,740	10
	Operating expenses	6(12)(19)(20)				
6100	Selling expenses		( 110,535)	( 7)	( 108,428)	( 8)
6200	General and administrative expenses		( 78,418)	( 5)	( 91,612)	( 6)
6300	Research and development expenses		( 62,022)	( 4)	( 57,560)	( 4)
6450	Impairment loss (impairment gain and reversal of impairment loss) determined in accordance with IFRS 9	12(2)	16	-	174	-
6000	Total operating expenses		( 250,959)	( 16)	( 257,426)	( 18)
6900	Operating loss		( 80,265)	( 5)	( 115,686)	( 8)
	Non-operating revenue and expenses					
7100	Interest income		508	-	1,165	-
7010	Other income	7	3,008	-	279	-
7020	Other gains and losses	6(18)	( 3,997)	-	102	-
7050	Finance costs		( 5,846)	( 1)	( 4,633)	( 1)
7060	Share of loss of associates and joint ventures accounted for using the equity method		( 5,583)	-	-	-
7000	Total non-operating revenue and expenses		( 11,910)	( 1)	( 3,087)	( 1)
7900	<b>Loss before income tax</b>		( 92,175)	( 6)	( 118,773)	( 9)
7950	Income tax benefit	6(21)	9,680	1	26,078	2
8200	<b>Loss for the year</b>		( \$ 82,495)	( 5)	( \$ 92,695)	( 7)
	<b>Other comprehensive income (net)</b>					
8311	Other comprehensive income, before tax, actuarial gains (losses) on defined benefit plans	6(12)	( \$ 511)	-	\$ 568	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	6(21)	102	-	( 114)	-
8310	Components of other comprehensive (loss) income that will not be reclassified to profit or loss		( 409)	-	454	-
	<b>Components of other comprehensive income that will be reclassified to profit or loss</b>					
8361	Financial statements translation differences of foreign operations		( 17,202)	( 1)	( 8,891)	-
8399	Income tax relating to the components of other comprehensive income	6(21)	2,059	-	1,778	-
8360	Components of other comprehensive loss that will be reclassified to profit or loss		( 15,143)	( 1)	( 7,113)	-
8300	<b>Total other comprehensive loss for the year</b>		( \$ 15,552)	( 1)	( \$ 6,659)	-
8500	<b>Total comprehensive loss for the year</b>		( \$ 98,047)	( 6)	( \$ 99,354)	( 7)
	Loss attributable to:					
8610	Owners of the parent		( \$ 82,495)	( 5)	( \$ 92,695)	( 7)
	Other comprehensive loss attributable to:					
8710	Owners of the parent		( \$ 98,047)	( 6)	( \$ 99,354)	( 7)
	Basic loss per share	6(22)				
9750	Total basic loss per share		( \$ 1.42)		( \$ 1.60)	
9850	Total diluted loss per share		( \$ 1.42)		( \$ 1.60)	

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

METATECH (AP) INC. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY  
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019  
(Expressed in thousands of New Taiwan dollars)

		Equity attributable to owners of the parent							
		Capital surplus							
Notes	Share capital - common stock	Additional paid-in capital	Employee stock warrants	Stock warrants	Others	Accumulated deficit	Financial statements translation differences of foreign operations	Total equity	
<u>2019</u>									
	\$	\$	\$	\$	\$	(\$	(\$	\$	
	580,160	601,205	16,974	-	84	114,567)	10,997)	1,072,859	
	-	-	-	-	-	( 92,695)	-	( 92,695)	
	-	-	-	-	-	454	( 7,113)	( 6,659)	
	-	-	-	-	-	( 92,241)	( 7,113)	( 99,354)	
6(13)	-	-	25,258	-	-	-	-	25,258	
	-	-	-	5,565	-	-	-	5,565	
	\$	\$	\$	\$	\$	(\$	(\$	\$	
	580,160	601,205	42,232	5,565	84	206,808)	18,110)	1,004,328	
<u>2020</u>									
	\$	\$	\$	\$	\$	(\$	(\$	\$	
	580,160	601,205	42,232	5,565	84	206,808)	18,110)	1,004,328	
	-	-	-	-	-	( 82,495)	-	( 82,495)	
	-	-	-	-	-	( 409)	( 15,143)	( 15,552)	
	-	-	-	-	-	( 82,904)	( 15,143)	( 98,047)	
6(13)	-	-	8,786	-	-	-	-	8,786	
	\$	\$	\$	\$	\$	(\$	(\$	\$	
	580,160	601,205	51,018	5,565	84	289,712)	33,253)	915,067	

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



**METATECH (AP) INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019**  
(Expressed in thousands of New Taiwan dollars)

	Notes	Year ended December 31	
		2020	2019
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES</u></b>			
Loss before tax		(\$ 92,175 )	(\$ 118,773 )
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation expense (including right-of-use assets)	6(6)(7)(19)	36,600	33,653
Amortization expense	6(19)	642	377
Expected credit loss	12(2)	( 16 )	( 174 )
Net loss on financial assets at fair value through profit or loss	6(18)	-	210
Interest expense		3,299	2,130
Interest expense of bonds discount amortization		2,547	2,503
Interest income		( 508 )	( 1,165 )
Share-based compensation cost	6(13)	8,786	25,258
Share of loss of associates and joint ventures accounted for using the equity method		5,583	-
Loss on disposal of property, plant and equipment	6(6)(18)	315	239
Gains arising from lease modifications	6(18)	( 4 )	-
Changes in operating assets and liabilities			
Changes in operating assets			
Notes receivable		2,447	903
Accounts receivable		23,554	( 21,115 )
Other receivables		113	160
Prepayments		( 282 )	( 1,262 )
Inventories		4,819	28,210
Other current assets		281	( 96 )
Net defined benefit assets	6(12)	( 22 )	( 20 )
Changes in operating liabilities			
Contract liabilities		6,349	( 326 )
Notes payable		( 266 )	( 1,432 )
Accounts payable		( 28,936 )	42
Other payables		7,892	( 7,918 )
Other current liabilities		( 286 )	372
Cash outflow generated from operations		( 19,268 )	( 58,224 )
Interest received		508	1,165
Interest paid		( 3,299 )	( 2,130 )
Interest taxes received (paid)		631	( 943 )
Net cash flows used in operating activities		( 21,428 )	( 60,132 )
<b><u>CASH FLOWS FROM INVESTING ACTIVITIES</u></b>			
Acquisition of financial assets at amortised cost	6(2)	( 811 )	( 2,142 )
Acquisition of property, plant and equipment	6(6)(23)	( 7,847 )	( 34,158 )
Proceeds from disposal of property, plant and equipment	6(6)	385	-
Increase in guarantee deposit received		( 1,613 )	( 106 )
Increase in prepayment for equipment		( 1,490 )	-
Acquisition of intangible assets	6(9)	( 19,306 )	( 121,652 )
Increase in other non-current assets		( 443 )	( 34,278 )
Net cash flows used in investing activities		( 31,125 )	( 192,336 )
<b><u>CASH FLOWS FROM FINANCING ACTIVITIES</u></b>			
Increase in short-term borrowings	6(24)	318,000	35,000
Repayments of short-term borrowings	6(24)	( 227,000 )	( 35,000 )
Proceeds from issuance of convertible bonds	6(24)	-	147,712
Repayment of principal portion of lease liabilities	6(7)(24)	( 18,008 )	( 16,669 )
Increase in guarantee deposit received		300	-
Net cash flows from financing activities		73,292	131,043
Effect of exchange rate changes on cash and cash equivalents		( 17,201 )	( 8,865 )
Net increase (decrease) in cash and cash equivalents		3,538	( 130,290 )
Cash and cash equivalents at beginning of year	6(1)	364,039	494,329
Cash and cash equivalents at end of year	6(1)	\$ 367,577	\$ 364,039

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

## **VII. Review and analysis of the financial condition, performance and risk management**

### **A. Review and analysis of financial conditions**

#### (1) Financial status comparison and analysis table

Unit: NT\$ thousand

Items	Year	2020	2019	Difference	
				Amount	%
Current assets		748,041	776,169	(28,128)	(3.62)
Real estate, plant and equipment		212,680	222,399	(9,719)	(4.37)
Other assets		535,270	506,969	28,301	5.58
<b>Total assets</b>		<b>1,495,991</b>	<b>1,505,537</b>	<b>(9,546)</b>	<b>(0.63)</b>
Current liabilities		305,525	228,135	77,390	33.92
Non- Current liabilities		275,399	273,074	2,325	0.85
<b>Total liabilities</b>		<b>580,924</b>	<b>501,209</b>	<b>79,715</b>	<b>15.90</b>
Share capital		580,160	580,160	-	-
Capital reserve		657,872	649,086	8,786	1.35
Reserve surplus		(289,712)	(206,808)	(82,904)	40.09
Other equity		(33,253)	(18,110)	(15,143)	83.62
<b>Total shareholders' equity</b>		<b>915,067</b>	<b>1,004,328</b>	<b>(89,261)</b>	<b>(8.89)</b>

#### (2) Analysis of changes explained:

1. The increase in real estate, plant and equipment in 2020 was mainly due to the acquisition of equipment and equipment related expenses in 2020.
2. In 2020, the increase in other assets was mainly due to the increase in intangible assets due to the payment of the Japanese CellSeed premium in the current period; The IFRS16 lease standard recognizes the right-of-use asset.
3. The increase in non-current liabilities in 2020 was mainly due to the issuance of secured convertible corporate bonds and the recognition of lease liabilities under the IFRS16 lease standard.
4. The increase of deficit to be covered in 2020 is mainly due to the increase of operating expenses for the investment in regenerative medicine.
5. The decrease in other interests in 2020 is the exchange difference converted from the financial statements of the main foreign operating institutions.

#### (3) Future for response:

The Company is expected to focus on the improvement of operating margins and the development of new product lines and customers to maintain stable growth of operations.

### **B. Review and analysis of financial performance**

(1) Business result comparison analysis table

Year Items	2020	2019	Increase (decrease) amount	Proportion of change (%)
Net operating income	1,576,079	1,412,575	163,504	11.57
Operating cost	1,405,385	1,270,835	134,550	10.59
Operating margin	170,694	141,740	28,954	20.43
Operating expenses	250,959	257,426	(6,467)	(2.51)
Net profit	(80,265)	(115,686)	35,421	(30.62)
Non-operating income and expenses	(11,910)	(3,087)	(8,823)	285.81
Pre-tax pure income	(92,175)	(118,773)	26,598	(22.39)
Income tax (expense) benefits	9,680	26,078	(16,398)	(62.88)
Net profit for the period	(82,495)	(92,695)	10,200	(11.00)
Other interests	(15,552)	(6,659)	(8,893)	133.55
Consolidated profit and loss for the current period	(98,047)	(99,354)	1,307	(1.32)

I. Increase or decrease the proportion of analysis instructions:

1. The increase in operating expenses in 2020 was mainly due to the increase in operating expenses due to the introduction of regenerative medicine.
2. The decrease in non-operating income and expenditure in 2020 was mainly due to the impact of the appreciation of the United States dollar, the increase in interest expense was due to amortization of interest on corporate debt and lease liabilities, and the decrease in other income was due to special section grants for the 2018 year.
3. The increase in net loss before tax in 2020 is mainly due to the increase in operating expenses for investment in regenerative medicine.
4. The increase in income tax benefits in 2020 is mainly due to the deduction of losses.
5. The increase in net loss in the current period of 2020 was mainly due to the increase in operating expenses resulting from investment in regenerative medicine.
6. Other consolidated gains and losses for 2020 are mainly due to the conversion losses of the financial statements of foreign operating institutions for the current period.

II. Expected sales Overview:

In 2020, the electronics department continued to promote the application in high-end markets such as cloud technology, and biomedical research continued to invest in the development of biomedicine.

III. Possible influence on the company's future financial business: It is expected that the revenue will continue to grow in 2020, adding customers F, H and agent product line E, etc., in response to the changing market of customers, the Company will actively observe, grasp the market pulse and sign new agents to develop new business, in order to create a win-win situation between the company and shareholders.

IV. Future plans: The Company is expected to focus on the increase in operating gross margin and the development of new product lines and customers to maintain stable growth in operations.

(2) Analysis of the change in operating gross profit: This was mainly due to the increase in demand of major customers for products with lower gross profit.

### C. Review and analysis of cash flows

(1) Liquidity analysis for the most recent biennium

Unit: NT\$ thousand

<u>Items</u>	<u>2020</u>	<u>2019</u>	<u>Increase (decrease) proportion (%)</u>
Cash flow ratio (%)	21, 428	60, 132	(38, 704)
Cash flow rate (%)	31, 125	192, 336	(161, 211)
Cash reinvestment ratio (%)	73, 292	131, 043	(57, 751)
Increase or decrease rate change description:			
1. Operating activities: The increase in net cash outflows from operating activities in 2020 is mainly due to the higher balance of accounts receivable in 2020 than in 2018.			
2. Investment activities: The decrease in net cash outflow from investment activities in 2020 is mainly due to the decrease in real estate, plant and equipment expenditure			
3. Fundraising activities: The decrease in net cash inflow from financing activities in 2020 is mainly due to the issuance of secured convertible corporate bonds in 2020 and the handling of cash replenishment in 2018.			

(2) Cash flow analysis in the coming year

Unit: NT\$ thousand

<u>Cash balance at beginning of period (1)</u>	<u>Estimated net cash flow from operating activities for the year (2)</u>	<u>Estimated annual cash flow (3)</u>	<u>Estimated cash remaining (insufficient) amount (1)+(2)+(3)</u>	<u>Remedy for projected shortfall of cash</u>	
				<u>Investment Plan</u>	<u>Financing Plan</u>
367, 577	13, 329	19, 121	400, 027	-	-

Analysis of changes in cash flow in 2021 is expected:

1. Business activities: The net cash outflow from operating activities is expected to be NTD 13,329,000
2. Investment activities: It is expected to pay for the equipment.
3. Financing activities: It is mainly the repayment of lease principal.

(3) Insufficient liquidity improvement plan: Not applicable.

### D. Major capital expenditures Impact in recent years and impacts on financial and operational situations

- (1) The use of major capital expenditures and funding sources: None.
- (2) Expected benefits may be generated: None.

### E. The most recent annual reinvestment policy and the main reasons for profit or loss and its improvement plan and investment calculation for the coming year

Unit: NT\$ thousand

<b>Description item</b>	<b>2020 (loss) benefit amount (NT\$ thousand)</b>	<b>Policy</b>	<b>Main reasons for profit or loss</b>	<b>Improvement plan</b>	<b>Investment plan for the coming year</b>
MetaTech Investment Holding Co., Ltd.	24,696	Overseas holding company	For an overseas holding company, the main interest is due to investment interests.	Not applicable	None
Jianhua Travel Agency Co., Ltd.	(437)	Integrate international medical guests to travel to Taiwan	The impact of poor international medical development	Not applicable	None
MTI Holding Co., Ltd.	24,696	Overseas holding company	As an overseas holding company, the interests are mainly due to investment interests	Not applicable	None
MetaTech ( S ) Pte Ltd.	6,964	Integrate group resources and expand overseas sales market	Expansion of new customer sources, adjustment of commodity structure, increase in gross profit and increase in revenue.	Not applicable	None
MetaTech Limited.	17,166	Integrate group resources and expand overseas sales market	Expansion of new customer sources, adjustment of commodity structure, increase in gross profit and increase in revenue.	Not applicable	None
MetaTech (SZ)	7,984	Integrate group resources and expand overseas sales market	Expansion of new customer sources, adjustment of commodity structure, increase in gross profit and increase in revenue.	Not applicable	None
LOCUS CELL CO., LTD.	(63)	Development and development of CDMO business for cell sheet.	The company has not yet officially operated.	Not applicable	Proposed capital increase to 2000,000,000

## F. Risk Management Analysis and Evaluation

### (1) The organizational structure of risk management:

The management of the company's various operational risks is divided by the relevant management unit according to the nature of its business and is described as follows:

1. **Administrative Department:** Responsible for the company's personnel risk management, property risk management, and legal management risks, and comply with relevant government agencies and policies to ensure the company's continued operations and asset safety.
2. **Finance Department:** Implementing business decision-making, responsible for financial scheduling and operations, assessing mid- to long-term investment benefits, establishing a hedging mechanism, and ensuring the effectiveness of internal control, achieving the reliability of financial reporting, operational effectiveness, efficiency, and the purpose of compliance with relevant laws and regulations to reduce financial and strategic risks.
3. **Management Information System Department:** Responsible for network planning, construction, maintenance of network information security control and protection measures, and continuous measurement of network quality to reduce network operations and information security risks.

### (2) The effects of recent changes in interest rates, exchange rates, and inflation on the Company's profit and loss and future response measures:

Unit: NT\$ thousand

Items	Impact on Company's profit and loss			Future response measures
	Subject	2020	2019	
Interest rate	Interest income	508	1,165	Regular assessment of bank borrowing rates and close liaison with banks to obtain more favourable interest rates on borrowings reduces the impact of changes in interest rates on the Company's profit or loss.
	Interest expenses	5,846	4,633	
Exchange rate changes	Exchange interest (loss)	(3,686)	562	The Company's purchases are mainly quoted in U.S. dollars, and most of the sales are also quoted in U.S. dollars, so exchange rate movements are partially offset. The Company will also monitor and adjust in due course, and take measures to avoid risks if necessary.

Inflation	-	-	-	The main business of the Company is the distribution agency for semiconductor components. The agency products are mainly consumer products, communication products and connectors, so they are less affected by inflation.
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- (3) The most significant policies, sources of profit or loss, and future response measures for engaging in high-risk, highly leveraged investments, capital loans and others, endorsement guarantees and derivative financial products in the most recent years:
1. The company does not engage in high-risk, high-leverage investments, capital loans and others engaged in derivative commodity transactions. However, the Company has established a "Regulations governing loans " for compliance.
  2. The guarantee for external endorsements is based on the Company's "Regulations governing endorsement guarantee". The endorsements for external endorsements as of the end of 2020 and March 31, 2021 were NT\$ 64,240,000 and NT\$ 14,268,000.
- (4) Future R&D plans and projected R&D expenses: In order to improve the Company's competitiveness, the company has invested in the development of regenerative medicine. As of the first quarter of 2021, NT\$ 491,455 thousand has been used in this financing plan, and NT\$26,912 thousand is expected to be invested in the future to pay royalties, the construction of laboratories, the purchase of instruments and equipment, and the cost of clinical trials.
- (5) Impacts of major policies and legal changes at home and abroad on the financial operations of the company in the most recent year and response measures: Relevant laws and regulations at home and abroad, and always pay attention to the trend of domestic and international policy development and regulatory changes, to immediately think about changes in political and economic situation at home and abroad, so important policy and legal changes at home and abroad have not had a significant impact on the financial business of the company.
- (6) The impact of recent technological changes and industrial changes on the Company's financial business and response measures: The Company and its subsidiaries are mainly used in high-tech products and 3C products, and the current high-tech industry and 3C products are booming, which should have a positive impact on the Company.
- (7) Impact of corporate image change in the most recent year on corporate crisis management and response measures: The Company and its subsidiaries have always adhered to the principle of professional and honest sustainable management, and attached importance to corporate image and risk control. Therefore, there has been no corporate crisis

management in the past year.

(8) Expected benefits, possible risks and response measures for the merger and acquisition:  
None.

(9) Expanded plant's expected benefits, possible risks and response measures: None.

(10) Risks and Countermeasures for Concentration of Purchase or Sales:

Purchase: The Company is an agent and maintains close cooperation with various manufacturers for a long time. There is no shortage of raw materials.

Sales: The proportion of sales to the company has not yet been highly concentrated. On the one hand, the company maintains a long-term cooperation relationship with existing customers. On the one hand, it is committed to developing new customers and expanding and decentralizing business sources. Therefore, there will be no risk for the steady growth of the company due to the risk of sales concentration.

(11) Directors, supervisors or large shareholders holding more than 10% of the shares, the impact, risk and response measures of a large number of transfer or replacement of equity, there was no doubt about the large number of transfer or replacement of equity.

(12) Effect of changes in operating rights on the company, risks, and response measures:  
None.

(13) In litigation or non-litigation, the company and company directors, supervisors, general managers, substantive principals, and shareholders with a shareholding ratio of more than 10% should be listed, and the major litigation, non-litigation or administrative litigation that the subordinate company has decided to determine or is still in the system, and the result may have a significant impact on shareholders' equity or securities prices, the facts of the dispute, the amount of the subject matter, the date of commencement of the lawsuit, the parties involved in the proceedings and the date of publication of the annual report shall be disclosed:

Litigation or non-litigation:

The Company's recent two-year and up-to-date newspapers and newspapers dated the litigation, non-litigation or administrative litigation that has been determined or currently in the system, and the results may have a significant impact on shareholders' equity or securities prices. The facts of the dispute, the amount of the subject matter, the commencement date of the lawsuit, the parties involved in the proceedings and the current situation should be disclosed:

1. Due to the payment of the goods, the Company has a lawsuit with the supplier Xantia Co., Ltd. The Company has on 29 December 2017, and Wu Jia, Xantia reached a tripartite conciliation. The Company recovered NT\$ 600,000 from Wu Jia and on March 13, 2018, 4.7 million from Xantia Co., Ltd. The Xantia case was closed.



2. Due to the request for payment, the company has a cashier's note enforcement case with its client Taiwan Chaotic Electric Technology Co., Ltd. On January 25, 2018, the company appealed for compulsory execution of the electricity purchase and sale fees of Taichung, Changhua, Yunlin, Jiayi, Pingtung and other business offices of Taiwan Power Company Limited for each period. On April 11, 2018, the third person, Weicen Technology Co., Ltd. came to our company to discuss compensation. Both sides agreed to compensate for the total amount of 1,623,000 (including interest, litigation fee and enforcement fee). On April 13, 2018, Yeijingweizen Technology Co., Ltd. remitted money to recover the arrears, and the Taiwan Chao Telegraph case has been completely closed.
3. The Company's directors, supervisors, general managers, substantive principals, major shareholders and subordinate companies with a shareholding ratio of more than 10%, the litigations that have been decided or are currently in the system in the last two years and the date of publication of the annual report, non-litigation or administrative litigation, the result may have a significant impact on the company's shareholders' equity or securities prices: None.
4. The Company's directors, supervisors, managers and shareholders holding more than 10% of the shares, the latest two years and the annual report of the annual report, the 157th provisions of the Securities Exchange Law and the company's current situation: None.
5. The company's directors, supervisors, managers and major shareholders with a shareholding ratio of more than 10% have been in the last two years and up to the date of publication of the annual report. If there is financial turnover or loss of credit, it should list its impact on the company's financial position: None.

(14) Other important risks and response measures:

Security risk assessment: to ensure that the risks faced by the company are controlled, the company has set up a chapter on information security management within the company's "information management regulations", and strictly implemented various information security operation management methods to ensure the safety of customers, companies and suppliers. The safety testing of information systems and information assets is carried out on a regular basis every year. After assessment, there is no significant risk and no risk improvement plan is required.

**G. Other important matters:**

(1) Evaluation basis, basis, and main reasons for the listing of assets and liabilities

1. Evaluation basis, basis and main reasons for the provision of bad debts:

The main reason for the company's provision for bad debts is based on the assessment of the recoverability

of accounts receivable. The company is based on factors such as ageing analysis of accounts receivable, credit rating, and economic environment, etc., as a basis for regular evaluation of the possibility of recovery of receivables and the basis for evaluation. The company's allowance for bad debts is listed as follows:

<u>Accounts receivable aging</u>	<u>More than 120 days</u>	<u>More than 180 days</u>	<u>More than 360 days</u>
provision ratio	5%	30%	100%

## 2. Allowances for provision for inventory depreciation losses:

The electronic business of the Company bases its acquisition costs on the basis of recording, adopts perpetual inventory system, and uses the weighted average method for calculation of costs. Starting from January 1, 2009, adopting the “Accounting Standards for Inventories” No. 10 of the Financial Accounting Standards Bulletin, the valuation of end-of-period inventory recovery costs and net realizable value is low, and when the comparative cost and net realizable value are low, The item-by-item comparison method was adopted, and the dumb product was additionally listed for provisional loss compensation. Net realizable value refers to the balance of the estimated selling price under normal circumstances minus the cost of the investment that has yet to be completed and the selling expenses. The company’s provision for the provision of dumb products is as follows:

### Electronic Business

<u>Inventory age</u>	<u>91 days to 180 days</u>	<u>181 days to 360 days</u>	<u>361 days or more</u>
provision ratio	30%	50%	100%

### Biomedicine Business

<u>Inventory age</u>	<u>1 year or more-2 years</u>	<u>2 years or more-3 years</u>	<u>over 3 years</u>
provision ratio	30%	50%	100%

## VIII. Special disclosure

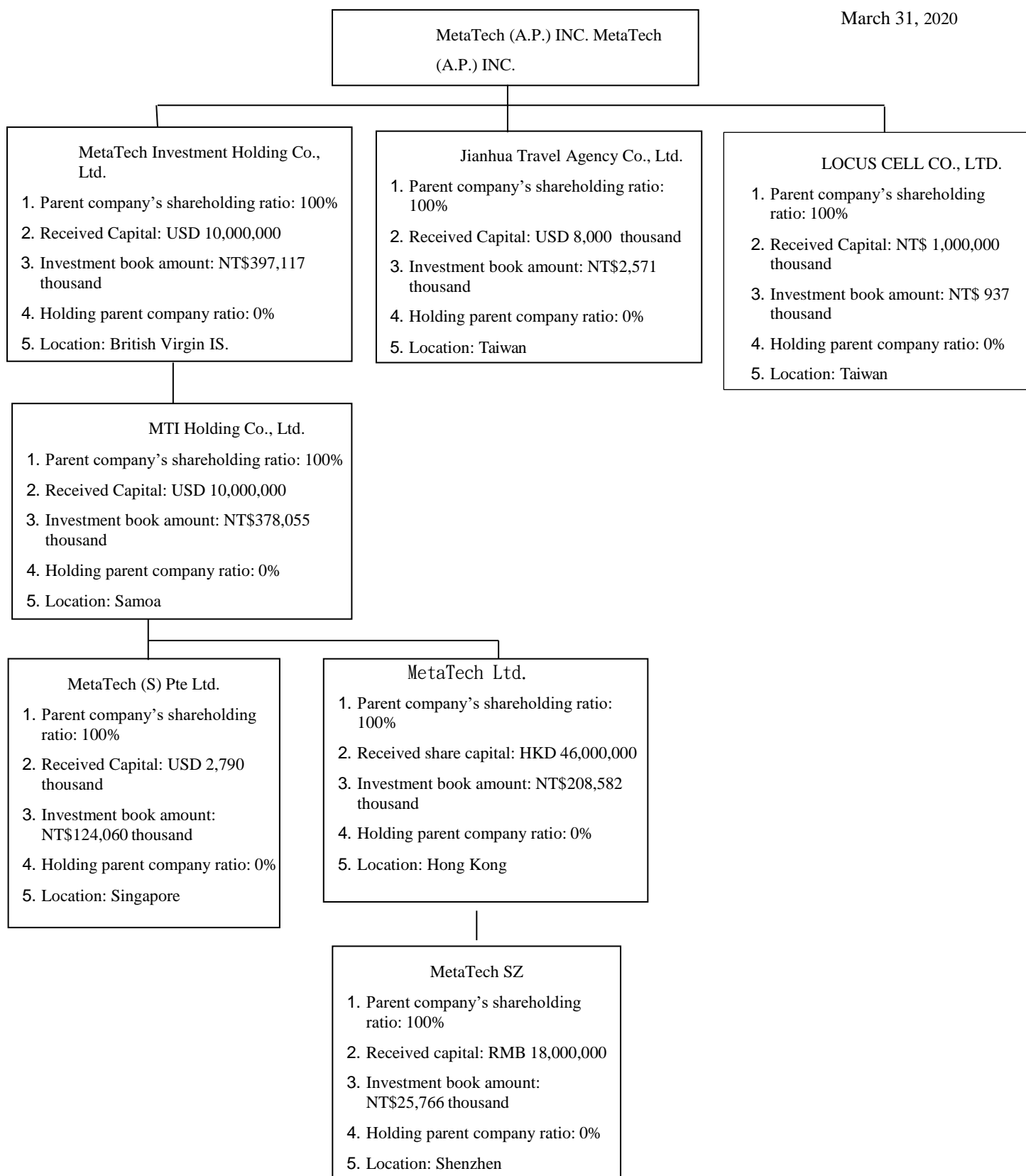
### A. Affiliated companies

#### (A) Relationship Corporate Overview

##### 1. Relationship corporate organizations overview

##### (1) Organization chart of relationship

March 31, 2020



- (2) It is presumed that there is a controlling and affiliated company in accordance with Article 369-3 of the company law: None.
- (3) Affiliated companies that directly or indirectly control the personnel finance or business operations of the company pursuant to paragraph 2 of Article 369-2 of the Company Law: None.

## 2. Basic information of each enterprise

Unit: \$

Company Name	Date of establishment	Address	Realized amount of capital	Major business or production projects
MetaTech Investment Holding Co., Ltd	2001.11	P.O.Box 957,Offshore Incorporations Centre,Road Town, Tortola, British Virgin Islands	USD10,000,000	Engaged in controlling and transferring investment
MTI Holding Co., Ltd	2001.11	P.O.Box 217,Offshore Chambers,Apia,Samoa	USD10,000,000	Engaged in controlling and transferring investment
MetaTech (S) Pte Ltd	1998.09	60, Kaki Bukit Place, #08-09 Eunos Techpark,Singapore 415979	USD2,790,015	Wholesale and retail of electronic materials
MetaTech Ltd	1998.08	Workshop Unit 4, 12 Floor, Block B,Hoi Luen Industrial Centre,55 Hoi Yuen Road,Kowloon, HK.	HKD46,000,000	Wholesale and retail of electronic materials
MetaTech (SZ)	2005.10	Room 305, G3 Building, TCL International E City, No. 1001 Zhongshan Park Road, Nanshan District, Shenzhen	RMB18,000,000	Wholesale and retail of electronic materials
Jianhua Travel Agency Co., Ltd.	1976.01	2F, No. 75, Sec. 1, Xintai 5th Road, Xizhi Dist., New Taipei City	NTD8,000,000	Travel industry
LOCUS CELL CO., LTD.	2020. 10	2F, No. 75, Sec. 1, Xintai 5th Road, Xizhi Dist., New Taipei City	NTD1,000,000	Cell commissioned research and development and production services

3. Presumed to have the same shareholder control and affiliation information: Up Cell Biomedical Inc.

4. Overall relationship to the business covered by the business

The business of the company and its relations with the company includes sales of electronic components, of which MetaTech Investment Holding Co., Ltd. and MTI Holding Co., Ltd. are holding companies.

## 5. Information of company directors, supervisors and general managers

Unit: shares; %

Company Name	Title	Representative	Holding shares	
			Number of shares	Shareholding ratio
Jianhua Travel Agency Co., Ltd.	Chairman	Deng, An Zhi	800	100%
MetaTech Investment Holding Co., Ltd.	Chairman and general manager	Qiu, Jun Hua	10,000,000 -	100% 0%
MTI Holding Co., Ltd.	Chairman and general manager	Qiu, Jun Hua	10,000,000 -	100% 0%
MetaTech (S) Pte Ltd.	Chairman	Hu, Li San	3,800,000 -	100% 0%
MetaTech Ltd.	Chairman	Hu, Li San	46,000,000 -	100% 0%
MetaTech (SZ)	Chairman and general manager	Tang, Hong De	- -	100% 0%
LOCUS CELL CO., LTD.	Chairman	Hu, Li San	100, 000	100

Note 1: On December 26, 2020, MetaTech Investment Holding Co., Ltd.'s representative was changed from Qiu, Jun Hua to Deng, An Zhi.

Note 2: The reassignment of MTI Holding Co., Ltd. from December 26, 2020 was changed from Qiu, Jun Hua to Deng, An Zhi.

Note 3: Up Cell Biomedical Inc. was established on 2020.01, and MetaTech legal representative Wang, Hui Jun was elected as chairman.

## 6. Relationship Business Operation Overview

### (1) Financial status and operating results of each related company:

December 31, 2020 Unit: NT\$ thousand

<u>Company Name</u>	<u>Capital amount(\$)</u>	<u>Total assets</u>	<u>Total liabilities</u>	<u>Net value</u>	<u>Operating income</u>	<u>Operating interests</u>	<u>Current (loss) benefit (after tax)</u>	<u>Earnings (loss) per share (in \$) (after tax)</u>
MetaTech Investment Holding Co., Ltd.	USD10,000,000	390,741	0	390,741	0	0	24,696	2.47
MTI Holding Co., Ltd	USD10,000,000	390,741	0	390,741	0	(59)	24,696	2.47
MetaTech (S) Pte Ltd.	SGD3,800,000	145,900	25,005	120,895	385,760	6,001	6,964	1.83
MetaTech Ltd.	HKD46,000,000	281,624	73,043	208,581	584,398	11,129	17,166	0.37
MetaTech (SZ)	RMB18,000,000	47,280	14,195	33,085	70,639	(17,494)	7,984	-
Jianhua Travel Agency Co., Ltd.	NTD8,000,000	2,519	169	2,350	339	(1,001)	(437)	(0.05)
LOCUS CELL CO., LTD.	NTD1,000,000	1,000	63	937	0	(63)	(63)	(0.63)

Note: If the affiliated company is a foreign company, the relevant figures should be converted into TWD based on the exchange rate at the reporting date.

(2) The company that should be included in the preparation of the financial statements of the company's consolidated financial statements is the same as the company that has entered into the consolidated financial statements of the parent and subsidiary companies. Therefore, the financial statements of the related business combination will not be prepared separately.

(3) The company is not a subsidiary company of his company and therefore it is not necessary to prepare a relationship report.

## B. The latest year and the date of publication of the annual report, private equity shares processing

As of the most recent year and as of the publication date of the annual report, the case of private equity securities should disclose the basis and rationality of the date and amount and price adopted by the shareholders' meeting or the board of directors, the choice of specific persons and the necessary reasons for the private placement, and the self-owned funds or price and after completion of the disbursement, the fund utilization plan was completed, and the funds used in the private equity securities were used and the progress of the plan was implemented: No such situation.

- C. The latest year and the date of publication of the annual report, subsidiaries hold or dispose of the Company's shares processing: None**
- D. Other necessary supplementary information: None.**
- E. The latest year and the date of publication of the annual report, if there is a matter that has a material effect on the shareholders' equity or the price of securities as defined in subparagraph 2 of paragraph 2 of Article 36 of the Securities Exchange Act: None.**



**MetaTech (AP) Inc.**

**Chairman: Hu, Li San**