



三顧股份有限公司

Stock Code **3224**

2022

Annual Report



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I. LETTER TO THE SHAREHOLDERS

Dear Ms./Mr. Shareholders:

Thank you very much to all shareholders for attending the 2023 Annual General Meeting of the Company.

Looking back at the full year of 2022 operations, the electronics business group, China and the United States trade war issues continue to burn. Although the global epidemic has been relatively moderate, the occurrence of the war between Russia and Ukraine has made the electronics industry continue facing tough challenges. From 2021 onwards, upstream suppliers (original manufacturers) are forced to place long orders, or even repeat orders, in order to ensure a stable supply of components due to the epidemic and shortage of raw materials, which significantly lengthens the delivery period. In the second half of 2022, a sharp decline in terminal demand will cause a sharp rise in inventory throughout the electronics industry.

In this difficult environment, the Electronics Business Group was able to deliver better results than the previous year. The main focus is to strictly control the orders placed by customers to avoid a rapid increase in inventory. In response to the trade conflict between China and the United States, more and more production bases have been moved from China to Southeast Asian countries. In order to avoid losing customers and to develop new business opportunities, we have planned to establish a new operational base in Vietnam. In 2023, the most important issue in the operating strategy will be the de-stocking of inventory before the end-user demand picks up. In the aspect of the biomedical business group, Taiwan's biotechnology industry has actively engaged in the market, and the market confidence is ignited with the opening up of regulations and the encouragement of policies. MetaTech Biomedical is devoted to the development of "regenerative medicine". Not only has it successfully transferred the "cell laminator" technology from Japan, but it has also established a cell processing center in Taiwan and puts it into mass production. In addition to obtaining the production of Regulations Governing Specific Medical Techniques commissioned by the medical institutions, the Company has also obtained the domestic approved "Phase III clinical trial for cell therapy products" and the clinical trials are undergoing. Meanwhile, MetaTech has jointly invested NT\$2 billion to establish Locus Cell Co., Ltd. with international Japanese giant manufacturers, the National Development Fund and other investment partners. We plan to build the Asia's largest CDMO cell factory in Zhubei Biomedical Park and to introduce the automated cell culture systems to increase production capacity.

On September 6, 2018, the Ministry of Health and Welfare announced the implementation of the “Regulations Governing the Application and Use of Specific Medical Techniques, Examinations, and Medical Devices” (referred to as the Regulations Governing Specific Medical Techniques), which classifies and manages six cell therapies with determinable safety and predictable effectiveness as specific medical technologies. Among them, the “Autologous cartilage transplantation for knee joint cartilage defects” listed in the Regulations Governing Specific Medical Techniques is used for the indications of “knee cartilage defects”. After the medical institution formulated an implementation plan and applies to the Ministry of Health and Welfare for approval, the qualified physician is able to perform cell therapy and provides the patients with one more treatment option at their own expense. Regarding this, the Company transferred the Chondrocyte cell sheet technology from CellSeed Inc. in Japan, and E-Da Hospital firstly cooperated with and entrusted us to apply the Regulations Governing Specific Medical Techniques for cell therapy technology of “Autologous cartilage transplantation for knee joint cartilage defects”. The case was approved by the Ministry of Health and Welfare on December 18, 2019, and it was the first approved project of non-cancer cell therapy in Taiwan under the Regulations Governing Specific Medical Techniques. Later on, MetaTech has also cooperated with a number of medical centers and teaching hospitals in Taiwan to apply for the knee cartilage projects under the Regulations Governing Specific Medical Techniques. As of April 30, 2022, the Ministry of Health and Welfare has approved a total of nine medical institutions in accordance with the “Regulations Governing Specific Medical Techniques” and commissioned MetaTech (AP) Inc to produce the cell products for Autologous cartilage transplantation for knee joint cartilage defects. The engaging hospitals are E-Da Hospital (approved on 2019/12/18), Kaohsiung Veterans General Hospital (approved on 2020/4/9), Taipei Medical University Hospital (approved on 2020/4/14), Hualien Tzu Chi Hospital (approved on 2020/4/22), Changhua Christian Hospital (approved on 2021/1/25), Shin Kong Wu Ho-Su Memorial Hospital (approved on 2021/5/14), Tri-Service General Hospital (approved on 2021/5/19), Minsheng Hospital (approved on 2021/5/27) and Tung’s Taichung MetroHarbor Hospital (approved on 2021/7/23). E-Da Hospital has officially received clinical cases since May 2020 and commissioned MetaTech (AP) Inc to produce cell laminators of knee cartilage. So far, 68 cases of chondrocyte treatment for cartilage defects in the knee have been received throughout Taiwan, and 8 of them were patients who came back to the clinic to request a second knee cap. In order to meet the implementation of the law, the application for extension of the Special Administrative Law for eight hospitals will be completed simultaneously in 2023 and the new Pingtung Baojian Hospital will be added to continue the cartilage collection of the Special Administrative Law. As the

acceptance of cell therapy technology increases, the increase in the technical experience of therapists and the number of hospitals where it is used will contribute to the growth of the biomedical business group's revenue.

For the filling and repairing of skin defects such as wrinkles, pits, and scars, clinical literature shows that the use of autologous fibroblasts as treatment is a cell therapy with safety, low side-effect and long lasting, which improves and repairs the patients' skin defects. Based on its own cell culture technology, MetaTech (AP) Inc independently develops the autologous fibroblast technology, and accepts the commission of medical institutions with the application of "Regulations Governing Specific Medical Techniques" for the project of "Autologous fibroblast transplantation of skin defects: to repair wrinkles, holes and scars", approved by the Department of Medical Affairs of the Ministry of Health and Welfare. There are four hospitals: E-Da Hospital (approved on 2020/7/28), Changhua Christian Hospital (approved on 2021/1/15), Taipei Medical University Hospital (approved on 2021/6/10), and Hualien Tzu Chi Hospital (approved on 2022/1/24) applying for the project. Three hospitals, E-Da, Changhua Christian Hospital and Taipei Medical, have been including the cases for cell therapy. In addition, in February 2021, the Ministry of Health and Welfare announced the amendment of the Regulations Governing Specific Medical Techniques, which allowed clinics apply to the Ministry of Health and Welfare for the implementation of cell therapy technology after evaluation or certification by the competent authority or its entrusted professional authority. The approved item does include "Autologous fibroblast transplantation of skin defects: to repair wrinkles, holes and scars". In this case, MetaTech (AP) Inc cooperates with the clinic and accepts the clinics' commission to apply for the quality certification of cell therapy as well as the certified clinics' commissioned application for Regulations Governing Specific Medical Techniques of cell therapy. It is expected to greatly increase the commission from the medical institutions and to expand the revenue generated from the clinic's medical needs. In 2022, due to the advancement of autologous fibroblast production technology, the new M Cell 2.0 process was developed and the first hospital in the "autologous fibroblast" special management method project using this process. Taiwan Adventist Hospital has been approved on 2022/12/22, and 4 hospitals and 6 medical aesthetic clinics are also in the process of application, which is expected to benefit more patients. In addition to cartilage and skin treatments, MetaTech has also promoted the immune cell storage business. Based on strong relations with hospitals and the future construction of the cell factory in Zhubei, MetaTech expects to introduce the latest cell therapy and products in the world, to provide hospitals with more choices in clinical treatment, and to secure more protection for patients.

With the growth of the number of cases entrusted in accordance with the

“Regulations Governing Specific Medical Techniques,” the Company foresaw the future development of the cell therapy market, deployed ahead of schedule, and planned to outsource OEM in the CDMO model. In addition, the Company has been entrusted with the implementation of two Regulations Governing Specific Medical Techniques project in Taiwan with 13 hospitals, and the number of cooperative clinics is expected to increase. The Company’s strategy is to build a complete and close-knit service lineup of medical institutions, combining with the CDMO outsourcing of cell therapy products and with the cell storage business, increasing in the market share of the cell therapy market. The Company hopes to be a leader in Taiwan’s regenerative medicine industry in near future.

In addition to the domestic patients, the Company has included the international medical services for overseas patients to come to Taiwan for medical treatment of cell therapy. Combining with Taiwan’s excellent medical technology, MetaTech hopes to expand the international market and to create the high-quality regenerative medical technology and services that made in Taiwan. Regarding this target, the Board of Directors and management have also evaluated the changes in the external environment and actively adopted appropriate and effective operating strategies for the growth and new business opportunities of MetaTech’s business. The first international medical patient has already come to Taiwan at the end of 2022 to complete an autologous cartilage transplant.

The business summary, financial statement, profitability analysis, and research and development status of the 2022 are reported as follows, and explain the business plan and sales policy for the coming year.

2022 Business Report

1. 2022 Business Performance

(1) 2022 Performance of Business Plan

A. Consolidated revenue for fiscal 2022 decreased by \$159,356 thousand, or 7.92%, to NT\$1,852,461 thousand compared to NT\$2,011,817 thousand in fiscal 2021; The net loss after tax attributable to the owners of the parent company was NT\$11,767 thousand in fiscal 2022, a decrease of NT\$12,352 thousand compared to the net loss after tax attributable to the owners of the parent company of NT\$24,119 thousand in fiscal 2021. Loss per share after tax was NT\$0.17.

B. Review of budget implementation:

The Company did not disclose its financial forecast information for the year 2022 to the public; therefore, it is not applicable.

C. Effect of external competition, the legal environment, and the overall business environment:

(a) Electronics Division:

As global interest rate rises and inflation issues persist, the Company has set out a number of major events to illustrate the impact of the following major events, the strategies adopted by customers and vendors, and countermeasures adopted by the Company. These major events include the COVID-19 pandemic, the Russia-Ukraine War, and the imbalance between supply and demand in the semiconductor supply chain, which have caused upstream and downstream factories to experience increased costs and shortages due to the price increase of raw materials and resulted in longer lead times, out-of-stocks, and higher prices for electronics. The Company faced the situation of extended lead times from the original manufacturer and rising purchase costs. Most of the customers are adopting the strategy of panic-buying, which has led to a general increase in the inventory of the electronics industry. The role of agents also includes assisting the customer to prepare materials that customers will complete later. Hence, the Company is now strictly controlling the preparation measures, or adopting the strategy of delaying or placing separate orders, in order to reduce the pressure on the inventory. Currently, Europe and the United States continue to raise interest rates, and the threat of inflation remains. According to the information from many professional organizations, the overall economy will remain poor next year. Inventory depletion is still a priority for the first half of next year, and we hope that there will be a turnaround in the second half of next year. Therefore, we adopted prudent and conservative operating strategy, strengthened inventory management and stabilized personnel to avoid an increase in labor costs for the following year.

(b) Biomedical Division:

External competition: Biomedical industry is an industry where top talent is in demand, where new knowledge is pooled, where capital is highly invested, and where the development of the industry is beneficial to the lives of human beings in a well-regulated environment. In terms of talent requirement, we are in need of R&D professionals as well as stable manufacturing manpower. At a time

when it is not easy to find excellent manpower, it is relatively important to nurture and develop talents. In view of this, Metatech has formed an excellent team by forming the manpower of the first and second generation over a long period of time. Meanwhile, Metatech has introduced advanced medical technologies from Japan to Taiwan to increase the competitiveness of Taiwan's regenerative medicine products.

Regulatory environment: The biomedical industry is different from the pharmaceutical industry producing the general large molecule and small molecule drugs. Currently, the regulations in Taiwan are incomplete. Therefore, we rely heavily on the earlier approval of the two acts for regenerative medicine so that there are regulations in place for vendors to comply in order to establish a more complete inspection and registration, as well as production and marketing channels.

Overall business environment: Biomedical products should not be entitled only to the rich or the only expectation of patients at the terminal end. Metatech looks forward to developing better cellular products through advanced technology, which will benefit more patients and enhance their well-being.

(2) Analysis of Financial Income and Profitability

1. The decrease was mainly due to a decrease of NT\$5,975 thousand in demand from end-users for IC components for electronic products and a decrease of NT\$153,403 thousand in revenue from biomedical products due to no negative pressure chamber demand after the second quarter of 2022; The increase in operating expenses of NT\$5,858 thousand in fiscal year 2022 was mainly due to the increase in employment costs as a result of the commencement of operations and the employment of several employees in the second half of last year by our consolidated subsidiary, LOCUS CELL CO., LTD.; The significant increase in non-operating income and expense was due to the increase in exchange gain of \$39,349 thousand due to the appreciation of the U.S. dollar as a result of exchange rate fluctuations.

2. The relevant financial ratios are as follows:

Item	2022	2021
Return on equity % of the parent company	(0.90)	(2.19)

Return on Assets %	(1.52)	(1.80)
Loss before tax attributable to the parent company as a percentage of paid-in capital	(0.70)	(2.13)
Loss per share (NT\$) Retrospective	(0.17)	(0.40)

For the analysis and calculation formula of the financial ratio, please refer to the disclosure in the “Financial Analysis” section of the 2022 annual report.

(3) Technology and R&D overview

1. Electronics Division

(1) Strengthen the replacement and renewal of the product portfolio, and continuously cooperate with international giant manufacturers for product agents. Search for the electronic components of the next generation as well as the active and passive components for green energy market applications; provide the technology-leading products to meet customer needs.

(2) Offer a complete design portfolio to save R&D costs in customer side, thereby improving the service standards, strengthening the cooperative relationship between the company and customers, and increasing in the company’s operations.

2. Biomedical Division

(1) Introduction to technical sources

The technical sources of the Biomedical Business Group of MetaTech (AP) Inc include technology transfer projects and self-developed projects.

The main technology transfer project is from CellSeed Inc. in Japan with the temperature-sensing petri dish cell laminator culture technology. Technology transfer application projects include “esophageal regeneration medical technology” and “Knee chondrocyte laminator technology”.

Self-developed projects include the fibroblast and stem cell therapy, as well as the storage application of immune cells.

(2) Esophageal regeneration medical technology

This technology is an oral mucosal epithelial cell laminator product used in the healing of wounds after endoscopic submucosal dissection (ESD) in patients with esophageal cancer, which aims at

reducing the probability of esophageal stenosis after surgery. MetaTech (AP) Inc. has been approved by the Ministry of Health and Welfare to launch three phases of clinical trials in domestic in 2020. In addition, in order to accelerate the clinical trials and enhance domestic research on esophageal cancer, MetaTech convened physicians from endoscopy, gastrointestinal, hepatobiliary, and gastroenterology departments of major domestic hospitals on January 24, 2021 to establish the Taiwan Esophageal Research Alliance.

(3) Knee cartilage cell laminator technology

The application of this technology is based on the Regulations Governing the Application and Use of Specific Medical Techniques, Examinations, and Medical Devices” (Regulations Governing Specific Medical Techniques). As of the end of December 2022, there are 9 hospitals in Taiwan being approved to implement the cell therapy of knee cartilage cells for the treatment of knee cartilage defects. Each hospital has entrusted MetaTech (AP) Inc. to prepare the knee chondrocyte products, including cell separation, layer culture, product harvesting and quality control inspection.

By the end of December 2022, A total of 66 cases of knee cartilage cell transplantation have been completed in Taiwan. Most of the clients had been treated with analgesic and anti-inflammatory drugs, PRP, hyaluronic acid or arthroscopic surgery. The longest post-operative follow-up period after cell transplantation has exceeded the scheduled 24 months. All the clients have recovered well after the surgery without any serious adverse reactions, and their symptoms have been effectively improved.

In order to keep developing the application of “knee cartilage cell laminator technology”, MetaTech (AP) Inc. cooperates with E-Da Hospital and the National Institute of Health to promote the Regulations Governing Specific Medical Techniques of cell therapy for the registration of cell therapy preparations. The Preparation includes the clinical data obtained from cell therapy of Regulations Governing Specific Medical Techniques from the process and control, non-clinical and clinical aspects, the so-called “real-world data”. The well-designed statistical analysis forms the “real-world evidence”, which helps explain the benefits and risks

in using pharmaceutical products. The Company uses the real-world evidence to accelerate the launch of knee cartilage cell laminators. On November 18, 2021, the Japanese company and the Institute of Population Health Sciences of the National Institutes of Health signed a formal cooperation agreement with the Ministry of Health and Welfare under the witness of Undersecretary Shih, Chung-liang.

(4) Self-developed Projects

In terms of autologous fibroblasts, two Taiwanese invention patents have been successively obtained, such as “A Method for Producing Micro Cell Sheet” (Invention No. I693283) and “Three-dimensional Cell Spheroid with High Proliferation Activity, and the Producing Method and Use Therefor” (Invention No. I724528). We have filed patent applications in China and the United States. It’s also allowable for cell therapy plans submitted by medical institutions in accordance with the “Regulations Governing Specific Medical Techniques”, and is used for the filling and repair of skin defects—wrinkles, pits and scars. The Company has begun the commissioned manufacturing of this technology in 2021. In addition, this technology has been developed to extend the shelf life of products and increase the convenience of transportation through process optimization. In addition, the application of cell therapy was opened for clinics under Regulations Governing Specific Medical Techniques in 2021. In order to increase its business scope, MetaTech (AP) Inc. successfully counseled 6 clinics to obtain “clinic cell therapy quality certification” and gradually obtains the qualification for cell therapy under the Regulations Governing Specific Medical Techniques.

MetaTech (AP) Inc also invests in the storage and use of stem cells and immune cells, expands the field of cell services, deepens the technical capabilities, reserves the production technology, and increases the ability and production experience of OEM for products and cell preparations.

(5) Cell Preparation Center

The Company’s cell preparation center has begun since January 2019 and has continuously passed the audit of “Good Tissue. Practice” (GTP). It is a cell preparation unit (CPU) for cell therapy and a cell product manufacturing unit for clinical trials approved by

the Ministry of Health and Welfare. At present, the Company has begun the clinical trials and accepted the commission of the production of cell therapy products. The Company has also passed the audit of PIC/S Drug Good Distribution Practice (GDP) with the approval of the procurement and storage of medicines.

The biological testing laboratory of the quality control department is a testing laboratory certified by the Taiwan Accreditation Foundation (TAF) ISO/IEC 17025 (laboratory certification number 3691), which provides various quality controls that fulfill the standards. The laboratory biosafety verification operation of the quality control laboratory has also passed and is an accredited laboratory of biosafety Level 2 (BLS-2). The operation of infectious pathogens such as microorganisms complies with laboratory safety management.

In addition, in order to meet the registration and production requirements of cell preparations with high specification, the cell preparation center has put into the quality improvement in the production quality level of the factory in line with the PIC/S Western Medicine Good Manufacturing Practice (GMP). The Company will put into the production of cell therapy drugs in the future.

(6) In order to promote Taiwan's regenerative medicine on the international market, MetaTech (AP) Inc. and Taiwan Hitachi Asia Pacific Company, on behalf of Hitachi Group in Japan, have established a joint venture company - Locus Cell Co., Ltd., to invest in the development of "Contract Development and Manufacturing Organization" in the future. In addition, the Company keeps developing the cell product production methods, plans to build a cell preservation library and continuously transfers the technology to introduce the excellent technology in regenerative medicine or tissue engineering. The goal of the Company is to provide the complete cell products in the future.

2. The Overview of 2023 Operation Plan

(1) Operation guideline

1. Electronics Division

- (1) Electronic component distributors focusing on high-value-added and niche products
- (2) Be based in Taiwan, deepen the marketing networks in China, Southeast Asia and India, and combine the resources of China and ASEAN to create the multiplied profits and value
- (3) Continuously adjust to expand the niche and provide the customers with more comprehensive solutions.
- (4) For the continuous growth in the business of existing product lines, the Company seeks for the blue ocean market, elevates the customer satisfaction to become a long-term partner, and actively introduces the existing sales channels of parts and products related to the Internet of Things.
- (5) Actively recruit and train the talents to enhance the technical support and product application capabilities.
- (6) Provide the differentiated services and technology integration to meet the customer needs and maximize the profits.
- (7) Increase the customer base of the green energy application and low-orbit satellite market, and improve the integrity of the application market.

2. Biomedical Division

- (1) To increase the revenue of the Biomedical Business Group, the Company adds the treatment services for knee cartilage defects by autologous knee cartilage cell lamellar transplantation of the “Regulations Governing Specific Medical Techniques”.
- (2) The Company promotes the “Regulations Governing Specific Medical Techniques” for skin defects treatment of autologous fibroblast transplantation: cell therapy plans for filling and repairing wrinkles, pits and scars. In addition to receiving cases from the hospital, the Company assists the clinic to apply for Regulations Governing Specific Medical Techniques. Once approval and starting to receive the cases, the revenue of the Biomedical Business Group will increase accordingly.
- (3) Regularly track the progress of clinical trials of esophageal laminators to ensure the on-market schedule of the product.
- (4) Develop the services for cell storage business, including immune cells, skin fibroblasts and so on, for the additional revenue of the Biomedical Business Group.

(2) Important production and marketing policies

1. Electronics Division

Strengthen the promotion of products in the cloud market (servers, storage equipment, high-end commercial switches), the wireless communications (routers, 5G routers), the industrial control (industrial switches, railway communication equipment), the medical equipment, the automotive electronics (electronic equipment of electric vehicles), the tool machinery and equipment market, low-orbit satellite market, the green energy market (energy storage cabinets, wind power plants, electromagnetic modules of electric vehicles), the semiconductor test equipment market products and other application in high-end markets.

Due to the impact of COVID-19, the suppliers will face shortage of raw materials in the second half of the year with the expectation of the additional 20 to 56 weeks of the delivery time. The downstream customer base will be affected by the prolonged delivery time and different supply situation for various components. The overall lead time and response will be affected. Therefore, orders from customers cannot be cancelled to prevent the inventory problems in the future.

Under the continuation of pandemic and the impact resulted from the Russia-Ukraine war, the OEM increased the costs and selling prices for some customers to increase the product profits. In addition, downstream customer bases are required to place orders early to prevent material shortages, and also to prevent the company's revenue from declining during material shortages.

The Company added two new product lines. One is from Amphenol LLC, which is the second largest international manufacturer of connectors in the world. Its main products are connectors for the industrial-grade applications. The main markets are the green energy, the electric vehicle application and the power equipment for infrastructure construction. Another product line is from AME Inc. (AMEOWEI), whose main product is semiconductor for power supply applications, and the main markets are mobile equipment applications and product having high demand for power saving.

2. Biomedical Division

The strategies of Biomedical Business Group are product optimization and service procedure, increase in customer and channels, and improvement of product reliability. The Company forms a medical

beauty alliance for hospitals and clinics to expand medical beauty channels. Towards alliances with hospitals and clinics to form alliances for products and services, and to expand the medical aesthetics channel; in response to the passage of the law, the company also cooperated with six clinics to enter the medical aesthetic market under the Special Administrative Law. In addition, the Company constructs a second cell production center and accepts the commissions from special persons to increase the customer base. To increase the number of cases received, the Company assists the hospital in publicity by jointing performance presentation and press release. The Company regularly holds the seminars of laminator treatment to show the clinical effects of treatment. Due to the remarkable results of cartilage layer tablets, we also attract patients from Japan for treatment and expect to attract international customers in the future to enhance the value of our products. Moreover, to develop the company's projects and improve the revenue, the Biomedical Business Group also executes the business of immune cell storage services.

In the face of the changes and challenges in the domestic and foreign environment, the Company still hopes that all shareholders do not hesitate to advise and keep supporting. It's believed that, under the diverse operations and efforts, the Company's business will grow steadily and create more revenue. In the future, all shareholders, customers and employees enjoy business performance together.

3. Description of expected sales volume:

The Company did not disclose its financial forecast information to the public; therefore, it is not applicable.

Finally, the Company thanks all shareholders again for your support, trust and encouragement to the company.

Regards,

Chairman Yang, Hung-jen Manager Tang, Hung-te Accounting Supervisor Chan, Chih-tsung

II. Company Introduction

1. Establishment Date: 1998.09.17

2. Company History

1998	The company was officially established with a capital of NT\$10 million.
	The main business was the agency sales of electronic components.
1999	Sales of Vitesse semiconductor products
2000	Agency and sale of Summit semiconductor products
	Agency and sale of BTI semiconductor products
	Agency and sale of Dense-Pac semiconductor products
2001	Agency and sale of Apogee semiconductor products
	Cash capital increased NT\$110,000,000, and the capital was NT\$120,000,000.
	Re-invested MetaTech Investment Holding Co Ltd(BVI) with USD 2,000,000
	Purchased the office (14-2 nd and 14-3 rd Floor, No. 75, Section 1 of Xintai 5th Road, Xizhi City).
2002	Agency and sale of Fordahl semiconductor products
	Agency and sale of Cyan semiconductor products
	Agency and sale of TDK semiconductor products
	Agency and sale of Beyond Innovation Tech semiconductor products
	In September 2002, it went through a public offering and accepted the assistance of Yuanfu Securities in listing.
	Cash capital increased NT\$48,000,000, and the paid-in capital of the company was NT\$168,000,000.
2003	Agency and sale of Qctasic semiconductor products
	Agency and sale of Fastrax semiconductor products
	Agency and sale of Samtec semiconductor products
	Agency and sale of u-Nav semiconductor products
	Agency and sale of SIMTEC semiconductor products
	Agency and sale of Intrinsicity semiconductor products
	Agency and sale of Volterra semiconductor products
	Agency and sale of Anachip semiconductor products
	Handled the surplus to capital increase and the capital reserve to capital increase by NT\$26,700,000, and the paid-in capital of the company was NT\$194,700,000.
	Registered as an emerging stock on June 27, 2003.
Applied for listing on the counter on October 31, 2003.	
2004	Agency and sale of Conexant semiconductor products
	Agency and sale of Alta Analog semiconductor products
	Agency and sale of Alliance semiconductor products
	Agency and sale of TCL semiconductor products
	Agency and sale of Quorum semiconductor products
	Agency and sale of Motia semiconductor products
	Agency and sale of iTerra semiconductor products
	Agency and sale of Gemstone semiconductor products
	Agency and sale of Tak'ASIC semiconductor products
	On April 06, 2004, the Securities and Futures Bureau under the Ministry of Finance approved the stock listing application.
	On June 03, 2004, the stock was listed on the counter.
Handled the surplus to a capital increase by NT\$44,300,000, and the company's paid-in capital was NT\$239,000,000.	
2005	Agency and sale of Intersil semiconductor products
	Increased the overseas investment and established an affiliate company "MetaTech Trading (Shenzhen) Co., Ltd."
	Increased the overseas investment and established MetaTech(S) Pte Ltd. India branch.
	Handled the surplus to a capital increase by NT\$27,000,000, and the company's paid-in capital was NT\$266,000,000.
2006	Agency and sale of Chipidea semiconductor products

	Agency and sale of Lite-on Ambient Light Sensor products
	Issued the convertible corporate bonds with a denomination of NT\$120,000,000.
	Handled the surplus to a capital increase by NT\$34,000,000, and the company's paid-in capital was NT\$300,000,000.
	Cash capital increased by NT\$60,000,000, and the company's paid-in capital was NT\$360,000,000.
	Purchased the office (14-4 th and 14-5 th Floor, No. 75, Section 1 of Xintai 5th Road, Xizhi City).
	1,362,532 shares of corporate bonds were converted into common shares, and the paid-in capital of the company was NT\$373,625,320.
2007	Agency and sale of Lattice semiconductor products
	Agency and sale of Mindspeed semiconductor products
	Handled the surplus to a capital increase by NT\$19,546,200, and the capital reserve to capital increase of NT\$24,253,800, so the company's paid-in capital was NT\$417,425,320.
	573,797 shares of corporate bonds were converted into common shares, and the paid-in capital of the company was NT\$423,163,290.
	Increased the overseas investment of MetaTech(S) Pte Ltd. With SGD 3,800,000
	Increased the overseas investment of MetaTech(S) Pte Ltd. With HKD 15,000,000.
2008	Agency and sale of Teridian semiconductor products
	Agency and sale of Forward semiconductor products
	Handled the capital reserve to increase the capital by NT\$10,000,000, and the paid-in capital of the company was NT\$433,163,290.
2009	Agency and sale of Ideacom semiconductor products
	Agency and sale of Microvision semiconductor products
	Agency and sale of On-Ramp Wireless semiconductor products
	Increased the overseas investment of MetaTech(S) Pte Ltd. With HKD 11,000,000.
2010	Agency and sale of 5V Technologies, Ltd. semiconductor products
	Agency and sale of Beijing Yoton semiconductor products
	Agency and sale of Broadlogic semiconductor products
	Agency and sale of ClariPhy semiconductor products
	Agency and sale of E-Switch semiconductor products
	Agency and sale of Eturbo semiconductor products
	Agency and sale of Greenliant semiconductor products
	Agency and sale of Maxim semiconductor products
	Agency and sale of Chingis Technologies Inc. semiconductor products
	Agency and sale of Phoenix semiconductor products
	Agency and sale of United Lighting Opto-electronic Inc. semiconductor products
	Agency and sale of Zywyn+ semiconductor products
8,620 shares of corporate bonds were converted into common shares, and the paid-in capital of the company was NT\$433,249,490.	
2011	Agency and sale of AIC semiconductor products
	Agency and sale of eGalax eMPIA semiconductor products
	Agency and sale of Eturbo semiconductor products
	Agency and sale of Helicomm semiconductor products
	Agency and sale of Jorjin semiconductor products
	Agency and sale of Semitech semiconductor products
	Agency and sale of Silego semiconductor products
	The first convertible corporate bond in domestic expired and was fully redeemed, and over-the-counter trading was terminated on October 3rd, 2011.
	1,321,000 treasury shares was cancelled, and the company's paid-in capital was NT\$420,039,490.
2012	Agency and sale of InterFET semiconductor products
	Agency and sale of Innovasic semiconductor products
	Agency and sale of KDTouch semiconductor products
	Agency and sale of Seeways semiconductor products
	Agency and sale of APEX semiconductor products

	Agency and sale of BCD semiconductor products
	Agency and sale of Immeuse semiconductor products
2013	In November, the capital reduction was passed to make up for the loss by reducing 285.781439 shares per 1,000 shares, and the capital after the capital reduction was NT\$300,000,000.
	The Biomedical Business Group was established in November.
2014	The stock affairs business was transferred from CTBC to Concord Stock as Agency.
	Issued the second domestic guaranteed convertible corporate bond with a denomination of NT\$150,000,000.
2015	Cash capital increased 10,000,000 shares, and the company's paid-in capital was NT\$400,000,000.
	Set up an audit committee for the first time.
	The Board of Directors approved the "Technology transfer authorization Contract of Multi-function image digitization and biomedical chip detection integration technology platform" with Taipei Medical University.
	Signed an agency agreement for the genetic testing related to cancer drugs with BGI Health (Hong Kong) Co., Ltd., and provided the genetic testing services for cancer patients in domestic.
	Signed a Memorandum of Understanding with BGI Health (Hong Kong) Co., Ltd. to establish a joint venture company and laboratory in Taiwan, and agreed to conduct the genetic testing for personalized cancer drug in Taiwan, and to implement the localization of drug screening in cancer gene.
	Acquired Jianhua Travel Service Co., Ltd. as a subsidiary.
2016	Signed a Memorandum of Understanding(MOU) with Japan CellSeed Inc. to develop the regenerative medicine in Taiwan, including the transfer of cell culture technology, the reconstruction and repair of human tissues and organs (such as the inner wall of the esophagus). The MOU covers four aspects of development plans, clinical trials, manufacturing and product sales.
	Signed a kick-off contract for medical cooperation in cell laminator regenerative with Cellseed of Japan. MetaTech introduced the cell laminator technology developed in Japan, and the parties jointly developed a regenerative medical plan for esophageal and knee cartilage in Taiwan to shorten the schedule in research and development and promote the quick commercialization of regenerative medical products in Taiwan.
2017	Signed a cooperation contract for cell laminator regenerative medicine with CellSeed of Japan. The Company introduced the cell laminator technology developed in Japan to develop the esophageal and knee cartilage-related products, and built a cell laminator process center (CPC) for the clinical trials of esophageal repair and knee cartilage regeneration.
	Signed a MOU on the development of new cell laminator technology with CellSeed of Japan, and jointly developed new technologies and new products to expand Taiwan's regenerative medicine business.
	4,016,045 shares of corporate bonds were converted into common shares, and the paid-in capital of the company was NT\$440,160,450.
2018	4,000 units of employee stock warrants were issued, and the declaration was effective on January 8, 2018.
	Cash capital increased 14,000,000 shares in 2017, and the paid-in capital of the company was NT\$580,160,450.
	Through the NT\$100 million investment of the National Development Fund, the Company became the second firm in Taiwan that receiving the capital injection from the Industrial Innovation and Transformation Fund.
	R&D personnel were trained in cell lamination technology and went to Japan for training in March 2018.
	Through the Industrial Upgrading Innovation Platform Guidance Program (Innovation Optimization Program) of the Industrial Development Bureau of the Ministry of Economic Affairs, the Company conducted the clinical trial and product development in the regenerative medicine of autologous cell laminates.
	Signed a MOU with Dr. Dai Nianzi worked for the Tri-Service General Hospital of the National Defense Medical College to develop "Research on the application of skin cell laminators to Wound Healing", and innovated and developed the skin cell laminator products.

	<p>Obtained the investment approval for entering the Park from the Hsinchu Biomedical Park Investment Case Review Committee meeting (Zhubei Branch)</p> <p>Issued the third domestic guaranteed convertible corporate bond with a denomination of NT\$150,000,000.</p> <p>Completed the transfer of core technology, and the core technicians visited Japan to obtain the cell culture technology for knee cartilage lamina in November 2018.</p> <p>The Cell process center (CPC) was built and put into trial operation.</p> <p>The IND application for the phase III clinical trial of autologous oral mucosal cell laminators was submitted to the Ministry of Health and Welfare.</p>
2019	<p>Signed a technical cooperation contract for the repair of knee cartilage lamina and plexus with Superintendent Du Yuankun of E-Da Hospital.</p> <p>Obtained the principle approval of the phase III clinical trial of autologous oral mucosal cell laminators submitted to the Ministry of Health and Welfare.</p> <p>MetaTech in Tokyo, Japan and Hitachi Chemical Co., Ltd. (Hitachi Chemical) and Taiwan Hitachi Asia Pacific Co., Ltd (Taiwan Hitachi Asia Pacific) signed a tripartite MOU to jointly explore Taiwan's regenerative medicine market.</p> <p>Agency and sales of Singatron semiconduct products</p> <p>Cooperated with E-Da Hospital of I-Shou Medical Foundation for an application of autologous chondrocyte therapy technology plan.</p> <p>Cooperated with E-Da Hospital of I-Shou Medical Foundation for an application for autologous fibroblast therapy technology plan.</p> <p>Jointly organized the "Global Regenerative Medicine Trends and Prospects Forum" with Taiwan Hitachi Asia Pacific Co., Ltd. and PwC Taiwan.</p> <p>Obtained the approval of the phase III clinical trial of human (autologous) oral mucosal epithelial cell laminates by the Ministry of Health and Welfare.</p> <p>The self-developed "Innovation of high-performance aggregated fibroblasts" project was recognized by the 16th National Innovation Award (Biotechnology, Pharmaceutical and Precision Medicine Category).</p> <p>Cooperated with Taipei Medical University Hospital for an application for autologous fibroblast therapy technology plan.</p> <p>Cooperated with Taipei Medical University Hospital for an application for autologous chondrocyte therapy technology plan.</p> <p>Cooperating with E-Da Hospital for autologous cartilage cells, the Company's cell preparation center obtained the approval of a cell preparation unit in accordance with the "Regulations Governing the Application or and Use of Specific Medical Techniques or, Examinations, or and Medical Devices" by the Ministry of Health and Welfare.</p> <p>Cooperated with Kaohsiung Veterans General Hospital for an application for autologous chondrocyte therapy technology plan.</p>
2020	<p>Established a joint venture with Japanese CellSeed company in Taiwan to establish a R&D company - Up Cell Biomedical.</p> <p>Cooperated with Hualien Tzu Chi Hospital, a Buddhist Tzu Chi Medical Foundation, for an application for autologous chondrocyte therapy technology plan.</p> <p>Cooperating with Kaohsiung Veterans General Hospital for autologous cartilage cells, the Company's cell preparation center obtained the approval of a cell preparation unit in accordance with the "Regulations Governing the Application or and Use of Specific Medical Techniques or, Examinations, or and Medical Devices ", by the Ministry of Health and Welfare.</p> <p>Signed a MOU of follow-up cooperation matters with Taiwan Hitachi Asia Pacific Co., Ltd (Taiwan Hitachi Asia Pacific). It is expected that Asia's largest CDMO cell foundry would be built in Zhubei Biomedical Park in the future to join the supply chain of Hitachi cell therapy products.</p> <p>Cooperating with Taipei Medical Hospital for autologous cartilage cells, the Company's cell preparation center obtained the approval of a cell preparation unit in accordance with the "Regulations Governing the Application or and Use of Specific Medical Techniques or, Examinations, or and Medical Devices " by the Ministry of Health and Welfare.</p> <p>Cooperating with Hualien Tzu Chi Hospital for autologous cartilage cells, the Company's cell preparation center obtained the approval of a cell preparation unit in accordance with the "Regulations Governing the Application or and Use of Specific Medical Techniques or,</p>

	Examinations, or and Medical Devices” by the Ministry of Health and Welfare.
	Terminated the agency of Luxun precision connector products.
	The Company’s “A method for manufacturing micro-cell laminates” was patented by Taiwan (patent number I693283).
	The Company cooperated with Changhua Christian Hospital to submit an application for autologous chondrocyte therapy technology plan.
	The Company cooperated with Changhua Christian Hospital to submit an application for autologous fibroblast therapy technology plan.
	Cooperating with I-Shou Hospital, the Company’s cell preparation center obtained the approval of a cell preparation unit in accordance with the “Regulations Governing the Application or and Use of Specific Medical Techniques or, Examinations, or and Medical Devices” by the Ministry of Health and Welfare.
	The Board of Directors of the Company resolved to increase its capital in cash and issue common shares.
	The Board of Directors of the Company passed a resolution to establish a new joint venture company with Taiwan Hitachi Asia Pacific Co., Ltd.
	The Company cooperated with the Tri-Service General Hospital to submit an application for autologous chondrocyte therapy technology plan.
	The Company cooperated with Min-Sheng General Hospital to submit an application for autologous chondrocyte therapy technology plan.
	The Company established Locus Cell Co., Ltd. as wholly company
	The Company cooperated with Shin Kong Wu Ho-Su Memorial Hospital of Xinguang Medical Consortium, to submit an application for autologous chondrocyte therapy technology plan.
	The Company cooperates with Tung’s Taichung MetroHarbor Hospital, a Children’s Comprehensive Medical Association, to apply for an autologous chondrocyte therapy technology plan.
2021	Cooperating with Changhua Christian Hospital for autologous fibroblasts, the Company’s cell preparation center obtained the approval of a cell preparation unit in accordance with the “Regulations Governing the Application or and Use of Specific Medical Techniques or, Examinations, or and Medical Devices” by the Ministry of Health and Welfare.
	Cooperating with Changhua Christian Hospital for autologous cartilage cells, the Company’s cell preparation center obtained the approval of a cell preparation unit in accordance with the “Regulations Governing the Application or and Use of Specific Medical Techniques or, Examinations, or and Medical Devices” by the Ministry of Health and Welfare.
	The Company cooperated with Hualien Tzu Chi Hospital of a Buddhist Tzu Chi Medical Foundation, to apply for an autologous fibroblast therapy technology plan.
	The Board of Directors of the Company has resolved that the private equity cash capital increase approved by the 2020 annual shareholders’ meeting was completed and the public offering capital increase has been approved. There is no new capital demand for the time being, so the raising and issuance would not continue.
	Cooperating with Shin Kong Wu Ho Su Memorial Hospital, the Company’s cell preparation center obtained the approval of a cell preparation unit in accordance with the “Regulations Governing the Application or and Use of Specific Medical Techniques or, Examinations, or and Medical Devices” by the Ministry of Health and Welfare.
	The Company cooperated with Tai’an Hospital, a Seventh-Day Adventist Medical Consortium, to submit an application for autologous fibroblast therapy technology plan.
	Cooperating with Tri-Service General Hospital, the Company’s cell preparation center obtained the approval of a cell preparation unit in accordance with the “Regulations Governing the Application or and Use of Specific Medical Techniques or, Examinations, or and Medical Devices” by the Ministry of Health and Welfare.
	Cooperating with Min-Sheng General Hospital, the Company’s cell preparation center obtained the approval of a cell preparation unit in accordance with the “Regulations Governing the

	Application or and Use of Specific Medical Techniques or, Examinations, or and Medical Devices” by the Ministry of Health and Welfare.
	Cooperating with Taipei Medical University Hospital, the Company’s cell preparation center obtained the approval of a cell preparation unit in accordance with the “Regulations Governing the Application or and Use of Specific Medical Techniques or, Examinations, or and Medical Devices” by the Ministry of Health and Welfare.
	Cooperating with Tungs’Taichung Metro Harbor Hospital, the Company’s cell preparation center obtained the approval of a cell preparation unit in accordance with the “Regulations Governing the Application or and Use of Specific Medical Techniques or, Examinations, or and Medical Devices” by the Ministry of Health and Welfare.
	The Company’s cash capital increase raised NT\$395 million in shares.
	Locus Cell Co., Ltd., a subsidiary of the Company, handled a cash capital increase of NT\$1.999 billion, and the paid-in capital after the capital increase was NT\$2 billion.
	Maturity of the Company's third domestic secured convertible bond and termination of listing
	Agency and sale of AME semiconductor products
2022	Represented and sold CMOS (Micro Image Technology) sensor products.
	Represented and sold Amphenol Industrial's industrial connector products in Southeast Asia.
	Cooperated with Taipei Medical University to launch the first "Cell Therapy Industry Master Class" to train regenerative medicine professionals
	Participated in "2022 Taiwan Medical Technology Exhibition", and the group jointly presented the R&D and CDMO results.
	In accordance with the "Regulations Governing the Administration or Use of Medical Devices for Specific Medical Technology Examination and Testing", the Cell Preparation Center and Paochien Hospital jointly applied for approval of cell preparation facilities and received a letter of approval from the Ministry of Health and Welfare.
	In accordance with the "Regulations Governing the Administration or Use of Medical Devices for Specific Medical Technology Examination and Testing", the Company's Cell Preparation Center and Taiwan Adventist Hospital have applied for approval of cell preparation facilities and received a letter of approval from the Ministry of Health and Welfare.
2023	The Company held a press conference on "Medical Aesthetics 2.0 Towards the Era of Cellular Therapy" to introduce the cellular therapy technology of transplanting autologous fibroblast cells for repair.
	The Company held a press conference on "International Medical Conference on Cellular Layer Technology" to announce the first international medical case of cartilage defect repair in knee joint by autologous chondrocyte in Taiwan with Special Management Regulations.
	We have signed a four-party memorandum of understanding with Cyfuse Biomedical K.K, Hitachi Global Life Solutions, Inc. and Taiwan Hitachi Asia Pacific Co.

III. Report of Corporate Governance

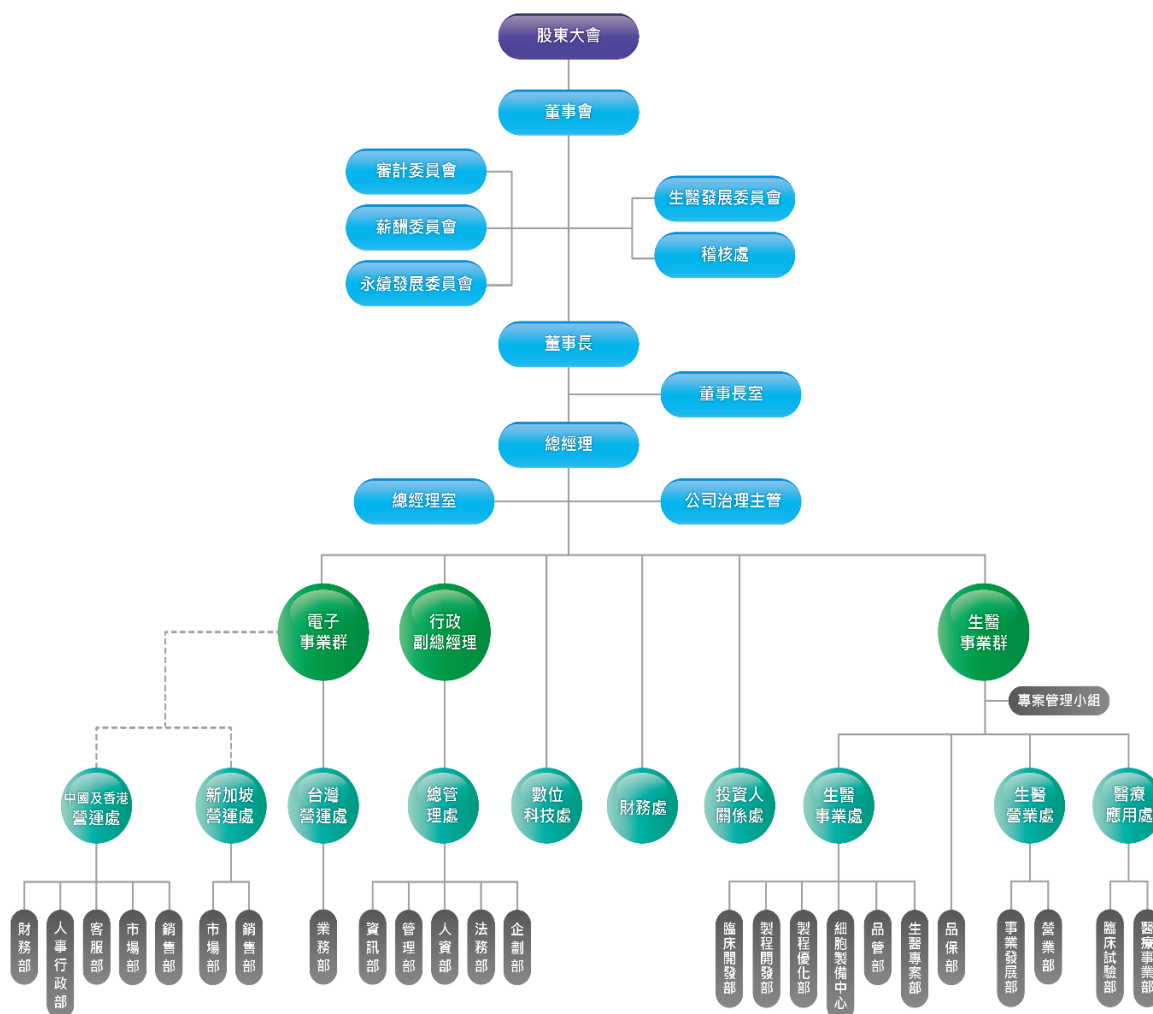
(1) Corporation Organization

(a) Organization System

MetaTech (AP) Inc.

(Approved in the resolution of the 13th Meeting of 9th Board of Directors on May 11, 2023)

1. Structure of Internal Organization:



2.The Main Function of Individual Main Department

Department		Main Functions
Audit Office		<ul style="list-style-type: none"> ◆ Assist the Board of Directors and managers to check and review the lack of internal control, to measure the effectiveness and efficiency of operations, and to provide the improvement suggestions in a timely manner. ◆ Responsible for the audit and tracking of various operating cycles. ◆ Execute the unit's risk assessment and corresponding avoidance measures.
Chairman's Office		<ul style="list-style-type: none"> ◆ In order to assist the Chairman in planning the Conglomerate's important policies, guidelines and improvement countermeasures, a specific group responsible may be set up if necessary. ◆ Responsible for assisting the chairman or independent directors in stock affairs-related matters such as convening the meetings, contacting, sending, and writing various proposals (e.g. Board of Directors, Remuneration Committee, Audit Committee, shareholders' (or temporary) meeting). ◆ Responsible for assisting the Chairman and Directors in communication and coordination between various departments and performing assigned tasks. ◆ Oversee risk-related matters.
President's Office		<ul style="list-style-type: none"> ◆ Responsible for formulation, evaluation and implementation of various projects throughout the company. ◆ Responsible for the coordination and system planning of various departments. ◆ Compiling and assessing risk-related matters. ◆ Performing corporate governance related matters.
Head of Corporate Governance		<ul style="list-style-type: none"> ◆ Handle corporate governance related matters. ◆ Assess and implement risks-related corporate governance.
Electronics Business Group		<ul style="list-style-type: none"> ◆ Responsible for managing related affairs of the operations office in Taiwan, China, Hong Kong, and Singapore. ◆ Execute the unit's risk assessment and corresponding avoidance measures.
Taiwan Operations Office		<ul style="list-style-type: none"> ◆ Responsible for coordinating the electronic operations in Taiwan. ◆ Execute the unit's risk assessment and corresponding avoidance measures
Sub-department	Sales Department	<ul style="list-style-type: none"> ◆ Responsible for the procurement and planning of all electronic product lines. ◆ Responsible for the market research, research and analysis, product sales plan formulation and solving customer product design and process problems in electronic product ◆ Responsible for the operation and management of electronic commodity within the Conglomerate, such as in inventory, shipment, and so on. ◆ Responsible for the collection and progress tracking of accounts receivable. ◆ Execute the unit's risk assessment and corresponding avoidance measures.
China and Hong Kong Operations Office		<ul style="list-style-type: none"> ◆ Responsible for coordinating the electronic operations in China and Hong Kong. ◆ Execute the unit's risk assessment and corresponding avoidance measures.
Singapore Operations Office		<ul style="list-style-type: none"> ◆ Responsible for coordinating the electronic operations in Singapore and Southeast Asia. ◆ Execute the unit's risk assessment and corresponding avoidance measures.

General Management Office		<ul style="list-style-type: none"> ◆ Ordinate and control the human resources, legal affairs, administration, general affairs, marketing, procurement (except for electronic business-related products), planning, information, capital release and other matters within the Conglomerate. ◆ Execute the unit's risk assessment and corresponding avoidance measures.
Sub-department	Information Department	<ul style="list-style-type: none"> ◆ Responsible for the planning, construction and maintenance of the informationization, computerization, information integration, and information security management of the operating systems in the departments of the Conglomerate. ◆ Execute the unit's risk assessment and corresponding avoidance measures.
	Management Department	<ul style="list-style-type: none"> ◆ Responsible for the Conglomerate's general affairs and marketing related matters. ◆ Responsible for the procurement and management of the Conglomerate's fixed assets, internal and external items and equipment (except for electronic business-related commodities). ◆ Responsible for the release of funds within the Conglomerate. ◆ Responsible for environmental protection and occupational safety related matters. ◆ Execute the unit's risk assessment and corresponding avoidance measures.
	Human Resources Department	<ul style="list-style-type: none"> ◆ Responsible for the personnel recruitment and allocation, personnel training and development, human resource planning, remuneration management, performance management, labor relations management and administrative operation management within the Conglomerate. ◆ Responsible for the review of salaries and bonuses within the Conglomerate. ◆ Execute the unit's risk assessment and corresponding avoidance measures.
	Legal Affairs Department	<ul style="list-style-type: none"> ◆ Responsible for the formulation of measures related to corporate governance, interpretation of regulations, legal affairs, and litigation within the Conglomerate. ◆ Execute the unit's risk assessment and corresponding avoidance measures.
	Planning Department	<ul style="list-style-type: none"> ◆ Responsible for the collection, integration and market analysis of industrial information. ◆ Responsible for the planning, design, marketing and maintenance of the company's external websites. ◆ Responsible for the product functions, market positioning, business policies, strategy formulation, and cross-departmental communication and coordination. ◆ Responsible for the product policy, marketing plan, advertising planning, marketing channel integration, marketing strategy planning and promotion. ◆ Execute the unit's risk assessment and corresponding avoidance measures.
	◆ Finance Department	<ul style="list-style-type: none"> ◆ Responsible for the provision and analysis of financial management information within the Conglomerate. ◆ Responsible for financial scheduling, capital management and other business within the Conglomerate. ◆ Responsible for the Conglomerate's accounting processing, statement preparation and tax planning. ◆ Responsible for the compilation and management of the Conglomerate's budget. ◆ Responsible for the Group's shareholding operations, shareholders' meetings and board of directors' related matters. ◆ Execute the unit's risk assessment and corresponding avoidance measures.
Digital Technology		<ul style="list-style-type: none"> ◆ Responsible for the digitization of laboratory data and clinical data.

Division	<ul style="list-style-type: none"> ◆ Introduce AI technology and application solutions in the future. ◆ Execute the unit's risk assessment and corresponding avoidance measures.
Investor Relations Office	<ul style="list-style-type: none"> ◆ Construct the interactive relationship between the company and natural persons, legal persons, the media, and the authorities. ◆ Assist the company's financial, business and other departments in expanding the public relations. ◆ Plan and hold the investor conference, and assist in press conferences and other matters. ◆ Prepare operational and industry analysis and financial analysis reports in English and Chinese. ◆ Manage and update the website and maintain related information. ◆ Responsible for the company's public speaking. ◆ Execute the unit's risk assessment and corresponding avoidance measures.
Biomedical Business Group	<ul style="list-style-type: none"> ◆ Responsible for the management of related affairs of the Biomedical Business Division and the Medical Application Office. ◆ Execute the unit's risk assessment and corresponding avoidance measures.
Project Management Team	<ul style="list-style-type: none"> ◆ Project Management: For various projects such as government projects, internal projects, external cooperation projects, award applications, and so on. The R&D cycle shall be introduced in accordance with the company's relevant management regulation, and the progress of the project shall be controlled. ◆ Intellectual Property Management: Realize the outcome of R&D in different forms, such as patent application and maintenance, academic journals publication, trade secrets, copyrights, and management of other publications. ◆ Execute the unit's risk assessment and corresponding avoidance measures.
QA Department (Quality Assurance Department)	<ul style="list-style-type: none"> ◆ Quality Assurance: Implement quality system and validation operation management in accordance with pharmaceutical regulations, establish and implement auditing/checking operations and follow-up corrective and preventive measures in accordance with pharmaceutical regulations, training and management of quality system personnel in the plant, and development and maintenance of quality procedures and other quality system activities and standards, so that products and services can meet the quality requirements of the task. ◆ Quality Control: Manage the document control and filing management of the quality system in the factory. ◆ Execute the unit's risk assessment and corresponding avoidance measures.
Biomedical Division	<ul style="list-style-type: none"> ◆ Responsible for coordinating the product research and development and technological development related to the biomedical business. ◆ Responsible for coordinating the construction, maintenance and management of the cell process center. ◆ Responsible for coordinating the application and implementation of clinical trials and Regulations Governing Specific Medical Techniques. ◆ Responsible for coordinating cooperation matters between domestic hospitals. ◆ Responsible for coordinating the marketing and sales of the biomedical products. ◆ Responsible for coordinating the testing and management of the quality control related to biomedical. ◆ Responsible for coordinating the issuance, distribution, archiving and management of quality documents related to biomedical
Clinical	<ul style="list-style-type: none"> ◆ Responsible for data collection, analysis, and feasibility assessment of various projects including technology, products, changes, and collaboration between

	Development Department	<p>industry, government, academia, research, and medicine.</p> <ul style="list-style-type: none"> ◆ Execute the unit's risk assessment and corresponding avoidance measures.
	Process Development Department	<ul style="list-style-type: none"> ◆ Responsible for process development and standardization of new agents, including new technology development and process introduction, trial production, optimization of existing processes, reduction of raw material consumption, and cost analysis and evaluation of new processes. Our main focus is on non-layer technology. ◆ Execute the unit's risk assessment and corresponding avoidance measures.
	Process Optimization Department	<ul style="list-style-type: none"> ◆ Mainly responsible for the standardization and optimization of the existing manufacturing process. Our main focus is on laminating technology. ◆ Execute the unit's risk assessment and corresponding avoidance measures.
	Cell Production Center	<ul style="list-style-type: none"> ◆ Plant Operations Section: To manage the maintenance and validation of facilities and equipment in the plant. ◆ Manufacturing Section: Manage the production and manufacturing related operations in the plant. ◆ Production Control Section: Manage the management of production scheduling, including the preparation, maintenance, and follow-up of production schedules, order confirmation, smooth order fulfillment, business coordination and communication, and raw material storage and inventory management. ◆ Execute the unit's risk assessment and corresponding avoidance measures.
	Quality Control Department (Quality Control Department)	<ul style="list-style-type: none"> ◆ Quality Control Division: Manage the related inspection operations in the plant quality system, including incoming material quality control (IQC), in-process quality control (IPQC), end-product quality control (FQC) and other inspection project management, inspection platform maintenance and development, report issuance & management, quality control system maintenance, and traceability operations. ◆ Testing laboratory: Operate in accordance with ISO/IEC 17025:2017, including receiving and inspection, quality control item inspection, machine operation, result audit, and report production. ◆ Execute the unit's risk assessment and corresponding avoidance measures.
	Health Care Program	<ul style="list-style-type: none"> ◆ Responsible for analyzing, evaluating and executing specific projects in the Biomedical Department. For example: cell banking, tissue banking, etc. ◆ Execute the unit's risk assessment and corresponding avoidance measures.
	Biomedical Sales Office	<ul style="list-style-type: none"> ◆ Coordinate the marketing, promotion and sales of the products of the Biomedical Business Division. ◆ Execute the unit's risk assessment and corresponding avoidance measures.
department	Sub-Department Business Development Department	<ul style="list-style-type: none"> ◆ Responsible for marketing planning/strategy formulation, implementation of marketing activities, and support of business units. ◆ Execute the unit's risk assessment and corresponding avoidance measures.

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	Business Department	<ul style="list-style-type: none"> ◆ Business Promotion. ◆ Market Development. ◆ Plan and execute business plans and achieve performance goals. ◆ Execute the unit's risk assessment and corresponding avoidance measures.
	Medical Application Office	<ul style="list-style-type: none"> ◆ Responsible for coordinating the development assessment of the company's new medical business and the clinical development of new applications. ◆ Responsible for domestic and foreign business development as well as the planning and introduction of the company's cooperation model. ◆ Responsible for coordinating the cooperation and strategic development of domestic biotechnology-related government agencies and legal persons. ◆ Execute the unit's risk assessment and corresponding avoidance measures.
Sub-department	Clinical Trial Department	<ul style="list-style-type: none"> ◆ Responsible for collecting and evaluating the development of new products and new clinical applications of existing products. ◆ Responsible for collecting and discussing with specialists to evaluate the feasibility and introduction of products in clinical. ◆ Responsible for the follow-up tracking and management of new products and existing products after the real application in the hospitals.
	Medical Department	<ul style="list-style-type: none"> ◆ Assist in promoting related matters such as information collection and production of evaluation reports by the biotechnology team. ◆ Responsible for the on-marketing plan of regenerative medicine products. ◆ Responsible for the evaluation, introduction and follow-up promotion of foreign regenerative medicine products and medical technologies in oversea ◆ Responsible for collecting the latest technologies, patents, information of domestic and foreign regenerative medicine; and analyze and evaluate the related company data. ◆ Responsible for connecting the domestic government agencies and related legal persons to establish a strategic alliance for regenerative medicine through cooperation and to deepen the domestic regenerative medicine industry.

2. Information on the Directors, Supervisors, CEO (GM), Deputy chairmans, Senior Manager and the Manager of Each Department and Branch

1. Directors

(1) Information of Directors

As of the closing date of April 30, 2023; unit: share

Title	Nationality	Name	Sex / Age	Date on Board	Term	Date on Board for the First Time	Shareholdings on Board		Current Shareholdings		Shareholding of the Spouse, Underage Children for the Time Being		Shareholding Held in the Name of a Third Party		Academic Qualifications/Experience	Concurrent Positions in this Company and Other Companies	Other Managers, Directors or Supervisors that Have Spousal Relationship or are within the Second Degree of Kinship with the Concerned Director/Supervisor			Remark (Note 5)
							Number of Shares	Shareholding Rate	Number of Shares	Shareholding Rate	Number of Shares	Shareholding Rate	Number of Shares	Shareholding Rate			Title	Name	Relation	
Director	R.O.C	Bedbixiu Investment Co., Ltd.	—	2021.07.20	3 ys	2016.6.29	3,141,924	5.42 %	3,141,924	4.61 %	—	—	—	—	—	—	—	—	—	
Chairman	R.O.C	Representative of Bedbixiu Investment Co., Ltd.: Yang, Hung-jen	M / 55	2022.03.21	3 ys	R.O.C	—	—	—	—	—	—	—	—	Bachelor of Medical at Taiwan University Master of Public Health at Harvard University Master of Health Science at John. Hopkins College MBA of Peter F.Drucker Academy Visiting Scholar at Stanford University President of Min-Sheng General Hospital Director of	CEO, Minsheng Healthcare System Chairman of the Board of Directors of the United Medical Foundation China Ming Kei Hospital Holdings	Chairman	R.O.C	Representative of Bedbixiu Investment Co., Ltd.: Yang, Hung-jen (Note 6-1)	

Title	Nationality	Name	Sex / Age	Date on Board	Term	Date on Board for the First Time	Shareholdings on Board		Current Shareholdings		Shareholding of the Spouse, Underage Children for the Time Being		Shareholding Held in the Name of a Third Party		Academic Qualifications/Experience	Concurrent Positions in this Company and Other Companies	Other Managers, Directors or Supervisors that Have Spousal Relationship or are within the Second Degree of Kinship with the Concerned Director/Supervisor			Remarks (Note 5)
							Number of Shares	Shareholding Rate	Number of Shares	Shareholding Rate	Number of Shares	Shareholding Rate	Number of Shares	Shareholding Rate			Title	Name	Relation	
															Sharehope Medicine Co., Ltd. President of Smile Angel Hospital	Director Director, LOCUS CELL CO., LTD. Chairman of the Board of Directors of Fu Medical Health Management Consultants, Inc. Chairman, Han-Din Digital Technology Co. Chairman of the Board of Directors of Hong				

Title	Nationality	Name	Sex / Age	Date on Board	Term	Date on Board for the First Time	Shareholdings on Board		Current Shareholdings		Shareholding of the Spouse, Underage Children for the Time Being		Shareholding Held in the Name of a Third Party		Academic Qualifications/Experience	Concurrent Positions in this Company and Other Companies	Other Managers, Directors or Supervisors that Have Spousal Relationship or are within the Second Degree of Kinship with the Concerned Director/Supervisor			Remarks (Note 5)
							Number of Shares	Shareholding Rate	Number of Shares	Shareholding Rate	Number of Shares	Shareholding Rate	Number of Shares	Shareholding Rate			Title	Name	Relation	
																Han Health Corporation Chairman, WONDER GRACE MANAGEMENT CONSULTING CO., LTD Chairman, Sheng Yo Rehabilitative Technologies, Inc. Chairman of MRO PRO Co., Ltd. Supervisor of Shengqi Health Technology Company				

Title	Nationality	Name	Sex / Age	Date on Board	Term	Date on Board for the First Time	Shareholdings on Board		Current Shareholdings		Shareholding of the Spouse, Underage Children for the Time Being		Shareholding Held in the Name of a Third Party		Academic Qualifications/Experience	Concurrent Positions in this Company and Other Companies	Other Managers, Directors or Supervisors that Have Spousal Relationship or are within the Second Degree of Kinship with the Concerned Director/Supervisor			Remarks (Note 5)
							Number of Shares	Shareholding Rate	Number of Shares	Shareholding Rate	Number of Shares	Shareholding Rate	Number of Shares	Shareholding Rate			Title	Name	Relation	
																Director, HEMATECH BIOTHERAPEUTICS INC. Director of Centurion Technology (Stock) Inc. Director, Shengyun Pharmaceutical (Co., Ltd.) Leapfrog Health Corporation Chairman of the Board Chairman of the Board of Directors				

Title	Nationality	Name	Sex / Age	Date on Board	Term	Date on Board for the First Time	Shareholdings on Board		Current Shareholdings		Shareholding of the Spouse, Underage Children for the Time Being		Shareholding Held in the Name of a Third Party		Academic Qualifications/Experience	Concurrent Positions in this Company and Other Companies	Other Managers, Directors or Supervisors that Have Spousal Relationship or are within the Second Degree of Kinship with the Concerned Director/Supervisor			Remarks (Note 5)
							Number of Shares	Shareholding Rate	Number of Shares	Shareholding Rate	Number of Shares	Shareholding Rate	Number of Shares	Shareholding Rate			Title	Name	Relation	
																of Min Shing Health Technology (Co., Ltd.) Chairman of the Board of Directors of Digital Transformation Co. Director, Global Biotech Multimedia Corporation Yatta International Hospital Management Consultants, Inc.				

Title	Nationality	Name	Sex / Age	Date on Board	Term	Date on Board for the First Time	Shareholdings on Board		Current Shareholdings		Shareholding of the Spouse, Underage Children for the Time Being		Shareholding Held in the Name of a Third Party		Academic Qualifications/Experience	Concurrent Positions in this Company and Other Companies	Other Managers, Directors or Supervisors that Have Spousal Relationship or are within the Second Degree of Kinship with the Concerned Director/Supervisor			Remarks (Notes)
							Number of Shares	Shareholding Rate	Number of Shares	Shareholding Rate	Number of Shares	Shareholding Rate	Number of Shares	Shareholding Rate			Title	Name	Relation	
																Chairman, Sheng Hong Pharmaceutical Co. Director of Precision Health (stock) Inc. Director, Minsheng Asset Management Co. Director of FANGDING Information (Stock) Co. Chairman, Shengyun Electronics Co. China Developme				

Title	Nationality	Name	Sex / Age	Date on Board	Term	Date on Board for the First Time	Shareholdings on Board		Current Shareholdings		Shareholding of the Spouse, Underage Children for the Time Being		Shareholding Held in the Name of a Third Party		Academic Qualifications/Experience	Concurrent Positions in this Company and Other Companies	Other Managers, Directors or Supervisors that Have Spousal Relationship or are within the Second Degree of Kinship with the Concerned Director/Supervisor			Remark (Notes)
							Number of Shares	Shareholding Rate	Number of Shares	Shareholding Rate	Number of Shares	Shareholding Rate	Number of Shares	Shareholding Rate			Title	Name	Relation	
																nt Medical Venture Capital Corporation Supervisor Yuet-Tak Enterprise (Stock) Corporation Supervisor				
Vice Chairman	R.O.C	Representative of Bedbixiu Investment Co., Ltd.: Chen, Tsung-Chi	Male / 59	2021.07.20	3 yrs	2021.07.20	—	—	—	—	—	—	—	—	Department of Communication Management at Shih Shin University Chairman of Bedbixiu Investment Co., Ltd. Chairman of SunDance Entertainment International Chairman of	Chairman of Bedbixiu Investment Co., Ltd. Chairman of SunDance Entertainment International Chairman	—	—	—	

Title	Nationality	Name	Sex / Age	Date on Board	Term	Date on Board for the First Time	Shareholdings on Board		Current Shareholdings		Shareholding of the Spouse, Underage Children for the Time Being		Shareholding Held in the Name of a Third Party		Academic Qualifications/Experience	Concurrent Positions in this Company and Other Companies	Other Managers, Directors or Supervisors that Have Spousal Relationship or are within the Second Degree of Kinship with the Concerned Director/Supervisor			Remark (Note 5)
							Number of Shares	Shareholding Rate	Number of Shares	Shareholding Rate	Number of Shares	Shareholding Rate	Number of Shares	Shareholding Rate			Title	Name	Relation	
															Lightspeed Bear Image Co., Ltd. Director of Da Jyun Capital Investment Corporation	of Lightspeed Bear Image Co., Ltd. Representative of legal director, LOCUS CELL CO., LTD. Locus Cell Co., Ltd. Director of His Ssu Consulting Co., Ltd. Chairman of Da Jyun Capital Investment Corporation Chairman of Up Cell Biomedical				

Title	Nationality	Name	Sex / Age	Date on Board	Term	Date on Board for the First Time	Shareholdings on Board		Current Shareholdings		Shareholding of the Spouse, Underage Children for the Time Being		Shareholding Held in the Name of a Third Party		Academic Qualifications/Experience	Concurrent Positions in this Company and Other Companies	Other Managers, Directors or Supervisors that Have Spousal Relationship or are within the Second Degree of Kinship with the Concerned Director/Supervisor			Remark (Note 5)
							Number of Shares	Shareholding Rate	Number of Shares	Shareholding Rate	Number of Shares	Shareholding Rate	Number of Shares	Shareholding Rate			Title	Name	Relation	
																Inc.				
Directors	Republic of China	Bedbixiu Investment Co., Ltd. Representative: Yang, Ying-Zhen (Note 6-2)	Female / 49	2022.07.01	3 years	2022.07.01	-	-	-	-	-	-	-	-	Ph.D., Institute of Life Sciences, National Defense College, National Defense University Professor, Associate Professor, Assistant Professor, Department of Biotechnology and Animal Science, National Yilan University Adjunct Professor, Institute of Medical Science, Taipei Medical University	Professor, Department of Biotechnology and Animal Science, National Yilan University Consultant of MetaTech (AP) Inc	-	-	-	
Director	R.O.C	Da Jyun Capital Investment Corporation	-	2021.07.20	3 ys	2018.6.25	197,000	0.34 %	197,000	0.29 %	-	-	-	-	-	SunDance Entertainment International	-	-	-	
Director	Republic	Representative	Male	2022.07.19	3	2022.07.1	-	-	-	-	-	-	-	-	Department of Law,	Supervisor	-	-	-	

Title	Nationality	Name	Sex / Age	Date on Board	Term	Date on Board for the First Time	Shareholdings on Board		Current Shareholdings		Shareholding of the Spouse, Underage Children for the Time Being		Shareholding Held in the Name of a Third Party		Academic Qualifications/Experience	Concurrent Positions in this Company and Other Companies	Other Managers, Directors or Supervisors that Have Spousal Relationship or are within the Second Degree of Kinship with the Concerned Director/Supervisor			Remarks (Note 5)
							Number of Shares	Shareholding Rate	Number of Shares	Shareholding Rate	Number of Shares	Shareholding Rate	Number of Shares	Shareholding Rate			Title	Name	Relation	
rs	lic of China	e of Da Jyun Capital Investment Corporation: Weng, Weilun (Note 6-3)	le / 47		yrs	9									National Chengchi University, Law Division Graduated from the 43rd class of the Judicial Officer Training Institute of the Ministry of Justice Passed the Judicial Officer's Special Examination '90 Passed the 90 Lawyer Advanced Placement Exam Inspector, Taoyuan District Attorney's Office, Taiwan Prosecutor, Shihlin District Attorney's Office, Taiwan Attorney, ICAC, Ministry of Justice	of Shin Kong No. 1 Real Estate Investment Trust (TSE: 01003T) Supervisor, Global Biotech Multimedia Co. President of H&W LAW				

Title	Nationality	Name	Sex / Age	Date on Board	Term	Date on Board for the First Time	Shareholdings on Board		Current Shareholdings		Shareholding of the Spouse, Underage Children for the Time Being		Shareholding Held in the Name of a Third Party		Academic Qualifications/Experience	Concurrent Positions in this Company and Other Companies	Other Managers, Directors or Supervisors that Have Spousal Relationship or are within the Second Degree of Kinship with the Concerned Director/Supervisor			Remarks (Note 5)
							Number of Shares	Shareholding Rate	Number of Shares	Shareholding Rate	Number of Shares	Shareholding Rate	Number of Shares	Shareholding Rate			Title	Name	Relation	
Director	R.O.C	Jun Investment International Co., Ltd.	—	2021.07.20	3 ys	2018.6.25	5,450,000	9.39 %	3,601,516	5.28 %	—	—	—	—	—	Supervisor of MA SHEN KAI RUEI CO., LTD. Legal director and supervisor of EDORA PARK CO., LTD. Legal director and supervisor of Junbao Construction Co., Ltd. Legal director of Cleanaway Company Limited. Legal	—	—	—	

Title	Nationality	Name	Sex / Age	Date on Board	Term	Date on Board for the First Time	Shareholdings on Board		Current Shareholdings		Shareholding of the Spouse, Underage Children for the Time Being		Shareholding Held in the Name of a Third Party		Academic Qualifications/Experience	Concurrent Positions in this Company and Other Companies	Other Managers, Directors or Supervisors that Have Spousal Relationship or are within the Second Degree of Kinship with the Concerned Director/Supervisor			Remarks (Note 5)
							Number of Shares	Shareholding Rate	Number of Shares	Shareholding Rate	Number of Shares	Shareholding Rate	Number of Shares	Shareholding Rate			Title	Name	Relation	
																director of Locus Cell Co., Ltd. Legal director of Yongxin Multimedia Co., Ltd. Corporate Director, TOP TAIWAN XIII VENTURE CAPITAL CO., LTD. Corporate Director of TOP TAIWAN XIV VENTURE CAPITAL CO., LTD.				
R.O.C	Representativ	F	2021.07.20	3	2021.07.2	—	—	—	—	—	—	—	—	—	PhD, Department of	President	—	—	—	

Title	Nationality	Name	Sex / Age	Date on Board	Term	Date on Board for the First Time	Shareholdings on Board		Current Shareholdings		Shareholding of the Spouse, Underage Children for the Time Being		Shareholding Held in the Name of a Third Party		Academic Qualifications/Experience	Concurrent Positions in this Company and Other Companies	Other Managers, Directors or Supervisors that Have Spousal Relationship or are within the Second Degree of Kinship with the Concerned Director/Supervisor			Remarks (Note 5)
							Number of Shares	Shareholding Rate	Number of Shares	Shareholding Rate	Number of Shares	Shareholding Rate	Number of Shares	Shareholding Rate			Title	Name	Relation	
		Chairman of Jun Investment International Co., Ltd.: Lai, Kuanling (Note 6-5)	M / 55		Years	2010									Mechanical Engineering and Energy at Kun Shan University President and Director of Jun Investment International Co., Ltd. President and Director of Shin Yeong An Cable TV Co., Ltd. President and Director of Ma Zhen Kai Rui Co., Ltd. President and Director of Ta Yang Cable Television Co., Ltd.	and director of Jun Investment International Co., Ltd. Director of EDORA PARK CO., LTD. Director of Junbao Construction Co., Ltd. Supervisor of MA SHEN KAI RUEI CO., LTD. Director of He Cao Charity Foundation Director of Leaders				

Title	Nationality	Name	Sex / Age	Date on Board	Term	Date on Board for the First Time	Shareholdings on Board		Current Shareholdings		Shareholding of the Spouse, Underage Children for the Time Being		Shareholding Held in the Name of a Third Party		Academic Qualifications/Experience	Concurrent Positions in this Company and Other Companies	Other Managers, Directors or Supervisors that Have Spousal Relationship or are within the Second Degree of Kinship with the Concerned Director/Supervisor			Remark (Notes)
							Number of Shares	Shareholding Rate	Number of Shares	Shareholding Rate	Number of Shares	Shareholding Rate	Number of Shares	Shareholding Rate			Title	Name	Relation	
																Foundation CEO of TATUNG COMPANY Director, TATUNG CONSUMER PRODUCTS (TAIWAN) CO., LTD. Director of Tatung Forever Energy				
Director	R.O.C	National Development Fund, Executive Yuan	—	2021.07.20	3 ys	2018.6.25	2,777,000	4.79 %	3,159,928	4.64 %	—	—	—	—	—	Legal director of Genovate Biotechnology Co., Ltd. Legal	—	—	—	

Title	Nationality	Name	Sex / Age	Date on Board	Term	Date on Board for the First Time	Shareholdings on Board		Current Shareholdings		Shareholding of the Spouse, Underage Children for the Time Being		Shareholding Held in the Name of a Third Party		Academic Qualifications/Experience	Concurrent Positions in this Company and Other Companies	Other Managers, Directors or Supervisors that Have Spousal Relationship or are within the Second Degree of Kinship with the Concerned Director/Supervisor			Remarks (Note 5)
							Number of Shares	Shareholding Rate	Number of Shares	Shareholding Rate	Number of Shares	Shareholding Rate	Number of Shares	Shareholding Rate			Title	Name	Relation	
																director of Taiwan Biotech Co., Ltd Legal director of ScinoPharm Taiwan, Ltd. Legal director of Taiwan Flower Biotechnology Co., Ltd. Legal director of United Biomedical, Inc., (Asia) Legal director of ADIMMU				

Title	Nationality	Name	Sex / Age	Date on Board	Term	Date on Board for the First Time	Shareholdings on Board		Current Shareholdings		Shareholding of the Spouse, Underage Children for the Time Being		Shareholding Held in the Name of a Third Party		Academic Qualifications/Experience	Concurrent Positions in this Company and Other Companies	Other Managers, Directors or Supervisors that Have Spousal Relationship or are within the Second Degree of Kinship with the Concerned Director/Supervisor			Remarks (Note 5)
							Number of Shares	Shareholding Rate	Number of Shares	Shareholding Rate	Number of Shares	Shareholding Rate	Number of Shares	Shareholding Rate			Title	Name	Relation	
																NE Corporation Legal director of TaiGen Biopharmaceuticals Holdings Limited Legal director of PharmaEssentia Corp. Legal director of PharmaEngine Inc. Legal director of TaiAn Technologies Corporation				

Title	Nationality	Name	Sex / Age	Date on Board	Term	Date on Board for the First Time	Shareholdings on Board		Current Shareholdings		Shareholding of the Spouse, Underage Children for the Time Being		Shareholding Held in the Name of a Third Party		Academic Qualifications/Experience	Concurrent Positions in this Company and Other Companies	Other Managers, Directors or Supervisors that Have Spousal Relationship or are within the Second Degree of Kinship with the Concerned Director/Supervisor			Remarks (Note 5)
							Number of Shares	Shareholding Rate	Number of Shares	Shareholding Rate	Number of Shares	Shareholding Rate	Number of Shares	Shareholding Rate			Title	Name	Relation	
																Legal director of TaiMed Biologics Legal director of EirGenix Inc. Legal director of Apex Medical Corp. Legal director of INTECH BIOPHARM LTD. Legal director of Point Robotics Medtech Inc. Legal				

Title	Nationality	Name	Sex / Age	Date on Board	Term	Date on Board for the First Time	Shareholdings on Board		Current Shareholdings		Shareholding of the Spouse, Underage Children for the Time Being		Shareholding Held in the Name of a Third Party		Academic Qualifications/Experience	Concurrent Positions in this Company and Other Companies	Other Managers, Directors or Supervisors that Have Spousal Relationship or are within the Second Degree of Kinship with the Concerned Director/Supervisor			Remarks (Notes)
							Number of Shares	Shareholding Rate	Number of Shares	Shareholding Rate	Number of Shares	Shareholding Rate	Number of Shares	Shareholding Rate			Title	Name	Relation	
																director of Locus Cell Co., Ltd.				
	R.O.C	Representative of National Development Fund , Executive Yuan: Wu, Ming-hsien	M / 59	2021.07.20	3 ys	2021.07.20	—	—	—	—	—	—	—	—	PhD, Department of Clinic Medical at Medical College, Taiwan University Distinguished Professor, Internal Medicine of Medical College at Taiwan University Chairman and Deputy Secretary of Gastroenterological Society of Taiwan Secretary of Taiwan Society of Internal Medicine Director and Executive secretary of Taiwan Society of Medicine Taiwan University Hospital for Deputy	President of Taiwan University Hospital Director, PharmaEngine Inc.	—	—	—	

Title	Nationality	Name	Sex / Age	Date on Board	Term	Date on Board for the First Time	Shareholdings on Board		Current Shareholdings		Shareholding of the Spouse, Underage Children for the Time Being		Shareholding Held in the Name of a Third Party		Academic Qualifications/Experience	Concurrent Positions in this Company and Other Companies	Other Managers, Directors or Supervisors that Have Spousal Relationship or are within the Second Degree of Kinship with the Concerned Director/Supervisor			Remarks (Notes)
							Number of Shares	Shareholding Rate	Number of Shares	Shareholding Rate	Number of Shares	Shareholding Rate	Number of Shares	Shareholding Rate			Title	Name	Relation	
															chairman, Director of the Department of Internal Medicine, Director of Gastrointestinal Hepatobiliary Department, Director of the Health Management Center, Attending Physician of Internal Medicine, Chief Resident Doctor of Internal Medicine Medical College of Taiwan University for Deputy chairman and Director of the R&D Department, Director of the Department of Medicine, Director, associate					

Title	Nationality	Name	Sex / Age	Date on Board	Term	Date on Board for the First Time	Shareholdings on Board		Current Shareholdings		Shareholding of the Spouse, Underage Children for the Time Being		Shareholding Held in the Name of a Third Party		Academic Qualifications/Experience	Concurrent Positions in this Company and Other Companies	Other Managers, Directors or Supervisors that Have Spousal Relationship or are within the Second Degree of Kinship with the Concerned Director/Supervisor			Remarks (Note 5)
							Number of Shares	Shareholding Rate	Number of Shares	Shareholding Rate	Number of Shares	Shareholding Rate	Number of Shares	Shareholding Rate			Title	Name	Relation	
															professor, assistant professor of the Department of General Medicine					
Independent Director	R.O.C	Wang, Wenchu	M / 67	2021.07.20	3 yrs	2015.06.30	—	—	—	—	—	—	—	—	Bachelor, Department of Pharmacy, National Taiwan University President of Advanced International of Biomedical Inc. Sales and Marketing group in Purzer Pharmaceutical Co., Ltd. President of Fresenius Kabi Taiwan Consultant of Genuine Chemical Pharmaceutical Co., Ltd. President of	Supervisor of Healthy Aging Healthcare Co., Ltd. Chairman of Trinergy Limited Supervisor of SUNHON BioTechnology Co., Ltd	—	—	—	

Title	Nationality	Name	Sex / Age	Date on Board	Term	Date on Board for the First Time	Shareholdings on Board		Current Shareholdings		Shareholding of the Spouse, Underage Children for the Time Being		Shareholding Held in the Name of a Third Party		Academic Qualifications/Experience	Concurrent Positions in this Company and Other Companies	Other Managers, Directors or Supervisors that Have Spousal Relationship or are within the Second Degree of Kinship with the Concerned Director/Supervisor			Remarks (Note 5)
							Number of Shares	Shareholding Rate	Number of Shares	Shareholding Rate	Number of Shares	Shareholding Rate	Number of Shares	Shareholding Rate			Title	Name	Relation	
															Medicine department at Monsanto Far East Ltd., Taiwan Branch Group President of GlaxoSmithKline, Taiwan Sales and Marketing manager of Zuellig Pharma, Inc Product/Sales manager of Meizhansike Co., Ltd. Sales lead of Boehringer Ingelheim Co., Ltd. President of Bio-Juvenate Biotechnology Co., Ltd.					
Independent Director	R.O.C	Yang, Shih-chie	M / 69	2021.07.20	3 ys	2021.07.20	—	—	—	—	—	—	—	—	Bachelor, Department of Applied Economics, National Chung	Independent director of K Way Informatio	—	—	—	

Title	Nationality	Name	Sex / Age	Date on Board	Term	Date on Board for the First Time	Shareholdings on Board		Current Shareholdings		Shareholding of the Spouse, Underage Children for the Time Being		Shareholding Held in the Name of a Third Party		Academic Qualifications/Experience	Concurrent Positions in this Company and Other Companies	Other Managers, Directors or Supervisors that Have Spousal Relationship or are within the Second Degree of Kinship with the Concerned Director/Supervisor			Remarks (Notes)
							Number of Shares	Shareholding Rate	Number of Shares	Shareholding Rate	Number of Shares	Shareholding Rate	Number of Shares	Shareholding Rate			Title	Name	Relation	
Director															Hsing University Master, Department of Economics at Chinese Culture University Associate, Department of Secretary of Taiwan Stock Exchange Lecturer, School of Continuing Education, Fu Jen Catholic University Adjunct lecturer, Department of Economic, School of Continuing Education, Chinese Culture University Qualified lecturer, Fu Jen Catholic University	in Corporation				
Independent	R.O.C	Chiu, Chun-jung	M / 56	2021.07.20	3 yrs	2021.07.20	—	—	—	—	—	—	—	—	PhD, Department of Economic at	Professor, Department of	—	—	—	

Title	Nationality	Name	Sex / Age	Date on Board	Term	Date on Board for the First Time	Shareholdings on Board		Current Shareholdings		Shareholding of the Spouse, Underage Children for the Time Being		Shareholding Held in the Name of a Third Party		Academic Qualifications/Experience	Concurrent Positions in this Company and Other Companies	Other Managers, Directors or Supervisors that Have Spousal Relationship or are within the Second Degree of Kinship with the Concerned Director/Supervisor			Remark (Note 5)
							Number of Shares	Shareholding Rate	Number of Shares	Shareholding Rate	Number of Shares	Shareholding Rate	Number of Shares	Shareholding Rate			Title	Name	Relation	
Director															National Taiwan University Director of Department of Economic at National Central University Deputy chairman, College of Management at National Central University President, College of Finance at Takming University of Science and Technology President, Takming University Associate professor, Professor and Director, Department of Industrial Economics at	Economic at National Central University				

Title	Nationality	Name	Sex / Age	Date on Board	Term	Date on Board for the First Time	Shareholdings on Board		Current Shareholdings		Shareholding of the Spouse, Underage Children for the Time Being		Shareholding Held in the Name of a Third Party		Academic Qualifications/Experience	Concurrent Positions in this Company and Other Companies	Other Managers, Directors or Supervisors that Have Spousal Relationship or are within the Second Degree of Kinship with the Concerned Director/Supervisor			Remarks (Note 5)
							Number of Shares	Shareholding Rate	Number of Shares	Shareholding Rate	Number of Shares	Shareholding Rate	Number of Shares	Shareholding Rate			Title	Name	Relation	
															Tamkang University Deputy chairman, Taiwan Institute of Economic Research Chairman, Foundation for Future Generation, Taiwan Independent director, Taiwan Financial Holdings Vice Chairperson, National Development Council Committee of National Financial Stabilization Fund					

Note 1: Corporate shareholders should list the name of the corporate shareholder and the representative separately (for the representative of the corporate shareholder, the name of the corporate shareholder should be indicated), and should fill in Table 1 below.

Note 2: Please list your actual age and express it in a range, such as 41~50 years old or 51~60 years old.

Note 3: Enter the time when you first became a director or supervisor of the Company. If there is any interruption, please provide a note to explain.

Note 4: For experience related to the current position, if you have worked for a certified public accountant firm or a related company during the previous reporting period, you should specify the title and responsibilities of your position.

Note 5: If the chairman of the board of directors and the president or equivalent (top manager) of the company are the same person, spouses or relatives of one another, the reasons, reasonableness, necessity, and measures (such as increasing the number of independent directors and having more than half of the directors who are not also employees or managers, etc.) should be stated.

Note 6: (1) On March 21, 2022, the corporate director, Bader Bishoo Investment Co., Ltd. was reassigned as the representative of the corporate director from R.J. Chen to Hong-Jen Yang. Dr. Yang Hongren was elected as the chairman of the board on July 29, 2022.

(2) On July 01, 2022, the corporate director, Bader Bishoo Investment Limited, reassigned the corporate director representative from Tang Hongde to Ying Zhen Yang.

(3) On July 18, 2022, Chih-Huei Yang, the representative of Tat Chun Investment Co., Ltd. resigned as director and chairman of the board of directors, and on July 19, 2022, the corporate director was reassigned to Weng Wei-Lun as the representative of the corporate director.

(4) The director of Bader Bishoo Investment Co., Ltd. resigned as a director on 2022/07/19, and the seat will not be reassigned for the time being.

(5) On May 02, 2023, the corporate director, Chunghwa International Co., Ltd. was reassigned from Kuan-Ling Lai to Jun-Yi Wu.

(2) Main shareholder of legal shareholder:

Apr. 30 th , 2023	
Name of legal shareholder	Main shareholder of legal shareholder
Bedbixiu Investment Co., Ltd.	He, Jou-hsien (98.33%), Chen, Tsung-Chi (1.67%)
Jun Investment International Co., Ltd.	Wu, Chen-lung (44%), Wu, Chun-yi (28%), Wu, Yi-chi (28%)
National Development Fund, Executive Yuan	—
Da Jyun Capital Investment Corporation	Chen, Chiao-fei (96.67%), Chen, Tsung-Chi (3.33%)

Main shareholder is other legal shareholder: No

2.Information of Director and Supervisor

(2) Information of Director and Supervisor

1.The disclosure of the professional qualification and criteria of independence for the directors and supervisors

May 31, 2023

Name Condition	Professionals and Experience (Note 1)	Criteria of independence (Note 2)	Concurrent Positions in Other Companies
Representative of Bedbixiu Investment Co., Ltd.: Yang, Hung-jen	Bachelor of Medicine, National Taiwan University Master of Public Health, Harvard University Master of Health Sciences, Johns Hopkins MBA of Peter F.Drucker Academy Visiting Scholar at Stanford University Superintendent of Min-Sheng General Hospital Superintendent of Smile Angel Hospital Without any event mentioned in Article 30 of the Company Act	—	No
Representative of Bedbixiu Investment Co., Ltd.: Chen, Tsung-Chi	Department of Communication and Management, Shih Hsin University Chairman of Bedbixiu Investment Co., Ltd. Chairman of SunDance Entertainment International Representative of legal director, LOCUS CELL CO., LTD. Director of Xisi Consulting Co. Chairman of Da Jyun Capital Investment Corporation Chairman of Up Cell Biomedical Inc. Without any event mentioned in Article 30 of the Company Act	—	No

<p>Bedbixiu Investment Co., Ltd. Representative: Yang, Ying-zhen</p>	<p>Ph.D., Institute of Life Sciences, National Defense College, National Defense University Professor, Associate Professor, Assistant Professor, Department of Biotechnology and Animal Science, National Yilan University Adjunct Professor, Institute of Medical Science, Taipei Medical University</p>	<p>—</p>	<p>No</p>
<p>Da Jyun Capital Investment Corporation Representative: Weng, Wei-lung</p>	<p>Department of Law, National Chengchi University, Law Division Graduated from the 43rd class of the Judicial Officer Training Institute of the Ministry of Justice Attorney, ICAC, Ministry of Justice Supervisor, Global Biotech Multimedia Co. President of H&W LAW Without any event mentioned in Article 30 of the Company Act</p>	<p>—</p>	<p>No</p>
<p>JUN INVESTMENT INTERNATIONAL CO., LTD. Representative: Wu, Jung-yi</p>	<p>York University Chairman of JUN INVESTMENT INTERNATIONAL CO., LTD. Chairman of Edora Park Supervisor of Junbao Construction Co. Director of Midea Intelligence Co. Director of JUNGROUP FASHION BOUTIQUE CO., LTD. Without any event mentioned in Article 30 of the Company Act</p>	<p>—</p>	<p>No</p>

<p>Representative of National Development Fund, Executive Yuan: Wu, Ming-hsien</p>	<p>PhD, Department of Clinic Medical at Medical College, Taiwan University Distinguished Professor, Internal Medicine of Medical College at Taiwan University Chairman and vice Secretary-general, the Gastroenterological Society of Taiwan Superintendent, Taiwan University Hospital Without any event mentioned in Article 30 of the Company Act</p>	<p>—</p>	<p>No</p>
<p>Independent director Wang, Wen-chu</p>	<p>Bachelor, Department of Pharmacy at National Taiwan University President, Advanced International Biomedical Inc. Director of sales and marketing, Purzer Pharmaceutical Co., Ltd. Without any event mentioned in Article 30 of the Company Act</p>	<p>The spouse or relatives within the second degree of relative does not work as directors, supervisors or employees of the Company or affiliated companies. The Independent Director does not hold any shares with 0% of the Company's shares, neither does not work as a director, supervisor or employee of the specific affiliated with the Company. In the last 2 years, the Company or the affiliated companies have not provided the Independent Director with the remuneration for business, legal, financial, accounting and other services.</p>	<p>No</p>
<p>Independent director Yang, Shih-chie</p>	<p>Bachelor, Department of Applied Economics, National Chung Hsing University Associate Secretary, Taiwan Stock Exchange Without any event mentioned in Article 30 of the Company Act</p>	<p>The spouse or relatives within the second degree of relative does not work as directors, supervisors or employees of the Company or affiliated companies. The Independent Director does not hold any shares with 0% of the Company's shares, neither does not work as a director, supervisor or employee of the specific affiliated with the Company. In the last 2 years, the Company or the affiliated companies have not provided the Independent Director with the remuneration for business, legal, financial, accounting and other services.</p>	<p>Independent director, K Way Information Corporation</p>

Independent director Chiu, Chun-jung	PhD, Department of Economic at National Taiwan University President, Department of Economic at National Central University Professor, Department of Economic at National Central University Without any event mentioned in Article 30 of the Company Act	The spouse or relatives within the second degree of relative does not work as directors, supervisors or employees of the Company or affiliated companies. The Independent Director does not hold any shares with 0% of the Company's shares, neither does not work as a director, supervisor or employee of the specific affiliated with the Company. In the last 2 years, the Company or the affiliated companies have not provided the Independent Director with the remuneration for business, legal, financial, accounting and other services.	No
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2. Diversity and Independence of the Board of Directors

(1) Diversity Policy of the Board of Directors

The Company strengthens the functional norms of the Board of Directors in accordance with Article 23 of Chapter III of the “Corporate Governance Best Practice Principles” formulated by the Company. The composition of the Board of Directors shall be diversified. Except that the ration of directors, who are concurrent managers of the Company, shall not exceed one-third of all directors, the Company shall formulate the appropriate diversification policies regarding its own operations, operating style and development requirements, which shall include but not limited to the following the standards from two main directions:

1. Basic conditions and values: gender, age, nationality, culture, and so on.
2. Professional knowledge and skills: professional background (such as law, accounting, industry, finance, marketing or technology), professional skills and industry experience, and so on.

The current Board of Directors of the Company consists of 9 directors, including 3 independent directors and 6 legal representative directors.

The members have financial, business, legal, management, industrial knowledge and other fields, with rich production, academic and

experience.

(2) Specific Management Objectives

In accordance with the Paragraph 4, Article 23 of Chapter 3 in “Corporate Governance Best-Practice Principles” formulated by the Company, the members of the Board of Directors shall generally possess the required knowledge, skills and background. In order to achieve the goal of corporate governance, the overall capabilities of the Board of Directors are as follows:

1. Operation Judgement
2. Accounting and Financial Analysis
3. Operation and Management
4. Crisis Management
5. Industrial Knowledge
6. International Market Insight
7. Leadership
8. Decision-making

Among the 9 members of the 9th board of directors of the Company (there is still one director of Bedbixiu Investment Co., Ltd.), 60% of them have the ability of financial analysis in addition to the ability of leadership, decision making, operational judgment, crisis management and international market view. 60% of those with management ability; 60% of those who contribute to industry knowledge; Among them, Director Wu Ming-Hsien, President of National Taiwan University Hospital, Chairman Yang Hong-Jen (currently CEO of Min Sheng Medical System and Chairman of the Board of Directors of the Company), and Director Yang Ying-Jen, currently Professor of the

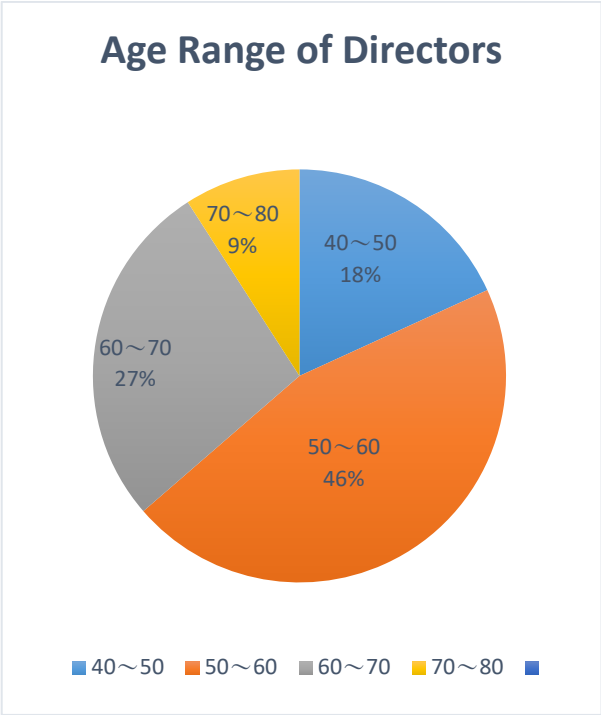
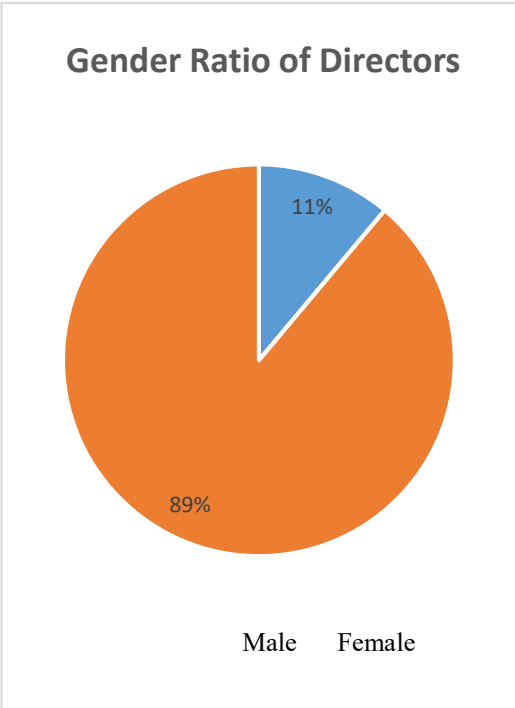
Department of Biotechnology and Animal Science at National Yilan University, have not only provided a lot of guidance to the Company's administration and industry knowledge, but also contributed a lot to the promotion of new products and marketing strategies. The Company added new member to the Board on 2022/7/19, with Mr. Weng, Wei-lung, President of H&W LAW, as a director, who will provide professional advice to the Company's legal affairs in a timely manner. We also aim to increase the number of female directors.

(3) Achievement Status

The Board of Directors of the Company shall guide the Company's strategy, supervise the management level, and be responsible to the company and shareholders. The operations and arrangements of its corporate governance shall ensure that the Board of Directors exercises its powers in accordance with regulations, the corporate by-laws, or resolutions of the shareholders' meeting. The directors of the Company have the relevant capability of knowledge, skills, literacy, industrial decision-making and management. The Company also keeps arranging various continued education for board members to improve their decision-making quality and fulfill their supervisory responsibilities, thereby even improving the Board of Directors. In addition, the Company paid attention to gender equality in the composition of the Board of Directors, in which there is at least one female director (one more new director was added to the current Board, and hence, we have totally 2 female board members).

(4) The Implementation Status of Diversification of Board of Directors as following:

As of May 31, 2023



Core Diversification Standard Name of Director	Composition						Operation Judgement	Accounting and Financial Analysis	Operation and Management	Crisis Management	Industrial Knowledge	International Insight Market	Leadership	Decision-making
	Term of office of independent director			Gender	Adjunt employee of Company	Age range (year)								
	below 3 years	3 to 9 years	Above 9 years											
Yang, Hung-ren				Male	No	50~60	V	V	V	V	V	V	V	V
Chen, Tsung-Chi				Male	No	50~60	V		V	V	V	V	V	V
Yang, Ying-zhen				Female	No	40~50	V			V	V	V	V	V
Wu, Ming-xian				Male	No	50~60	V	V	V	V	V	V	V	V
Wu, Jung-Yi				Male	No	40~50	V	V	V	V		V	V	V
Wong, Wei-lung				Male	No	40~50	V		V	V	V	V	V	V
Wang, Wen-chu		v		Male	No	60~70	V	V	V	V	V	V	V	V
Yang, Shi-jie	v			Male	No	60~70	V	V		V		V	V	V
Chu, Jun-rong	v			Male	No	50~60	V	V		V		V	V	V

Note: 1. The proportion of directors of the Company concurrently with employee status: 0 (0%)

2. Proportion of independent directors: 3/9 (33%)

3. Proportion of female directors: 1/9 (11%)

4. Proportion of independent directors who have served for more than 9 years: 0

(2) Independence of the Board of Directors: specify the number and proportion of the independent directors, explain the independence of the Board of Directors, and provide the reasons whether the director has circumstances stipulated in paragraph 3 and 4 in Article 26-3 of the Securities Exchange Act, including stating the status that the relationship of spouses and second degree of relatives existing between

directors, supervisors, or directors and supervisors. The three independent directors of the Company are Wang, Wen-chu, Yang, Shih-chie, and Chiu, Chun-jung, accounting for 3/9 (33%). None of them have the circumstances stipulated in paragraph 3 and 4 of Article 26-3 of the Securities Exchange Act.

Note 1: Professional qualifications and experience: Specify the professional qualifications and experience of individual directors and supervisors. If acting as members of the Audit committee with the professional in accounting or finance, the director or supervisor shall specify their accounting or financial background and work experience, and also indicate whether not having the event regarding Article 30 of the Company Act.

Note 2: The independent director shall explain the criteria of independency, which includes but not limit to: Have not served as a director, supervisor or employee of the Company and its affiliated companies; the number and proportion of shares held by relatives within the Company (or in the name of others) such as oneself, spouse, second degree of relatives or others are 0; have not served as a director, supervisor or employee of a company with a specific relationship with the Company(Refer to the Paragraph 5~8 of Article 3-1 in Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies); No obtain any remuneration for providing the Company or its affiliated companies in the business, legal, financial, accounting and other services in the last 2 years.

Note 3: For disclosure methods, please refer to the best practice reference on the website of the Corporate Governance Center of the Taiwan Stock Exchange

2. Names, Shareholdings and Academic Qualifications/Experience of CEO (GM), Deputy chairmans, Senior Manager and the Manager of Each Department and Branch

As of the closing date of Apr. 30, 2023; unit: share

Title	Nationality	Name	Gender	Date on Board	Shareholding		Shareholding of the Spouse and Underage Children		Shareholding Held in the Name of a Third Party		Academic Qualifications/Experience	Concurrent Positions in Other Companies	Other Managers that Have Spousal Relationship or are within the Second Degree of Kinship with the Concerned Person		
					Shareholding Rate	Number of Shares	Shareholding Number of Shares	Shareholding Number of Shares	Title	Number of Shares			Relation	Name	Title
President	R.O. C	Tang, Hung-te	M	2016.12.21	—	—	—	—	—	—	Bachelor of Business Administration at Fu Jen Catholic University Director, Cheer Digiart Inc Representative of legal director, A Shine Biotech Corp Director, Da Jyun Capital Investment Corporation	Director, Da Jyun Capital Investment Corporation	—	—	—
Associate Director of Audit Office	R.O. C	Ni, Yung-fa	M	2019.08.13	—	—	—	—	—	—	Bachelor of Business Administration at Fu Jen Catholic University Financial manager, Global Biopharma, Inc. Associate of general management department, Dong Guan Lin Shiung Enterprise Co., Ltd. Host audit of Chun Yuan Steel Industry Co., Ltd.	—	—	—	

Title	Nationality	Name	Gender	Date on Board	Shareholding		Shareholding of the Spouse and Underage Children		Shareholding Held in the Name of a Third Party		Academic Qualifications/Experience	Concurrent Positions in Other Companies	Other Managers that Have Spousal Relationship or are within the Second Degree of Kinship with the Concerned Person		
					Shareholding Rate	Shareholding Number of Shares	Shareholding Number of Shares	Shareholding %	Title	Number of Shares			Relation	Name	Title
Associate Director, Department of Biomedical Affairs	R.O.C	Liu Wenting	F	2022.08.11	—	—	2,000	0.003%	—	—	Bachelor of Pharmacy, Kaohsiung Medical College Johnson & Johnson Co., Ltd. / Quality Assurance Auditor QA Auditor Taiwan Bellinger Ingelheim Co., Ltd./Clinical Trial Quality Management Manager Foundation Legal Person Pharmaceutical Inspection Center/Project Management Team-GCP Inspection Team Team Leader	—	—	—	
Investor Relations Office Associate Director	R.O.C	Lin, Wen-chieh (Note 4)	M	2017.11.10	22,000	0.03%	—	—	—	—	Master of Law, Chinese Culture University Reporter, Taiwan Shin Sheng Daily News Convener of Financial Group, TVBS Special assistant, United Epitaxy Company Ltd. Associate manager of Ta Chong Securities Co., Ltd.	—	—	—	
Associate Director of Finance	R.O.C	Chan, Chih-tsung	M	2017.11.10	—	—	—	—	—	—	Master of Accounting, National Dong Hwa University Vice manager, Deloitte & Touche	Director, Chien Hwa	—	—	

Title	Nationality	Name	Gender	Date on Board	Shareholding		Shareholding of the Spouse and Underage Children		Shareholding Held in the Name of a Third Party		Academic Qualifications/Experience	Concurrent Positions in Other Companies	Other Managers that Have Spousal Relationship or are within the Second Degree of Kinship with the Concerned Person		
					Share-holding Rate	Number of Shares	Share-holding Number of Shares	Share-holding Number of Shares	Title	Number of Shares			Relation	Name	Title
Department												Travel Service Co., Ltd.			
Associate Director, Taiwan Operations Office	R.O.C	Wang, Shih-chun	M	2018.10.31	-	-	3,000	0.004%	-	-	Department of International Business, Taipei City University of Science and Technology Head of Sales team, Fuchance Enterprise Co., Ltd.	-	-	-	-
Digital Technology Division Supervisor	R.O.C	Guo Hanzhe	M	2022.08.11	-	-	-	-	-	-	Master of Business Administration, Soochow University Director of Business & Commercial Development, Chaintech Co. Consultant Director of Vietnam Union Technology Joint Stock Company President of Taiwan Olsan International Co. Industry Co-teaching Lecturer, National Taiwan University of Science and Technology	-	-	-	-

Title	Nationality	Name	Gender	Date on Board	Shareholding		Shareholding of the Spouse and Underage Children		Shareholding Held in the Name of a Third Party		Academic Qualifications/Experience	Concurrent Positions in Other Companies	Other Managers that Have Spousal Relationship or are within the Second Degree of Kinship with the Concerned Person		
					Shareholding Rate	Shareholding Number of Shares	Shareholding Number of Shares	Shareholding Number of Shares	Title	Number of Shares			Relation	Name	Title
General Management Office Assistant	R.O.C	Wen Yi	F	2022.12.23	-	-	-	-	-	-	Master of Business Administration, National Taiwan University B.A., Fu Jen Catholic University, Department of Finance and Law Special Assistant to the Legal and Chairman of Dachun Investment Co. Manager of Legal & Administration Department, An Xing Biotechnology Co.	-	-	-	

Note 1: The information of general manager, vice president, assistant manager, department and branch heads should be included, and any position equivalent to general manager, vice president or assistant manager, regardless of title, should also be disclosed.

Note 2: For experience related to the current position, if you have worked for a certified public accountant firm or a related company during the previous reporting period, you should specify the title and responsibilities of your position.

Note 3: If the general manager or equivalent (top manager) and the chairman of the board of directors are the same person, spouses or relatives of one another, the reasons, reasonableness, necessity and measures (such as increasing the number of independent directors and having a majority of directors who are not also employees or managers, etc.) should be disclosed.

Note 4: Mr. Lin Wenjie, Associate of Investor Relations Department, left the Company on January 7, 2022, and the Company announced on November 22, 2021 that the spokesperson position was changed from Mr. Lin Wenjie to Mr. Tang Hongde, President of the Company, in line with the organizational restructuring.

Note 5: Each employee has the right to subscribe 1,000 shares of the Company's common stock.

3. Remuneration Paid to Directors, Supervisors, CEO (GM) and Deputy chairmans (Disclose the name and Remuneration of individual)

(1) Remuneration of directors

December, 31st, 2022; Unit: NT\$ Thousand

Title	Name	Remuneration for Directors						Ratio of the Aggregate Amount of A, B, C and D to the Net Income After Tax (%) (Note 10)		Remuneration Received by Concurrent Employees						Ratio of the Aggregate Amount of A, B, C, D, E, F and G to the Net Income After Tax (Note 10)		Whether Receiving Remuneration from any Companies Invested by the Company Other Than the Subsidiaries of the Company or Not (Note 11)			
		Wages (A) (Note 2)	Pension (B)	Bonus and Special Disbursement, etc.(C) (Note 3)		Employee Remuneration (D) (Note 4)				Wages, Bonus and Special Disbursement, etc. (E) (Note 5)		Pension (F)	Employee Remuneration (G) (Note 6)								
				All companies listed in the Financial Reports (note 7)	This company	All companies listed in the Financial Reports (note 7)	This company	All companies listed in the Financial Reports (note 7)	This company	All companies listed in the Financial Reports (note 7)	This company		All companies listed in the Financial Reports (note 7)	This company	Cash Bonus	Share Bonus	Cash Bonus		Share Bonus		
Chairman	Bedbixiu Investment Co., Ltd. Yang, Hung-jen (Note (1))	-	810									-						-		-	50
Chairman	Representative of Da Jyun Capital Investment Corporation: Yang, Chih Huei (Note (3))	-	2,123	-	-	-	30	60	(0.25%)	18.55%)	1,957	1,957	-	-	-	-	-	-	(6.89%)	(35.18%)	2,153

Deputy chairman	Representative of Bedbixiu Investment Co., Ltd.: Chen, Tsung-Chi		390					80	130	(0.68%)	4.42%	704	704	26	26					6.88%	(10.62%)	440
Director	Representative of Bedbixiu Investment Co., Ltd.: Tang, Hung-Tw (Note (2))	-	-	-	-	-	-	30	30	(0.25%)	(0.25%)	1,713	1,713	54	54	-	-	-	-	(15.27%)	(15.27%)	None
Director	Representative of Bedbixiu Investment Co., Ltd.: Wang, Hui-Chun (Note (4))	-	-	-	-	-	-	20	20	(0.17%)	(0.17%)	342	342	20	20	-	-	-	-	(3.25%)	(3.25%)	None
Director	Representative of Bedbixiu Investment Co., Ltd.: Chen, Jui-Chieh (Note (1))	-	-	-	-	-	-															None
Director	Representative of Jun Investment International Co., Ltd.: Lai, Kuan-ling (Note(5))	-	-	-	-	-	-	70	70	(0.59%)	(0.59%)	5		-	-	-	-	-	-	(0.59%)	0.59%	None

Director	Representative of National Development Fund, Executive Yuan: Wu, Ming-hsien	-	-	-	-	-	-	40	40	(0.34%)	(0.34%)	-	-	-	-	-	-	-	-	(0.34%)	(0.34%)	None
Director	Bedbixiu Investment Co., Ltd.: Yang, Ying-zhen (Note (2))	-	-	-	-	-	-	50	50	(0.42%)	(0.42%)	180	180	-	-	-	-	-	-	(1.95%)	(1.95%)	None
Director	Da Jyun Investment Corporation: Wong, Weilung, (Note(3))	-	-	-	-	-	-	50	50	(0.42%)	(0.42%)	-	-	-	-	-	-	-	-	(0.42%)	(0.42%)	None

1. Please describe the policy, system, standards and structure in place for paying remuneration to independent directors and describe the relationship of factors such as the duties and risks undertaken and time invested by the directors to the amount of remuneration paid.:

The remuneration for Independent Directors in the Company is determined based on the resolution of the 22nd meeting of the 7th Board of Directors. The fixed part-time remuneration is paid to each independent director according to their respective roles.

The remuneration for Directors in the Company can be divided into two categories: Director's remuneration and business execution expenses. The remuneration for Directors and supervisors is determined according to Article 18 of the Company's Article of Incorporation. If the Company has an annual surplus in its final account, it should first allocate funds for tax payments and offset previous losses. Next, it should allocate ten percent of the remaining amount as the statutory surplus reserve. The remaining balance, along with undistributed profits from previous years, will be proposed by the Board of Directors for resolution at the shareholders' meeting regarding whether to retain or distribute it. Furthermore, at least thirty percent of the dividend distribution to shareholders will be allocated as cash dividends, while the remaining portion may be distributed in the form of stock dividends, subject to approval at the shareholders' meeting. It is important to note that the determination of remuneration is based on a fixed level and is not dependent on the current year's profit level or future risks. Therefore, it does not have a direct impact on the company's operational performance. Currently, the remuneration for Directors has not been determined in the Company. Each Director is only receiving attendance fees for Board meetings.

2. In addition to what is disclosed in the above table, please specify the amount of remuneration received by directors in the most recent fiscal year for providing services, e.g., for serving as a non-employee consultant to the parent company /any consolidated entities / invested enterprises):

Yang, Hong-Jen serves as a consultant and appointed director at Locus-cell by MetaTech, receiving a total salary of NT\$870 thousand. Yang, Chih Huei serves as the CEO and appointed director at Locus-cell by MetaTech, receiving a total salary of NT\$2,153 thousand. Chen, Tsung-Chi serves as a consultant and appointed director at Locus-cell by MetaTech, receiving a total salary of NT\$440 thousand. Wang, Hui-Chun serves as the Chief Biotechnology Analyst in the Company, receiving a total salary of NT\$362 thousand. Wang, Hui-Chun serves as a consultant in the Company, receiving a total salary of NT\$180 thousand. The remaining directors only receive attendance fees for board meetings.

The Remuneration of Independent director

Title	Name	Remuneration for Directors								Ratio of the Aggregate Amount of A, B, C and D to the Net Income After Tax (%) (Note 10)		Remuneration Received by Concurrent Employees						Ratio of the Aggregate Amount of A, B, C, D, E, F and G to the Net Income After Tax (Note 10)		Whether Receiving Remuneration from any Companies Invested by the Company Other Than the Subsidiaries of the Company or Not (Note 11)
		Wages (A) (Note 2)		Pension (B)		Bonus and Special Disbursement, etc.(C) (Note 3)		Employee Remuneration (D) (Note 4)		Wages, Bonus and Special Disbursement, etc. (E) (Note 5)		Pension (F)		Employee Remuneration (G) (Note 6)						
		This company	All companies listed in the Financial Reports (note 7)	This company	All companies listed in the Financial Reports(note 7)	This company	All companies listed in the Financial Reports(note 7)	This company	All companies listed in the Financial Reports(note 7)	This company	All companies listed in the Financial Reports(note 7)	This company	All companies listed in the Financial Reports(note 7)	This company	All companies listed in the Financial Reports(note 7)	Cash Bonus	Share Bonus	Cash Bonus	Share Bonus	
Independent director	Wang, Wen-chu																			600
Independent director	Yang, Shih-chie	600	600					80	80	(5.78%)	(5.78%)							(5.78%)	(5.78%)	None
Independent director	Chiu, Chun-jung	600	600	-	-	-	-	80	80	(5.78%)	(5.78%)							(5.78%)	(5.78%)	None

1. Please specify the policy, system, standard and structure of remuneration for independent directors, and specify the correlation with the amount of remuneration paid according to the responsibilities, risks, investment time and other factors.:

The remuneration of independent directors of the Company was handled in accordance with the resolution of the 22nd meeting of the 7th sessions Board of Directors of the Company, and a fixed remuneration amount of part-time was paid according to the independent director's status.

2. Except as disclosed in the table above, the remuneration received by the directors of the Company for services provided in the most recent year (such as serving as consultants for non-employees of the parent company/all companies/re-investment undertakings in the financial report, etc.): None

Note 1: The names of directors shall be listed separately (legal shareholders shall list the names of legal shareholders and the representatives separately), and directors and independent directors shall be listed separately, and the payment amounts shall be disclosed in a summary. If a director is

- concurrently the president or deputy president, then it is required to fill in the Form and the form below (1-1), or the form below (1-2-1) and (1-2-2).
- Note 2: Refers to the remuneration of directors in the most recent year (including the directors' salaries, job bonuses, severance pay, various bonuses, incentives, and so on).
- Note 3: The amount of directors' remuneration was approved by the Board of Directors in the most recent year.
- Note 4: It refers to the relevant business execution expenses of directors in the most recent year (including transportation fees, special expenses, various allowances, dormitories, car, etc. provided in utilities.). If housing, automobiles and other means of transportation or exclusive personal expenses are provided, the nature and cost of the assets provided, the actual or fair market rent, fuel and other payments shall be disclosed. In addition, if there is a driver, please note the relevant salary of the driver paid by the company, but it is not included in the remuneration.
- Note 5: It refers to the relevant business execution expenses of directors concurrent to the employee (including concurrent president, deputy chairman, other managers and employee) in the most recent year (including transportation fees, special expenses, various allowances, dormitories, car, etc. provided in utilities.). If housing, automobiles and other means of transportation or exclusive personal expenses are provided, the nature and cost of the assets provided, the actual or fair market rent, fuel and other payments shall be disclosed. In addition, if there is a driver, please note the relevant salary of the driver paid by the company, but it is not included in the remuneration. In addition, the salary expenses recognized in accordance with IFRS 2 "Share-based payment" shall also be included in the remuneration, including obtaining employee stock warrants, restricting the employee rights to new shares, and participating in cash capital increases to buy for shares, and so on.
- Note 6: It refers to the directors who concurrently with the employee (including concurrent president, VP, other managers and employees) have received employee remuneration (including stocks and cash) in the most recent year, then the amount of employee remuneration approved by the Board of Directors in the most recent year shall be disclosed. If it is impossible to estimate, the proposed distribution amount for this year shall be calculated in proportion to the actual distribution amount last year, and a separate Schedule 1-3 should be filled in.
- Note 7: Shall disclose the total amount of remuneration paid by all companies (including the Company) to the directors of the Company in the consolidated report
- Note 8: Shall disclose the total amount of remuneration paid by the Company to each director in the directors versus the corresponding level.
- Note 9: Shall disclose the total amount of remuneration paid by all companies (including the company) to each director of the Company and the names of directors versus the corresponding level in the consolidated report.
- Note 10: Net profit after tax refers to the net profit after tax reported by the parent company only financial statement or the individual financial statements in the most recent year.
- Note 11: a. The Column shall clearly indicate the amount of remuneration received by the directors of the company from non-subsiary investment undertakings or related remuneration of the parent company (if no, please fill in "none").
- b. If the directors of the company receive remuneration related to the re-investment business or the parent company other than the subsidiary, the remuneration received by the directors of the company for the re-investment business or the parent company other than the subsidiary shall be incorporated into Column I of the remuneration scale, and the name of the column shall be changed to "Parent company and all re-investment undertakings".
- c. Remuneration refers to the payment, remuneration (including remuneration of employees, directors and supervisors) and business execution expenses and other related remuneration received by the directors of the Company as directors, supervisors or managers of the non-subsiary re-investment business or the parent company.

*The content of remuneration disclosed in the Table is different from the concept of income in the Income Tax Act. Therefore, the Table is for information disclosure purposes and not for taxation purposes.

Note:

- (1) The Corporate Director Beidexui Investment Co., Ltd. re-appointed the Representative to the Corporate Director from Chen, Rui Chieh to Yang, Hong Ren on 2022.03.21. The Director, Yang, Hong Ren was elected as the Chairman on 2022.07.29
- (2) The Corporate Director Beidexui Investment Co., Ltd. re-appointed the Representative to the Corporate Director from Tang, Hong Te to Yang, Ying Chen on 2022.07.01.
- (3) The Representative to the Corporate Director Dajun Investment Co., Ltd. resigned her places as the Director and Chairman on 2022.07.18 and Corporate Director re-appointed the Representative to be Ong, Wei Ren on 2022.07.19.
- (4) The Director of Corporate Director Beidexui Investment Co., Ltd., Wang, Hwei-Chun, resigned her place as the Director on 2022.07.19 and the seat was determined not to re-appointed temporarily.

(2) Remuneration of CEO and VP (disclose names and remuneration of individual)

December, 31st, 2022; Unit: TWD thousand dollars

Title	Name	Wages (A) (note 2)		Pension (B)		Bonus and Special Disbursement, etc. (C) (note 3)		Employee Remuneration (D) (note 4)				Ratio of the Aggregate Amount of A, B, C and D to the Net Income After Tax (%) (Note 8)		Whether Receiving Remuneration from the Companies Invested by the Company Other Than the Subsidiaries of the Company or
		This Company	All Companies Specified in the Financial Statements (note 5)	This Company	All Companies Specified in the Financial Statements (note 5)	This Company	All Companies Specified in the Financial Statements (note 5)	This Company		All Companies Specified in the Financial Statements (not e 5)		This Company	All Companies Specified in the Financial Statements (note 5)	
								Cash Bonus	Share Bonus	Cash Bonus	Share Bonus			
President	Tang, Hung-te	3,000	3,000	108	108	213	213	-	-	-	-	(28.22%)	(28.22%)	-
Vice CEO	Liu, Weng Ting	1,257	1,257	49	49	-	-	-	-	-	-	(11.1%)	(11.1%)	None

* Regardless of the title, all positions equivalent to CEO and VP shall be disclosed (e.g. president, CEO, director...and so on.)

Note 1: The names of the president and deputy chairman shall be listed separately, and the payment amounts shall be disclosed in a summary manner. If a director is also the president or deputy chairman, filling this form and the above form (1-1), or (1-2-1) and (1-2-2), is needed.

Note 2: The salary, job bonus, and severance payment of the president and deputy chairman in the most recent year are listed.

- Note 3: It refers to the relevant business execution expenses of CEO and VP in the most recent year (including transportation fees, special expenses, various allowances, dormitories, car, etc. provided in utilities.). If housing, automobiles and other means of transportation or exclusive personal expenses are provided, the nature and cost of the assets provided, the actual or fair market rent, fuel and other payments shall be disclosed. In addition, if there is a driver, please note the relevant salary of the driver paid by the company, but it is not included in the remuneration. In addition, the salary expenses recognized in accordance with IFRS 2 “Share-based payment “ shall also be included in the remuneration, including obtaining employee stock warrants, restricting the employee rights to new shares, and participating in cash capital increases to buy for shares, and so on.
- Note 4: It is to fill in the amount of employee remuneration (including stocks and cash) of CEO and VP approved by the Board of Directors in the most recent year. If it is hard to estimate, the proposed distribution amount for this year was calculated in proportion to the actual distribution amount last year, and Schedule 1-3 should be filled in separately.
- Note 5: Shall disclose the total amount of remuneration paid by all companies (including the Company) to the CEO and VP of the Company in the consolidated report.
- Note 6: Shall disclose the total amount of remuneration paid by the company to each CEO and VP of the Company and the names of CEO and VP versus the corresponding level in the consolidated report.
- Note 7: Shall disclose the total amount of remuneration paid by the company to each CEO and VP of the Company and the names of CEO and VP versus the corresponding level in the consolidated report.
- Note 8: Net profit after tax refers to the net profit after tax reported by the parent company only financial statement or the individual financial statements in the most recent year.
- Note 9: a. The Column shall clearly indicate the amount of remuneration received by the CEO and VP of the Company from the investment business other than the subsidiary or the parent company (if no, please fill in “none”).
b. If the CEO and VP of the Company receive remuneration related to the re-investment business or the parent company other than the subsidiary, the remuneration received by the CEO and VP of the Company for the re-investment business or the parent company other than the subsidiary shall be incorporated into Column E of the remuneration scale, and the name of the column shall be changed to “Parent company and all re-investment businesses”.
c. Remuneration refers to the payment, remuneration (including remuneration of employees, directors and supervisors) and business execution expenses and other related remuneration received by the CEO and VP of the Company which acting as directors, supervisors or managers of the subsidiary’s foreign investment business or the parent company.
- * The content of remuneration disclosed in the Table is different from the concept of income in the Income tax Act. Therefore, the Table is for information disclosure purposes and not for taxation purposes.
- (3) The name and distribution situation of the manager who distributes the employee’s remuneration: Undistributed employee remuneration for 2022.
- (4) The names, job titles and dividend amounts of employee who have received the top ten employee dividends: None.
- (5) Compare and explain the analysis of the total remuneration paid by the Company and all companies in the consolidated statements to the company’s directors, supervisors, CEO and VP in the last two years as a proportion of after-tax net profit, and explain the policies of remuneration, standards and combinations, the procedures for setting remuneration, and the correlation with operating performance and future risks.

- Percentage Analysis Table of the total amount that the Company has paid for the remuneration of Directors, Supervisors, CEO and Vice CEO over the last 2 years accounts for Net Profit After Tax

As of December 31st, 2022; Unit: NT\$ thousands

Title	2021				2022			
	Total amount (thousand dollar)		Proportion of total amount to net profit after tax%		Total amount (thousand dollar)		Proportion of total amount to net (loss) profit after tax%	
	The Company	All re-investment companies	The Company	All re-investment companies	The Company	All re-investment companies	The Company	All re-investment companies
Director	11,393	3,960	-47.24	-16.42	8,884	3,463	-75.50	-29.43
Supervisor (note 1)	-	-	-	-	-	-	-	-
CEO & VP	3,401	-	-14.1	-	4,627	-	-39.32	-

Note 1: The Company has resolved to establish an audit committee to replace the function of supervisor at the first meeting of the 7th session Board of Directors on June 30, 2015.

2. The policie of remuneration for directors, standards and combinations and supervisors, the procedures for setting remuneration, and the relevance to business performance and future risks.
 - (1) The remuneration paid by the Company to directors can be divided into two types: directors' remuneration and business execution expenses. The remuneration of directors and supervisors is based on the Article 16 of the corporation by-laws. If there is a surplus in the Company's annual general final accounts, tax shall be paid first to make up for past losses. The next 10% shall be the statutory surplus reserve. The remaining amount, together with the unallocated surplus of the previous year, shall be submitted by the Board of Directors to the shareholders' meeting for resolution to retain or distribute.; Among the separately distributed shareholder dividends, the proportion of cash dividends paid is not less than 30%, and the rest are paid in the form of stock dividends and resolved by the shareholders' meeting. Since the remuneration is set at a fixed level, it does not depend on the current year's surplus level and future risks, so it has no relative impact on the company's operating performance.
 - (2) The remuneration paid by the company to the president and deputy chairman can be divided into three types: salary, bonus, and employee bonus plus surplus distribution. Taking into account the scope of authority and responsibility of the position in the company and the degree of contribution to the company's operating goals, the decision-making risks assumed by the position, the risk of failure to achieve the operating goals, and the risk of failure to comply with policies and regulations are used as the basis for remuneration, and reasonable remuneration is given. If there is a profit in the company's annual final accounts, the remuneration of employees shall be allocated from 1% to 5%, but when the company still has

accumulated losses, the Remuneration amount shall be reserved in advance. Employees of the company's reinvested subsidiaries (or employees of subordinate subsidiaries who meet certain conditions) may be subject to the distribution of the above-mentioned employee remuneration, the conditions and methods of which shall be determined by the Board of Directors.

Remuneration of the top five supervisors with the highest remuneration of listed companies (disclose names and remuneration of individual) (Note 1)

Title	Name	Wages (A) (note 2)		Pension (B)		Bonus and Special Disbursement, etc. (C) (note 3)		Employee Remuneration (D) (note 4)				Ratio of the Aggregate Amount of A, B, C and D to the Net Income After Tax (%) (Note 6)		Whether Receiving Remuneration from the Companies Invested by the Company Other Than the Subsidiaries of the Company or Not (note 7)
		This company	All companies listed in the Financial Reports (note 5)	This company	All companies listed in the Financial Reports(note 5)	This company	All companies listed in the Financial Reports(note 5)	This company		All companies listed in the Financial Reports(note 5)				
								Cash Bonus	Share Bonus	Cash Bonus	Share Bonus			
Assistant Manager	Wang, Shi Chieh	1,320	1,320	108	108	2,249	2,249	-	-	-	-	(31.25)	(31.25)	-
CEO	Tang, Hong Te	3,000	3,000	108	108	213	213	-	-	-	-	(28.22)	(28.22)	-
Assistant Manager	Zhan, Chi Tsong	1,440	1,440	87	87	99	99	-	-	-	-	(13.82)	(13.82)	-
Assistant Manager	Ni, Yung Fa	200	200	73	73	84	84	-	-	-	-	(11.53)	(11.53)	-
Assistant Manager	Liu, Weng Ting	257	257	49	49			-	-	-	-	(11.10)	(11.10)	-

Note 1: The term of “top five supervisors with highest remuneration” refers to the company’s managers, and the criteria for the identification of relevant managers shall be handled in accordance with the scope of application of “manager” stipulated in Tai Tsai Cheng No. 0920001301 of March 27, 1992 by the former Ministry of Finance Securities and Futures Regulatory Commission. As for the calculation and determination principle of “the supervisors with top five highest remuneration”, the determination of top five highest remuneration after sorting is based on the salary, retirement pension, bonus and special expenses received by the company’s managers from all companies in the consolidated financial report, as well as the total amount of employee remuneration (that is, the total amount of the four items A+B+C+D). If the director is also the former supervisor, the

Form and the above form (1-1) shall be filled.

Note 2: The salary, job bonus, and severance payment of the top five managers in the most recent year are listed.

Note 3: It refers to the relevant business execution expenses of top five supervisors with highest remuneration in the most recent year (including transportation fees, special expenses, various allowances, dormitories, car, etc. provided in utilities.). If housing, automobiles and other means of transportation or exclusive personal expenses are provided, the nature and cost of the assets provided, the actual or fair market rent, fuel and other payments shall be disclosed. In addition, if there is a driver, please note the relevant salary of the driver paid by the company, but it is not included in the remuneration. In addition, the salary expenses recognized in accordance with IFRS 2 “Share-based payment “ shall also be included in the remuneration, including obtaining employee stock warrants, restricting the employee rights to new shares, and participating in cash capital increases to buy for shares, and so on.

Note 4: It is to fill in the amount of employee remuneration (including stocks and cash) of top five supervisors with highest remuneration approved by the Board of Directors in the most recent year. If it is hard to estimate, the proposed distribution amount for this year was calculated in proportion to the actual distribution amount last year, and Schedule 1-3 should be filled in separately.

Note 5: Shall disclose the total amount of remuneration paid by all companies (including the Company) to the CEO and VP of the Company in the consolidated report.

Note 6: Net profit after tax refers to the net profit after tax reported by the parent company only financial statement or the individual financial statements in the most recent year.

Note 7: a. The Column shall clearly indicate the amount of remuneration received by the CEO and VP of the Company from the investment business other than the subsidiary or the parent company (if no, please fill in “none”).

b. Remuneration refers to the payment, remuneration (including remuneration of employees, directors and supervisors) and business execution expenses and other related remuneration received by the CEO and VP of the Company which acting as directors, supervisors or managers of the subsidiary’s foreign investment business or the parent company.

* The content of remuneration disclosed in the Table is different from the concept of income in the Income tax Act. Therefore, the Table is for information disclosure purposes and not for taxation purposes.

3. Operation Status of Corporate Governance

(1) Operation Status of Board of Directors

9th Board of Directors Term: From July 20, 2021, to July 19, 2024.

From 2022, to May 11, 2023, the Board of Directors held 109 meetings (A), and the attendance is as follows:

Title	Name	Times of Attendance in Person [B]	Times of Attendance by Proxy	Actual Attendance Ratio (%) [B/A]	Remarks
Chairman	Legal representative of Bedbixiu Investment Co., Ltd.: Yang, Hung-Jen	7	2	78.00%	Appointed on March 21, 2022, and elected as Chairman on July 29, 2022.
Vice Chairman	Legal representative of Bedbixiu Investment Co., Ltd.: Chen, Tsung-Chi	9	—	100.00%	
Director	Legal representative of Bedbixiu Investment Co., Ltd.: Wang, Hui-chun	2	—	100.00%	Resigned and dismissed on July 19, 2022.
Director	Legal representative of Bedbixiu Investment Co., Ltd.: Chen, Jui-chieh	—	—	—	Appointed and dismissed on March 21, 2022.
Director	Legal representative of Bedbixiu Investment Co., Ltd.: Tang, Hung-te	2	—	100.00%	Re-appointed on 2022.07.1
Director	Legal representative of Bedbixiu Investment Co., Ltd.: Yang, Ying-zhen	7	—	100.00%	Reassigned and appointed on July 1, 2022.
Director	Legal representative of Jun Investment International Co., Ltd.: Lai, Guan-Ling	7	1	88%	Re-appointed on 2023.5.2

Director	Legal representative of Jun Investment International Co., Ltd.: Wu Junyi	1	—	100.00%	2023.5.2 reassigned
Director	Legal representative of: Wu, Ming-Hsien	6	3	67.00%	
Director	Legal representative of National Development Fund, Executive Yuan: Yang, Zhi-hui	2	—	100.00%	The director of eighth session and was resigned and dismissed on July 18, 2022.
Director	Legal representative of National Development Fund, Executive Yuan: Wong, Wei-lung	7	—	100.00%	The ninth board of directors reassigned and assumed office on July 19, 2022.
Director	Legal representative of Da Jyun Capital Investment Corporation: Wang, Wen-chu	9	—	100.00%	The director of eighth and ninth session
Director	Legal representative of Da Jyun Capital Investment Corporation: Yang, Shih-Chieh	9	—	75%	Leave one time The director of eighth session and was re-elected and dismissed on July 20, 2021.
Independent director	Chu, Jun-rong (Note1)	9	—	100.00%	The director of eighth session and was re-elected and dismissed on July 20, 2021.

Other matters to be recorded:

1. If the operation of the Board of Directors has any of the following circumstances, then the date, session, content of the proposal, the opinions of all independent directors and the responsiveness of the company regarding the independent directors' opinions shall be stated:

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

1. The 14th meeting of the 8th session Board of Directors on January 22, 2021: Regarding the funding loan in related parties—the case that MTI Holding Co., Ltd. lent MetaTech (S) Pte Ltd. USD 500,000 was approved by the chairman after consulting with all attending directors. The independent directors have no individual opinions.
2. The 14th meeting of the 8th session Board of Directors on January 22, 2021: Regarding the funding loan in related parties—the case that MTI Holding Co., Ltd. lent Metatech Ltd. USD 1000,000 was approved by the chairman after consulting with all attending directors. The independent directors have no individual opinions.
3. The 14th meeting of the 8th session Board of Directors on January 22, 2021: The case that the Company proposed to apply to CTBC Bank for the renewal of the general loan financing limit, and the case that Company provided the endorsement guarantee with Metatech Limited, a Hong

- Kong great-grandson company were approved by the chairman after consulting with all attending directors. The independent directors have no individual opinions.
4. The 15th meeting of the 8th session Board of Directors on March 26, 2021: The 2020 "Declaration of Internal Control System" consent case was approved by the chairman after consulting with all attending directors. The independent directors have no individual opinions.
 5. The 15th meeting of the 8th session Board of Directors on March 26, 2021: Company proposed to lift the competition restriction on the new directors of Company in the annual general meeting this year. This case was approved by the chairman after consulting with all attending directors. The independent directors have no individual opinions.
 6. The 15th meeting of the 8th session Board of Directors on March 26, 2021: Company proposed to lift the competition restriction on the new directors of Company in the annual general meeting this year. This case was approved by the chairman after consulting with all attending directors. The independent directors have no individual opinions.
 7. The 8th meeting of the 9th term of the board of directors on August 11, 2022: Related Party Transaction - Loan to MetaTech (S) Pte Ltd. by MTI Holding Co., Ltd., in the amount of USD 2,000,000. The proposal was approved by all attending directors upon consultation by the chairman. After the meeting, it was announced on the Market Observation Post System.
 8. The 8th meeting of the 9th term of the board of directors on August 11, 2022: Related Party Transaction - Loan to MetaTech (S) Pte Ltd. by MetaTech (AP) Inc in the amount of USD 1,000,000. The proposal was approved by all attending directors upon consultation by the chairman. After the meeting, it was announced on the Market Observation Post System.
 9. The 8th meeting of the 9th term of the board of directors on August 11, 2022: Revision of "Internal Organizational Structure and Management Regulations." The proposal was approved by all attending directors upon consultation by the chairman. After the meeting, it was announced within the group.
 10. The 8th meeting of the 9th term of the board of directors on August 11, 2022: Compensation section regarding Yang Ying-Zhen, director, serving as the company's consultant. Except for Director Yang Ying-Zhen's abstention due to conflicts of interest, the proposal was duly processed after being approved by all attending directors upon consultation by the chairman.
 11. The 8th meeting of the 9th term of the board of directors on August 11, 2022: Compensation section regarding Chairman Yang Hong-Ren. Except for Chairman Yang Hong-Ren's abstention due to conflicts of interest, the proposal was duly processed after being approved by all attending directors upon consultation by the chairman.
 12. The 8th meeting of the 9th term of the board of directors on August 11, 2022: Salary adjustment for Vice Chairman Chen, Tsung-Chi. Except for Director Chen, Tsung-Chi's abstention due to conflicts of interest, the proposal was duly processed after being approved by all attending directors upon consultation by the chairman.
 13. The 9th meeting of the 9th term of the board of directors on September 21, 2022: Reassignment of the corporate representative of Locus Cell Co., Ltd. The proposal was approved by all attending directors upon consultation by the chairman. Lejia Corporation announced the resolution on the same day on the Market Observation Post System.
 14. The 10th meeting of the 9th term of the board of directors on November 11, 2022: Revision of "Risk Management Policies and Procedures" of the company. The proposal was approved by all attending directors upon consultation by the chairman. After the meeting, it was announced within the group.
 15. The 10th meeting of the 9th term of the board of directors on November 11, 2022: Salary adjustment for Vice Chairman Chen Zong-Ji. The proposal was duly processed after being approved by all attending directors upon consultation by the chairman.
 16. The 11th meeting of the 9th term of the board of directors on December 23, 2022: Revision of "Internal Procedures for Handling Material Non-Public Information." The proposal was approved by all attending directors upon consultation by the chairman. After the meeting, it was announced within the group.
 17. The 11th meeting of the 9th term of the board of directors on December 23, 2022: Related Party Transaction - Loan to Metatech Limited by MTI Holding Co., Ltd., in the amount of USD

1,000,000. The proposal was approved by all attending directors upon consultation by the chairman. After the meeting, it was announced on the Market Observation Post System.18. The 11th meeting of the 9th term of the board of directors on December 23, 2022: Amendments to the "Consultant Appointment Management Regulations" and corresponding revisions to the "Administrative Business Decision-Making Authority Table" proposal. The Chairman consulted all attending directors and announced the case's approval to the Group, and replied to the GreTai Securities Market in a letter dated January 3, 2023.

19. The 12th meeting of the 9th term of the board of directors on March 28, 2023: Adjustment of the signing auditor and evaluation of the signing auditor's independence and suitability. The Chairman consulted all attending directors and obtained approval for the case. The information was subsequently announced on the Market Observation Post System.
20. Resignation and Election. The 12th meeting of the 9th term of the board of directors on March 28, 2023: Distribution of employee compensation (bonus) and director's remuneration for the year 2022. The Chairman consulted all attending directors and obtained approval for the case. The report should be submitted to the shareholders' meeting on June 28, 2023.
21. The 12th meeting of the 9th term of the board of directors on March 28, 2023: Removal of restrictions on directors' competition in this year's shareholder general meeting. The Chairman consulted all attending directors and the case was approved. It should be submitted for deliberation at the shareholders' meeting on June 28, 2023.22. The 12th meeting of the 9th term of the board of directors on March 28, 2023: Application for renewal of comprehensive loan financing quota from ChinaTrust Commercial Bank and provision of endorsement guarantee for the Hong Kong subsidiary, Metatech Limited. The Chairman consulted all attending directors and announced the endorsement guarantee on the Market Observation Post System after the meeting.
23. The 12th meeting of the 9th term of the board of director on March 28, 2023: Revision of certain provisions of the "Corporate Governance Best Practices Guidelines" of the Group. The Chairman consulted all attending directors and announced the case to the Group after the meeting.
24. The 13th meeting of the 9th term of the board of director on May 11, 2023: Deliberation on the auditor's fees for the second quarter of 2023 to the first quarter of 2024 by KPMG Certified Public Accountants. The Chairman consulted all attending directors and obtained approval for the case.
25. The 13th meeting of the 9th term of the board of director on May 11, 2023: Removal of restrictions on directors' competition in this year's shareholder general meeting. Mr. Wu Junyi, a director, attended the meeting and recused himself from the discussion and voting. The Chairman consulted all attending directors and obtained approval for the case.
26. The 13th meeting of the 9th term of the board of director on May 11, 2023: Revision of the "Consultant Appointment Management Regulations". The Chairman consulted all attending directors and announced the case's approval, and replied to the OTC in a letter dated May 15.

(2) Except for the matters mentioned earlier, other matters resolved by the Board of Directors that have been opposed or reserved by independent directors and have records or written statements: None.

2. The implementation of the avoidance of the directors' motion of interest shall specify the names of the directors, the content of the motion, the reasons for the avoidance of interest, and the voting situation:

1. The 5th meeting of the 9th Session Board of Directors on March 25, 2022: signed a "Site and Equipment Lease Contract" with Locus Cell Co., Ltd. In this case, the relevant stakeholders, Directors Wu, Ming-hsien, Yang, Hung-jen, Yang, Chih-hui, and Lai, Kuan-ling, were skipped during the discussion and voting, and Deputy chairman Chen was invited to act as Deputy Chairman.
2. The 5th meeting of the 9th session Board of Directors on March 25, 2022: signed a "Laboratory Lease Contract" with Up Cell Biomedical Inc. In this case, the relevant stakeholders, Directors

Wang, Hui-chun and Yang, Chih-hui, were skipped during the discussion and voting, and Deputy chairman Chen was invited to act as chairman.

3. The 6th meeting of the 9th session Board of Directors on May 13, 2022: Revision of the "Organizational Rules of the Remuneration Committee" In this case, the Remuneration Committee Wang, Wen-chu Independent director, Chiu, Chun-jung Independent director, Yang, Shih-chieh independent director were skipped during the discussion and voting.
4. The 8th meeting of the 9th term of the board of director on August 11, 2022: Compensation adjustment for Director Yang, Ying-zhen, who previously served as a consultant to the Company. Due to the involvement of Director Yang, Ying-zhen in related-party issues, she recused herself from the case as required by law. After consulting all attending directors, the Chairman announced the case's approval, and the matter was handled accordingly.
5. The 8th meeting of the 9th term of the board of director on August 11, 2022: Compensation and remuneration for Chairman Yang, Hung-jen. Due to Chairman Yang, Hung-jen's involvement in related-party issues, he recused himself from the case as required by law. After consulting all attending directors, the Chairman announced the case's approval, and the matter was handled accordingly.
6. The 8th meeting of the 9th term of the board of director on August 11, 2022: Salary adjustment for Vice Chairman Chen, Tsung-Chi. Except for Vice Chairman Chen, Tsung-Chi's recusal from the case due to involvement in related-party issues, the Chairman consulted all attending directors and announced the case's approval, and the matter was handled accordingly.
7. The 10th meeting of the 9th term of the board of director on November 11, 2022: Salary adjustment for Vice Chairman Chen Zongji. Except for Vice Chairman Chen Zongji's recusal from the case due to involvement in related-party issues, the Chairman consulted all attending directors and announced the case's approval, and the matter was handled accordingly.
8. The 13th meeting of the 9th term of the board of director on May 11, 2023: Revision of the "Consultant Appointment Management Regulations". Ms. Yang, Ying-zhen, a director, attended the meeting and recused herself from the discussion and voting. After consulting all attending directors, the Chairman announced the case's approval, and the matter was handled accordingly.
9. The 13th meeting of the 9th term of the board of director on May 11, 2023: Removal of restrictions on directors' competition in this year's shareholder general meeting. Mr. Wu Junyi, a director, attended the meeting and recused himself from the discussion and voting. After consulting all attending directors, the Chairman announced the case's approval, and it will be submitted for deliberation at the shareholders' meeting on June 28, 2023.

3. Listed companies shall disclose the evaluation cycle and period, evaluation scope, method and evaluation content of the Board of Directors' self-(or peer) evaluation, and fill in Schedule 2 (2) The implementation of the Board of Directors' evaluation.

(1)The implementation of the Board of Directors' evaluation

Evaluation cycle	Evaluation period	Evaluation range	Evaluation method	Evaluation content
Conduct once for every year (External Evaluation Conducted Every Three Years)	2022/1/1~2022/12/31	Board of Directors Audit Committee Compensation Committee 1.Self-evaluation of the appraisal of the council 2.Self-evaluation of the appraisal	The Taiwan Institute of Ethical Business (referred to as the Institute) was entrusted to conduct an evaluation on the overall	1. Performance evaluation of the Board of Directors: including the degree of participation in the company's operations, the quality of the board's decision-making, the composition and structure of the Board of Directors, the selection and continuous education of directors, internal control, and so on. 2. Performance evaluation of individual directors: including the degree of handling in the

			of board members 3.Self-evaluation of the appraisal of the audit Committee 4.Self-evaluation of the appraisal of the remuneration committee	Board of Directors, Audit Committee, and Compensation Committee through questionnaires and on-site interviews from February to March 2023. Internal self-evaluation of the Board of Directors, the self-evaluation of board members, and the performance evaluated by the appointed external professional institutions, experts or other appropriate methods for every three years	company's goals and tasks, the awareness of directors' responsibilities, the degree of participation in the company's operations, internal relationship management and communication, the professional and continuing education of directors, internal control, and so on 3. Performance evaluation of functional committees: the degree of participation in the company's operations, awareness of the responsibilities of functional committees, the quality of decision-making of functional committees, the composition of functional committees and the selection of members, internal control, and so on
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(2) Evaluation result

The Taiwan Institute of Ethical Business issued an evaluation report on March 17, 2023, summarizing the relevant evaluation results as follows:

1. The importance of diversifying the age and professional background of board members has been recognized by the Company's Board of Directors. It is recommended to formulate diversity policies and specific management objectives to establish a diverse and professional composition of the board members, thereby enhancing the functions of the board.
2. The company has already incorporated industry standards into board resolutions and established evaluation criteria linking individual performance with compensation. It is recommended to periodically review these criteria in the future.
3. The company acknowledges the importance of establishing a remuneration system and suggests that periodic reviews of performance evaluation criteria be conducted, seeking

- external advice to further improve the remuneration system.
4. The company has been mindful of succession planning for talent. It is recommended to evaluate the establishment of a talent pipeline and entrust the management team to implement it.
 5. The company has independently published sustainability reports for four consecutive years, which helps stakeholders understand the significant ESG issues of concern and related risk assessments. It is recommended to consider elevating the dedicated unit for sustainable development to the board level to deepen the involvement of board members.

(3) Performance Evaluation of Functional Committees

This questionnaire consists of evaluation questions and feedback sections:

In the first part, individual committee members evaluate whether the statements align with the situation of the company's Audit Committee, using the following scale:

- 5 = Fully meets in all circumstances
- 4 = Mostly meets/Above average
- 3 = Sometimes meets/Average
- 2 = Occasionally meets/Below average
- 1 = Rarely meets

The second part consists of open-ended questions where individual committee members provide feedback.

1. Performance Evaluation of the Audit Committee

Part 1: 4.97

Description	Average Score
1. Audit committee members have a good understanding of the financial matters and various risks associated with the operations of the corporate group, and there are risk management policies in place for reference.	5.00
2. The audit committee actively participates in external audits related to its scope of work.	4.67
3. The audit committee can request relevant departments to disclose information or provide sufficient data.	5.00
4. The audit committee proactively and substantively responds to opinions from internal and external parties to promote decision-making transparency and fairness.	5.00
5. The composition of the audit committee members has diverse capabilities and experiences, including relevant financial backgrounds.	5.00
6. The audit committee has sufficient meeting frequency, duration, and resource management to fulfill its responsibilities effectively.	5.00
7. Management or other personnel are invited at appropriate times to provide explanations on relevant matters during audit committee meetings.	5.00
8. Audit committee members devote sufficient time to their responsibilities. 5.00	5.00
9. Audit committee members continuously enhance their capabilities and knowledge.	5.00
10. The audit committee is aware of the procedures for handling reports of illegal, unethical, or dishonest behavior within the company and understands their relevant roles.	5.00

Part 2 (verbatim feedback from individual audit committee members):

Feedback

All audit committee members did not provide any additional feedback.

2. Compensation Committee Performance Evaluation

Part 1: 4.85

Description	Average Score
1. The compensation committee holds appropriate and sufficient meetings, allowing committee members to engage in thorough discussions and evaluations.	5.00
2. The compensation committee has objective evaluation criteria to follow and use for compensation discussions and reviews.	4.67
3. The compensation committee obtains adequate and accurate information before meetings to understand the specific performance of directors or executives for review and decision-making.	5.00
4. The compensation committee regularly reviews performance evaluations of directors and executives and related compensation criteria.	4.33
5. The compensation committee understands the core objectives and incentive mechanisms planned for the company's management.	5.00
6. In addition to continuously monitoring the performance of directors and executives, the compensation committee also provides periodic feedback.	4.67
7. Compensation committee members fully discuss various proposals during meetings and continue to monitor their implementation and related impacts after approval.	5.00
8. Compensation committee members engage in ongoing professional development, stay informed about industry developments, and use them to assess the company's compensation strategies.	5.00
9. Shareholders or other stakeholders have appropriate channels to provide feedback to the compensation committee.	5.00

Part 2 (verbatim feedback from individual audit committee members):

Feedback

All audit committee members did not provide any additional feedback.

4. The goals of strengthening the functions of the Board of Directors in the current year and the most recent year (such as the establishment of an audit committee, improvement of information transparency and others.) and the evaluation of the implementation situation:

The goals of strengthening the functions of the Board of Directors are the following:

- (1) Establishment of an audit committee: The Company established an audit committee to replace the supervisor on June 30, 2015 to strengthen the corporate governance and management functions.
- (2) Improve the information transparency: The Company has designated personnel responsible for the collection and disclosure of company information, the implementation of the spokesperson system, and the update of information on the Company's website.

- (3) Strengthen the communication between independent directors and the internal audit supervisors: The annual operating plan and budget of whole company are reported in the audit committee every year. The independent directors review the operating plan proposed by the company, and the company conducts the regular report regarding financial, business and market in the board meeting after the period, so that the independent directors can effectively supervise the actual implementation results of the company's operating plan. In terms of financial statements and internal control audits of the company, the quarter and annual financial reports shall be considered at the audit committee meeting, and the audit report information shall be monthly provided, so that independent directors have sufficient information to understand and supervise the company's operating performance.
- (4) Improve the operational efficiency and decision-making ability of the Board of Directors: The company has formulated the "Management of Operation of Board Meeting" and strengthened the implementation of the functions of the Board of Directors. Strengthen the professional knowledge of directors looking forward to strengthening the functions of the Board of Directors, provide the information with directors of the Company and encourage them to participate in the professional courses organized by the Securities Foundation Club, and arrange for the directors to study in accordance with the "Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE Listed and TPEX Listed Companies". The number of training hours stipulated by the Board of Directors.

Note 1: For directors and supervisors who are legal entities, the names of the shareholders of the legal entity and their representatives should be disclosed.

Note 2:

- (1) In the case of directors and supervisors who have left office before the end of the fiscal year, the departure date should be indicated in the remarks column, and the actual attendance rate (%) should be calculated based on the number of board meetings attended during their tenure and their actual attendance.
- (2) In the case of directors and supervisors who have been newly elected before the end of the fiscal year, both the new and outgoing directors and supervisors should be listed, and it should be indicated in the remarks column whether the director or supervisor is a new appointment, a reappointment, or a change in position, along with the election date. The actual attendance rate (%) should be calculated based on the number of board meetings attended during their tenure and their actual attendance.

(2) Information on the operation of the Audit Committee:

1. Information on the operation of the Audit Committee:

The company established an audit committee to replace the supervisor after the comprehensive re-election of directors on June 30, 2015

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

(2) The term of office of the 3rd Committee: July 20, 2021 to July 19, 2024.

From 2022 to May 11, 2023, the Audit Committee held 7 meetings (A). The attendance of independent directors is as follows::

Title	Name	Times of Attendance in Person [B]	Times of Attendance by Proxy	Actual Attendance Ratio (%) [B/A]	Remarks
Independent director (convener)	Wang, Wen-chu	7	0	100.00%	The member of third session
Independent director	Yang, Shih-chieh	7	0	100.00%	The member of third session
Independent director	Chiu, Chun-jung	7	0	80.00%	The member of third session

Note 1: If an independent director leaves before the end of the year, then the date of departure shall be indicated in the remark column. The actual attendance rate (%) is calculated based on the number of meetings of the Audit Committee during the tenure and the actual attendance.

Note 2: If there is a re-election of an independent director before the end of the year, both the new and old independent directors shall be listed, and the independent director is the old, new or re-elected and the date of re-election shall be indicated in the remark column. The actual attendance rate (%) is calculated based on the number of meetings of the Audit Committee and its actual attendance during the tenure.

Other matters to be recorded:

1. If the operation of the audit committee fulfills any of the following circumstances, then the date, session, content of the proposal, objections of independent directors, reservations or major proposed items, the resolution of the Audit Committee, and the responsiveness of the Audit Committee's opinions shall be stated.

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

1. The 4th meeting of the 3rd session Audit Committee on March 25, 2022: the 2021 "Declaration of Internal Control System" consent case. After the chairman consulted all the members present to amend the text and passed it. Add the words "draft" or "draft" to the title.
2. The 4th meeting of the 3rd session Audit Committee on March 25, 2022: Revised the general Rules of the internal control system and the implementation rules of the internal audit, and approved the revised text after the chairman consulted all attending members. Adjust the sorting method of each competent unit in the detailed rules, and correct typos in the text at the same time.
3. The 4th meeting of the 3rd session Audit Committee on March 25, 2022: the Company's individual financial statements and consolidated financial statements for 2021. This case was approved by the chairman after consulting with all attending members.
4. The 4th meeting of the 3rd session Audit Committee on March 25, 2022: The Company's loss supplement in 2021. This case was approved by the chairman after consulting with all attending members.
5. The 4th meeting of the 3rd session Audit Committee on March 25, 2022: The third time of company's guaranteed convertible corporate bond in domestic, and employee stock option conversion and issuance of new shares. This case was approved by the chairman after consulting with all attending members.

6. The 4th meeting of the 3rd session Audit Committee on March 25, 2022: Lifted the competition restriction on directors at annual general meeting of the Company this year. This case was approved by the chairman after consulting with all attending members.
7. The 4th meeting of the 3rd session Audit Committee on March 25, 2022: Revised part of the "Procedures for Acquiring or Disposing of Assets" of the Conglomerate. This case was approved by the chairman after consulting with all attending members.
8. The 5th meeting of the 3rd session Audit Committee on May 13, 2022: The consolidated financial statements of the Company for the first quarter of 2022 have been prepared and reviewed by the PwC Taiwan, and an unreserved audit report is to be issued. This case was approved by the chairman after consulting with all attending members.
9. The 5th meeting of the 3rd session Audit Committee on May 13, 2022: Assessment of the independence and suitability of accountants for public expenses and visa accountants from the second quarter of 2022 to the first quarter of 2023 of the PwC Taiwan. This case was approved by the chairman after consulting with all attending members, and the entrustment is completed on 5/17.
10. The 6th Audit Committee of the 3rd Session dated August 11, 2022: The Reviewing Proposal of 2022 Q2 Consolidated Financial Statements has been approved by the Chairman making inquiries and passed by all attendees, and was posted on Market Observation Post System after meeting.
11. The 6th meeting of the 3rd term Audit Committee on August 11, 2022: Discussion on the intercompany fund loan between MTI Holding Co., Ltd. and MetaTech (S) Pte Ltd., amounting to USD 2,000,000. The Chairman consulted all attending committee members, and the resolution was passed. The information was later announced on the Market Observation Post System.
12. The 6th meeting of the 3rd term Audit Committee on August 11, 2022: Discussion on the intercompany fund loan between San Gu Co., Ltd. and MetaTech (S) Pte Ltd., amounting to USD 1,000,000. The Chairman consulted all attending committee members, and the resolution was passed. The information was subsequently announced on the Market Observation Post System.
13. The 6th meeting of the 3rd term Audit Committee on August 11, 2022: Revised "Internal Organizational Structure and Managerial Regulations." The case was presented by the Chairman and passed unanimously by all attending committee members. The announcement was made to the group after the meeting.
14. The 7th meeting of the 3rd term Audit Committee meeting on November 11, 2022: Revised "Risk Management Policy and Procedures" of the company. The case was presented by the Chairman and passed unanimously by all attending committee members. The announcement was made to the group after the meeting.
15. The 8th meeting of the 3rd term Audit Committee meeting on December 23, 2022: 8th Audit Committee Meeting: Annual Audit Plan for the year 2023 of the company. The case was presented by the Chairman and implemented as approved by all attending committee members.
16. The 8th meeting of the 3rd term Audit Committee meeting on December 23: Revised "Internal Significant Information Processing Operations" procedures. The case was presented by the Chairman and passed unanimously by all attending committee members. The announcement was made to the group after the meeting.
17. The 8th meeting of the 3rd term Audit Committee meeting on December 23: Intercompany fund loan - MTI Holding Co., Ltd. loan to Metatech Limited, amounting to USD 1,000 million. The case was presented by the Chairman and passed unanimously by all attending committee members. The information was subsequently disclosed on the Market Observation Post System.
18. The 8th meeting of the 3rd term Audit Committee meeting on December 23: Addition of "Consultant Appointment Management Regulations" and corresponding revisions to the "Administrative Business Decision Authority List." The case was presented by

the Chairman and announced to the group after unanimous approval by all attending committee members. A letter was sent to the Taiwan Stock Exchange on January 3, 2023, for confirmation.

19. The 8th meeting of the 3rd term Audit Committee meeting on March 28, 2023: Approval of the 2022 "Internal Control System Statement." The case was presented by the Chairman and passed unanimously by all attending committee members. The information was subsequently disclosed on the Market Observation Post System.
20. The 8th meeting of the 3rd term Audit Committee meeting on March 28, 2023: Review of the 2022 individual financial statements and consolidated financial statements. The case was presented by the Chairman and passed unanimously by all attending committee members. The filing was completed on March 31, 2023.
21. The 8th meeting of the 3rd term Audit Committee meeting on March 28, 2023: Review of the 2022 loss offsetting proposal. The case was presented by the Chairman and passed unanimously by all attending committee members. The information was subsequently disclosed on the Market Observation Post System.
22. The 9th meeting of the 3rd term Audit Committee meeting on March 28, 2023: Appointment of CPAs and assessment of their independence and qualifications. The case was approved by all attendees making inquiries with the Chairman and passed unanimously, and was posted on Market Observation Post System after meeting.
23. The 8th meeting of the 3rd term Audit Committee meeting on March 28, 2023: Removal of the restriction on the participation of board members in competitive activities at this year's shareholder meeting. The case was presented by the Chairman and passed unanimously by all attending committee members. The matter should be submitted for shareholder approval by June 28, 2023.
24. The 8th meeting of the 3rd term Audit Committee Meeting: Applied to China Trust Commercial Bank for the renewal of the comprehensive loan financing limit and provided an endorsement guarantee for Metatech Limited, a subsidiary in Hong Kong. The case was presented by the Chairman and passed unanimously by all attending committee members. The endorsement guarantee was subsequently announced on the Market Observation Post System after the meeting.
25. The 8th meeting of the 3rd term Audit Committee meeting on March 28, 2023: Revised certain articles of the "Corporate Governance Practices Guidelines" of the group. The case was presented by the Chairman and passed unanimously by all attending committee members. The revision was announced to the group after the meeting.
26. The 10th meeting of the 3rd term Audit Committee meeting on March 28, 2023 on May 11, 2023: Engagement of PricewaterhouseCoopers for the auditors' fees for the period from the second quarter of 2023 to the first quarter of 2024. The case was presented by the Chairman and implemented as approved by all attending committee members.
27. The 10th meeting of the 3rd term Audit Committee meeting on March 28, 2023 on May 11, 2023: Lifted the restriction on directors' competitive activities at this year's shareholder meeting (Junmao International Co., Ltd. reassigned as Director Wu Junyi). The case was presented by the Chairman and passed unanimously by all attending committee members. The matter will be submitted for shareholder approval on June 28, 2023, after being approved by the committee.
28. The 10th meeting of the 3rd term Audit Committee meeting on March 28, 2023 on May 11, 2023: Revised the "Consultant Appointment Management Regulations." The case was presented by the Chairman and passed unanimously by all attending committee members. A response will be sent to the OTC on May 15, 2023, after obtaining the committee's approval.

(2) Except for the matters mentioned earlier, other matters that have not been approved by the audit committee but have been agreed by more than two-thirds of all directors: none. The independent directors' implementation of the avoidance of the motion of interest shall

specify the name of the independent director, the content of the motion, the reason for the avoidance of interest, and the voting situation: none

1. Communication between independent directors and internal audit supervisors and accountants (such as matters, methods and results of communication on the company's financial and business conditions, etc.):

2. The company's internal audit supervisor regularly communicates audit report methods with members in the audit committee:

The audit committee of the Company is composed of all independent directors. The head of internal audit reports to the audit committee every quarter on the implementation of the audit business, internal operating matters, major inspection opinions of internal and external audit inspections, its improvement handling situation, and the implementation of matters assigned by the audit committee; in case of major abnormal matters, a meeting will be convened at any time.

The accountant reports to the independent directors at least twice a year on the company's financial status, the financial and overall operation of subsidiaries at home and abroad, and the audit of internal control, and fully communicates whether there are major adjustments to the entries or whether the amendments to laws and regulations affect the accounts.

(1) Regular - After the monthly audit reports are signed and approved by the chairman, they will be sent to the independent directors by email and post for review and acceptance. And strengthen the content of the audit work in accordance with its instructions to ensure the accuracy of internal control. Specific matters include: Report to the independent directors that the audit found abnormal matters. Exercising supervisory functions.

Communication content: discussion and guidance on the revision of management regulations.

The specific results:

1. The management team is requested to review the process of the management department to meet future management needs. Providing substantive recommendations for the revision of management regulations. The company has implemented the recommendations accordingly.

2. The project reviews the business secret management operations of the biomedical department, and makes the suggestions and improvements. Expense decision-making authority has been categorized based on importance. The company has made adjustments as recommended.

(2) Non-regular - usually use telephone, e-mail or interview methods to communicate the content of the audit findings and how to continuously improve the value of the audit. If major violations are found, the independent directors will be notified immediately.

(3) Communication matters include:

Item	Communication matters	Specific result
2022.03.25	Maintenance operations	Independent director recommendations: Instrument warranties should be signed before the expiration date, and for existing contracts, a specific timeframe for consultation or renewal should be established. The company has implemented the recommendations accordingly.
2022.05.13	Requisition, Procurement, and Acceptance Operations	Independent director recommendations: 1. Inconsistent quantities between requisition and procurement should

			<p>require approval from the requisition unit. The company has implemented the recommendations accordingly.</p> <p>2. Expedite the acceptance process. The company has completed it and submitted a report.</p> <p>3. The previous instrument equipment has reached the end of the warranty period, please report the handling results by August. The company has completed it and submitted a report.</p>
2022.11.11	Measures for Preventing Recurrence:		<p>Independent director recommendations: The audit department should consolidate the deficiencies identified throughout the year and inform all colleagues of the annual shortcomings through announcements or briefing sessions to prevent the recurrence of similar errors. Consider establishing a system to intelligently remind each unit of their annual routine tasks (error prevention mechanism). The company has initiated the process and submitted a report</p>

2. The Company's CPA report on the current quarter's financial statement review or communication at the quarterly audit committee meeting:

- (1) Regular - The accountant communicates with the Audit Committee on the audit plan, implementation and results before and after the quarterly, semi-annual and annual reports.
- (2) Non-regular - if there are other operational aspects or internal control and other related cases that need to be communicated and discussed immediately, meetings will be arranged as appropriate.

(3) Communication matters include:

Board of Director	Date	Main Resolution	Recommendations of the audit committee and implementation results
The Fourth meeting of the third session Audit	2022.03.25	1. CPA, Xu, Ming-chuan from PwC and Vice General Manager Lin, Guan-hong attended the Audit Committee and reported	1. Reported adjustments made in the 2021 audit and discussed and

Committee		<p>on the following three major items:</p> <ol style="list-style-type: none"> (1) Scope, strategy, and consolidation planning report of the 2021 financial statement audit. (2) Internal control report for the current year. (3) Other matters to be communicated with the governance unit. <p>2. Governance matters for communication: The types of audit opinion in the audit report have been planned and executed in accordance with the "Rules for Certified Public Accountants to Issue Audit Certificates for Financial Statements" and the Generally Accepted Auditing Standards in the Republic of China. The accountant expects to issue the audit report on March 25, 2022.</p> <p>3. Statement of responsibility and independence: As the purpose of auditing the consolidated financial statements and individual financial statements is not to identify all possible governance matters, the accountant is not required to design specific audit procedures to confirm governance matters. The firm and other PwC member firms have followed the relevant provisions on independence in Professional Ethical Bulletin No. 10 of the Republic of China Institute of Certified Public Accountants, and no circumstances violating the relevant provisions that would affect the independence of the firm have been found. The accountant confirms that there have been no relationships or circumstances affecting independence since the completion of the audit planning stage.</p>	<p>communicated regarding certain accounting principles and tax issues. The specific communication results were satisfactory.</p> <ol style="list-style-type: none"> 2. Based on the accountant's professional judgment, the most significant matters in the audit of the consolidated financial statements of MetaTech (AP) Inc. for the year 2021. 3. The independent directors have no comments.
The 6 th meeting of the third term of	2022.08.11	1. Review report on the consolidated financial statements for the second	Discussion and communication were conducted regarding

Audit Committee		<p>quarter of 2022. The accountant expects to issue an unmodified conclusion review report on August 11, 2022.</p> <p>2. Other communication matters - There were no disagreements between the accountant and the management during the review process.</p> <p>3. Independence of the CPA - The appointment committee and other professionals in our firm have complied with the relevant provisions on independence stated in Professional Ethical Bulletin No. 10 of the Norm of Professional Ethics for Certified Public Accountant of the Republic of China. No circumstances have been found that would violate the relevant provisions and affect the independence of our firm.</p>	<p>the adjustments made during the review of the financial statements for the second quarter of 2022. The specific communication outcomes were positive. The independent directors have no further opinions.</p>
The ninth meeting of the third term of Audit Committee	2023.03.28	<p>1. Accountant Xu Mingchuan from PwC and Vice General Manager Lin Guanhong attended the Audit Committee and reported on the following three major items:</p> <p>(1) Scope, strategy, and planning report of the 2022 financial statement audit.</p> <p>(2) Internal control report for the current year.</p> <p>(3) Other matters to be communicated with the governance unit.</p> <p>2. Governance matters for communication: The types of audit opinions in the audit report have been planned and executed in accordance with the "Rules for Certified Public Accountants to Issue Audit Certificates for Financial Statements" and the Generally Accepted Auditing Standards in the Republic of China. The accountant expects to issue the audit report on March 28, 2023.</p> <p>3. Statement of responsibility and independence: The accountant also provided a statement to the governance unit of the company</p>	<p>1. Reported adjustments made in the 2022 audit and discussed and communicated regarding certain accounting principles and tax issues. The specific communication results were satisfactory.</p> <p>2. The independent directors have no comments.</p>

		that the personnel responsible for the independence of the accounting firm have complied with the declaration on independence in the Professional Ethical Bulletin of the Republic of China Institute of Certified Public Accountants, and communicated all relationships and other matters (including relevant safeguards) that could be perceived to affect the independence of the accountant.	
(4) Subject matters for discussion contain: the dates of each meeting for the Audit Committee, nature and topics as well as the results of implementation:			
The Fourth meeting of the third Session Audit Committee	2022.3.25	<ol style="list-style-type: none"> 1. 2021 "Declaration of Internal Control System". 2. Revise the general rules of the internal control system and the implementation rules of the internal audit. 3. Review of the individual financial statements and consolidated financial statements of the Company for 2021. 4. The company's loss supplementary plan. 5. The third time of company's guaranteed convertible corporate bond in domestic and employee stock option conversion and issuance of new shares. 6. It is proposed to lift the competition on the directors at the annual shareholders' meeting of the Company this year. 7. Amend partial provisions of the Group's "Procedures for Acquiring or Disposal of Assets". 8. Application for renewal of the credit limit of the National Agricultural Bank. 9. Application for credit limit of Banxin Commercial Bank. 10. Signed a "Site and Equipment Lease Contract" with Locus Cell Co., Ltd. 11. Signed a "Laboratory lease Contract" with Up Cell 	The Audit Committee recommended that the instrument warranty shall be completed before the expiration of the contract. The maintenance contract shall be signed. Those who have already signed the contract shall complete the negotiation or renewal before the expiration of the contract. A clear date shall be set to avoid the maintenance window period. Also evaluate whether ascorbic acid is donated to medical institutions to avoid waste. It would be transferred to the Biomedical Business Office for evaluation.

		Biomedical Co., Ltd.	
The Fifth meeting of the third session Audit Committee	2022.5.13	<ol style="list-style-type: none"> 1. Review of the consolidated financial statements for the first quarter of the Company for 2022. 2. From the second quarter of 2022 to the first quarter of 2023, the PwC Taiwan would evaluate the independence and suitability of accountants for public expenses and CPAs 3. Application for a credit limit of Taishin International Commercial Bank. 4. Revised partial provisions of the "Practice on Corporate Governance" of the Conglomerate. 5. Revised partial provisions of the "Practice for Corporate Social Responsibility" of the Conglomerate. 	The Audit Committee recommended that acceptance shall be handled in accordance with the time limit stipulated in the contract to avoid breach of contract. At the previous meeting, it was reported that the equipment has expired the warranty period and is still looking for a maintenance manufacturer. The Audit Committee reported the processing results in August. The company would handle it truthfully.
The 6th meeting of the 3rd term of Audit Committee Meeting:	2022.08.13	<ol style="list-style-type: none"> 1. Approved the proposed "PIC/S GMP Service Agreement" with Locus Cell Co., Ltd. 2. Approved the consolidated financial statements for the second quarter of 2022 prepared by PWC. 3. Approved the proposed renewal of credit line with Taiwan Business Bank. 4. Approved the proposed renewal of credit line with Chang Hwa Bank. 	Audit Committee's recommendation: Regarding the first item - Due to the need for further discussion on the cooperation model with Locus Cell Co., Ltd., it is recommended to withdraw the proposal for now.

		<ol style="list-style-type: none"> 5. Approved the proposed renewal of credit line with Land Bank. 6. Approved the loan between related parties - USD 2,000,000 loan to MTI Holding Co., Ltd. by Metatech (S) Pte Ltd. 7. Approved the loan between related parties - USD 1,000,000 loan from the company to Metatech (S) Pte Ltd. 8. Approved the amendment to the Biomedical Department's decision-making authority table. 	
The 7th meeting of the 3rd term of Audit Committee Meeting:	2022.11.11	<ol style="list-style-type: none"> 1. Approved the revision of the company's "Risk Management Policy and Procedures." 2. Approved the proposed "Amendment No. 4 to Collaboration Agreement" with CellSeed Inc. 3. Approved the purchase of shares in Nissho Celltech Co., Ltd. from CellSeed Inc. 4. Approved the consolidated financial statements for the third quarter of 2022 prepared by PWC. 5. Approved the revision of the company's "Board Meeting Rules." 6. Approved the proposed amendment to the company's decision-making authority table. 	Audit Committee had no objections.
The 8th meeting of the 3rd term of Audit Committee Meeting:	2022.12.23	<ol style="list-style-type: none"> 1. Discussed the company's 2023 annual audit plan. 2. Discussed the company's 2023 budget and annual operating plan. 3. Applied for the renewal of short-term comprehensive credit line with Mega International Commercial Bank. 4. Revised the "Internal Major Information Processing Procedures." 5. Loan between related parties - USD 1,000,000 loan to Metatech Limited from MTI Holding Co., Ltd. 	<p>Audit Committee's recommendation: Regarding the first item - Please promptly supplement the manpower for implementing the audit plan (hiring to replace departures). Regarding the second item - The report tends to focus on current situation analysis. The budget report should be presented in terms of achieving goals or increasing profits, including discussions on how to stabilize</p>

			personnel and propose special expenses. It should be discussed in a consolidated manner.
The 9th meeting of the 3rd term of Audit Committee Meeting:	2023.3.28	<ol style="list-style-type: none"> 1. Approved the "Internal Control System Statement" for the year 2022. 2. Reviewed the individual financial statements and consolidated financial statements for the year 2022. 3. Discussed the loss carryforward for the year 2022. 4. Evaluated the appointment of the signing certified public accountant and assessed their independence and suitability. 5. Lifted the restriction on directors' non-compete agreements for the current year's shareholders' meeting. 6. Applied for comprehensive loan financing and provided an endorsement guarantee from the company to Metatech Limited, a subsidiary in Hong Kong, with China Trust Commercial Bank. 7. Applied for the renewal of credit line with Taishin International Bank. 8. Applied for credit line with Cathay United Bank. 9. Applied for credit line with First Commercial Bank. 10. Applied for credit line with Taipei Fubon Bank. 11. Amended certain provisions of the company's "Corporate Governance Practices Guidelines." 12. Proposed prior approval for the auditor, their firm, and related firms to provide non-assurance services to the company and its subsidiaries. 	Audit Committee had no objections
The 10th meeting of the 3rd term of Audit Committee Meeting:	2023.5.11	<ol style="list-style-type: none"> 1. Reviewed the consolidated financial statements for the first quarter of 2023 of the company. 2. Discussed the auditor's fees for PWC for the second quarter of 2023 to the first quarter of 2024. 3. Applied for the renewal of 	Regarding the sixth item on the agenda, please amend it to "Reassignment" instead.

		<p>credit line with Bank Sinopac as it approaches expiration.</p> <p>4. Applied for the renewal of credit line with Chang Hwa Bank as it approaches expiration.</p> <p>5. Reported the changes in shareholding percentage of the subsidiary, Locus Cell Co., Ltd., as part of the planned listing.</p> <p>6. Lifted the restrictions on directors' non-compete agreements for the current year's shareholders' meeting.</p> <p>Revised the "Consultant Appointment Management Regulations."</p> <p>7. Audit Committee's recommendation:</p>	
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3. The annual highlight of the Audit Committee are as follows:

- (1) Review the formulation or amendment of the internal control system in accordance with Article 14-1 of the Securities Exchange Act.
- (2) Review the assessment of the effectiveness of the internal control system.
- (3) Review the procedures for major financial business acts that acquire or dispose of assets, engage in derivative transactions, lend the funds, endorse or provide the guarantees for others in accordance with the Article 36-1 of the Securities Exchange Act.
- (4) Review matters involving the directors' own interests.
- (5) Review major asset or derivative transactions.
- (6) Review major capital loans, endorsements or guarantees.
- (7) Review the raising, issuance or private placement of marketable securities of an equity nature.
- (8) Review the appointment, dismissal or remuneration of CPAs.
- (9) Review the appointment and removal of financial, accounting or internal audit supervisors.
- (10) Review the annual and semi-annual financial statement.
- (11) Review major matters stipulated by other companies or authorities.

2. Information on the supervisors participating in the operation of the Board of Directors:

On June 30, 2015, the Board of Directors of the Company fully re-elected and established an audit committee to replace the supervisor.

(3)Corporate Governance Status and the Reasoning Behind the Differences in Code of Practice Between This Firm and Other TWSE/TPEX-Listed Firms

Evaluation Contents	Operational Status			Reasoning Behind the Differences in Code of Practice Between This Firm and Other TWSE/TPEX-Listed Firms
	Yes	No	Summary of Explanations	
1. Has the Company set up and disclosed the Corporate Governance Best Practice Principles based on the “Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies”?	✓		The Company has formulated a "Practice for Corporate Governance". Please visit the Company's official website for the company's Practice for Corporate Governance. https://www.metatech.com.tw/upload/regulation/%E5%85%AC%E5%8F%B8%E6%B2%BB%E7%90%86%E5%AF%A6%E5%8B%99%E5%AE%88%E5%89%87.pdf	In line with the “Practical Principle of Governance of Listed Companies”.
2. Company’s Shareholding Structure and the Rights and Privileges of Shareholders A. Does the Company set up internal procedures to deal with shareholders’ recommendations, concerns, disputes, litigation matters, and does it implement these rules according to procedure?	✓		In addition to entrusting a stock affairs agency to handle related business on its behalf, the Company has established a spokesperson system and an investor relations office dedicated for suggestions, doubts or disputes from shareholders, and deeply understanding and coordination of their suggestions or concerns. The Company formulated a practice for corporate governance to ensure the shareholders' rights and interests, and implemented it in accordance with relevant regulations. Providing complaint, whistleblowing, and suggestion functions on the company's website. https://www.metatech.com.tw/tw/contact/ethicalreport	In line with the “Practical Principle of Governance of Listed Companies”.
B. Does the Company retain a register of major shareholders that have controlling power over the Company and people who hold ultimate power over those major shareholders?	✓		Through stock affairs agencies, the Company fully understands the structure of major shareholders. Every month, it reports the changes in the equity held by the Company's insiders and shareholders holding more than 10% of the	In line with the “Practical Principle of Governance of

Evaluation Contents	Operational Status			Reasoning Behind the Differences in Code of Practice Between This Firm and Other TWSE/TPEX-Listed Firms
	Yes	No	Summary of Explanations	
			shares in accordance with Article 25 of the Securities and Exchange Act, and tracks in regular.	Listed Companies”.
C. Has the Company set up and executed controls for risks and firewall mechanisms between affiliated firms?	✓		The Company's operations are carried out in accordance with the internal control system and the specific company financial business transaction methods of the conglomerate. The personnel, assets and financial management rights of the affiliated companies have been clearly divided, and each has established its own firewall. Through a dedicated authentication method, the head office obtains the relevant information about the investment company through the Internet.	In line with the “Practical Principle of Governance of Listed Companies”.
D. Has the Company set up rules and regulations to prohibit persons inside the firm from using unreleased market information to buy and sell negotiable securities?	✓		The Company has formulated "Management for the Prevention of Insider Trading", "Code of Ethics for Directors and Executives," "Insider Trading Prevention Regulations" and conducts the education and publicity on "Management for the Prevention of Insider Trading", "Internal Major Information Processing Procedures" and related regulations for directors, managers and employees at least once a year. Provide the education and publicity to new directors, managers and employees in a timely manner. The Board of Directors of the company revised the "Corporate Governance Best Practices" to include additional regulations prohibiting insiders from trading their stocks during a 30-day	In line with the “Practical Principle of Governance of Listed Companies”.

Evaluation Contents	Operational Status			Reasoning Behind the Differences in Code of Practice Between This Firm and Other TWSE/TPEX-Listed Firms
	Yes	No	Summary of Explanations	
			<p>closed period before the announcement of annual financial reports and a 15-day closed period before the announcement of quarterly financial reports. This is to further prevent insiders from trading securities based on undisclosed material information in the market.</p> <p>※This year, the relevant education and publicity for current directors, independent directors, managers and employees have been conducted on August 30, 2022. The content includes the scope of major internal information, confidential operations, public operations and handling of violations. Prevention of Insider Trading Regulations and others. The files will be sent to all directors, independent directors, managers and employees for veriflicated.</p>	
<p>3. The Organization and Responsibilities of the Board of Directors</p> <p>A. Does the Board of Director formulate the diversity policy, specific management goals and implement based on the member composition?</p>	✓		<p>Article 11 of the Corporate by-laws stipulates that there are 9-11 directors (including the independent directors) to organize the Board of Directors and adopt a candidate nomination system. The members of the Board of Directors are diversified and possess the professional knowledge and independence required for business, legal affairs, finance, accounting or biomedical business.</p> <p>There are also three independent directors who can better supervise the company's operations. Each member considers whether it is in line with the company's development plan.</p>	In line with the "Practical Principle of Governance of Listed Companies".

Evaluation Contents	Operational Status			Reasoning Behind the Differences in Code of Practice Between This Firm and Other TWSE/TPEX-Listed Firms
	Yes	No	Summary of Explanations	
			Please visit the company's official website for the company's diversification policy and implementation http://www.metatech.com.tw/invest/pdf/more.pdf	
B. Other than the Remuneration Committee and the Audit Committee which are required by law, is the Company willing to set up other committees?	✓		The Company has set up a Remuneration Committee in accordance with the law, and an Audit Committee was voluntarily set up on June 30, 104 in accordance with the decree. On April 20, 2018, the Board of Directors passed a resolution to set up a Biomedical Development Committee, and regularly announced the members of the Biomedical Development Committee and its actual operation. The Biomedical Development Committee meets at least twice a year(or may convene at any time as needed), and submits the proposal to the Board of Directors for discussion; the functions of the committee are as follows: 1. Review the major decisions and operating plans of the company's biomedical department. 2. Supervise the progress and implementation status of major projects in the biomedical department. 3. Supervise and deal with the risks faced by the biomedical department 4. Ensure that the biomedical department complies with relevant regulations. 5. Plan the future development direction, and so on.	In line with the “Practical Principle of Governance of Listed Companies”.

Evaluation Contents	Operational Status			Reasoning Behind the Differences in Code of Practice Between This Firm and Other TWSE/TPEX-Listed Firms
	Yes	No	Summary of Explanations	
			https://www.metatech.com.tw/ir/biomed	
C. Whether the Company formulates the regulations and method for the performance evaluation of the board of directors, conducts performance evaluation regularly every year, reports the results of the performance evaluation to the board of directors, and takes it as a reference for the remuneration, nomination and re-appointment of each director.?	✓		<p>The Company has established a performance evaluation system for the Board of Directors, and adopted the "Performance Evaluation of the Board of Directors and Functional Committees" at the 13th meeting of the 8th session Board of Directors on November 6th 2020 to give full play to the self-motivation of board members and enhance the function of the operation of the Board of Directors. The performance evaluation of the internal Board of Directors is carried out once a year, and the self-evaluation of directors and peer evaluation are conducted after the end of the year. The evaluation results are reviewed at the end of the first quarter and the results of the performance evaluation are submitted to the board of directors. At the same time, this report is used as a reference for directors' remuneration and nomination for renewal.</p> <p>(For the results of the evaluation, please refer to this annual report for details-Listed companies shall disclose the evaluation cycle and period, evaluation scope, method and evaluation content of the board's self-(or peer) evaluation, and fill in Schedule 2-(2) The implementation of the evaluation.)</p> <p>The performance evaluation of the external Board of Directors shall be conducted by an external professional</p>	In line with the "Practical Principle of Governance of Listed Companies".

Evaluation Contents	Operational Status			Reasoning Behind the Differences in Code of Practice Between This Firm and Other TWSE/TPEX-Listed Firms				
	Yes	No	Summary of Explanations					
			independent institution or a team of external experts and scholars at least once every three years. The performance evaluation of the current year shall be conducted at the end of the year.					
D. Does the Company regularly evaluate the independence of the CPA's?	✓		<p>In accordance with Article 27 of the Practice on Corporate Governance, the company regularly evaluates the independence of CPAs. It refers to Article 47 of the Accounting Law and the Bulletin of Professional Ethics No. 10 "Integrity, Impartiality, Objectivity and Independence" to formulate the accountant review and evaluation form. As of the publication of the annual report, the most recent evaluation was conducted on March 28, 2023. The CPA issues a "Declaration of the Transcendent Independence of the Accountant", which is reviewed and approved by the Audit Committee and submitted to the Board of Directors for approval to evaluate the independence of the CPAs. The both newly appointed auditors were found to be independent and suitable without any concerns. The evaluation criteria and results are as follows:</p> <table border="1"> <thead> <tr> <th>Evaluation Criteria/ CPA</th> <th>Evaluation</th> </tr> </thead> <tbody> <tr> <td>1. Whether they have passed the certified public accountant exam and hold a valid accountant certificate, qualifying them as certified public accountants.</td> <td> <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No </td> </tr> </tbody> </table>	Evaluation Criteria/ CPA	Evaluation	1. Whether they have passed the certified public accountant exam and hold a valid accountant certificate, qualifying them as certified public accountants.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	In line with the "Practical Principle of Governance of Listed Companies".
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			<table border="1"> <tr> <td>2. Whether they have been convicted of fraud, breach of trust, misappropriation, forgery of documents, or any criminal offense related to their business activities, resulting in a sentence of one year or more of imprisonment.</td> <td><input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</td> </tr> <tr> <td>3. Whether they are under guardianship or assistance that has not been revoked.</td> <td><input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</td> </tr> <tr> <td>4. Whether they have been declared bankrupt and have not been reinstated.</td> <td><input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</td> </tr> <tr> <td>5. Whether they have been dismissed from public office and are still within the period of disqualification.</td> <td><input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</td> </tr> <tr> <td>6. Whether the auditors, when entrusted with company business, reasonably charge fees based on the manpower, time, and level of risk required for the entrusted cases, without using improper means to solicit business.</td> <td><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</td> </tr> <tr> <td>7. Whether the auditors continuously engage in professional development as required by the regulatory authorities.</td> <td><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</td> </tr> </table>	2. Whether they have been convicted of fraud, breach of trust, misappropriation, forgery of documents, or any criminal offense related to their business activities, resulting in a sentence of one year or more of imprisonment.	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	3. Whether they are under guardianship or assistance that has not been revoked.	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	4. Whether they have been declared bankrupt and have not been reinstated.	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	5. Whether they have been dismissed from public office and are still within the period of disqualification.	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	6. Whether the auditors, when entrusted with company business, reasonably charge fees based on the manpower, time, and level of risk required for the entrusted cases, without using improper means to solicit business.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	7. Whether the auditors continuously engage in professional development as required by the regulatory authorities.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	
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Evaluation Contents	Operational Status			Reasoning Behind the Differences in Code of Practice Between This Firm and Other TWSE/TPEX-Listed Firms
	Yes	No	Summary of Explanations	
			<p>8. Whether an accountant engages in the following behaviors:</p> <p>(1) Allowing others to conduct business using their own name.</p> <p>(2) Conducting business using another accountant's name.</p> <p>(3) Being employed by individuals who do not possess the qualifications of an accountant to perform accounting services.</p> <p>(4) Engaging in unfair competition in commerce and industry by taking advantage of their position as an accountant.</p>	

Evaluation Contents	Operational Status			Reasoning Behind the Differences in Code of Practice Between This Firm and Other TWSE/TPEX-Listed Firms
	Yes	No	Summary of Explanations	
			<p>(5) Performing business transactions that have conflicts of interest with themselves.</p> <p>(6) Acting as a guarantor for matters unrelated to accounting under the name of an accountant.</p> <p>(7) Acquiring movable or immovable assets managed in business operations.</p> <p>(8) Demanding, promising, or receiving illegal benefits or rewards.</p> <p>(9) Using inappropriate methods to solicit business.</p> <p>(10) Engaging in promotional advertising beyond the scope of establishing a practice, relocation, merger, client commissions, or referrals from accounting firms.</p> <p>(11) Disclosing business secrets without permission from designated authorities, clients, or parties under investigation.</p> <p>(12) Engaging in other behaviors specified by competent authorities that could affect the reputation of accountants.</p>	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No

		<p>9. Please check if the CPA behaved as follows:</p> <ul style="list-style-type: none"> (1) Hired by the Company for regular jobs with fixed salary or act as a Director, Supervisor. (2) Has ever acted as a Director, Supervisor, Manager of the Company or a staff who has significant effect on VISA case and has resigned within 2 years. (3) Has built a relationship such as spouse, direct blood relative, immediate in-laws or collateral consanguineous relatives with the second degree with the owner or manager taking place in the company. (4) CPA or the spouse, minor children has relationship built from investment or sharing financial interests. (5) CPA or the spouse, minor children has ever made a loan with the Company. (6) CPA is performing managerial consultation work or other non-VISA business but has effect on the independency. (7) CPA violates the regulations governing CPA transfer by competent authorities, taking care of accounting on behalf of others or other things which may be likely affect his independency. 	<p><input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p>	
<p>4. Whether TWSE/TPEX listed companies have deployed appropriate numbers of suitable corporate governance personnel, and designated corporate governance directors responsible for corporate governance-related matters (including but not limited to providing directors, supervisors with information required to perform business, assisting directors, supervisors in complying with laws, handled matters related to meetings of the board of directors and shareholders' meeting on</p>	<p>✓</p>	<p>The company established the position of Corporate Governance Supervisor on December 23, 2022. The Corporate Governance Supervisor is responsible for handling matters related to corporate governance and is appointed by the General Manager's Office of the Finance Department. The Corporate Governance Supervisor is responsible for providing real-time information to shareholders through the Market Observation Post System or the company's website. They are</p>	<p>In line with the "Practical Principle of Governance of Listed Companies".</p>	

Evaluation Contents	Operational Status			Reasoning Behind the Differences in Code of Practice Between This Firm and Other TWSE/TPEX-Listed Firms																
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the basis of the laws, and prepared the minutes of the board of directors and shareholders' meetings, etc'?			<p>also required by law to provide the necessary information for directors to carry out their duties, assist directors in complying with laws and regulations, handle matters related to board of directors and shareholders' meetings in accordance with the law, prepare minutes of board of directors and shareholders' meetings, and assist the company in complying with laws and regulations related to the board of directors and shareholders' meetings. The Corporate Governance Supervisor provides directors with the necessary information for the execution of their duties and keeps them updated on the latest regulatory developments related to the company's operations to assist them in complying with laws and regulations. The details of the Corporate Governance Supervisor's continuing education are as follows:</p> <table border="1"> <thead> <tr> <th>Date</th> <th>112/2/14</th> <th>112/2/21</th> <th>112/3/10</th> <th>112/3/17</th> <th>112/4/25</th> <th>112/5/19</th> <th rowspan="2">Hrs</th> </tr> </thead> <tbody> <tr> <td>Course Organizers</td> <td>Taiwan Corporate Governance Association</td> <td>Taiwan Corporate Governance Association</td> <td>Taiwan Corporate Governance Association</td> <td>Taiwan Corporate Governance Association</td> <td>Taiwan Corporate Governance Association</td> <td>Taiwan Corporate Governance Association</td> <td></td> </tr> </tbody> </table>	Date	112/2/14	112/2/21	112/3/10	112/3/17	112/4/25	112/5/19	Hrs	Course Organizers	Taiwan Corporate Governance Association	Taiwan Corporate Governance Association	Taiwan Corporate Governance Association	Taiwan Corporate Governance Association	Taiwan Corporate Governance Association	Taiwan Corporate Governance Association		
Date	112/2/14	112/2/21	112/3/10	112/3/17	112/4/25	112/5/19	Hrs													
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Wen Yi	3	3	3	3	3	3	18																		
5. Has the Company established channels of communication with stakeholders (including but not limited to shareholders, employees, clients, suppliers, etc.), and set up a designated area on the Company website to handle the issues of the stakeholders? Has the Company appropriately responded to the stakeholders regarding key corporate responsibility issues that affect them?	✓		<p>The company has a "Stakeholder Column" on the company's website, which provides the contact information by a dedicated person through E-mail. Please visit the company's official website for the communication channels of the company's stakeholders https://www.metatech.com.tw/ir/shareholder</p>						In line with the "Practical Principle of Governance of Listed Companies".																

Evaluation Contents	Operational Status			Reasoning Behind the Differences in Code of Practice Between This Firm and Other TWSE/TPEX-Listed Firms
	Yes	No	Summary of Explanations	
6. Has the Company delegated a professional shareholder services agent to serve the shareholders?	✓		The Company has appointed Concord Securities Co.,Ltd. to handle matters related to the shareholders' meeting	In line with the “Practical Principle of Governance of Listed Companies”.
7. Disclosure of Information A. Has the Company set up a website that discloses information on the Company’s financial affairs and corporate governance?	✓		In addition to entering the company's financial business and corporate governance information into the Market Observation Post System in accordance with regulations, the relevant information is also disclosed on the company's website. Please visit the company's official website for information about the company's financial business and corporate governance. https://www.metatech.com.tw/ir/quarterly	In line with the “Practical Principle of Governance of Listed Companies”.
B. Has the Company taken other measures to disclose its information (i.e., setting up an English website, appointing personnel to gather and disclose the Company’s information, implement a spokesperson system, uploading the whole process of the investor conference onto the Company website)?	✓		The Company adopts other information disclosure methods: 1. The company has a public website (Chinese and English version of the website) and has a dedicated person responsible for maintenance. 2. Important information is announced at the Market Observation Post System. 3. The Company has a spokesperson and acting spokesperson system.	In line with the “Practical Principle of Governance of Listed Companies”.

Evaluation Contents	Operational Status			Reasoning Behind the Differences in Code of Practice Between This Firm and Other TWSE/TPEX-Listed Firms
	Yes	No	Summary of Explanations	
			4. Place the legal person briefing process on the company's website. For information disclosure regarding our company, please visit our official website. https://www.metatech.com.tw https://www.metatech.com.tw/en	
C. Whether the Company announced and reported the annual financial report within two months after the end of the fiscal year, and announced and reported the first, second and third quarter financial reports and operation of each month in advance before the prescribed period ?		✓	The Company submits its annual financial report within the specified time, and announces the first, second, and third quarter financial statements and operating conditions for each month in advance of the specified time limit.	Stipulated and handled according to Article 36, Paragraph 2 of the Securities and Exchange Act
8. Does the Company have any other information that would assist in letting others learn more about the Company's corporate governance status (including but not limited to the rights and privileges of employees, concern toward staff, relationship with investors, relationship with suppliers, rights and privileges of stakeholders, pursuance of higher education by directors and supervisors, risk control policy and performance of risk measuring standards, performance of customer policy, the Company taking out liability insurance for the directors and	✓		1. Employee rights and employee care: The Company has established an employee welfare committee to implement a retirement system in accordance with the Labor Standards Act, and appropriately plan the further education of employees, pay attention to labor relations, and ensure the rights and interests of employees. Human rights policies and regulations have been formulated and approved by the Board of Directors on May 14, 2021. For employee rights and employee care issues regarding	In line with the "Practical Principle of Governance of Listed Companies".

Evaluation Contents	Operational Status			Reasoning Behind the Differences in Code of Practice Between This Firm and Other TWSE/TPEX-Listed Firms
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supervisors)?			<p>our company, please visit our official website. https://www.metatech.com.tw/tw/ir/employee</p> <p>2. Investor relations: The Company discloses the relevant information about the company in accordance with regulations to protect the basic rights and interests of investors and fulfill the company's responsibilities to shareholders. For investor relations issues regarding our company, please visit our official website. https://www.metatech.com.tw/tw/ir/shareholder</p> <p>3. Supplier relationship: The Company's business department jointly manages matters related to suppliers. For supplier relationship issues regarding our company, please visit our official website. https://www.metatech.com.tw/tw/ir/stackholder</p> <p>4. Rights of stakeholders: The Company is responsible for the rights of stakeholders. For stakeholder issues regarding our company, please visit our official website. https://www.metatech.com.tw/tw/ir/stackholder</p> <p>5. The situation of directors and independent directors for further education: The directors and independent directors of the company have regular further education and declare the public information observatories in accordance with</p>	

Evaluation Contents	Operational Status			Reasoning Behind the Differences in Code of Practice Between This Firm and Other TWSE/TPEX-Listed Firms
	Yes	No	Summary of Explanations	
			<p>regulations.</p> <p>6. Implementation of risk management and risk measurement standards: The Company has formulated the relevant operating standards and control measures, which are supervised and implemented by the responsible supervisors, and the auditors regularly or irregularly check, report, and track to improve the implementation. For risk management issues regarding our company, please visit our official website. https://www.metatech.com.tw/tw/ir/rm</p> <p>7. Implementation of customer policies: The company's business departments jointly manage customer-related affairs.</p> <p>8. When the company purchases the liability insurance for directors and independent directors: The Company has insured liability insurance for all directors and important employees. The insurance period is from October 2022 to October 2023, with amount of USD10,000,000.</p>	
<p>9. Please provide details regarding improvements made based recommendations listed in the most recent year's assessment from the Corporate Governance Center, Taiwan Stock Exchange Co., Ltd. If the changes have not yet been made, please provide a list of matters to be improved and the corresponding measures. (N/A for companies not assessed):</p> <p>The company's ninth corporate governance ranking is 6%~20% within the listed companies. During the period, the English version of the annual report is uploaded, the independence of certified public accountants is evaluated, and the evaluation procedures are disclosed in detail in the annual report. The appointment and removal of internal auditors, evaluation, and remuneration have been submitted to the Board of Directors or signed by the audit supervisor to the</p>				

Evaluation Contents	Operational Status			Reasoning Behind the Differences in Code of Practice Between This Firm and Other TWSE/TPEX-Listed Firms
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<p>chairman for approval. And on the company's website to strengthen the disclosure of the implementation of the resolutions of the previous year's annual general meeting. Our company has also vigorously promoted the integrity management policy, formulated procedures for reporting illegal, unethical or dishonest behavior, and established a reporting system for violations of business ethics on the company's website. In order to fulfill the company's corporate social responsibility, the company has prepared a corporate social responsibility report (which has been renamed the Sustainable Development Report) for five consecutive years.</p> <p>And at the Thirteenth meeting of the eighth session Board of Directors (2020.11.06), the performance evaluation for the Board of Directors and functional committees has been formulated. The method stipulates that the evaluation should be conducted by an external professional independent institution or a team of external experts and scholars at least once every three years (This year is the year that the evaluation has to be conducted by an external professional independent institution or a team of external experts and scholars, for the evaluation results regarding the company, please refer to the performance evaluation for the Board of Directors and functional committees in this annual report). The company has started to implement it in the current year, and at the end of March 2023, it will report the performance evaluation of the 2022 Board of Directors in the public information reporting system. For the parts that have not been improved, such as whether the company's financial report is approved by the Board of Directors or submitted to the Board of Directors in 7 days before the announcement deadline, and whether the financial report is announced within 1 day after the adoption date or the submission date, whether the company's annual report discloses the link between performance evaluation and remuneration of directors and managers, regularly report to the Board of Directors on communication with stakeholders, establish a succession plan for members of the Board of Directors and major management, and disclose its operation status on the company website or annual report etc., the company implements it as priority.</p>				

(D) The Remuneration Committee established by the Company, and the status of its organization, duties and operations:

1. Information on the Members of the Remuneration Committee

May 31, 2022

Condition (Note 1)	Title Name	Professional Qualification and Experience (Note 2)	Independence Information (Note 3)	Number of Other Public Companies Concurrently Serving as a Member of Remuneration Committee
Independent director (convener)	Wang, Wen-chu	Please refer to the directors' information in this annual report (Chapter 1 and 2)	Have not served as a director, supervisor or employee of the company and its affiliated companies; the number and proportion of shares held by relatives within the company (or in the name of others) such as oneself, spouse, second degree of relatives or others are 0; have not served as a director, supervisor or employee of a company with a specific relationship with the company; No obtainment of any remuneration for providing the company or its affiliated companies in the business, legal, financial, accounting and other services in the last 2 years.	NA
Independent director	Yang, Shih-chieh	Please refer to the directors' information in this annual report (Chapter 1 and 2)	Have not served as a director, supervisor or employee of the company and its affiliated companies; the number and proportion of shares held by relatives within the company (or in the name of others) such as oneself, spouse, second degree of relatives or others are 0; have not served as a director, supervisor or employee of a company with a specific relationship with the company; No obtain any remuneration for providing the company or its affiliated companies in the business, legal, financial, accounting and other services in the last 2 years.	NA

Independent director	Chiu, Chun-jung	Please refer to the directors' information in this annual report (Chapter 1 and 2)	Have not served as a director, supervisor or employee of the company and its affiliated companies; the number and proportion of shares held by relatives within the company (or in the name of others) such as oneself, spouse, second degree of relatives or others are 0; have not served as a director, supervisor or employee of a company with a specific relationship with the company; No obtain any remuneration for providing the company or its affiliated companies in the business, legal, financial, accounting and other services in the last 2 years.	NA
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Note 1: Please specify the relevant working years, professional qualifications and experience of the members of each remuneration committee and their independent status in the form. If they are independent directors, please refer to the relevant content of Director and supervisor Information (1) in Schedule 1 on Page OO for remarks. Please fill in the identity as an independent director or other (if it is a convenor, please mark it).

Note 2: Professional qualifications and experience: Specify the professional qualifications and experience of individual remuneration committee members.

Note 3: Meet the independent status: specify whether the members of the remuneration committee meet the independent status, including but not limited to whether relatives within myself, spouse, second parent, etc. are directors, supervisors or employees of the company or its affiliated companies; relatives within myself, spouse, second parent, etc. (or use the name of others) hold the number and proportion of shares in the company; whether they are directors, supervisors or employees of companies with specific relationships with the company (refer to the provisions of Article 6, Item 1, Paragraphs 5-8, of the Measures for the Establishment and Exercise of the remuneration committee of the company listed on the stock exchange or traded in the business premises of the securities firm) ; The amount of remuneration obtained for providing business, legal, financial, accounting and other services of the company or its affiliated companies in the last two years.

Note 4: For disclosure methods, please refer to the best practice reference examples on the website of the Corporate Governance Center of the Taiwan Stock Exchange.

2. Information on the operation of the Remuneration Committee:

The company's board of directors approved the establishment of a remuneration committee on December 15, 2011 to assist the Board of directors in implementing and evaluating the company's overall remuneration and welfare policies, as well as the remuneration of managers.

(1) There are 3 members of the company's remuneration committee.

(2) The term of office of the current members: July 20, 2021 to July 19, 2024.

From 2022 to May 11, 2022, the Remuneration Committee has held 5 meetings (A). The qualifications and attendance of the members are as follows:

Title	Name	Times of Attendance in Person[B]	Times of Attendance by Proxy	Actual Attendance Ratio (%) [B/A]	Remarks
Independent	Wang, Wen-	5	—	100%	The fifth session

director (convener)	chu				
Independent director	Yang, Shih-chieh	5	—	100%	The fifth session,
Independent director	Chiu, Chun-jung	5	—	100%	The fifth session

Other matters to be recorded:


- A. If the Board of Directors refuses to adopt or revise suggestions from the Remuneration Committee, the details of the meeting date, session number, proposal content, results of voting by the Board of Directors, and actions taken by the Company in response to the opinions of the members of the Remuneration Committee should be listed (i.e., if the Board of Directors approved a Remuneration structure that is better than that suggested by the Remuneration Committee, the circumstance of discrepancy and reasoning should be clearly stated): None.
- B. If members of the Remuneration Committee object to or abstain from voting from resolutions of the Remuneration Committee, and there is a record or written declaration regarding said objection or abstention, the details of the meeting date, session number, proposal content, all the opinions of the committee members, and actions taken in response to the opinions of the members of the Remuneration Committee should be listed:
1. The 3th meeting of the 5th session Remuneration Committee on August 11, 2022: Proposed to the “Salary Management Measures”, “Summary of Minimum Wage” “Summary of Allowance”, “Summary of Overpaid”. This case was approved by the chairman after consultation with all the attending members.
 2. The 3 meeting of the 5 th session Remuneration Committee on August 11, 2022: Proposed the appointment of Ms. Liu, Wen-Ting as the vice president of the biomedical business division of the Company. This case was approved by the chairman after consultation with all the attending members.
 3. The 3 meeting of the 5 th session Remuneration Committee on August 11, 2022: Proposed the appointment of Mr. Kuo, Han-Che as the chief digital officer of the digital technology division of the Company. This case was approved by the chairman after consultation with all the attending members.
 4. The 3 meeting of the 5 th session Remuneration Committee on August 11, 2022: Approval of part of the remuneration of Director Yang, Ying-Chen as a Consultant of the Company. This case was approved by the chairman after consultation with all the attending members.
 5. The 3 meeting of the 5 th session Remuneration Committee on August 11, 2022: Part of the remuneration of Presiden Yang, Hung-Jen. This case was approved by the chairman after consultation with all the attending members.
 6. The 3 meeting of the 5 th session Remuneration Committee on August 11, 2022: The adjustment of the remuneration of Vice President Chen, Tsung-Chi. This case was approved by the chairman after consultation with all the attending members.
 7. The 4 meeting of the 5 th session Remuneration Committee on November 11, 2022: The adjustment of the remuneration of Vice President Chen, Tsung-Chi. This case was approved by the chairman after consultation with all the attending members without objection.
 8. The 5 meeting of the 5 th session Remuneration Committee on Decemver 23, 2022: 2022 year-end bonus distribution for the managers of the Company. This case was approved by the chairman after consultation with all the attending members without objection. Moreover, Please the related person, general manager Tang, Hung-Te enter recusal during the discussion and voting.
 9. The 5 meeting of the 5 th session Remuneration Committee on Decemver 23, 2022: proposed the addition of "Consultant Appointment Management Measures" and the amendment of "level of authority of administrative business". This case will submit to Audit Committee for resolution, approved by the chairman after consultation with all the attending members according to the “Regulations Governing the Appointment and Exercise of Powers by the

Remuneration Committee of a Company Whose Stock is Listed on the Taiwan Stock Exchange or the Taipei Exchange”.

10. The 5 meeting of the 5th session Remuneration Committee on Decemver 23, 2022: Proposed the appointment of Wen, Yi, a manager of the legal department and the human resources department as the director of the general management department and the manager of corporate governance. This case was approved by the chairman after consultation with all the attending members without objection.
 11. The 6 meeting of the 5th session Remuneration Committee on March 28, 2023: 2022 employee remuneration (dividends) and directors' remuneration distribution. This case was approved by the chairman after consultation with all the attending members without objection.
 12. The 7 meeting of the 5th session Remuneration Committee on May 7, 2023: Proposed to adjust the remuneration of assistant manager Ni, Yung-Fa of the Audit Office. This case was approved by the chairman after consultation with all the attending members without objection.
- C. The organizational powers and responsibilities of the Remuneration Committee are as follows:
1. Formulate and regularly review the policies, systems, standards and structures for the performance evaluation and remuneration of directors and managers.
 2. Regularly evaluate and formulate the remuneration of directors and managers. When performing the functions and powers of the preceding paragraph, the committee shall do so in accordance with the following principles:
 - (1) The performance evaluation and remuneration of directors and managers shall refer to the usual level of payment in the industry, and consider the rationality of the connection with personal performance, company operating performance and future risks.
 - (2) Directors and managers shall not be guided to engage in behaviors that exceed the company's risk appetite in order to pursue the remuneration.
 3. The proportion of remuneration paid to directors and senior managers for short-term performance and the payment time of some changes in remuneration shall be determined based on the characteristics of the industry and the nature of the company's business.

The remuneration referred to in the preceding paragraph includes the cash remuneration, stock options, dividends into shares, retirement benefits or severance payments, various allowances and other measures with substantial rewards; its scope shall be consistent with the remuneration of relevant directors and managers in the publication of the company's annual reports.

(5)Implementation of sustainable development promotion and “Discrepancy and Reason for Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies”

Contents of evaluation	Operational Status (Note 1)			Status on discrepancy and reasons in relation to the Sustainable Development Best Practice Principles of TWSE/TPEX-listed companies
	Yes	No	Description in Summary	
<p>1. Does the company establish a governance structure to promote the sustainable development, set up a special (part-time) group to promote sustainable development, have the senior managers, who are authorized by the board of directors, to conduct, and have the Board of Directors to supervise the situation? (The TWSE/TPEX listed companies should report the implementation status, not for compliance or explanation)</p>			<p>The Company has set a Sustainable Development Committee through the Board of Directors on May 11, 2023, General administration division and the Board of Directors authorizes the senior management to handle it.</p>  <pre> graph TD A[董事會] --- B[永續發展委員會] B --- C[總幹事] C --- D[環境保護 總管理處] C --- E[社會責任 總管理處] C --- F[公司治理 總經理室] </pre> <p>At present, the general manager's office is responsible for the planning and review of strategies and systems related to sustainable development, social responsibility, and integrity management. The governance structure includes the senior management authorized by the Board of Directors, and the sustainable development indicators, relevant</p>	<p>In line with the requirements of “Practical Principle for Sustainable Development for Listed Company”.</p>

			<p>risk policies, response strategies, and the risks and opportunities of the four core elements in the Task Force on Climate-related Financial Disclosures (TCFD) framework were jointly assessed and reviewed by managers of each department. The result should be reported to the Board of Directors by the manager of corporate governance. We have reported to the Board of Directors on the handling of the greenhouse gas inventory and verification schedule plan on August 11 and November 11 this year, and March 28, 2023,</p>	
<p>2. Whether the Company has conducted risk assessments of environmental, social and corporate governance issues related to its operations in accordance with the materiality principles, and formulated relevant risk management policies or strategies? (note 2) (The TWSE/TPEX listed companies should report the implementation status, not for compliance or explanation)</p>	✓		<p>The company has approved the risk management policy and procedures by the board of directors on January 10, 2020 and conducted a risk assessment of environmental, social and corporate governance issues related to the company's operations in accordance with the principle of materiality, and completed the corporate social responsibility letter in 2022. The implementation and website index areas follows: https://www.metatech.com.tw/ir/csr</p> <ul style="list-style-type: none"> • Environment - Environmental Protection and Ecological Conservation: The electronics department of the company is purely for sale and has no production activities, and will not produce harmful environmental factors such as air, water, waste, poison, and noise that affect the environment; The 	<p>In line with the requirements of "Practical Principle for Sustainable Development for Listed Company".</p>

		<p>biomedical department is still in the stage of small-scale production, and the amount of harmful environmental factors produced is still quite small. However, we still continue to reduce the environmental impact of living and working. MetaTech commits to complying with various environmental regulations and requirements promulgated by the central and local competent authorities as the most basic principle in the operation process, and is committed to improving energy efficiency, reducing greenhouse gas emissions, and reducing waste generated during operations with the concept of source reduction and recyclable resources, and continue to improve various environmental performances such as operation and management, and accurately implement the responsibility of environmental maintenance to intergrowth and co-prosperity with the earth. MetaTech future plans for short-term, mid- and long-term energy-saving and carbon-reduction goals and plans, are as follows:</p> <p>Short-term goal: Continuously monitor the energy consumption and greenhouse gas emissions of operating activities, and build employees' awareness of energy conservation</p>	
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		<p>and carbon reduction. Mid-term goal: refer to the international standard ISO 14064 1 Greenhouse gas inventory and reduction standard management to manage MetaTech's greenhouse gases. Long-term goal: develop a sustainable energy-saving and carbon-reduction mechanism suitable for MetaTech operations.</p> <ul style="list-style-type: none"> • Society <ol style="list-style-type: none"> 1. Occupational safety The company complies with the Labor Standards Law and respects the principles of internationally recognized basic labor human rights, and establishes management methods to protect the legitimate rights and interests of employees and non-discriminatory treatment in employment policies. The company has a clear and effective reward and punishment system including employee assessment, education and training, year-end bonus distribution, work rules, etc. MetaTech pays attention to the voice of employees. In order to maintain harmonious labor relations, promote labor-management cooperation, and take employee rights into consideration, not only do employers and employees meet regularly, but the employees can also report to the relevant department through emails and the reporting system set up by the company, so that employees can speak freely and their rights and interests are protected. 2. Product Safety 	
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		<p>Electronics department: The company and its subsidiaries are distributors of electronic components, mainly acting as agents and distributors of European and American brands. The products include communication products, connectors, and consumer products, so it is just purely for sale and has no production activities, which will not produce harmful environmental factors such as air, water, waste, poison, and noise that affect the environment. With the main brands Samtec, Everspin, etc. that the Company distributes as an agent, its market share is stable, the Company and its subsidiaries are actively developing agent brands for products in various application fields, which will facilitate an increase in the market share of the industry in the future.</p> <p>Biomedical Department: The company complies with environmental regulations and relevant international standards, properly protects the natural environment, and takes into account the goal of environmental sustainability when implementing business activities. Therefore, all laboratories are built based on a GMP laboratory standard to comply with ISO 17025 laboratory certification specifications. In addition, the Company has implemented the technology and clinical application of Japan's CellSeed Company in the development of Taiwan's biotechnology. The main development project of the plan is the esophagus and</p>	
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		<p>cartilage repair, and the development of other organs and tissues have entered preclinical trials and can be used as new development projects in the future. We will cooperate with academic institutions such as colleges and universities and their affiliated hospitals, such as National Taiwan University Hospital, E-Da Hospital, Taipei Medical University Hospital to establish a cooperation strategy for co-development, conduct the R&D Test in the early stage, and introduce the market in the later stage to carry out the product sales and cooperation and strengthen the company's competitive niche.</p> <ul style="list-style-type: none"> • Corporate Governance - Social economy and Legal Compliance: <p>As a member of society, the Company deeply understands that what we take from society should also give back to society. Therefore, in order to promote corporate sustainable operation and practice social responsibility, MetaTech is committed to achieving a balance in the promotion of the economy, environmental protection, and social participation. In 2017, the 14th meeting of the 7th session of the board of directors passed the "Corporate Social Responsibility Best Practice Principles" which focus on the economic, environmental, and social issues arising from operating activities that shall be planned and promoted by Mega Tech's General administration division and reported to the Board of Directors to contribute to all</p>	
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			members of the company can work together to promote and implement corporate social responsibility related matters.	
3. Issues of Environment A. Has the Company established appropriate systems for environmental management based on the characteristics of its operations?	✓		The company establishes a suitable environmental management system according to the nature of its operating activities. The environmental management unit or personnel shall promote and maintain the environmental management-related systems, and organize the environmental education courses for management and employees.	In line with the requirements of “Practical Principle for Sustainable Development for Listed Company”.
B. Is the company committed to improving the energy efficiency and using the recycled materials that have less loading on the environment?	✓		In order to improve the efficiency of the utilization of various resources, the company properly and sustainably uses the water resources and formulates the relevant management procedures. Meanwhile, it plans to build and strengthen the relevant environmental protection facilities to avoid polluting water, air and land; the Company does the best to reduce the adverse effects on human health and the environment, and adopt the best feasible pollution prevention and control technology measures.	In line with the requirements of “Practical Principle for Sustainable Development for Listed Company”.
C. Whether the Company have assessed the current and future potential risks and opportunities of climate change to the Company, and adopted measures to respond to climate-related issues?	✓		The Company pays attention to the impact of climate change on its operating activities, and based on the operating conditions and greenhouse gas inventory results, formulates the company's energy-saving, carbon-reducing and greenhouse gas reduction strategies to reduce the impact of the company's operations on the natural environment.	In line with the requirements of “Practical Principle for Sustainable Development for Listed Company”.

			We have reported to the Board of Directors on the handling of the greenhouse gas inventory and verification schedule plan on August 11 and November 11 this year, and March 28, 2023,	
D. Whether the Company counted the gas emissions of greenhouse, water consumption and total weight of waste in the past two years, and whether the Company formulated policies on energy saving and carbon reduction, reduction of greenhouse gas and water consumption or other waste management?	✓		<p>The company's annual electricity consumption is about 857,233 degrees, and the indirect greenhouse gas emissions are 451,083.99 kg of CO₂e greenhouse gas emissions. The total fuel consumption of official vehicles is about 2,987.26 liters, which directly produces about 7,009.99 kg of CO₂e greenhouse gas. (The calculation method adopts the emission coefficient method, and the emission coefficient refers to the Greenhouse gas emission coefficient management table announced by the Environmental Protection Agency of China Version 6.0.4; GWP is calculated using the Fourth Assessment report of the IPCC in 2007). The company continues to commit to reducing greenhouse gas.</p> <p>In terms of water consumption, employees usually promote the water conservation in detail, so the water consumption in 2021 was about 1200 degrees, a decrease of 245,72 degrees compare to the previous year. In terms of sewage, MetaTech was determined to be a "temporarily unregulated" institution after written examination by the local competent authority, and there was no polluted wastewater.</p> <p>The operators of the MetaTech Biomedical</p>	In line with the requirements of "Practical Principle for Sustainable Development for Listed Company".

		<p>laboratory follow the "Waste Disposal Operation Instructions" formulated by the "Waste Disposal Operation Instructions" and are equipped with refrigerators dedicated to the storage of biomedical waste. The hazardous medical waste generated during the experiment is temporarily stored in it. The temperature is checked daily by the personnel, and the hazardous business waste approved by the Environmental Protection Agency of the Executive Yuan is regularly entrusted to the carrier and processor for the removal and proper disposal by incineration. Website index: https://www.metatech.com.tw/ir/csr</p>	
<p>4. Social Issues A. Has the Company established management policies and procedures based on relevant laws and the International Bill of Human Rights?</p>	<p>✓</p>	<p>The Company is committed to safeguarding the basic human rights of its employees and creating an environment where human rights are fully guaranteed. In accordance with the United Nations "Universal Declaration of Human Rights", "Global Covenant", "International Labor Organization Convention" and other international human rights conventions, the "Human Rights Policies and Regulations of MetaTech (AP) Inc" have been specially formulated and approved by the resolution of the Board of Directors on May 14, 2021, so that both internal and external members of the company can be treated with fairness and dignity.</p>	<p>In line with the requirements of "Practical Principle for Sustainable Development for Listed Company".</p>

<p>B. Whether the Company have formulated and implemented reasonable employee benefits measures (including salary, leave and other benefits, etc.), and appropriately reflect the operating performance or results on the Remuneration of employees?</p>	<p>✓</p>	<p>The company has formulated the reasonable employee welfare measures and appropriately reflected the business performance in employee Remuneration, such as the distribution of performance bonuses and year-end bonuses.</p>	<p>In line with the requirements of “Practical Principle for Sustainable Development for Listed Company”.</p>
<p>C. Has the Company provided employees with a safe and healthy working environment in addition to regularly providing education to the employees regarding safety and health?</p>	<p>✓</p>	<p>The Company regularly conducts the safety and health education and publicity, and reviewed the procedure for complaints and disciplinary to prevent and control the sexual harassment in the workplace on 2022.03.03. The Company has formulated measures to protect the working environment of employees and the personal safety of employees. The company has completed that all employees should receive at least 3 hours of general safety and health education every 3 years before 2021.10.15. according to Article 17 of the "Occupational Safety and Health Education and Training Rules". Please go to the company's official website for the protection measures of the working environment and the personal safety of employees https://www.metatech.com.tw/tw/ir/employee</p>	<p>In line with the requirements of “Practical Principle for Sustainable Development for Listed Company”.</p>
<p>D. Has the Company established occupational competence training programs for the employees?</p>	<p>✓</p>	<p>The Company has formulated the management measure of on-the-job training of employees on June 19, 2018. Employees can submit applications for further training subsidies for educational courses according to the measure and encourage employees to</p>	<p>In line with the requirements of “Practical Principle for Sustainable Development for Listed Company”.</p>

			participate in external training to facilitate their career development and provide external course training according to the needs of employees. Website index: https://www.metatech.com.tw/tw/ir/employee	
E. Regarding topics like the customer health and safety, the customer privacy, the marketing and labeling of products and services, does the company comply with relevant regulations and international standards, and formulate relevant policies and complaint procedures to protect the rights of consumers or customers?	✓		The company implements a close relationship with customers, including the customer health and safety, customer privacy, after-sales customer service and maintenance, and follows the relevant regulations and international standards. Please visit the company's official website for the company's complaint channels https://www.metatech.com.tw/tw/contact/ethicalreport	In line with the requirements of “Practical Principle for Sustainable Development for Listed Company”.
F. Whether the Company has formulated a supplier management policy which requires suppliers to comply with the relevant regulations on issues such as environmental protection, occupational safety and health, or labor rights, and how their implementation is.	✓		The Company has formulated the standard operating procedure for supplier qualification accreditation on September 4, 2020 and complies with relevant regulations, protects the legitimate rights and interests of its employees, and requires suppliers to respect the internationally recognized principles of basic labor and human rights. Regularly implement supplier quality audit and evaluation every year.	In line with the requirements of “Practical Principle for Sustainable Development for Listed Company”.
5. Whether the Company referred to the reporting standards or guidelines which are accepted internationally for compiling reports which disclosed the non-financial information of the Company, such as the sustainability report. Whether the previous report obtained the assurance or verification statement of a verification unit from the	✓		The Company has conducted a risk assessment of environmental, social and corporate governance issues related to the company's operations in accordance with the principle of materiality, and completed the corporate social responsibility letter for five consecutive years. The website index is as	In line with the requirements of “Practical Principle for Sustainable Development for Listed Company”.

third party		<p>follows: https://www.metatech.com.tw/ir/csr At present, although the assurance or guarantee opinions of third-party verification units have not been obtained, efforts are also being made in this direction.</p>	
<p>6. if the Company has established its own “Sustainable Development Best Practice Principles”, its operations and differences with the “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies” shall be described: In order to practice the sustainable development of enterprises and promote economic, environmental and social progress and the goal of sustainable development, the company has formulated the " Practice for Sustainable Development " with reference to the "Practice for Sustainable Development of Listed Companies" jointly formulated by the Taiwan Stock and the Securities Exchange of the Republic of China. The Company implements the corporate governance, develops a sustainable environment, maintains social welfare, strengthens the corporate social responsibility information disclosure, and operates on the ground in accordance with the procedure. At present, the operation results are good, but the Company has not obtained the assurance or guarantee of a third party. The Company will strive to improve.</p>			
<p>7. Other Information Important to Helping Understand the Status and Operations of implementation status of sustainable development: (1) Environmental protection work: The Company is purely in the trading industry and has no production activities so would not affect the production of harmful environmental factors such as air, water, waste, poison, and noise in the environment. However, the office is still continuously reduced the environmental impact caused to the life. The photocopy paper currently used in the office is mainly recycled paper with environmental certification marks, and colleagues are promoted to use recycled photocopy paper for photocopying. In addition, the Company's internal envelope reuse is implemented to save paper resources. The Company promotes the thorough implementation of garbage classification and sets up the resource recycling offices for environmental protection. (2) Social contribution: The Company adheres to the concept of "taking it from the society and using it for the society". In addition to the goal of sustainable corporate management, MetaTech (AP) Inc supports education and technology research and development projects with practical actions. It also provides donations and support for learning from disadvantaged groups, and hopes to lead the way. Through the participation of various public welfare activities, it will connect internal colleagues and even expand to the entire society, so that more people can pay attention to social welfare and invest in it. Please refer to the website below for details of the projects sponsored by the company: https://www.metatech.com.tw/ir/csr (3) Social services: The Company cooperates with government agencies to promote the "Tobacco Hazards Prevention Act" and calls on all employees to pay attention to their physical health. (4) Human rights: The Company has formulated the "Human Rights Policies and Regulations of MetaTech (AP) Inc" in accordance with the United Nations "Universal Declaration of Human Rights", "Global Covenant", "International Labor Organization Convention" and other international human rights conventions. So that both internal and external members of the company can be treated fairly and with dignity. (5) Employee health care: In order to take care of the physical and mental health of employees, the Company arranges the health checks for employees to understand their own health, and then strengthen their own physical health.</p>			

Note 1: Implementation status If you tick "Yes", please specify the important policies, strategies, measures, and implementation status adopted; if you tick "No", please explain the difference and reasons in the column of "Discrepancy and Reason for Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies" and explain the plan to be adopted in the relevant policies, strategies, and measures in the future. However, regarding promotion projects 1 and 2, TWSE/TPEX Listed Companies should describe the governance and Supervisory structure of sustainable development, including but not limited to management guidelines, strategy, goal setting, review measures, etc. Also describes the company's risk management policies or strategies for environmental, social, and corporate governance issues related to operations, and its assessment status.

Note 2: The principle of materiality refers to issues related to environment, society and corporate governance that have a significant impact on company investors and other stakeholders.

(6) Circumstances of the company fulfilling ethical corporate management and the differences with the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies and the reasons thereof.

Contents of evaluation	Operational Status			Status on discrepancy and reasons in relation to the best practices governing ethical corporate management of TWSE/TPEX-listed companies
	Yes	No	Descriptions in summary	
<p>1. Enactment of Policies and Measures of Ethical Corporate Management Best Practice Principles</p> <p>A. Did the company develop ethical corporate management policies approved by the board of directors and clearly state its policies and practices of ethical corporate management in the regulations and external documents? Are the Board of Directors and the senior management implementing the commitment to business policies?</p>	✓		The Company has currently formulated an integrity management policy, and expresses the policies and practices of honest management in regulations and external documents. The Board of Directors and management exercise their powers cautiously when performing business. The company's audit office will conduct inspections from time to time.	Principle of Integrity Management of Listed Company
<p>B. Did the company establish the assessment system for the risks of unethical behaviors and regularly analyze and assess the business activities with higher risks of unethical behaviors within its business scope? Furthermore, did the company establish prevention programs against unethical behaviors, which at least covered the prevention measures for the behaviors in Article 7, Paragraph 2 of "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies"?</p>	✓		The Company has specified that directors, managers, employees, trustees or persons with substantial control ability shall not directly or indirectly provide, underwrite, request or accept any improper benefits, or engage in other dishonest acts that violate integrity, lawlessness or breach of fiduciary obligations in order to obtain or maintain benefits. In addition, the company regularly analyzes and evaluates business activities within its business scope that are under a high risk of dishonest behavior.	Principle of Integrity Management of Listed Company
<p>C. Has the Company clearly established and implemented operating procedures, code of conduct, penalties for violation and complaint system in the prevention programs against unethical behaviors as well as reviewed and revised the aforementioned programs regularly?</p>	✓		The Company has formulated the working codes and instructions to implement the integrity management policy and actively prevent the dishonest behavior. In addition, the Company regularly promotes the spirit of integrity management through employee education and	Principle of Integrity Management of Listed Company

Contents of evaluation	Operational Status			Status on discrepancy and reasons in relation to the best practices governing ethical corporate management of TWSE/TPEX-listed companies
	Yes	No	Descriptions in summary	
			training, and regularly reviews and revises the pre-mortgage plan.	
2. Fully Implementing the Ethical Corporate Management Best Practice Principles A. Has the Company evaluated the ethical corporate management records of business counterparts and expressly written ethical business clauses into the terms of the contracts signed with said business counterparts?	✓		Before establishing a business relationship, the Company evaluates the legitimacy of the counterparty, whether there is a record of dishonest behavior, and conducts the bank notes to ensure that its business operations are fair, transparent, but not require, provide or accept bribes.	Principle of Integrity Management of Listed Company
B. Has the company established units exclusive for the promotion of ethical corporate management, which are affiliated under board of directors and will report regularly (at least once a year) to board of directors about the programs, supervision and execution situations for the ethical corporate management policies and the prevention against unethical behaviors?	✓		The company's general administration division is responsible for formulating, promoting, and Advocating the Company's integrity management idea, and regularly reports the implementation of integrity management to the Board of Directors every year. The general administration division is a responsible unit that handles the revision, implementation, interpretation, and other related operations of the Code of Integrity Management and supervises its implementation. The audit department belongs to the Board of Directors and is responsible for dealing with violations of integrity management reports and the preservation of related documents Report to the Board of Directors according to the its handling method and subsequent review and improvement measures. Violation of ethics reporting system::	Principle of Integrity Management of Listed Company

Contents of evaluation	Operational Status			Status on discrepancy and reasons in relation to the best practices governing ethical corporate management of TWSE/TPEX-listed companies
	Yes	No	Descriptions in summary	
			https://www.metatech.com.tw/tw/contact/ethicalreport	
C. Has the Company set up and implemented policies to prevent conflicts of interests and provided appropriate channels for employees to express their opinions if needed?	✓		<p>The directors of the Company uphold a high degree of self-discipline and have an interest in the proposals listed by the board of directors and their own or their representative legal persons, which are harmful to the interests of the company. Those who are at risk of harm shall not join the discussion and vote and shall be avoided.</p> <p>For details of the statement channel, please refer to the company's website violation of ethics reporting system: https://www.metatech.com.tw/tw/contact/ethicalreport</p>	Principle of Integrity Management of Listed Company
D. Has the Company established effective accounting systems and internal control systems for implementing Ethical Corporate Management and has its internal audit unit developed relevant audit programs according to the assessment results for the risks of unethical behaviors as well as reviewed compliance to prevention against unethical behaviors or entrusted accountants to conduct the review?	✓		<p>The Company has established an effective internal controls, relevant management measures and accounting systems for implementation, and has an audit unit to regularly audit the relevant compliance matters of all units of the company.</p> <p>See the website below for details: https://www.metatech.com.tw/ir/internal</p>	Principle of Integrity Management of Listed Company
E. Does the Company regularly hold internal and external educational trainings regarding ethical corporate management?	✓		<p>The Company has formulated employee codes and instructions, and regularly organizes internal and external education and training in integrity management to strengthen employee advocacy.</p> <p>See the website below for details:</p>	Principle of Integrity Management of Listed Company

Contents of evaluation	Operational Status			Status on discrepancy and reasons in relation to the best practices governing ethical corporate management of TWSE/TPEX-listed companies
	Yes	No	Descriptions in summary	
			https://www.metatech.com.tw/tw/ir/employee	
3. Operating Status of the Company's Reporting System A. Has the Company established a concrete reporting and rewards system and provided convenient channels for reporting in addition to assigning appropriate personnel dedicated to handling the matters reported?	✓		The Company has established a specific reporting and reward system for violations of business ethics. The Company assigns the appropriate special acceptance personnel to the subject of the report. For the company's complaint channels, please visit the company's official website to inquire about the violation of ethics reporting system. https://www.metatech.com.tw/tw/contact/ethicalreport	Principle of Integrity Management of Listed Company
B. Has the Company established standard operating procedures for the investigation on complaints and the follow-up measures to be adopted after the investigation is completed as well as the relevant confidentiality mechanisms?	✓		The Company has established procedures for reporting illegal, unethical or dishonest behavior, which specify the standard operating procedures for investigation, follow-up measures to be taken after the investigation is completed, and related confidentiality mechanisms.	Principle of Integrity Management of Listed Company
C. Has the Company adopted measures to safeguard the personnel who filed the report from receiving any unfair or inappropriate treatment?	✓		The Company allows the anonymous reporting. For colleagues and related personnel who report violations of the law or participate in the investigation process, the company would keep it confidential and protect it to avoid unfair retaliation and treatment, and assign specialist to investigate.	Principle of Integrity Management of Listed Company
4. Improving Information Disclosure Has the Company disclosed the details of its Ethical Corporate Management Best Practice Principles and information regarding its effectiveness on the Company's website in addition to MOPS?	✓		The Company has disclosed the content and promotion effectiveness of the established code of Integrity Management on the company's website and Market Observation Post System. See the website below for details:	Principle of Integrity Management of Listed Company

Contents of evaluation	Operational Status			Status on discrepancy and reasons in relation to the best practices governing ethical corporate management of TWSE/TPEX-listed companies
	Yes	No	Descriptions in summary	
			https://www.metatech.com.tw/ upload/regulation/	
<p>According to the “Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies”, if the Company has established its own Ethical Corporate Management Best Practice Principles, the details of its operations and differences shall be listed below: The company is disclosed in the corporate governance special area of the Market Observation Post System in accordance with regulations.</p>				
<p>6. Other important information that helps to understand the company's integrity management and operation: (Such as the company's review and revision of its code of Integrity management, etc.) The company's Code of Integrity Management was formulated by the Fourteenth board of Directors of the Fifth session (March 26, 2012), and has undergone two revisions during the period, namely the fourteenth board of Directors of the seventh session (2016.12.21) and the Eighth Board of Directors of the eighth session (2019.11.08).</p>				

(7) If the company has a corporate governance code and related regulations, it should disclose its inquiry method:

1. The company has formulated the following relevant regulations and measures in accordance with the "Practical Principle on Governance for Listed Company":

- (1) Rules of Shareholders' meeting
- (2) Rules of procedure of the Board of Directors
- (3) Method for election of directors
- (4) Procedures for acquiring or disposal of assets
- (5) Operation method of endorsement guarantee
- (6) Working procedures for lending funds to others
- (7) Measures for supervision and management of subsidiaries
- (8) Internal major information processing procedures
- (9) Practice of Integrity Management
- (10) Administrative measures to prevent insider trading
- (11) Practice of Ethics for directors and Managers
- (12) Practice for Corporate Social Responsibility
- (13) Organizational Rules of the Audit Committee
- (14) Corporate Governance Practice
- (15) Organizational Rules of the Remuneration Committee
- (16) Standard operating procedures for handling directors' requests
- (17) Handling procedures for reporting the illegal, unethical or dishonest behavior
- (18) Information Management Regulations
- (19) Management of related party transactions
- (20) Risk management policies and procedures
- (21) Complaints and disciplinary measures for the prevention and control of sexual harassment in the workplace
- (22) Performance evaluation measures of the Board of Directors and Functional committees
- (23) Measures for the Management of Intellectual Property Rights
- (24) Measures for the Management of Business Secrets
- (25) Human rights policies and regulations
- (26) Organizational Regulations of the Sustainable Development Committee

2. Searching method

The company's website <https://www.metatech.com.tw/>, discloses the company's financial business and corporate governance information in the investor column.

(8) The company has formulated "internal major Information processing procedures" and announcement methods

The company's "Management of the Prevention of Insider Trading" incorporate the internal major information processing procedures, which were approved by the Board of Directors in December 2009 and amended in May 2017. The Board of Directors announced this procedure to all directors on the same day, and sent relevant procedural information to the directors of the company for reference after the meeting. Internally, The amendment to the principles for the disclosure of material inside information evaluation and approval procedure of the "Procedures for Handling Material Inside Information" has been approved by the Board of Directors on December 23, 2022 are as follows:

1. When the Company releases material information, it shall be handled in accordance with the relevant laws, orders, and relevant regulations of the Taiwan Stock Exchange or the verification and public handling procedures of material information

- and related questions and answers related to the regulations of the Taipei Exchange, and this operating procedure.
2. Material decisions made by the Company or occurred material events comply with the verification and public handling procedures of material information related to the regulations of the Taipei Exchange or after further evaluation of the significance, of the decisions or events that have a significant impact on the company's finances, business, shareholders' equity, or securities prices, the responsible unit shall "Material Information Release Application Form" and "Material Information Evaluation and Check Form" on the day when the fact occurs, and after being approved by the responsible supervisor and the general manager, it should be sent to the company's spokesperson for countersignature and announced material information as soon as possible within the time limit stipulated by the law and regulation.
 3. The Company shall adhere to the following principles when disclosing material inside information:
 - (1) The disclosure of information shall be accurate, complete and timely.
 - (2) The disclosure of information should have a basis.
 - (3) Information should be disclosed fairly.
- (9) Other important information sufficient to enhance the understanding of the operation of corporate governance shall be uniformly disclosed:
The query method is as follows:
1. The newly appointed directors, managers and other insiders of the company shall distribute the latest version of the " Regulations Related to the Equity of Insiders of Listed and Emerging Stock Companies and Precautions" prepared by the Securities Counter Trading Center when they take office to facilitate insiders to follow them.
 2. Market Observation Post System: <http://mops.twse.com.tw>
 3. The investor column of company's website: <http://www.metatech.com.tw>

(10) Internal control system and implementation status

1. Internal Control System Statement

MetaTech (AP) Inc.

Internal Control System Statement

March 28, 2023

In accordance with the results of self-inspection, the Company's internal control system for the year of 2022 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, 2022 (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.

This statement was approved by the Board of Directors of the Company on March 28, 2023. Of the 9 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: Yang, Hung-Jen Signature

General Manager: Tang, Hong-Te 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 2022 and as of the printing date of the annual report, important resolutions of the shareholders' meeting and the Board of Directors:

Shareholders' Meeting	Date	Important Resolutions																				
2022 Shareholders' Meeting	2022.06.29	<p>Proposal Matters:</p> <p>1. Acknowledging the 2021 Business Report and the Consolidated Financial Statements, the voting results are as follows. The voting weights represent 98.54% of the voting rights of the shareholders at the time of voting:</p> <table border="1"> <thead> <tr> <th>Items</th> <th>Attendance at shareholders' voting rights</th> <th>Agree</th> <th>Opposition</th> <th>Invalid</th> <th>Abstaining/Not voting</th> <th>Resolution results/implementation status tracking</th> </tr> </thead> <tbody> <tr> <td>Weight</td> <td>5,074,223</td> <td>34,563,029</td> <td>44,506</td> <td>0</td> <td>466,688</td> <td rowspan="2">This case was approved and announced in the Market Observation Post System after the meeting.</td> </tr> <tr> <td>Proportion</td> <td>100.00%</td> <td>98.54%</td> <td>0.13%</td> <td>0</td> <td>1.33%</td> </tr> </tbody> </table>	Items	Attendance at shareholders' voting rights	Agree	Opposition	Invalid	Abstaining/Not voting	Resolution results/implementation status tracking	Weight	5,074,223	34,563,029	44,506	0	466,688	This case was approved and announced in the Market Observation Post System after the meeting.	Proportion	100.00%	98.54%	0.13%	0	1.33%
		Items	Attendance at shareholders' voting rights	Agree	Opposition	Invalid	Abstaining/Not voting	Resolution results/implementation status tracking														
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		Proportion	100.00%	98.54%	0.13%	0	1.33%															
<p>2. Acknowledging the 2021 loss allocation, the voting results are as follows. The voting weights represent 98.54% of the voting rights of the shareholders at the time of voting.</p> <table border="1"> <thead> <tr> <th>Items</th> <th>Attendance at shareholders' voting rights</th> <th>Agree</th> <th>Opposition</th> <th>Invalid</th> <th>Abstaining/Not voting</th> <th>Resolution results/implementation status tracking</th> </tr> </thead> <tbody> <tr> <td>Weight</td> <td>35,074,223</td> <td>34,562,963</td> <td>44,570</td> <td>0</td> <td>466,690</td> <td rowspan="2">This case was approved and announced in the Market Observation Post System after the meeting.</td> </tr> <tr> <td>Proportion</td> <td>100.00%</td> <td>98.54</td> <td>0.13%</td> <td>0</td> <td>1.33</td> </tr> </tbody> </table>	Items	Attendance at shareholders' voting rights	Agree	Opposition	Invalid	Abstaining/Not voting	Resolution results/implementation status tracking	Weight	35,074,223	34,562,963	44,570	0	466,690	This case was approved and announced in the Market Observation Post System after the meeting.	Proportion	100.00%	98.54	0.13%	0	1.33		
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<p>Discussion Matters (A) :</p> <p>1. The voting result of the amendment of the Company's Regulations Governing the Acquisition and Disposal of Assets is as follows. The voting weights represent 98.54% of the voting rights of the shareholders at the time of voting.</p> <table border="1"> <thead> <tr> <th>Items</th> <th>Attendance at shareholders' voting rights</th> <th>Agree</th> <th>Opposition</th> <th>Invalid</th> <th>Abstaining/Not voting</th> <th>Resolution results/implementation status tracking</th> </tr> </thead> <tbody> <tr> <td>Weight</td> <td>35,074,223</td> <td>34,563,022</td> <td>44,512</td> <td>0</td> <td>466,689</td> <td rowspan="2">This case was approved and announced in the Market Observation Post System after the meeting.</td> </tr> <tr> <td>Proportion</td> <td>100.00%</td> <td>98.54</td> <td>0.13</td> <td>0</td> <td>1.33</td> </tr> </tbody> </table>	Items	Attendance at shareholders' voting rights	Agree	Opposition	Invalid	Abstaining/Not voting	Resolution results/implementation status tracking	Weight	35,074,223	34,563,022	44,512	0	466,689	This case was approved and announced in the Market Observation Post System after the meeting.	Proportion	100.00%	98.54	0.13	0	1.33		
Items	Attendance at shareholders' voting rights	Agree	Opposition	Invalid	Abstaining/Not voting	Resolution results/implementation status tracking																
Weight	35,074,223	34,563,022	44,512	0	466,689	This case was approved and announced in the Market Observation Post System after the meeting.																
Proportion	100.00%	98.54	0.13	0	1.33																	
<p>1. The voting result of releasing of elected Director from the non-competition restrictions are as follows. The voting weights represent</p>																						

		98.54% 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
		Weight	35,074,223	34,561,004	45,531	0	467,688	This case was approved and announced in the Market Observation Post System after the meeting.
		Proportion	100.00%	98.54	0.13	0	1.33	
		Note: The voting weights include the electronic voting weights.						
Board of Directors	Date	Important resolutions					Implementation status tracking	
The 5th meeting of the 9th session of the Board of Directors	2022.03.25	1. The proposal for the "Statement of Internal Control System" for 2021.					This case was revised and approved by all attended directors with the Chairman's inquiry, and it was submitted on 3/28.	
		2. The proposal for the amendment for the Regulations of Internal Control Systems and Internal Audit Implementation Details.					This case was revised and approved by all attended directors with the Chairman's inquiry and announced to the Group after the meeting.	
		3. The proposal for the amendment for the "Administrative Business and Electronic Business Group Approval Authority Table"					This case was revised and approved by all attended directors with the Chairman's inquiry, and announced to the Group after the meeting.	
		4. The proposal for signing "Venue and Equipment Lease Agreement" with LOCUS Cell Co., Ltd.					This case was approved by all the attended directors with the Chairman's inquiry and the contract is signed on 3/31.	
		5. The proposal for signing "Laboratory Lease Agreement" with Up Cell Biomedical Inc.					This case was approved by all the attended directors with the Chairman's inquiry and the contract is signed on 3/31.	
		6. The review proposal for the individual financial statements and consolidated financial statements of the Company for FY2021.					This case was approved by all the attended directors with the Chairman's inquiry and it was submitted on 3/30.	
		7. The proposal for the appropriation for the Company's FY2021 loss					This case was approved by all the attended directors with the Chairman's inquiry. It will be proposed at the Shareholders' Meeting dated 6/29 for ratification.	
		8. The proposal for the third domestic secured convertible corporate bond and					This case was approved by all the attended directors	

		employee stock option conversion and issuance of new shares for the Company.	with the Chairman's inquiry and the change registration was completed at 4/18.
		9. The proposal to lift the non-compete restriction for directors of the Company at this year's Board of Directors.	This case was approved by all the attended directors with the Chairman's inquiry. It will be proposed at the Shareholders' Meeting dated 6/29 for approval.
		10. The proposal for amendment of the "Procedure for acquisition or disposal of asset".	This case was approved by all the attended directors with the Chairman's inquiry. It will be proposed at the Shareholders' Meeting dated 6/29 for approval.
		11. The proposal for the date, time, location, and motions for the 2022 Board of Directors, the use of electronic means to exercise voting rights.	This case was approved by all the attended directors with the Chairman's inquiry. It will made in public on the Market Observation Post System after the meeting.
		12. The proposed renewal of credit line from Agricultural Bank of Taiwan.	This case was approved by all the attended directors with the Chairman's inquiry and the bank guarantee process was completed at 3/29.
		13. The proposed application of credit line from Bank of Panhsin.	This case was approved by all the attended directors with the Chairman's inquiry and the bank guarantee process was completed at 3/29.
The 6th meeting of the 9th session of the Board of Directors	2022.05.13	1. The consolidated financial reports of the Company for the first quarter of 2022 have been compiled and audited by PwC which plans to issue a review report with unqualified conclusions.	This case was approved by all the attended directors with the Chairman's inquiry and was announced on the Market Observation Post System after the meeting.
		2. The proposal for the independence and competency assessment of the chartered accountants and the audit fee of PwC from the second quarter of 2022 to the first quarter of 2023.	This case was approved by all the attended directors with the Chairman's inquiry and the commissioning process was completed on 5/17.
		3. The proposed application of credit line from Taishin Bank.	This case was approved by all the attended directors with the Chairman's inquiry.
		4. The proposal for the amendment of certain clauses of "Practice Principle of the Corporate Governance" of the	This case was approved by all the attended directors with the Chairman's inquiry

		Group.	and was announced to the Group after the meeting.
		5. The proposal for the amendment of certain clauses of “Practice Principle of the Corporate Social Responsibilities” of the Group.	This case was approved by all the attended directors with the Chairman’s inquiry. And it will be reported at the Shareholders’ Meeting on 2022.6.29.
		6. The proposal for the date, time, location, and motions for the 2022 Board of Directors, the use of electronic means to exercise voting rights.	This case was approved by all the attended directors with the Chairman’s inquiry and was announced on the Market Observation Post System after the meeting.
		7. The proposal for the amendment of “Remuneration Committee Organizational Regulations”.	This case was approved by all the attended directors with the Chairman’s inquiry and was announced to the Group after the meeting.
The 7th Meeting of the 9th Session of the Board of Directors	2022.7.29	Recommend and elect the Chairman of the Company	Result: All attendee Directors passed with consensus, electing Director, YANG, HONG-REN as the Chairman of the Company in the 9 th session.
The 8th Meeting of the 9th session of the Board of Directors	2022.8.11	1. Planned to enter into the “PIC/S GMP Service contract” with LOCUS CELL Co., Ltd.	This case was withdrawn while altering the agenda.
		2. The 2022 Q2 Consolidated Financial Statement has been completed, and reviewed by PwC Taiwan, developing into a reviewing report proposal with fair conclusion.	This case was approved by all the attended directors with the Chairman’s inquiry and was announced to the Group after the meeting.
		3. The proposal of Taiwan Business Bank Credit Line Contract Renew	This case was approved by all the attended directors with the Chairman’s inquiry and was announced to the Group after the meeting.
		4. The proposal of Changhwa Bank Credit Line Contract Renewal	This case was approved by all the attended directors with the Chairman’s inquiry and was announced to the Group after the meeting.
		5. The proposal of Land Bank Credit Line Contract Renewal	This case was approved by all the attended directors with the Chairman’s inquiry and was announced to the Group after the meeting.
		6. For the proposal of loans made between related parties – MTI Holding Co., Ltd. made a loan valued at	This case was approved by all the attended directors with the Chairman’s inquiry

	USD2,000,000 to MetaTech (S) Pte Ltd.	and was announced to the Group after the meeting.
	7. For the proposal of loans made between related parties – METATECH (AP) made a loan valued at USD1,000,000 to MetaTech (S) Pte. Ltd.	This case was approved by all the attended directors with the Chairman’s inquiry and was announced to the Group after the meeting.
	8. Amended the proposal of “Regulations Governing Internal Organization Structure and Managers”	This case was approved by all the attended directors with the Chairman’s inquiry and was announced to the Group after the meeting.
	9. Amended the proposal of Biotechnology & Medicine Department’s Reviewing and Decision-making Power	This case was approved by all the attended directors with the Chairman’s inquiry and was announced to the Group after the meeting.
	10. Added the proposal of the “Salary Management Regulations”, “Base Salary General List”, “Allowance General List”, “Bonus General List”	This case was approved by all the attended directors with the Chairman’s inquiry and was announced to the Group after the meeting.
	11. Proposed to appoint Mrs. Liu, Wen-Ting to be the Vice CEO of our new Biotechnology & Medicine Business Group	This case was approved by all the attended directors with the Chairman’s inquiry and was reported as the Company’s internal employee.
	12. Proposed to appoint Mr. KUO, HANG-CHE to be the Chief Digital Officer of Digital Technology Division	This case was approved by all the attended directors with the Chairman’s inquiry and was reported as the Company’s internal employee.
	13. Proposal of the Remuneration when Director, YANG, Ying-Jen was positioned as the advisor of the Company	This case was approved by all the attended directors with the Chairman’s inquiry and was announced to the Group after the meeting.
	14. Proposal of the Remuneration of Chairman, YANG, Hong-Ren	Except that Director, Yang, Hong-Ren was involved with the stakeholder issue, which was exvaded by law and this case was approved by all the attended directors with the Chairman’s inquiry and was implemented after the meeting.
	15. Proposal of adjusting the salary paid to the Vice CEO, Chen, Tsong-Chi	Except that Director, Chen, Tsong-Chi was involved with the stakeholder issue, which

			was exvaded by law and this case was approved by all the attended directors with the Chairman’s inquiry and was implemented after the meeting.
		16. In accordance with the letter issued by the Foundation of R.O.C. Securities Trading Center dated August 5, 2022, the reference No.: Cheng-Guei-Chien-Tzi No. 1110201844, the Company was requested to report the law compliance, risks involved in the operation and related countermeasures for the subject matters in the letter to the latest meeting of the Board of Directors for discussion.	This case was approved by all the attended directors with the Chairman’s inquiry and was used in the reply letter to the Center on August 29.
The 9th Meeting of the 9th session of the Board of Directors	2022.9.21	Proposal of the company re-appointing LOCUS CELL Co., Ltd. to be the representative on behalf of legal directors. (Lin, Shi-Chia)	This case was approved by all the attended directors with the Chairman’s inquiry and was announced to the Market Observation Post System by LOCUS CELL on the same day.
The 10th Meeting of the 9th session of the Board of Directors	2022.11.11	1. Amendment Proposal of the “Risk Management Policy and Procedures” of the Company	This case was approved by all the attended directors with the Chairman’s inquiry and was announced to the Group after meeting.
		2. Proposed to enter into the second round of approving the “Amendment No.4 to Collaboration Agreement” with CellSeed Inc.	This case was approved by all the attended directors with the Chairman’s inquiry and was in the completion of the signing procedure on November 2.
		3. Proposed to buy the shares held by UpCellBiomed Co., Ltd.	The application procedure is under arranged.
		4. Reviewing proposal of the Company’s 2022 Q3 Consolidated Financial Statements	This case was approved by all the attended directors with the Chairman’s inquiry and was announced to the Market Observation Post System after meeting.
		5. Amendment Proposal of the Company’s “Agenda Rule of the Board of Directors”	This case was approved by all the attended directors with the Chairman’s inquiry and was announced to the Group after meeting.
		6. Amendment proposal of the “Regulations on Internal organizational structure and managers”.	This case was approved by all the attended directors with the Chairman’s inquiry and was announced to the

			Group after meeting.
		7. Amendment Proposal of the Company's reviewing and decision-making authorizative power.	This case was approved by all the attended directors with the Chairman's inquiry and was announced to the Group after meeting.
		8. Proposed to adjust the salary paid to the Vice CEO, Chen, Tsong-Chi	This case was approved by all the attended directors with the Chairman's inquiry and was implemented after pass.
The 11th Meeting of the 9th session of the Board of Directors	2022.12.23	1. Proposal of the Company's 2023 Annual Reviewing Plan	This case was approved by all the attended directors with the Chairman's inquiry and was implemented after pass.
		2. The proposal of the Company's 2023 Annual Budgeting & Operation plan	This case was approved by all the attended directors with the Chairman's inquiry and was implemented after pass.
		3. The proposal of Mega Bank's application of renewal for the short-term integrative line of credit.	This case was approved by all the attended directors with the Chairman's inquiry and was in completion of verification on January 10, 2023.
		4. Amendment Proposal of the "Internal Material Information Processing Procedures".	This case was approved by all the attended directors with the Chairman's inquiry and was announced to the Group after meeting.
		5. Loans made between related parties – MTI Holding Co., Ltd. made a loan valued at USD1,000,000 to Metatech Limited.	This case was approved by all the attended directors with the Chairman's inquiry and was posted on Market Observation Post System after meeting.
		6. Finalization proposal on the use of NTD5.04 billion as the cash capital increase in 2017	This case was approved by all the attended directors with the Chairman's inquiry and was in completion of finalization and report on January 10, 2023
		7. Proposal of Managers' 2022 year-end bonus appropriation of the Company.	This case was approved by all the attended directors with the Chairman's inquiry and was appropriated on January 16, 2023
		8. Proposal of adding "Management Regulation of Hiring Advisors", and	This case was approved by all the attended directors

		cooperated to amend the “Administrative and Salesman-like reviewing and decision-making authorization.	with the Chairman’s inquiry and was used in the reply to OTC Trading Center on January 3, 2023
		9. Proposal of hiring the Manager Wen Yi of Legal Affairs Dept. & HR Dept. as the Head of the General Administration Division (Assistant Manager) & Head of Corporate Governance Dept.	This case was approved by all the attended directors with the Chairman’s inquiry and posted on Market Observation Post System after meeting.
The 13th Meeting of the 9th Session of the Board of Directors	2023.3.28	1. Approving proposal of 2022 Statement of Internal Control System.	This case was approved by all the attended directors with the Chairman’s inquiry and was posted on Market Observation Post System after meeting.
		2. Reviewing Proposal of 2022 Financial Statements and Consolidated Financial Statements.	This case was approved by all the attended directors with the Chairman’s inquiry and was in completion of report on March 31, 2023
		3. Reviewing proposal of making up for the loss in 2022.	This case was approved by all the attended directors with the Chairman’s inquiry and posted on Market Observation Post System after meeting.
		4. Proposal of adjusting CPA and evaluating the independency and competence of CPA.	This case was approved by all the attended directors with the Chairman’s inquiry and posted on Market Observation Post System after meeting.
		5. Allocation Proposal of 2022 remuneration (bonus) for employee and directors.	This case was approved by all the attended directors with the Chairman’s inquiry and should be reported to the Shareholders’ Meeting on June 28, 2023.
		6. Proposal of lifting the restriction behind non-compete among the directors in the General Shareholders’ Meeting of the year.	This case was approved by all the attended directors with the Chairman’s inquiry and should be delivered to the Shareholders’ Meeting for review on June 28, 2023.
		7. Proposal of the date, time, place and agenda for 2023 General Shareholders’ Meeting and the voting power shall be exercised via electronical manner.	This case was approved by all the attended directors with the Chairman’s inquiry and posted on Market Observation Post System after meeting.

		8. Proposal of applying for renewal of the integrative line of credit in banking loans with CTBC Bank and the Company's endorsement on the Grandgrand son's company, Metatech Limited. In Hong Kong.	This case was approved by all the attended directors with the Chairman's inquiry and the endorsement letter was posted on Market Observation Post System after meeting (pending with bank's notice of verification).
		9. Proposal of the application of due renewal of the lien of credit by Taishin International Bank	This case was approved by all the attended directors with the Chairman's inquiry and this is pending with bank's notice for verification.
		10. Proposal of the application of line of credit by United Cathay Bank.	This case was approved by all the attended directors with the Chairman's inquiry and this is pending with bank's notice for verification.
		11. Proposal of the applicatino of line of credit by First Commercial Bank.	This case was approved by all the attended directors with the Chairman's inquiry and this is pending with bank's notice for verification.
		12. Proposal of the application of line of credit by Fubon Commercial Bank.	This case was approved by all the attended directors with the Chairman's inquiry and was in completion of verification on March 30, 2023.
		13. Amendment Proposal of the "Regulations on Internal Organizational Structure and Managers"	This case was approved by all the attended directors with the Chairman's inquiry and was announced to the Group after meeting.
		14. Amendment proposal of some clauses in the Group's "Corporate Governance Practices Rule"	This case was approved by all the attended directors with the Chairman's inquiry and was announced to the Group after meeting.
		The 13th Meeting of the 9th Session of the Board of Directors	2023.5.11
2. Proopsal of Publicly funded CPA of PwC Taiwan during the period of 2023	This case was approved by all the attended directors		

		Q2 to Q1 2024.	with the Chairman's inquiry and was implemented accordingly after pass.
		3. Proposal of renewal application of line of credit upon due by Bank of Panshin.	This case was approved by all the attended directors with the Chairman's inquiry and pending with bank's notice for verification.
		4. Proposal of reewal application of line of credit upon due by Changhwa Bank.	This case was approved by all the attended directors with the Chairman's inquiry and was pending with bank's notice for verification.
		5. Proposed to report the change of share holding ratio by the listed (OTC) subsidiary, LOTUS CELL Co., Ltd.	This case was approved by all the attended directors with the Chairman's inquiry and should be reported to the Shareholders' Meeting on June 28.
		6. Proposal of lifting the restriction in non-compete status among the directors in the General Shareholders' Meeting of the year (adding Director, Wu, Chun-Yi)	This case was approved by all the attended directors with the Chairman's text correction and shall be delivered to the Shareholders' Meeting for review on June 28.
		7. Proposal of the date, time, address and content of subject matters for 2023 General Shareholders' Meeting and the voting power shall be exercised by electronical manner.	This case was approved by all the attended directors with the Chairman's inquiry and was posted on Market Observation Post System after meeting.
		8. Proposed to establish the "Sustainability Committee", and cooperated to add the "Article of Incorporation" and amended the "Regulations on Internal Organizational Structure and Managers".	This case was approved by all the attended directors with the Chairman's inquiry and announced to the Group after meeting.
		9. Amendment Propoal of the "Management Regulations on Hiring Advisors"	This case was approved by all the attended directors with the Chairman's inquiry and was used in a reply to OTC on May 15.
		10. Proposed to adjust the salary paid to the Assistant Manager, NI, YUNG-FA, Audit Division.	This case was approved by all the attended directors with the Chairman's inquiry and was implemented accordingly.

(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, 2021

Title	Name	Appointment Date	Dismissal date	Reasons for resigning or dismissal
Chairman	Yang, Chi-Huei	2021.07.20	2022.07.18	Resignation

D. Audit fees of the CPAs:

(A) Information for Audit fees of the CPAs

Unit: Thousand NT\$

Accounting Firm	Name of CPA	Audit Period	Audit Fee	Non-Audit Fee	Total	Remark
PricewaterhouseCoopers Taiwan	Hsu, Ming-chuan	2022/01/01/~2022/12/31	2,270	565	2,835	The non-audit fees cover tax filing, advance payment, English translations, studying and consideration on other information, review of Salary Checklist.
	Chih, Ping-chun	2022/01/01/~2022/12/31				

Please specify the content of non-audit services: (e.g. tax visa, assurance or other financial advisory services)

Note : If the company has changed accountants or accounting firms this year, the audit period shall be listed separately, cause for the change shall be noted in the remarks column and disclose the audit and non-audit fees paid in sequence. Non-audit fees should be annotated to explain its service contents.

- (B) In the event that the non-audit fees payment of the Company to the CPA, CPA belonging firm and its affiliate are more than 4% of the audit fees: Yes (The tax filing is now treated as non-audit fees).
- (C) In the event that the CPA firm is changed and the audit fees paid in the year when the CPA firm is less than that paid in the preceding year, reduction of the audit fees, percentage and causes: Not applicable ◦
- (D) In the event that the audit fees reduced by 10% compared with that was charged in the preceding year: NT\$2,800,000 for Y2020, NT\$2,270,000 for Y2021, reduced 18.93% ◦ (The tax filing is now treated as non-audit fees).

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

Regarding the former CPA:

Change Date	2022.03.28		
Cause and explanation	To cooperate with the internal adjustment of the PricewaterhouseCoopers Taiwan		
Specify whether appointer or CPA terminates or rejects the appointment	Party	CPA	Appointer
	Situation		
	Proactively terminate the appointment	Not applicable	Not applicable
	No longer accept (continue) appointment	Not applicable	Not applicable
The comments and causes for issue of the audit report other than unqualified opinions within the latest two years	Not applicable		
Disagreement with the issuer	Yes		Accounting principles or practices
			Disclosure of financial statement
			Scope or steps of audit
			Others
	No	V	
	Note		
Other disclosure (in accordance to Item 4-7 of paragraph 6 of Article 10 of this Code)	Not applicable		

Regarding the succeeding CPA:

Accounting Firm	PricewaterhouseCoopers Taiwan
Name of CPA	Lin, Guang Hong, Wang, Fang Yu
Date of appointment	2022.03.28
Accounting measures or principles with respect to certain transactions prior to the appointment and inquiries and result as to the comments likely to be issued with respect to the financial statements	Not applicable
Succeeding CPA's written opinion towards the disagreement with the former CPA	Not applicable

F. The Company's chairman, presidents, 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 or transfer in shareholding by directors, supervisors, management, and major shareholders

(A) Changes in shareholding by directors, supervisors, management, and major shareholders

Unit: share

Title	Name	Year 2022		As of April 30 2023	
		Plus (+)/Minus (-) number of shares held	Plus (+)/Minus (-) number of pledged shares	Plus (+)/Minus (-) number of shares held	Plus (+)/Minus (-) number of pledged shares
Director	Beidebixiu Investment Co., Ltd.	—	—	—	—
Corporate Director Representative concur. Chairman	Beidebixiu Investment Co., Ltd. Representative: Yang, Hong Ren (Note 2)	—	—	—	—
Corporate Director Representative	Beidebixiu Investment Co., Ltd. Representative: Chen, Tsong Chi	—	—	—	—
Corporate Director Representative and President	Beidebixiu Investment Co., Ltd. Representative: Tang, Hung-te (Note 3)	(505,000)	—	—	—
Corporate Director Representative	Beidebixiu Investment Co., Ltd. Representative: Chen, Jui-chieh (Note 2)	—	—	—	—

Title	Name	Year 2022		As of April 30 2023	
		Plus (+)/Minus (-) number of shares held	Plus (+)/Minus (-) number of pledged shares	Plus (+)/Minus (-) number of shares held	Plus (+)/Minus (-) number of pledged shares
Corporate Director Representative	Beidebixiu Investment Co., Ltd. Representative: Wang, Hui-chun (Note 5)	—	—	—	—
Corporate Director Representative	Beidebixiu Investment Co., Ltd. Representative: Yang, Ying Chen (Note 3)	—	—	—	—
Director	JUN INVESTMENT INTERNATIONAL CO., LTD.	(2,600,000)			—
Corporate Director Representative	JUN INVESTMENT INTERNATIONAL CO., LTD. Representative: Wu, Chun Yi (Note 6)	—	—		—
Corporate Director Representative	JUN INVESTMENT INTERNATIONAL CO., LTD. Representative: Lai Guang Ling (Note 6)	—	—		—
Director	National Development Fund, Executive Yuan		—	—	—
Corporate Director Representative	National Development Fund, Executive Yuan Representative: Wu, Ming Hsien	—	—	—	—
Director	Dajun Investment Co., Ltd.	—	—	—	—
Corporate Director Representative Chairman	Dajun Investment Co., Ltd. Representative: Yang, Chih-hui (Note 4)		—	—	—
Corporate Director Representative	Dajun Investment Co., Ltd. Representative: Ong, Wei Lun (Note 4)	—	—	—	—
Independent Director	Wang, Wen Chu	—	—	—	—

Title	Name	Year 2022		As of April 30 2023	
		Plus (+)/Minus (-) number of shares held	Plus (+)/Minus (-) number of pledged shares	Plus (+)/Minus (-) number of shares held	Plus (+)/Minus (-) number of pledged shares
Independent Director	Yang, Shi-Chieh	—	—	—	—
Independent Director	Chiu, Chun Jung				
Auditing Assistant Manager	Ni, Yung-fa	—	—	—	—
Finance Department Assistant Manager	Chan, Chih-tsung	—	—	—	—
Investment Relationships Department Assistant Manager	Lin, Wen-chieh (Note S)	22,000	—		—
Assistant Manager of Taiwan Operating Office	Wang, Shih-chun ¹	—	—	—	—
Vice General Manager of Biomedical Business Division	Liu, Weng Ting				
Chief Digital Officer, Digital Technology Division	Kuo, Hang Che				

Title	Name	Year 2022		As of April 30 2023	
		Plus (+)/Minus (-) number of shares held	Plus (+)/Minus (-) number of pledged shares	Plus (+)/Minus (-) number of shares held	Plus (+)/Minus (-) number of pledged shares
Assistant Manager of General Administration, Supervisor of Corporate Governance	Weng Yi	-	-	-	-

- Note: 1. The Assistant Manager of Investors Relationship Division has resigned from the Company on 2022.01.07. Besides, with the need of cooperating on change of organizational structure, the job as the Speaker was announced to be concurred by the General Manager, Tang, Hong Te on January 22.
2. The Corporate Director Beidebixiu Investment Co., Ltd. reassigned director representative on 2022.03.21 from Chen, Jui-chieh to Yang, Hung-jen, and Yang, Hung-jen was re-elected to be the Chairman by the Board of Directors on 2022.07.29.
3. The legal person director, Beide Bixiu Investment Co., Ltd. reassigned the legal person director representative from Tang Hongde to Yang Yingzhen on 2022.07.01.
4. Yang, Chi-Huei, the Director Representative to the Corporate Director Dajun Investment Co., Ltd., resigned her place as the Chairman on 2022.07.18, hence, the Representative, Ong, Wei Ren was re-appointed.
5. Wang, Huei Chun, the Director Representative to the Corporate Director, Beidebixiu Investment Co., Ltd. has resigned her place as the Director on 2022.07.19 and the seat was determined not to re-appointed temporarily.
6. Corporate Director Da Jyun International Co., Ltd., re-appointed the Representative from Lai, Guang Ling to Wu, Chun Yi on 2023.05.02.

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

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

H. Information of the relationships between top ten shareholders

Book closure date: 2023/04/30; Unit: Share; %

Name (Note 1)	Current shareholding		Spouse & minor children's shareholding		Shareholding in name of others		Name, relationship of top ten shareholders are spouses of within 2 degrees of consanguinity to each other (Note 3)		Note
	Shares	%	Shares	%	Shares	%	Title (or Name)	Relationship	
Wu, Cheng-lung	7,570,319	11.10%	-	-	1,058,240	1.55%	Wu, Chun Yi	Father and Son	
							Wu, Yi Chi	Father and Daughter	
JUN INVESTMENT INTERNATIONAL CO., LTD.	3,601,516	5.28%	-	-	-	-	Wu, Chun Yi	Chairman	
							Wu, Yi Chi	Supervisor	
JUN INVESTMENT INTERNATIONAL CO., LTD. Representative: Wu, Chun Yi	1,300,000	1.91%	-	-	-	-	Wu, Cheng-lung	Father and Son	
							Wu, Yi Chi	Brother and Sister	
National Development Fund, Executive Yuan	3,159,928	4.64%	-	-	-	-	-	-	
Beidebixiu Investment Co., Ltd.	3,141,924	4.61%	-	-	-	-	-	-	
Beidebixiu Investment Co., Ltd. Representative: Chen, Tsung-chi	0	0%	-	-	-	-	-	-	
Huan Cheng Shi Yu Investment Co., Ltd.	2,499,000	3.67%	-	-	-	-	-	-	
Huan Cheng Shi Yu Investment Co., Ltd. Representative: Yu, Chi-lin	0	0%	-	-	-	-	-	-	

Ding Yuan Investment Co., Ltd.	2,150,000	3.15%	-	-	-	-	-	-	-
Representative to Ding Yuan Investment Co., Ltd.: Tsai, Chien Chien	0	0%	-	-	-	-	-	-	-
Si, Chin-Sheng	1,300,298	1.91%	-	-	-	-	-	-	-
Wu, Chun Yi	1,300,000	1.91%	-	-	-	-	Wu, Cheng-lung	Father and Son	-
							JUN INTERNATIONAL CO., LTD.	Chairman	
							Wu, Yi Chi	Brother and Sister	
Wu, Yi-chi	1,300,000	1.91%	-	-	-	-	Wu, Cheng-lung-	Father and Daughter	-
							JUN INTERNATIONAL CO., LTD.	Supervisor	
							Wu, Chun Yi	Brother and Sister-	
Chi Jiang Secure Guard Co., Ltd.	1,058,240	1.55%	-	-	-	-	-	-	-
Representative to Chi Jiag Secure Guard Co., Ltd.: Wu, Fang Mo	0	0%	-	-	-	-	Wu, Cheng Lung	Brothers	-

Note 1: The top 10 shareholders should be all listed, and the name of the corporate shareholders and its representative shall be listed respectively.

Note 2: The calculation of shareholding ratio refers to the calculation of shareholding ratio in their own name, spouse, or minor children or in the name of others.

Note 3: Shareholders listed in the previous disclosure include legal persons and natural persons, and their relationship with each other shall be disclosed in accordance with the issuer's financial reporting standards.

I. Consolidated shares holding ratio

Unit: Share; %

Invested Business	The Company's investment		Directors, supervisors, managers, and direct or indirect control of investment in the business		Total holdings	
	Shares	%	Shares	%	Shares	%
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) Ltd.	-	-	Not applicable	100.00	Not applicable	100.00
Jianhua Travel Agency Co., Ltd.	950	100.00	-	-	950	100.00
Up Cell Biomedical Inc. (Note 1)	3,300,000	25.38	-	-	3,300,000	25.38
LOCUS Cell Co., Ltd.	30,000,000	15.00	32,916,000	16.46	62,916,000	31.46

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

IV. Capital Overview

A. Capital and shares (A) Source of equity

2021/05/01 Unit: NT\$Thousand; Thousand shares

Month/ Year	Par value (NT\$/ Share)	Authorized Capital		Paid-in Capital		Note		
		Shares	Amount	Shares	Amount	Sources of capital	Capital increased by assets other than cash	Other
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	Capital increase in cash,	-	Note 2
2002.12	15	30,000	300,000	16,800	168,000	Capital increase in cash,	-	Note 3
2003.09	10	30,000	300,000	19,470	194,700	Surplus and bonus converting to capital increase, \$9,900 Thousand	-	Note 4
						Capital surplus transferred to common stock, \$16,800 Thousand		
2004.06	10	30,000	300,000	23,900	239,000	Surplus and bonus converting to capital increase, \$4,430 Thousand	-	Note 5
2005.09	10	30,000	300,000	26,600	266,000	Surplus and bonus converting to capital increase, \$20,054 Thousand	-	Note 6
						Capital surplus transferred to common stock, \$6,946 Thousand		
2006.06	10	100,000	1,000,000	30,000	300,000	Surplus and bonus converting to capital increase, \$34,000 Thousand	-	Note 7
2006.10	14	100,000	1,000,000	36,000	360,000	Capital increase in cash, \$60,000 Thousand	-	Note 8
2006.12	17.10	100,000	1,000,000	37,363	373,625	Corporate bond converting to ordinary shares, \$13,625 Thousand	-	Note 9
2007.03	17.10	100,000	1,000,000	37,579	375,789	Corporate bond converting to ordinary shares, \$2,164 Thousand	-	Note 10
2007.06	10	100,000	1,000,000	41,959	419,589	Surplus and bonus converting to capital increase, \$19,546 Thousand	-	Note 11
						Capital surplus transferred to common stock, \$24,254 Thousand		
2007.06	17.10	100,000	1,000,000	42,152	421,519	Corporate bond converting to ordinary shares, \$1,930 Thousand	-	Note 12
2007.09	17.10	100,000	1,000,000	42,316	423,163	Corporate bond converting to ordinary shares, \$1,645 Thousand	-	Note 13
2008.09	11.60	100,000	1,000,000	43,316	433,163	Capital surplus transferred to common stock, \$10,000 Thousand	-	Note 14
2010.12	11.60	100,000	1,000,000	43,325	433,249	Corporate bond converting to ordinary 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	Capital reduction to make up for losses \$120,039 Thousand	-	Note 17
2015.01	20.05	100,000	1,000,000	40,000	400,000	Capital increase in cash, 100,000 Thousand	-	Note 18

2017.05	37.35	100,000	1,000,000	43,949	439,491	Corporate bond converting to ordinary shares, \$39,491 Thousand	-	Note 19
2017.09	37.35	100,000	1,000,000	44,016	440,160	Corporate bond converting to ordinary shares, \$669 Thousand	-	Note 20
2018.01	36	100,000	1,000,000	58,016	580,160	Capital increase in cash, \$140,000 Thousand	-	Note 21
2021.10	39.5	200,000	2,000,000	68,016	680,160	Capital increase in cash, \$100,000 Thousand	-	Note 22
2022.04	54.5/ 58.6	200,000	2,000,000	68,173	681,726	Employee stock option execution \$960 Thousand	-	Note 23
	Corporate bond converting to ordinary shares, \$606 Thousand					-		

- Note 1. Approval Letter No.: 1998.09.17 Approval No. 00592284
Note 2. Approval Letter No.: 2002.01.09 Approval No. 09101001740
Note 3. Approval Letter No.: 2002.09.26 Approval No. 0910151865
Note 4. Approval Letter No.: 2003.09.15 Approval No. 09232661990
Note 5. Approval Letter No.: 2004.06.11 Approval No. 09332220350
Note 6. Approval Letter No.: 2005.09.02 Approval No. 09432742670
Note 7. Approval Letter No.: 2006.08.04 Approval No. 09532624610
Note 8. Approval Letter No.: 2006.08.21 Approval No. 0950135986
Note 9. Approval Letter No.: 2007.04.23 Approval No. 09632010150
Note 10. Approval Letter No.: 2007.05.15 Approval No. 09632112690
Note 11. Approval Letter No.: 2007.07.09 Approval No. 0960034965
Note 12. Approval Letter No.: 2007.09.05 Approval No. 09632722790
Note 13. Approval Letter No.: 2007.12.11 Approval No. 09633185050
Note 14. Approval Letter No.: 2008.07.07 Approval No. 0970033733
Note 15. Approval Letter No.: 2010.12.22 Approval No. 0993177428
Note 16. Approval Letter No.: 2011.04.18 Approval No. 1005022056
Note 17. Approval Letter No.: 2013.11.08 Approval No. 1020042213
Note 18. Approval Letter No.: 2015.01.16 Approval No. 1030053618
Note 19. Approval Letter No.: 2017.05.23 Approval No. 1068031847
Note 20. Approval Letter No.: 2017.09.08 Approval No. 1068058488
Note 21. Approval Letter No.: 2018.01.29 Approval No. 09633185050
Note 22. Approval Letter No.: 2021.10.27 Approval No. 11001198310
Note 23. Approval Letter No.: 2022.04.18 Approval No. 11101061480

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

Apr. 30, 2023

Type of Stock	Authorized Share Capital				Note
	Outstanding issued shares	Buy back the Company's shares	Unissued Shares	Total	
Common stock	68,172,648 shares	0 share	131,827,352 shares	200,000,000 shares (Note 2)	(Note 1)

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

General declaration system related information: None

(B) Shareholders' structure

Book Closure Date: Apr. 30, 2023; Unit: Shares

Types Amount	Government Agencies	Financial Institutions	Corporate Juridical Persons	Other Juridical Persons	Domestic Citizens	Foreign Institutions & Foreign Persons	Total
Number	1	0	192	3	12,030	17	12,243
Number of shares owned	3,159,928	0	13,364,529	7,238	51,213,585	427,368	68,172,648
Shareholding ratio	4.64%	0.00%	19.60%	0.01%	75.12%	0.63%	100.00

(C) The ownership distribution

1. Common shares

Book Closure Date: Apr. 30, 2023; NT\$10 per share

Shareholding classification	Number of shareholders	Number of shares owned	Shareholding ratio %
1 to 999	7,473	212,235	0.31
1,000 to 5,000	3,686	7,351,209	10.78
5,001 to 10,000	483	3,910,452	5.74
10,001 to 15,000	166	2,161,732	3.17
15,001 to 20,000	109	2,022,509	2.97
20,001 to 30,000	99	2,540,622	3.73
30,001 to 40,000	53	1,923,415	2.82
40,001 to 50,000	40	1,851,153	2.72
50,001 to 100,000	67	4,846,476	7.11
100,001 to 200,000	34	4,753,373	6.97
200,001 to 400,000	13	3,861,289	5.66
400,001 to 600,000	6	2,869,025	4.21
600,001 to 800,000	4	2,787,933	4.09
800,001 to 1,000,000	0	0	0.00
1,000,001 and more	10	27,081,225	39.72
Total	12,243	68,172,648	100.00

Preferred shares: The Company did not issue preferred shares.

(D) List of major shareholders

Book Closure Date: Apr. 30, 2023; Unit: Shares

Name of Major Shareholders	Shares	Total shares owned	Shareholding ratio %
Wu, Cheng-lung		7,570,319	11.10
JUN INVESTMENT INTERNATIONAL CO., LTD.		3,601,516	5.28
National Development Fund, Executive Yuan		3,159,928	4.64
Beidebixiu Investment Co., Ltd.		3,141,924	4.61
Huan Cheng Shi Yu Investment Co., Ltd.		2,499,000	3.67
Ding Yuan Inversiones Co., Ltd.		2,150,000	3.15
Shih, Chin-sheng		1,300,298	1.91
Wu, Chun-yi		1,300,000	1.91
Wu, Yi-chi		1,300,000	1.91
Qi Jiang Security Co., Ltd.		1,058,240	1.55

(E) The market price, net worth, surplus, and dividends per share in the most recent two years

Unit: New Taiwan Dollar

Items		Year	2021	2022	Year as of May 31, 2023 (Note 8)
Market price per share (Note 1)	Highest		69.1	64.2	63.50
	Lowest		38.5	35.25	39.65
	Average		45.46	47.68	48.39
Net worth per share (Note 2)	Before distribution		18.9	19.29	-
	After distribution		18.9	19.29	-
	Weighted average shares		68,016,045 shares	68,172,648 shares	68,172,648 shares
	Earnings per share (Note 3)		(0.4)	(0.17)	(0.37)
Dividends per share	Cash dividend		0	0	-
	Stock dividend	From retained earnings	0	0	-
		From capital reserve	0	0	-
	Accumulated undistributed dividend (Note 4)		0	0	-
Return on Investment	Price / Earnings ratio (Note 5)		(113.65)	(280.47)	-
	Price / Dividend ratio (Note 6)		(Note 9)	(Note 10)	Not assigned
	Cash Dividend yield (Note 7)		(Note 9)	(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 Board of Directors or the shareholders meeting of the next year.

Note 3: If there are retrospective adjustments due to circumstances such as share dividend, the earnings per share before and after adjustment 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: Price/Earnings ratio = Average closing price per share of the period / Earnings per share.

Note 6: Price/Dividend ratio = Average closing price per share of the period / Cash dividend per share.

Note 7: Cash dividend yield = Cash dividend per share / average closing price per share of that year.

Note 8: The net worth per share and earnings per share shall include the information audited 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 approved a resolution on March 25, 2022, which did not distribute dividends for the year 2021 and it was ratified by the general shareholders' meeting on June 29, 2022.

Note 10: The Board of Directors approved a resolution on March 28, 2023, which did not distribute dividends for the year 2022. It is intended to be ratified by the general shareholders' meeting on June 28, 2023.

(F) The Company dividend policy and implementation

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

Article 18: If there is a profit in the Company's annual final accounts, 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 of the invested subsidiaries of the Company (or employees of the subordinate subsidiaries meeting certain conditions), shall subject to the above distribution of remuneration to employees, the conditions and methods are determined by the Board of Directors.

Article 18-1: If there is a profit in the Company's annual final accounts, taxes should be the 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 would be resolved by the shareholders' meeting proposed by the Board of Directors; for the dividend distribution to the shareholders, the proportion of cash dividend shall not be less than 30%, and the rest is distributed in the form of share 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 2022 deficit appropriation proposal was approved on March 28, 2023 by the Board of Directors that no dividend will be distributed this year; the case shall be proposed to the general shareholders' meeting on the June 28, 2023 for approval.

3. Expected significant change in dividend policy:

The Company expects no major changes to the dividend policy.

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

Not applicable (The Company does not distribute surplus in 2021)

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

1. Description regarding employees' bonus and Directors' remuneration in the 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. Since the compensation is set at a fixed level that does not depend on the current year's earnings level and future risks, it has no relative impact on the Company's operating performance. The Company has not yet agreed on a director's fee and each director receives only a fee for attending the board meetings.

According to Article 18 of the Articles of Association of the Company, if there is a profit in the final annual accounts of the Company, the employee's bonus ratio shall be set between 1% and 5%. However, if the Company still has accumulated losses, the amount of profit should be retained in advance. The employees of 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' bonus, and the conditions and methods shall be determined by the Board of Directors. The directors of the Company only receive the Board attendance fee at the moment and there is no remuneration distributed for directors.

2. The discrepancy, if there is any, between the total amount of estimated employees' bonus, directors and supervisors' remuneration, share dividends and total amount actually being paid would be treated as the changes at the accounting estimate.

The Board of Director of the Company has been approved on March 28, 2023, and no remuneration and bonus will be distributed for the current year.

3. The Board of Directors has approved the distribution of remuneration: there is no distribution of employees' bonus and directors' remuneration in the current year, the directors of the Company only receive the Board attendance fee at the moment and therefore it is not applicable.

(1) Bonus of the employees and remuneration of the directors are distributed in cash or shares. 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) Proposed employees' bonus in shares as percentage of net income and total employees' bonus: Not applicable.

Actual bonus and remuneration distributions of employees, directors and supervisors in the previous year:

There were no employee bonus and remunerations of directors and supervisors in the previous year.

(I) Share buyback by the Company: None

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

Book Closure Date: Apr. 30, 2023; 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
Share buyback purpose	Transfer of shares to employees	Transfer of shares to employees	Transfer of shares to employees
Share buyback type and quantity	Common stock / 746,000 shares	Common stock / 750,000 shares	Common stock/1,321,000 shares
Share buyback period	2004/08/13 ~ 2004/10/12	2005/05/12 ~ 2005/07/11	2007/11/09 ~ 2008/01/08

Buyback price interval	\$23.40 ~ \$28.00	\$14.80 ~ \$16.85	\$12.00 ~ \$20.00
Total amount of buyback	\$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: The tax was paid and the shares are transferred to employees on March 29, 2006.

Note 2: The tax was paid and the shares are transferred to employees on February 6, 2007.

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:

Corporate Bonds

Corporate Bond Type (Note 2)	The first secured convertible bond (Note 5)	The second secured convertible bond (Note 5)	The third secured convertible bond (Note 5)
Issue date	October 2, 2006	July 24, 2014	January 9, 2019
Face value	NT\$120,000,000	NT\$150,000,000	NT\$150,000,000
Issuance and listing (Note 3)	-	-	-
Offering rate	Par	Par	NT\$101 (Issued at a premium)
Total amount	NT\$120,000,000	NT\$150,000,000	NT\$151,500,000
Coupon rate	0%	0%	0%
Maturity	5-year/expiry date: October 1, 2011	3-year/expiry date: July 24, 2017	3-year/expiry date: January 9, 2022
Guarantor	Taiwan Cooperative Bank	Yuanta Commercial Bank	Taiwan Business Bank
Trustee	Taiwan Cooperative Bank	Trust Department of JihSun International Bank, Ltd.	Trust Department, Land Bank of Taiwan
Underwriter	MasterLink Securities Corporation	Concord Securities Co., Ltd.	Waterland Securities Co., Ltd.
Legal counsel	Huang, Tai Yuan Lawyer	Zhuang, Zhen Nong Lawyer	Qiu, Ya Wen Lawyer
CPA	PricewaterhouseCoopers Taiwan	PricewaterhouseCoopers Taiwan	PricewaterhouseCoopers Taiwan
Repayment	Case repayment in lump sum at the time of maturity	The principal will be paid once in cash at par value at time of maturity.	The principal will be paid once in cash at par value at time of maturity.
Outstanding amount	NT\$0 (Repaid in full in October 2011)	NT\$0 (It is fully converted before maturity)	NT\$0 (Repaid in full at January, 24 2022)
Redemption or early repayment clause	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, if the closing price of the common stock of the company at the counter buying center lasts for 30	The date of the issuance of the conversion corporate bond is one month after the expiration of the issue period, and the forty days before the maturity of the issue period (maturity date), if the closing price of the company's common stock at the counter trading center exceeds 30% (inclusive) of	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), if the closing price of the ordinary shares of the Company in the

Corporate Bond Type (Note 2)	The first secured convertible bond (Note 5)	The second secured convertible bond (Note 5)	The third secured convertible bond (Note 5)
	<p>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>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</p>	<p>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>The date of the issuance of the conversion corporate bond is one month after the expiration of the issue period, and the forty days before the maturity of the issue period (maturity date), 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</p>	<p>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). 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</p>

Corporate Bond Type (Note 2)	The first secured convertible bond (Note 5)	The second secured convertible bond (Note 5)	The third secured convertible bond (Note 5)
	<p>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 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>Redemption yields are as follows: 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. From the day following the issuance of four years to the end of the 40th day</p>	<p>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). 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 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>denominations of the bonds. 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). 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). And the letter to the counter trading</p>

Corporate Bond Type (Note 2)		The first secured convertible bond (Note 5)	The second secured convertible bond (Note 5)	The third secured convertible bond (Note 5)
		prior to the expiration of the convertible corporate bonds, the convertible corporate bonds are redeemed at the bond's denomination. 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.		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. 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.
Covenant applicable(Note 4)		None	None	None
Credit rating		None	None	None
Other rights of bond holders	Amount converted in, exchanged, or subscribed to common shares, ADRs or other securities	NT\$0 (Repaid in full in October 2011)	None	None

Corporate Bond Type (Note 2)		The first secured convertible bond (Note 5)	The second secured convertible bond (Note 5)	The third secured convertible bond (Note 5)
	Conversion rights	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
Dilution and other effects on existing shareholders		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 shares at the time.	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. The convertible price of this convertible corporate bond shall be adjusted according to the Third Secured Convertible Corporate Bonds Issuance Procedures of the MetaTech and therefor the convertible price was changed from NT\$63.3 to NT\$62.7 at September, 27, 2021. The total converted common stock is amounted to 60,603 Thousand shares, only accounts for 0.09% of the total number of shares, the dilution effect on equity is limited.
Custodian		None	None	None

Note 1: The case of corporate bond processing includes public and private corporate bonds. The public corporate bonds in process are the ones that have already come into effect (approved); the private corporate bonds in the process are those that have been approved by the Board of Directors.

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

Note 3: Fill in only when it is a overseas corporate bond.

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

assets, etc.

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

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

Convertible corporate bonds information

Corporate Bond Type		The first domestic secured convertible bond in 2006			The second domestic secured convertible bond in 2014			The third domestic secured convertible bond in 2018	
		Year Items	2010	2011	As of April 30, 2012	2016	2017	As of April 30, 2018	2021	As of January 9, 2022
Convertible corporate bonds market price	Highest	120.0	113.1	Not applicable (Note 1)	118.00	151.00	Not applicable (Note 2)	118	101
	Lowest	104.6	113.1	Not applicable (Note 1)	103.00	111.65	Not applicable (Note 2)	100.1	99.15
	Average	112.3	113.1	Not applicable (Note 1)	110.75	126.41	Not applicable (Note 2)	105.72	100.31
Conversion price		11.6		Not applicable (Note 1)	37.35		Not applicable (Note 2)	63.3/62.7 (Note 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 (Note 3)	
Perform the conversion obligation		Please refer to the "issuance and conversion measures" of the corporate bond management in the above table.		Not applicable (Note 1)	Please refer to the "issuance and conversion measures" of the corporate bond management in the above table.		Not applicable (Note 2)	Please refer to the "issuance and conversion measures" of the corporate bond management in the above table. (Note 3)	Please refer to the "issuance and conversion measures" of the corporate bond management in the above table. (Note 4)

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

Note 2: The second domestic secured convertible corporate bonds of the Company in 2014 were expired on July 24, 2017 and the sale of the bond at over-the-counter market was terminated on July 25, 2017.

Note 3: The third domestic secured convertible corporate bonds of the Company in 2018 were started since September 27, 2021 and the conversion price is adjusted from NT\$63.3 to NT\$62.7.

Note 4: The third domestic secured convertible corporate bonds of the Company in 2018 were expired on January 9, 2022 and it was available for conversion since April 10, 2019 and it was fully paid by January 24, 2022.

C. Preferred stocks management: None.

D. Overseas depositary receipts management: None.

E. Employee stock option certificates management:

	April 30, 2023		Thousand shares/ Thousand NT\$
Type of employee stock option certificate	The first (term) Employee stock option certificate	The second (term) Employee stock option certificate	The third (term) 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 (%)	First 2 years: 100% The 3rd year: 65% The 4th year: 45% The 5th year: 25% The 6th year: Unlimited	First 2 years: 100% The 3rd year: 65% The 4th year: 45% The 5th year: 25% The 6th year: Unlimited	First 2 years: 100% The 3rd year: 65% The 4th year: 45% The 5th year: 25% The 6th year: Unlimited
Executed Acquisition Stock Quantity	-	40	56
Subscription amount has been executed.	-	2,344	3,052
Number of shares are cancelled	(699)	(586)	(343)
Number of shares not executed	1,581	671	24
Unexecuted subscribers' subscription price per share	57.9	58.6	54.5
The ratio of unexecuted shares to total issued shares (%)	2.32%	0.98%	0.04%
Impact on shareholders' equity	No major impact.	No major impact.	No major impact.

The name, acquisition and subscription status of the top 10 employees who obtained the employee stock option certificates

April 30, 2023

	Title (Note 1)	Name	Number of share s acq uired	The num ber of share s acq uired to the total num ber of issue d share s (Note 4)	Executed (Note 2)				Not Executed (Note 2)			
					Num ber of sha res sub scribed	Sub scrip tion price (Note 5)	Sub scrip tion am ount	The number of shares subscri bed to the total number of issued shares (Note 4)	Num ber of shares subscr ibed	Subscri ption price (Note 6)	Su bsc ript ion am ou nt	The number of shares subscri bed to the total number of issued shares (Note 4)
M an ag er	President	Tang, Hung-te	312	0.46 %	—	—	—	—	312	\$57.9; \$58.6	—	0.46%
	Assistant Manager	Wang, Shih- chun										
	Assistant Manager	Chan, Chih- tsung										
	Assistant Manager	Wen-Yi										
E mp loy ees (N ote 3)	President of China and Hong Kong Operation Office	Chin, Chiang	669	0.98 %	—	—	—	—	669	\$57.9; \$58.6;	—	0.98%
	Deputy chairman of China and Hong Kong Operation Office	Meng, Ching- piao										
	Customer Manager of China and Hong Kong Operation Office	Chen, Wen- chin										

Senior Sales Engineer of China and Hong Kong Operation Office	Chen, Hsueh										
Sales Manager of Taiwan Operation Office	Hsu, Yu-chiao										
Sale Assistant Manager of China and Hong Kong Operation Office	Chu, Hsiang-hua										
Sales Director of Singapore Operation Office	Huang, Chih-chin										
Applied Construction Manager of Taiwan Operation Office	Lai, Ming-hsin										
Senior Customer Service Manager of Taiwan Operation Office	Zhao, Yi-jun										
Chief Technology Officer of Locus Cell Co., Ltd.	Liu, Heng-yu										

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 Economic Affairs

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.

F. Employee Restricted Stock Options: None ◦

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

H. Fund utilization plans and status

(A) 2015 Capital increase in cash:

1. Plan:

(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:

(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 Capital increase in cash:

1. Plan:

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

2. Implementation:

The total amount of funds used by the Company 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 set out as follows:

Unit: Thousand NT\$

Item	Implementation status		Up to the fourth quarter in 2022	Cause of ahead of or behind schedule and improvement plans
CellSeed royalty	Expenditure	Estimated	357,600	<p>The Company planned to use NT\$357,600 thousand from the fund-raising project on the payment of CellSeed royalty. Up to the fourth quarter of 2022, the actual payment of CellSeed royalty was NT\$345,273 thousand. Because the approval process of the esophagus restoration project by the competent authority was slower than the expected schedule, and the epidemic of COVID-19 affected the progression of the experiment and caused the number of case collection not as what expected. According to the current situation, the payment schedule of CellSeed royalty was not clear in the short time. Therefore, the Company's board of directors determined on December 23rd, 2022, to use the unused NT\$12,327 thousand on the operating capital. It was used completely in the fourth quarter of 2022. In summary, the accumulated capital expenditure by the end of the fourth quarter of 2022 was NT\$357,600 thousand (including the unused NT\$12,327 thousand invested to operating funds in the fourth quarter of 2022). The actual accumulated capital implementation was 100%. The project was fully completed.</p>
		Actual	357,600	
	Implementation progress (%)	Estimated	100%	
		Actual	100%	
Lab establishment	Expenditure	Estimated	35,000	<p>The Company planned to use NT\$35,000 thousand from the fund-raising project on the payment of the lab establishment. Up to the fourth quarter of 2022, the actual capital expenditure of the Company was NT\$44,880 thousand, and the actual accumulated capital implementation schedule was 128.22%. Currently, the construction of the lab was completed and passed the inspection.</p> <p>The progress of actual payment was ahead of the original schedule. It was mainly because the project</p>
		Actual	44,880	
	Implementation progress (%)	Estimated	100.00%	

Item	Implementation status		Up to the fourth quarter in 2022	Cause of ahead of or behind schedule and improvement plans
		Actual	128.22%	originally planned to build a cell sheet manufacturing center lab at the current site of the Company (Far East World Center). However, the Company evaluated the growth of future operations and found the structure and area of the building might not be sufficient for the purpose of the lab. Therefore, the Company's board of directors approved the proposal of renting Farglory U-TOWN factory and office building and move the construction of lab to the new address. The expense of the lab construction increased \$9,880 thousand because the area in the new site is around 1011.636 square meters. It is 204.972 square meters (25.41%) more than the area in the original site, which was 806.664 square meters, so that the expense increased \$9,350 thousand. In addition, part of the engineering design was changed to ensure smoother lab operation, and it caused a cost increase of \$530 thousand. The above project was fully completed.
Purchase of instrument and equipment	Expenditure	Estimated	55,000	The Company planned to use NT\$55,000 thousand from the fund-raising project on the payment of purchasing instrument and equipment. Up to the fourth quarter of 2022, the expected capital expenditure of the Company was NT\$55,000 thousand and the actual accumulated expenditure was NT\$60,196 thousand. The progress of the actual accumulated capital implementation schedule was 109.44%. The project was fully completed.
		Actual	60,196	
	Implementation progress (%)	Estimated	100.00%	
		Actual	109.44%	
Expense of clinical trial	Expenditure	Estimated	66,288	The Company planned to use NT\$66,288 thousand from the fund-raising project on the expense of clinical trial. It was originally planned to be used on esophagus restoration and knee joint cartilage restoration projects. Up to the fourth quarter of 2022, the estimated accumulated expense was NT\$66,288 thousand. The actual clinical trial fee by the fourth quarter of 2022 was NT\$29,417 thousand. The delay in the payment schedule was mainly because of the slower approval process of the esophagus restoration project by the competent authority than the expected schedule and on top of that the progression of the experiment affected the epidemic of
		Actual	66,288	
	Implementation progress (%)	Estimated	100%	

Item	Implementation status		Up to the fourth quarter in 2022	Cause of ahead of or behind schedule and improvement plans
		Actual	100%	COVID-19, causing the number of case collection not as what expected. According to the current situation, the payment schedule of the clinical trial fee for esophagus restoration project will still be unsure in the short time. Besides, after starting some clinical trial for knee joint cartilage restoration project, it was found the clinical trial required was less than the expectation because the knee cartilage technology was applicable to Regulations of Special Medical Techniques instead of directly adopting clinical experiment. Therefore, the Company's Board of Directors determined on November 12 th , 2021, and December 23 rd , 2022, respectively to adjust NT\$28,181 thousand and NT\$8,690 thousand as the expense of replenishing operating capital. Both have been used up by the end of the fourth quarter of 2022. In summary, the accumulated capital expenditure by the end of the fourth quarter of 2022 was NT\$66,288 thousand (including the unused NT\$36,871 thousand invested to operating funds in the fourth quarter of 2022). The actual accumulated capital implementation was 100%. The project was fully completed.
Lab maintenance	Expenditure	Estimated	32,660	The Company planned to use NT\$32,660 thousand from the fund-raising project on the expense of lab maintenance. By the end of the fourth quarter of 2022, the estimated accumulated expense was \$32,660 thousand and the actual accumulated expense was \$39,956 thousand; the actual accumulated implementation progress rate was 123.23%. The construction of the lab has been completed and passed the acceptance inspection, and there was no major abnormal situation. The lab maintenance fee in the fourth quarter of 2022 was mainly for the lab utility fee, maintenance fee for equipment certification, and verification fee. Up to the fourth quarter of 2022, the estimated accumulated expense was NT\$32,600 thousand, and the actual accumulated expense was NT\$39,956 thousand. The actual accumulated progress rate was 122.33%. The project was fully completed.
		Actual	39,956	
	Implementation on progress (100%)	Estimated	100%	
		Actual	122.33%	
Total	Expenditure	Estimated	546,548	The amount of the seasoned equity offerings in 2017 progressed 104.09% up to the fourth quarter of 2022 (the excessive part was paid by the Company's private fund). The project was fully completed and was declared for closure on January 10 th , 2023.
		Actual	568,920	
	Implementation on progress (100%)	Estimated	100%	
		Actual	104.09%	

(C) Supplementary explanation on the implementation of the third secured domestic

convertible corporate bond in 2018:

1. Plan:

(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. Implementation:

The total amount of funds for this project is NT\$151.5 Million and all of which are used to enrich working capital. It has been used up in the second quarter of 2019, and is reported on April 9, 2021 at the request of the Over-the-Counter Buying Center. Please read the disclosure in the 2020 Annual Report for detailed supplementary explanation.

(D) 2020 Capital increase in cash:

1. Plan:

(1) Approved issuance date and document number: Financial Supervision and Administration Commission of the Executive Yuan April 14, 2021 Jin Guan Zheng Fa Zi No. 1100335941.

2. Implementation:

The total amount of funds used in this plan is NT\$450 Million which is mainly used in investing LOCUS Cell Co., Ltd., repayment of bank loans, and enrichment of working capital. Issued 10,000,000 shares of common stock at NT\$39.50 per share. The full amount of NT\$395,000 thousand was received on September 27, 2021. The plan was fully executed in the fourth quarter of 2021, of which the Company used its own funds to fund the shortfall.

V. Operational Highlight

1. Business Content

(1) Business Scope

A. The main content of the business

- (1) CC01080 Electronic Components Manufacturing
- (2) F119010 Wholesale of Electronic Materials
- (3) F219010 Retail Sale of Electronic Materials
- (4) I301010 Information Software Services
- (5) I301020 Data Processing Services
- (6) IG01010 Biotechnology Services
- (7) IG02010 Research and Development Service
- (8) F108040 Wholesale of Cosmetics
- (9) F208040 Retail Sale of Cosmetics
- (10) F102040 Wholesale of Nonalcoholic Beverages
- (11) F102170 Wholesale of Food and Groceries
- (12) F203010 Retail Sale of Food, Grocery, and Beverage
- (13) F401010 International Trade
- (14) I199990 Other Consulting Service
- (15) IZ99990 Other Industrial and Commercial Services
- (16) I103060 Management Consulting
- (17) CF01011 Medical Devices Manufacturing
- (18) F108031 Wholesale of Medical Devices
- (19) F208031 Retail Sale of Medical Apparatus
- (20) C802100 Cosmetics Manufacturing
- (21) C802110 Cosmetic Pigment Manufacturing
- (22) JE01010 Rental and Leasing
- (23) F113030 Wholesale of Precision Instruments
- (24) F208050 Retail of Over-the-counter drugs class B
- (25) F213040 Retail Sale of Precision Instruments
- (26) F399040 Retail Sale No Storefront
- (27) F601010 Intellectual Property Rights
- (28) I301030 Electronic Information Supply Services
- (29) IC01010 Medicine Inspection
- (30) F108021 Wholesale of Western Pharmaceutical
- (31) F208021 Retail of Western Pharmaceutical
- (32) C802041 Manufacture of Drugs and Medicines
- (33) ZZ99999 All business activities that are not prohibited or restricted by law, except those that are subject to special approval.

B. Business ratio in 2022

Unit: NT\$ thousand; %

Main products	Revenue	Ratio
Biomedical products	47,536	2.57%
Commercial products	419,995	22.67%
Communication products	425,801	22.99%
Connectors	926,166	50.00%
Others	32,963	1.77%
Total	1,852,461	100%

C. The company's current commodity (service) items

Main business content

Company's main business items are the wholesale sales of electronic materials and cell therapy technology (including the application of cartilage, skin and immunotherapy), with cell storage (as a source of follow-up product supply). The agent products are mainly consumer products, communication products and connectors.

Product brands of agency: (in alphabetical order)

Electronic Business Group:

1	ADDA	10	IAT	19	Neoway Technology	28	SUNON
2	Alliancememory	11	ICPLUS	20	Netsol	29	SU-SCON
3	Analog	12	InterFET	21	E-otron	30	Winchester INTERCONNECT
4	AME	13	Infibi	22	Walsin	31	YEEBO LCD
5	ASIX	14	Jensondisplay	23	Phoenix Contact	32	CMOS
6	Cirrus Logic	15	Kdtouch	24	Pixelworks	33	Amphenol Industrial
7	E-switch	16	Ledengin	25	Samtec		
8	Everspin	17	Metrodyne	26	SINGWAY		
9	Gridcomm-PLC	18	MXIC	27	SKYLAB		

Biomedical Business Group:

1	CellSeed	2	Taiwan Hitachi Asia Pacific Co., Ltd
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D. New products (services) planned to develop

●Electronic Business Group

In 2023, it is expected to look for semiconductor product for agency, mainly for modular IC products, power control and management IC products, and then look for the institutional products for energy storage cabinets and electric vehicle-related market applications.

●Biomedical Business Group

The Company and Japan CellSeed Inc. have signed the regenerative medicine cooperation contract since April 24, 2017. The Company is authorized to introduce "cell laminator culture technology" for the development of autologous cell therapy products, including the Esophageal cell sheet, Chondrocyte cell sheet and other products.

Esophageal cell sheet is used to prevent the esophageal stenosis symptoms on the patients with superficial esophageal cancer after receiving the endoscopic submucosal dissection (ESD) to remove the tumor. Esophageal cell sheet maintains the aperture of the esophageal lumen. Compared with traditional medicine prevention or endoscopic balloon dilation to treat esophageal stenosis, esophageal cell sheet has a good prognosis of esophageal reconstruction.

Chondrocyte cell sheet is used to treat the knee cartilage defects. It induces the autologous cartilage repair and restores the damaged articular cartilage tissue without any potential side effects of traditional joint replacement. It also maintains the integrity of the knee and bones. Compared with traditional medical technology, chondrocyte cell sheet significantly improves the quality of life.

Meanwhile, the Company also represents the intelligent cell culture dishes with temperature-sensitive polymer coating (PIPAAm). Only by changing the temperature (37°C → 20°C), the cells are completely separated from the petri dish in layers. Using different sizes of cell layers for tissue repair, such as esophageal repair, arthrochondral repair, heart repair, limbal deficiency and other treatments has a great development in the future.

On September 6, 2018, the Ministry of Health and Welfare announced the implementation of the "Regulations Governing the Application and Use of Specific Medical Techniques, Examinations, and Medical Devices" (referred to as the Regulations Governing Specific Medical Techniques), which classifies six cell therapy projects with determinable safety and predictable effectiveness as specific medical technologies for management. Among them, the "Treatment of knee cartilage defects with autologous chondrocyte transplantation" listed above in the Specific Medical Techniques can be used for the indications of "knee cartilage defects". After the medical institution draws up an implementation plan and applies to the Ministry of Health and Welfare for approval, the qualified physician performs the cell therapy, providing patients with one more treatment option at their own budget.

In view of this, the Company transferred its technology from CellSeed Inc. in Japan. The Chondrocyte cell sheet technology was the first to be commissioned by E-Da Hospital to cooperate in the application of Specific Medical Techniques cell therapy technology "Autologous chondrocyte transplantation for the treatment of knee cartilage defects". The case was approved by the Ministry of Health and Welfare on December 18, 2019, and it was the first approved non-cancer cell therapy project in Taiwan. After then, MetaTech has also cooperated with various medical centers and central hospitals in Taiwan to apply for the knee cartilage projects under the Specific Medical Techniques. As of April 30, 2022, the Ministry of Health and Welfare has approved nine medical institutions in accordance with the "Regulations Governing Specific Medical Techniques" and these hospitals commissioned MetaTech Company to produce the cell products for autologous chondrocyte transplantation for knee cartilage defects. These hospitals are E-Da Hospital (approved on 2019/12/18), Kaohsiung Veterans General Hospital (approved on 2020/4/9), Taipei University Hospital (approved on 2020/4/14), Changhua Christian Hospital (approved on 2021/1/25), Shin Kong Wu Ho-Su Memorial Hospital (approved on 2021/5/14), Tri-Service General Hospital (approved on 2021/5/19), Min Sheng General Hospital (approved on May 27, 2021), Tung's Taichung MetroHarbor Hospital (approved on July 23, 2021) and PAOCHIEN HOSPITAL (approved on 2021/12/19). Among them, E-Da Hospital has officially accepted cases since May 2020 and commissioned MetaTech Company to produce the knee cartilage cell laminates. So far, 70 cases have been received for the treatment of knee cartilage defects by using chondrocytes. With the improvement of the acceptance of cell therapy technology, it contributes to the revenue of the biomedical business group.

The first transplantation of chondrocytes to treat knee cartilage defects has conducted for three years. All clients have used the analgesic and anti-inflammatory drugs for a long time, have received the PRP high-concentration platelet plasma or hyaluronic acid injection but all ineffective. However, all cases of cell transplantation have no serious adverse reactions after surgery. In addition, according to the results of long-term follow-up after cell transplantation, the postoperative effect is obvious and the cartilage recovers well. In view of this, in line with the guidelines of the Regulations Governing Specific Medical Techniques with cell therapy preparations, MetaTech Company cooperates with medical institutions to use the results of the cell therapy technology as real-world data. After analyzing in rigorous and detailed statistic and then obtaining the real-world evidence, MetaTech applies to the authorities for the registration of cell therapy preparations. Once approved, chondrocyte laminates are expected to be a kind of medicines on market. In response to future development, MetaTech Company is also moving towards the allogeneic chondrocyte therapy and plans to build an allogeneic chondrocyte bank in the future. Clinical trial applications are expected in the second quarter of this year.

For the filling and repair of skin defects: wrinkles, pits, scars, and others, the clinical papers show that the treatment of autologous fibroblasts is a safe, low-side-effect and long-lasting cell therapy, which improves and repairs the skin defects of the client. Based on its technology of cell culture, MetaTech Company independently develops the autologous fibroblast technique, and accepts the commission of these Regulations from the medical institutions. In addition, MetaTech applies for the "Regulations Governing Specific Medical Techniques" of the "Autologous fibroblast transplantation treatment of skin defects: filling and repairing wrinkles, depressions and scars", which was approved by the Medical Affairs Department of the Ministry of Health and Welfare. The three hospitals are E-Da Hospital (approved on July 28, 2020), Changhua Christian Hospital (approved on January 15, 2021), and Taiwan Adventist Hospital (approved on Dec. 26, 2022). Among them, two hospitals, E-Da and Changhua Christian have now begun to accept cases for cell

therapy. In addition, in February 2021, the Ministry of Health and Welfare announced the amendment of the Regulations Governing Specific Medical Techniques. After allowing the clinic that has passed the relevant evaluation or certification by the authority or its entrusted professional authority, the clinic may apply to the Ministry of Health and Welfare for the treatment of cell therapy. The project opening for application includes "Autologous fibroblast treatment of skin defects: filling and repairing wrinkles, pits and scars". Accordingly, MetaTech Company cooperates and accepts the commission from clinic to apply for cell therapy quality certification, as well as the application for cell therapy technology of Specific Medical Techniques. It is expected that the commission of medical institutions will greatly increase, and the medical needs of clinic will expand the revenue. At present, there are six clinics that have cooperated and passed the "Clinic Cell Therapy Quality Certification", which are separated into Gafeng, Taipei Sato, Sheng Yuya, Amper Takuyu, Tomi, and Changgeng Clinic, and will conduct a special management approach cell therapy technology review.

Among the six major projects announced in the "Regulations Governing Specific Medical Techniques", the most widely concerned is autoimmune cell therapy, which brings wishes to patients who is less sensitive on existing cancer treatments. The "Regulations Governing Specific Medical Techniques" includes six types of autoimmune cell therapies, including NK, DC, CIK, DC-CIK, TIL, gamma-delta T, and so on, whose indicative patients are those have hematological malignancies or have Stage 1 to Stage 3 of solid cancer after receiving the standard treatment, and those have Stage 4 of solid cancer. In view of this, MetaTech Company has invested in the freezing technology and services of peripheral blood mononuclear cell (PBMC), which provides the personalized services to the client. Firstly, the service isolates the PBMC from the client's whole blood for freezing. In the future, depending on the client's needs, the target cells (such as NK or DC) will be isolated and then amplified and cultured, safety tested, and transplanted back into the body to treat the disease. Initially, the Company promoted business of the immune cell storage for revenue in the first stage. After the Company and the medical institution submitted and obtained the approval of the "Regulations Governing Specific Medical Techniques" plan for immune cell therapy, it will be to legally treat patients and charge, making the second stage of revenue.

With the growth of entrusted cases of "Regulations Governing Specific Medical Techniques", the Company foresees the development of the cell therapy market and deploys ahead by OEM in the CDMO model. In addition, the Company has participated in the Regulations Governing Specific Medical Techniques Program in Taiwan by collaborating with 12 hospitals for the two projects, and the entrusted numbers is expected to increase in the future. The Company's strategy is to build a complete and close service for medical institutions. Combined with the CDMO of cell therapy products and the cell storage business, the market share will increase and attack the cell therapy market. The Company hopes to become a leader of regenerative medicine industry in Taiwan.

(2) Industry Overview

A. The current situation and development of the industry

●Electronic Business Group

Regardless of domestic and foreign markets, the electronics industry has tremendously changed in the past ten years. The trend that similar companies integrate and merge continues, and they are moving towards to specific products and markets. In whole 2022, we faced the impact of the global epidemic, the Russia-Ukraine war, the rise in manufacturing costs and the demand of end consumers shown a fluctuating change. It is the task for all electric firms to follow up the market trend.

In recent years, developing countries, including China and ASEAN, have taken advantage of their low labor costs and vast land resources. Taiwan's advantages of low-cost and high-efficiency manufacturing in the past have gradually disappeared. In response to this trend and in line with the Global Logistics business model of global manufacturers, Taiwanese manufacturers must establish the production plants in China, Southeast Asia and else, so that component distributors are able to respond to the downstream customers' needs, and MetaTech Company deploys a comprehensive overseas marketing channel to serve customers nearby. Taiwan's electronics industry no longer relies on fast supply and low prices to maintain growth. MetaTech Company has established an operating headquarters in Taiwan to coordinate R&D, business, and allocates the financial resources to establish a global production plant as a common operating model. MetaTech is a distributor of

electric component and we also enhances R&D to support participating customers' product design, to establish instant supply in global, and to build the production plant for serve local customers. Solving problems also contributes to the success of MetaTech Company in distribution. In response to the formation of the Belt and Road Initiative of China and the red supply chain, the Company is also looking for cooperation with more excellent products of Chinese manufacturers through our Chinese subsidiaries, aiming at deepening the local customers and selling more competitive products to the countries in East and South Asia.

●Biomedical Busines Group

President Tsai Ying Wen vowed in her re-election speech on May 20, 2020 that Taiwan will be on the basis of the 5+2 industry ("Smart machinery", "Asian Silicon Valley", "Green Energy Technology", "Biomedical industry", "National defense industries", "New Agriculture" and Ccircular Economy") and creates the "six core strategic industries". Among them, "Precision Health Industry of Taiwan" is listed as one of the "six core strategic industries". During the global pandemic, the "National Team" demonstrated the sufficient capabilities to integrate with the advanced technologies in global. The government fully supports the biomedical industries so that Taiwan will become a key player in the global economy.

In the "Precision Health Industry of Taiwan", it is mentioned to "develop the innovative therapies": in response to future needs, developing the big data processing and analysis technologies such as gene sequencing; focusing on the research of important diseases in Taiwan; developing the new medical technologies such as cell therapy, immunotherapy, and disease diagnosis; and exploring new types of biomarkers and drug treatments to achieve goals of precise diagnosis and precise treatment in personalized medical. The "cell therapy" industry is first time to be included in the national development strategy, indicating that the government's attitude to promote the development of the cell therapy industry.

Taiwan has the experience in developing the top semiconductor technology in global, and it is expected that regenerative medicine will act a key role in Taiwan's industry. Wafer manufacturing is to semiconductor development as cell preparation is to the development of regenerative medicine. Taking the semiconductor industry as reference and the opening up of regulations, Taiwan has the excellent medical technology and high-quality medical services of medical personnel, as well as the flexible R&D capabilities of biomedical personnel; coupled with the development of consistent quality assurance in quality control and manufacturing, high-specification cell preparation sites, digital monitoring systems, industrial automation processes and equipment self-control capabilities. These advantages support the development and innovation of regenerative medical industry in Taiwan. Taiwan is expected to become a key player in the global regenerative medical industry chain in terms of CDMO of cell therapy.

In recent years, Taiwan has actively developed the biotechnology industry with domestic private enterprises, hoping to create another "blue ocean" in Taiwan. The Company has below vision: Taiwan becomes an important city in the Asia-Pacific biomedical R&D industry; the development of the biotechnology industry is promoted; the health of the people is improved; the link between industry and university is accelerated; and the research performance of the academic community was more quickly industrialized. In terms of market expansion and development of new products, not only does the Ministry of Economic Affairs give a more favorable verification price mechanism in health insurance, but also assists the potential manufacturers to layout market channels according to the characteristics of various markets such as Japan and the United States.

In terms of regulations, on September 6, 2018, the "Regulations Governing the Application of Specific Medical Technique and Medical Device" (hereinafter referred to as the "Regulations Governing Specific Medical Techniques") were issued and implemented, so that cell therapy technology can be implemented in accordance with the law and benefited to wide population. MetaTech Company also followed the Specific Medical Techniques to successfully promote the cell lamination technology to medical institutions for patient in domestic. In addition, the "Act for the Development of Biotech and Pharmaceutical Industry" were amended and approved on December 30, 2021, and on February 16, 2023, a strong force was injected into the development of the industry through the "dual law of regenerative medicine" related to the development of the regenerative medicine industry. The management system of the biotechnology and medical industry has changed a lot.

The "Act for the Development of Biotech and Pharmaceutical Industry" were originally the "Act

for the Development of Biotech and New Pharmaceutical Industry" issued and implemented in 2017. Through tax incentives and other measures, biotechnology and pharmaceutical industry in Taiwan have moved to the high-value biotechnology and pharmaceutical products. The amendments to this Act amend the scope of incentives and deductions to encourage the cross-disciplinary cooperation in advanced medical development industries, attract the private investment, strengthen the talent retention and recruitment, and increase the R&D and manufacturing energy, thereby expanding the scale of the biotechnology and pharmaceutical industry and cultivating the new technologies.

The dual laws of regenerative medicine is to merge the "Regenerative Medicine Development Law" and the "Regenerative Medicine Implementation Management Regulations" in the three laws of regenerative medicine, and delete the basic declarative provisions into the "Regenerative Medicine Law", plus the original "Regenerative Medicine Preparation Regulations". The two laws set out the overall system of regenerative medicine such as cell therapy, genetic engineering, and tissue engineering. Taking the Act of Regenerative Medicine Development as the parent law, it conducts the legislative management on the product side and the medical side respectively, including the level of national policies, organizational structure and funding. The government leads the promotion of regenerative medicine towards allogeneic, automation and mass-production. It is expected to achieve benefits including a decline in the cost of regenerative medicine, the popularization of mass production for products, and the convergence of new drugs to accelerate medical development.

MetaTech Company has laid out and invested in the development of regenerative medicine, including the existing cell process technology and cell storage services, cell therapy, tissue engineering, equipment consumables, and so on. Benefited from the regulation changes, the development of existing products has the reference and the growth of MetaTech Company increases, towards allogeneic, automation and mass-production. MetaTech Company popularizes the application of regenerative medicine.

B. The relevance of the upper, middle and lower reaches of the industry

●Electronics Business Group

Taiwan's electronics industry is an important R&D and production center in global. The main reasons are not only the fast R&D, fast production, diversified choices, low manufacturing costs, stable supply, flexibility and competitive prices, but also the professional teamwork in up-, middle- and down-stream model and leverage the production power in China. Under the trend of the electronics industry towards a professional teamwork, domestic electronic component distributors have long moved away from acting merely agency and sales, but become an important part of the production and marketing in the semiconductor industry. In addition to establishing sales channels for upstream domestic and foreign suppliers, the distributors also need to have to provide the warehousing services, rapid delivery, technical support, after-sales service and financial support to help downstream manufacturers shorten the time to market and effectively reduce business risks. Therefore, through this effective teamwork in the up-, middle- and down-stream, the operational efficiency of Taiwan's overall electronics industry is improved.

●Biomedical Business Group

The process of regenerative medical services is simply summarized as the collection of tissue samples from the client in hospital, and then transported to the cell preparation site. Carry out the tissue cell separation, cell culture and harvesting, product production, quality control testing and release, and then transport and transplant it into the patient's body in hospital to treat the specific disease.

Related industrial chain includes, in hospital, cell processing and preservation, reagent consumables and facilities and equipment, testing equipment, as well as cryopreservation and transportation logistics of tissue samples and products, insurance industry and other derivative services such as accuracy testing. The breakdown is as follows:

(1) Take the medical institution as the starting and ending point of the treatment

Medical institutions such as hospitals and clinics are the first line of medical services for clients. The diagnosis of diseases, the selection and the implementation of treatment are all carried out in medical institutions.

(2) The cell manufacturing is the key to the industrial chain

In order to fulfill the large demand for mass production of cells in regenerative medicine, major

international manufacturers have been building or acquiring the cell preparation factories for the mass production of regenerative medicine in the future.

(3) Strive for better reagent consumables, facilities, equipment, tools and inspection instruments
In order to improve the efficiency and quality of cell manufacturing and reduce the production costs, new consumables and machinery need to be developed, such as automation platforms for cell processes and the development of advanced testing instruments and technologies. In addition, in order to ensure the clearance of the cell preparation site and the safety of regenerative medical products, the investment is required for the management, maintenance and operation of the standard plant facility.

(4) Drive the peripheral industries (such as logistics, insurance and other services)

Regenerative medical products are living products, so the protection and preservation of product transportation and product stability are more complicated. Companies offering the low-temperature logistics and manufacturers of constant-temperature storage equipment are important in the logistics development. Others include investment from insurance companies, targeting the best treatment options through genetic testing, and cell confirmation analysis services during cell preparation.

(5) Continuous research and development to promote the advancement of the industry

In order to continuously respond to unmet medical needs as well as to reduce process and treatment costs, the research and innovation of technologies and new drugs must continue, and the value of technologies must be determined through the verification of clinical trials.

C. Market and company development trends of regenerative Medicine

The 21st century is the era of regenerative medicine. In response to the rapid development of regenerative medicine technology and the gradual maturity of various technologies, the global regenerative medicine market is growing rapidly. It is expected that the global regenerative medicine market value will reach US\$380 billion in 2050.

The Alliance for Regenerative Medicine (ARM), an international organization concerned about the development of global regenerative medicine, pointed out in the published "Regenerative Medicine: Disrupting the Status QUO" report that 2021 is a breakthrough year in regenerative medicine. Clinical achievements include the first proof-of-concept gene editing therapy, CAR-T therapy is expected to become the first-line clinical treatment. Also, the cell therapy and gene therapy are also expected to deal with complex and multi-gene diseases. The breakthrough development has also led the market capital to greatly support the regenerative medical industry. In 2021, the total market capital investment was close to USD 22.7 billion, easily surpassing USD 19.9 billion in 2020. Compared with USD 13.5 billion in 2018, it shows the rapid growth and development.

Cell therapy and gene therapy have huge potentials on the treatment of rare diseases. More than five new gene therapies may be licensed in 2022, and two sickle anemia treatment cases may go on the market as soon as 2023, with one for gene therapy and the other for the first gene editing treatment case. There were six new products in the world in 2021, which was the second-best year in terms of new product registration, but there were three product licenses for CAR-T products, which was the best performance in registration.

Representatives of the European Medicines Agency predict that by 2025, 10-20 cell therapies and gene therapies will be approved each year. Moreover, rapid approval routes for innovative therapies (such as the US FDA's RMAT and Europe's Priority Medicine (PRIME)) will keep speeding up the development process. The number of biomedical-related clinical trials conducted in 2021 includes 316 clinical trials in gene therapy, 897 clinical trials in cell-based immuno-tumor therapies, and 1,155 clinical trials in cell therapy with 135 projects of Phase III clinical trials. It is obvious that the research and development progress of cell therapy is moving forward, and the future is promising. No doubtly, as a commercial product that requires the professional knowledge sales channels and strong support from large pharmaceutical and biotechnology companies, regenerative medicine has become an increasingly mature treatment until now. However, promoting the development of regenerative medicine has been facing many challenges along the way. In the future, we focus on difficulties such as cell dose, cell transplantation delivery, and manufacturing control information, and overcome them one by one. With a strong pipeline, as more products enter the market, it is expected that the regenerative medicine industry will continue to learn and gradually mature.

Although Taiwan's medical standards are the top in the world, the progress of regenerative medicine has not yet been same lines with advanced countries. Therefore, when the Company entered the biotechnology industry, it introduced the more mature "autologous knee cartilage cell laminator"

and "oral mucosal epithelial cell laminator" culture technologies developed by CellSeed in Japan. In addition, the Company also focuses on self-development technologies, such as the "autologous fibroblasts". In view of the fact that immune cell-assisted tumor therapy has always accounted for the largest project in the "Regulations Governing Specific Medical Techniques" market, the Company has also invested the relevant resources in developing the immune cells such as PBMC, hoping to enter the cancer immune cell therapy market as soon as possible by establishing a cell bank and applying for the cell therapy plan based on "Regulations Governing Specific Medical Techniques".

The Company's blueprint in biomedical development is as follows :

Since the Ministry of Health and Welfare of Taiwan has imitated the Ministry of Health, Labor and Welfare of Japan to construct and loosen the regulations related to regenerative medicine, it is hoped to ensure the safety and effectiveness of regenerative medical technologies and products, thereby driving to the development of regenerative medicine. As a result, in September 2018, the Ministry of Health and Welfare announced the "Regulations Governing the Application of Specific Medical Technique and Medical Device" ("Regulations Governing Specific Medical Techniques"). The "Regulations Governing Specific Medical Techniques" opened six cell therapy projects, namely autologous CD34+selection peripheral blood stem cell transplantation, autologous immune cell therapy, autologous adipose stem cell transplantation, autologous fibroblast transplantation, autologous bone marrow interstitial stem cell transplantation and autologous chondrocyte transplantation; among them, the Company has applied for autologous fibroblasts and autologous chondrocytes since 2019.

Using "Autologous chondrocyte transplantation for the treatment of knee cartilage defects", the Company cooperates with many medical centers and central hospitals in Taiwan to apply for the cell therapy plan of the "Regulations Governing Specific Medical Techniques". As of April 30, 2022, the Ministry of Health and Welfare has approved nine medical institutions in accordance with the "Regulations Governing Specific Medical Techniques" and commissioned MetaTech Company to produce cell products for the treatment of knee cartilage defects by autologous chondrocyte transplantation, including E-Da Hospital (approved on 2019/12/18) and Kaohsiung Veterans General Hospital (approved on 2020/4/9), Taipei University Hospital (approved on April 14, 2020), Changhua Christian Hospital (approved on January 25, 2021), Shin Kong Wu Ho-Su Memorial Hospital (approved on May 14, 2021), Tri-Service General Hospital (approved on May 19, 2021), Min Sheng General Hospital (approved on May 27, 2021), Tung's Taichung MetroHarbor Hospital (approved on July 23, 2021), and PAOCHIEN HOSPITAL (approved on 2022/12/19). The implementation of most entrusted units increases the revenue of the Company's biomedical business group.

In addition, MetaTech Company independently developed the autologous fibroblast technology, and used this technology to obtain the commission of medical institutions and apply for the "Regulations Governing Specific Medical Techniques" of the "autologous fibroblast transplantation treatment of skin defects: filling and repairing wrinkles, depressions and scars" project, which was approved by the Medical Affairs Department of the Ministry of Health and Welfare. There are four hospitals: E-Da Hospital (approved on July 28, 2020), Changhua Christian Hospital (approved on January 15, 2021), and Taiwan Adventist Hospital (approved on 2022/12/26). In addition, after the announcement of the Ministry of Health and Welfare in February 2021 with the special management measures amended, the clinic may apply to the Ministry of Health and Welfare for the implementation of cell therapy technology after it has passed the relevant assessment or certification by the competent authority or its entrusted professional agency. The available items included "Autologous fibroblasts for skin defects: filling and repair of wrinkles, dents and scars". In this regard, the company cooperates with the clinic, accepts the clinic's entrusted counseling application for cell therapy quality certification, and accepts the accredited clinic's entrusted application for special management method cell therapy technology, which is expected to greatly increase the entrustment of medical institutions, and can expand revenue in line with the medical needs of the clinic. At present, there are six clinics that have cooperated and passed the "Clinic Cell Therapy Quality Certification", namely Yafeng, Taipei Soden, Sheng Yuya, Amber Tuoyu, Ximei, and Changgeng Clinic, and are currently undergoing the technical review of the special management approach to cell therapy. The Company will keep cooperating with medical beauty clinics in the future, bringing considerable profits to the biomedical group.

In clinical, common cell products are all injection types of single cells. Currently, there are no cell tissue or cell 3D culture products on Taiwan market. It is obvious that cell laminates have their product innovation, market exclusivity, technical differences and clinical applicability. The Company's "autologous human oral mucosal epithelial cell laminator" transferred from CellSeed in Japan has been approved by the Ministry of Health and Welfare to conduct Phase III clinical trials in Taiwan. It is currently one of the few Phase III clinical trials approved in Taiwan. If the clinical trial goes smoothly, it is optimistically estimated to launch product in the fourth quarter of 2024.

The regenerative medical industry chain includes highlights such as essential research, clinical trials, registration application (or conditional approval), manufacturing, licensing and monitoring. Therefore, it has the characteristics of internationalization and industrialization, so the trend of the regenerative medical industry chain moves to vertical integration and horizontal teamwork are inevitable. In view of this, the Company and the Japanese CellSeed company jointly established Up Cell Co., Ltd. In addition to developing cell laminators with clinical therapeutic potential, it also develops the related regenerative medicine therapies that are applied to nerve repair and regeneration. It aims to enter clinical trials quickly, and breaks through the limitations of regenerative medical preparations and cell therapy regulations. The Company develops the diverse applications of products and technologies, and promotes the application of cell laminators to increase output value.

In order to strengthen the development of regenerative medicine in Taiwan, the Company and Japan's Hitachi Group signed a MOU in April 2020 to establish a joint venture company-Locus Cell Co., Ltd., and plans to build Asia's largest CDMO cell factory in Taiwan's Wenzhubei Biomedical Park to undertake CDMO orders at domestic and abroad. The joint venture will also cooperate with major legal research institutions to develop the emerging technologies and conduct clinical trials. At present, Lucos Cell also carried out the groundbreaking ceremony for the construction of the plant in January 2023, and is expected to become the largest CDOM company in Asia in the future. Due to close cooperation with CellSeed and Hitachi Group, which attracted other Japanese biotechnology companies to cooperate with Mitsugu, Mitsugu signed a memorandum of cooperation with Cyfuse on Mar. 7, 2023, and Mitsugu is expected to expand product diversity. In the future, the Company will aim at (a) establishing a human cell tissue depository, (b) serving as a cell preparation center of the "Regulations Governing Specific Medical Techniques" with regenerative reagent, and (c) providing multi-cell therapy services; with these goals, the Company also needs to educate customers about products, cultivate the high-level talents and promote the products. At the same time, it is also necessary to develop multiple channels to strengthen cooperative relations and receive the royalties to increase profits.

4. Various product development trends and competition conditions

Looking to the future, the market is optimistic about opportunities in the following fields, including the Internet of Things, cloud computing, wearable devices, medical electronics, automotive energy batteries, wireless charging technology, cell laminators and genetic testing.

●Electronic Business Group

(1) IoT and Cloud Calculation

The Internet of Things digitizes the real world with broad market and application, which mainly includes: transportation and logistics, healthcare, intelligent environment (home, office, and factory), personal and social fields, and so on. The concept of cloud computing represents the use of the Internet to enable computers to cooperate with each other or to provide services anywhere. Therefore, it will drive the development of computer hardware and software equipment such as servers and storage devices.

(2) Wearable Device

Wearable devices refer to mobile smart devices that are worn directly on people or integrated into the clothes and accessories and record human body data. In addition to the familiar devices such as Google Glass, Bluetooth headsets, watches and calculators, there are also something innovative, such as shiny skirts, pendant cameras that automatically take pictures, keyboard pants, sensor smart clothes, solar rechargeable backpacks, and so on. As wearable technology becomes more important, the use of wireless connection technology to realize the interconnection between devices and smart phones becomes the key to the potential of these devices. For example, with the

help of Bluetooth and WiFi technology, consumers obtain data (such as calories burned, heart rate, etc.) from wearable devices and transmit the data to smart phones or the cloud with few power; with the help of WiFi direct connection technology, consumers directly connect two WiFi devices together without the need for access points or computers; combining wearable devices with positioning technology realize some interesting new application functions, such as doctors track patients in a clinical environment, and retailers send the targeted advertisement to consumers.

(3) Medical electronics

It's believed that electronic technology will become more popular in medical applications, and there are more opportunities to benefit human in the future. For example, the products such as electronic surgical equipment, blood glucose sensor monitoring systems, insulin micro-pumps, and the diagnosis of viruses through deoxyribonucleic acid (DNA) analysis are widely used in medical applications.

(4) Wireless charging technology

Wireless charging, also known as inductive charging and non-contact inductive charging, is a device that uses near-field induction, that is, inductive coupling, to transmit energy from a power supply device (charger) to electricity. The device uses the received energy to charge the battery and at the same time for its own operation. Since the energy is transmitted by inductive coupling between the charger and the electrical device, there is no wire connection between the two devices, so the charger and the electrical device are exposed without conductive contacts.

(5) Car energy battery (electronic)

In recent years, the trend of energy-saving and carbon-reducing electric vehicles has been spreading all over the world. The demand for lithium-ion batteries in the electric vehicle market increases significantly. Facing the trend of strong growth in demand for power batteries, battery companies represented by Panasonic of Japan, LG Chemical of South Korea, and BYD of China are fiercely competitive. At the same time, automobile manufacturers represented by Tesla, BMW, Mercedes, and else have also crossed borders in the battery field and actively deployed the market. Therefore, car energy battery is the key product on the market in the next 10 to 20 years.

(6) Energy storage equipment for power grid

In recent years, energy conservation and carbon reduction have become key global issues. Therefore, the world is conducting research and promotion on energy storage technologies and solutions. There are four major themes of solar power, wind energy, hydrogen energy and fuel cells, and smart energy storage, and energy conservation, green energy circular economy and green finance have been added. Therefore, this application is a key product on the market in the next 10 to 30 years.

●Biomedical Business Group

(1) Clinical trials of cell therapy products

The "Autologous oral mucosal epithelial cell laminator" introduced by MetaTech Company from CellSeed Inc in Japan is used to prevent the occurrence of esophageal stenosis after ESD surgery for superficial esophageal cancer. It has been approved by the Ministry of Health and Welfare for Phase III clinical trials. The Company has completed the first case of esophageal laminator transplant operation on February 4, 2021, and continues to recruit clinical trial subjects. This case is one of the few Phase III cell therapy clinical trials initiated and executed in domestic. It is also one of the indicator cases. If the clinical trial goes well, the "Oral mucosal epithelial cell laminator" may be the first regenerative medical product to be developed and launched in Taiwan.

(2) Cell Therapy Plan of "Regulations Governing Specific Medical Techniques"

In the cell therapy plan of the "Regulations Governing Specific Medical Techniques", the Company applied for the treatment of knee cartilage defects with the technology of "knee chondrocyte laminator", and also applied for the treatment of skin defects (filling and repairing wrinkles, pits and scars) with autologous fibroblast transplantation.

As of April 30, 2022, nine hospitals have been approved to implement the "Knee chondrocyte laminator" to treat the knee cartilage defects by the Medical Affairs Department of the Ministry of

Health and Welfare measures in line with “Regulations Governing Specific Medical Techniques”, including E-Da Hospital (approved on December 18, 2019), Kaohsiung Veterans General Hospital (approved on April 9, 2020), Taipei University Hospital (approved on April 14, 2020), Hualien Tzu Chi Hospital (approved on April 23, 2020), the Changhua Christian Hospital (approved on January 25, 2021), the Shin Kong Wu Ho-Su Memorial Hospital (approved on May 14, 2021), the tri-Service General Hospital (approved on May 19, 2021), Min Sheng General Hospital (approved on May 27, 2021), and Tung’s Taichung MetroHarbor Hospital (approved on July 23, 2021). MetaTech accepted these nine hospitals commissions to perform Knee chondrocyte laminator production. Among them, E-Da Hospital has officially received cases since May 2020. So far, 59 cases of chondrocyte treatment for knee cartilage defects have been received, which is the highest record for knee cartilage regeneration medical treatment in the world. The age of client is between 26 and 70. The patients recovered well after the surgery and return to normal life, achieving amazing results of complete healing.

In terms of autologous fibroblast transplantation for the treatment of skin defects (filling and repairing of wrinkles, pits and scars), as of April 30, 2022, there are a total of four hospitals, including E-Da Hospital (approved on July 28, 2020), Changhua Christian Hospital (approved on January 15, 2021), Taipei University Hospital (approved on June 10, 2021) and Hualien Tzu Chi Hospital (approved on January 24, 2022), which have been approved by the Ministry of Health and Welfare regarding "Regulations Governing Specific Medical Techniques". The Company has received 6 cases. In addition, after the Ministry of Health and Welfare allows the clinic to apply for cell therapy technology, MetaTech Company accepted the clinic's commission to apply for cell therapy quality certification and the commission to apply for cell therapy technology of Specific Medical Techniques, which is expected to greatly increase the commission of medical institutions, and expand revenue based on the clinic's medical needs.

(3) Technology and R&D overview

●Electronic Business Group

(1) R&D expenses invested in the current year as of the date of publication of the annual report: No R&D expenses are generated during the current year. However, based on serving customers, accelerating product launch and increasing the added value of technology, the Company has invested manpower in the three major sales regions, Taiwan, China, and ASEAN, and established the product technical support and product application development departments to meet customer technical needs and help customers shorten the time to market.

(2) Successfully developed technology or product: The Company is a professional semiconductor component distribution agent, not a general manufacturing industry, so it is not applicable.

(3) Future research and development direction in coming year: In response to the continuous innovation of cloud products and communication network products, and actively invest resources in wireless communications, broadband networks, automotive electronics markets, smart homes, and smart grid high-value application markets, and find the suitable suppliers to jointly develop the next generation of new technologies.

●Biomedical Business Group

(1) Autologous oral mucosal epithelial cell laminates (indications are for the prevention of esophageal stenosis after endoscopic submucosal dissection in patients with superficial esophageal cancer):

For the development of this product project, the Company has completed the first case of epithelial cell lamina transplantation on February 4, 2021. In addition, National Taiwan University Hospital performed a second case of esophageal laminator transplant on May 26, 2021. With the participation of E-Da Hospital, E-Da Cancer Hospital and National Taiwan University Hospital in the clinical collection, it was originally expected to complete the collection of 12 patients in the fourth quarter of 2021. Due to the COVID-19, the progress of patient collection in this case is postponed than expected. In order to overcome the difficulty of patient collection, the Company has held the "Taiwan Esophageal Research Alliance: Cross-center Research Conference" at the Han Lai Hotel in Kaohsiung on January 24, 2021. During the meeting, Dr. Wang, Wen-lun of E-Da Hospital (who is also the principal investigator of the clinical trial in this case) convened hospitals related to the treatment of esophageal cancer in Taiwan, including 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, Chimei Hospital, Chang Gung Memorial Hospital in Kaohsiung, Kaohsiung Medical University Hospital, E-Da Hospital with 30 doctors to establish the Taiwan Esophageal Research Alliance. In addition to promoting the research of esophageal cancer in Taiwan, a more important task is to invite doctors who join the alliance to introduce suitable patients to three esophageal cell laminator clinical trial execution hospitals, such as National Taiwan University Hospital, E-Da University Hospital or E-Da Cancer Treatment Hospital to assist the Company conduct the case smoothly.

(2) Knee chondrocyte laminator (indication is knee cartilage defect):

A. This project was commissioned by a medical institution to produce chondrocyte laminates for the repair of knee cartilage defects. The first transplantation has been finished for nearly three years. All the clients do not have serious adverse reactions and have recovered well. MetaTech Company follows the guidelines of the cell therapy technology of the Specific Medical Techniques to connect cell therapy preparations, and uses the results of the cell therapy technology of the Regulations as real-world evidence to apply to the authorities for the registration of cell therapy preparations.

B. Allogeneic chondrocyte laminator process and preclinical/clinical trials: In order to effectively use chondrocyte laminator technology, it is proposed to develop allogeneic chondrocyte laminator technology. In addition to establishing a stable and good cell-derived tissue bank, the Company plans to implement the preclinical animal trials and human clinical trials to develop the application of allogeneic chondrocyte laminators. The preclinical trial has been completed, and the clinical trial is expected to be sent in the second quarter of this year.

(3) High-performance aggregated fibroblasts (indications are skin defects: filling and repairing of wrinkles, pits and scars): The Company develops and owns this technology. It has successively obtained Taiwan invention patent approval "A manufacturing method of micro-cell laminates" and "3D structural cell spheres with high proliferative activity, their manufacturing methods and uses" (certificate number: I693283 and I724528), and keep optimizing the production process in the future to decrease the production costs.

(4) Peripheral blood mononuclear globular cells: At present, a legal-compliant cell production process has been established, and immune cell storage services are underway.

(5) Dendritic cells (DC): This item is also an immune cell in the blood. DC cells are antigen-expressing cells. After activation, they interact with T cells and B cells to trigger an immune response. This item is used for technical reserves and Regulations Governing Specific Medical Techniques applications after the establishment of a legal cell process.

(6) Research and development personnel and their academic experience

Unit: People ; %

Item/ Year	2019	2020	2021	2022	As of April 30, 2023
Number of people at the beginning of the period	24	34	39	34	58
New comer in this period	15	17	10	29	4
Number of people change	1	1	1	9	-
Number of resignations	4	12	14	14	4
Dispatching and retirees	-	1	-	-	-
Number of people at the end of the period	34	39	34	58	58
Average seniority (years)	1.50	1.77	2.20	1.68	1.85
Turn over rate (%)	10.53%	23.53%	32.65%	19.44%	6.45%
Degree	5	5	5	3	9

	23	23	27	21	35	24
	6	6	7	9	14	10
	-	-	-	-	-	-

Note: Turnover rate = number of employees/ (Number of employees at the end of the period + number of employees)

(4) Long-term and short-term business development plans :

●Electronic Business Group

(i). Short-term plan

A. Marketing strategy

a. Strengthen the complementarity and diversification of product lines

Actively improve the complementarity and performance of product lines, and expand the diversification of product lines.

b. Expand the customer base and strengthen the customer relationships

Actively expand the valuable customers, and serve large EMS factory customers with more than ten years of sales and customer service teams to form long-term cooperative relationships with excellent customers to maintain stable business growth.

c. Enhance the technical support

Train the outstanding technical personnel to help customers shorten the time-to-market of products and enhance the technical support, thereby improving the quality of customer service.

d. Enhance the core competitiveness

Absorb international professional and technical capabilities to further enhance core competitiveness in order to strive for more business development space.

B. Operational development

a. Actively strive for the agency and distribution rights of existing product lines throughout the Asia-Pacific region

Based on the current business results and experience in Taiwan, China/Hong Kong or Singapore, the Company has actively sought for distribution rights authorized from suppliers throughout the Asia-Pacific region and strengthened the sales network. The Company also strives to cooperate with the world's top 50 electronic foundries.

b. Set up an application design center in China in Shenzhen

Based on Taiwan's application design and technical support talents, the Company leverages high-level and low-cost technical talents in China to provide customers with complete application product solutions, and reuse the sales network in the Asia-Pacific region to enhance the core competitiveness.

C. Increase the new product lines and improve product integrity in the region

Mainly looking for products in new application markets (mainly from Chinese and Taiwanese manufacturers) and can be mainly sold in Taiwan, China/Hong Kong or Singapore, strengthen and enhance the product diversification for customers to choose from.

(ii). Long-term plan

A. Marketing strategy

a. Keep introducing the products from major international manufacturers to enhance the complementarity and competitive advantage of product lines

Based on existing product lines, marketing locations and a wide customer base, the Company actively introduces new product lines and obtain long-term strategic alliances with major suppliers in order to accurately catch-up market information and new product trends.

b. Formulate a regional differentiated business strategy based on the advantages of regionalization

Taiwan will gradually be backed by high-end, advanced application product design and technical support, and provide Taiwanese businessmen with faster and more reliable

technical support and logistics services.

In addition to focusing on the existing communications market and the cloud storage device market, China is actively developing the robot arm and automotive electronics application market, and using Taiwan's experience to cultivate small and medium-sized potential customer groups, in the high-end, middle-end industrial and high-value-added PC peripheral application products as the development direction. In addition to the current stable international contract OEM market in Southeast Asia, the Company strives to develop high-end home digital product, and actively explores the emerging markets such as Vietnam and India.

c. Pay attention to the cooperation between products in new fields and the factory, and actively layout related application fields, and enhance the application of new fields.

B. Operational development

In the future, the Company will keep its dedication to the development of professional electronic components and adapt to the industry's trend, and will actively develop towards the goal of internationalization.

●Biomedical Business Group

(i) Short term plan

A. Marketing strategy

a. Provide a variety of cell storage solutions. Understand the customer needs, encourage customers to store target cells as soon as possible when they are healthy, and educate customers about the indications and scope of their stored cells that are used for treatment in the future. In this way, the Company will obtain the first stage of revenue from the cell storage business.

b. Gradually build a medical alliance. Cooperate with doctors in various fields to build a medical alliance. In addition to promoting MetaTech's existing cell therapy products, MetaTech also uses the network and cooperation between doctors in the alliance to transfer the patients and focus on treatment service, so that users are truly recruited and resources are concentrated in the implementation of medical institutions.

c. Actively organize or participate in regenerative medicine seminars and forums to enhance interactions between industry, government, academia, research, and the medical profession, so as to promote research and development or existing product technical achievements to actually meet the needs of clinical application, and truly promote the spirit of regenerative medicine in humanity.

d. Regularly organize the performance conference, and cooperate with doctors to announce the effects of cell therapy. The effectiveness of cell therapy is demonstrated through real clinical results.

e. Keep developing the regenerative medical products and services. Strengthen self-research capabilities, combine medical and market needs, and enhance the Company's influence in the industry.

B. Development of Operation

a. Maintain the number of approved hospitals (channels) that cooperating with "Regulations Governing Specific Medical Techniques" cell therapy plan, including "autologous chondrocytes" and "autologous fibroblasts", so that patients/customers can receive safe cell therapy nearby.

b. Keep cooperating with major hospitals to apply for the six major cell therapy projects of the "Regulations Governing Specific Medical Techniques" to increase products and services to increase revenue.

(ii) Long term plan

A. Marketing strategy

a. Introduce the international medical service

China has a large area and a large population. At present, the hospital service area in China cannot cover all regions. If the Company promotes cooperation between Taiwan and China

in regenerative medical technology, the Company would introduce clients in-demand to Taiwan for cell therapy.

b. Expand the International Channels

Taiwan locates in the center of Asia. Based on the flight time of four hours, it reaches most parts of East Asia. That is, through shipping, cell therapy products can be shipped to designated places of overseas commissions, and it is expected to enter the overseas cell therapy market through international channels.

B. Development of Operation

a. Establish the International Association of Regenerative Medicine to enhance the level of regenerative medicine in Taiwan and share new medical knowledge.

b. Establish a supply chain system for regenerative medicine products, such as a cold chain transportation system.

c. Set up a human cell and tissue preservation bank as a source of raw materials for cell therapy products.

d. In the process of expanding overseas business alliances, it carries out product education and high-level talent cultivation, expands the production capacity and product promotion, and also develops channels for start-ups such as technology transfer or authorization.

2. Overview of Market, Production and Sales

(1) Market analysis

A. The sales (provision) area of the main commodities (services)

Unit: NT\$ thousand

Year Area	2022	
	Amount	%
Overseas	1,413,410	76.30
Domestic	439,051	23.70
Total	1,852,461	100.00

B. Market ratio

●Electric Business Group

The revenue of the Company's electronics business group in 2022 was NT\$ 1,804,844 thousand with an increase of 0.33% over the consolidated operating income in 2021. In 2021, due to the impact of the epidemic and the US-China trade war, the domestic economy and the video industry are booming, resulting in a large procurement from important customers. The purchase volume is as high as NT\$ 100 million higher than the previous year. Therefore, although the 2022 annual performance did not grow compared with the previous year, with the efforts of business personnel, we still emerged through the dilemma among hundreds of industries and obtained good results. In addition, new demand is found in the application part of the new market (high-end commercial switches, vehicle switches, high-end servers, wafer testing machines, gaming machines) and shipments begin. In the future, the Company will keep focusing on the development of products with higher gross profit (E-Switch, Phoenix) and increase the proportion of other profitable product lines, and the Company will keep actively exploring agency brands for products in various application fields, increasing in market share in the future and integrate product portfolio.

Unit: NT\$ thousand; %

Firm	Main products	Type	Paid-in capital	Revenue of 2022	Growth rate of revenue (%)	EPS of 2022
MetaTech	Wholesale and retail of electronic materials	OTC	681,726	1,804,844	(0.33)	(0.17)

Firm	Main products	Type	Paid-in capital	Revenue of 2022	Growth rate of revenue (%)	EPS of 2022
Sentronic	Importation and exportation of electronic parts and computer equipment, and manufacturing of electronic components	OTC	465,679	1,417,718	41.72	0.39
PCT Group	Burning, processing, testing and trading of computer electronic products and parts	OTC	721,458	4,606,554	10.03	2.31
Chander	Distribution agency, maintenance, importation and exportation of electronic components, components, integrated circuits, computer equipment and peripheral products	OTC	807,659	1,017,451	180.02	(0.29)

Compared with the industry, the cCompany and its subsidiaries are all electronic component distributors and have similar capital, but the products represented by each company are still various. The operating income of the Company and its subsidiaries is slightly lower than that of PCT, but higher than that of Sentronic and Chander. The main reason is to adjust the customer structure and eliminate the less profitable product line, resulting in a decline in revenue. Due to the manpower optimization of the electronics department and the increase in gross profit margin, it showed the earning. The Company considered the industrial innovation and transitioned to the biomedical industry. Due to the impact of increased operating expenses, the profit in the current period was reduced. The Company and its subsidiaries are based on the principle of sound management and sustainable development. Therefore, in terms of product sales strategy, the Company pays attention to the layout of the overall 3C industry and strengthen the coverage of the product line to avoid the impact of the downturn in the single electronics industry, and gradually develop the high-gross profit and promising products, strengthen long-term and stable relationships with customers, and make the Company's revenue grow steadily.

The Company and its subsidiaries are distributors of electronic components. They mainly distribute European and American brands. The product range covers the communication products, connectors and consumer products. With representing the main brands Samtec and Everspin, the market share is stable. The Company and its subsidiaries have been actively developing agent brands for products in various application fields, which would increase the market share of relevant industries in the future.

●Biomedical Business Group

According to the market research report "2020: Growth & Resilience in Regenerative Medicine Annual Report" (Alliance for Regenerative Medicine, ARM), as of the end of 2020, there are more than 1,085 companies engaged in regenerative medicine-related businesses worldwide, including gene therapy, cell therapy, and tissue engineering treatment development with an increase by 98 firms compared to 2019 (an increase of 9.93%); There are 1,220 regenerative medical products that have entered clinical trials worldwide with an increase by 154 products (14.45%) over 2019, of which 152 products are in clinical phase III, 685 products in clinical phase II and 383 products in clinical phase I; in 2020, the total investment in regenerative medicine and advanced therapies was about US220 billion in global.

According to GlobalData's survey statistics cited in the 2022 biotechnology industry white paper, the global regenerative medicine market will exceed \$22 billion in 2027, of which the market for

cell therapy is the largest, reaching \$10.8 billion and followed by the gene-modified cell therapy, with a market size of \$6.5 billion. The gene therapy market has also reached \$5 billion, showing the booming development and prosperity of the regenerative medicine industry.

According to the 2020 Biotechnology White Paper of the Ministry of Economic Affairs, the total revenue of the biotechnology industry in 2019 was NT\$559.7 billion with an increase by 8.7% over 2018, and the growth rate was recorded high in recent years. The amount of private investment also reached NT\$55.1 billion. The cumulative investment of the National Development Fund of the Executive Yuan in the field of biotechnology is NT\$13.3 billion, of which the Company received an investment of NT\$ 100 million from the National Development Fund in 2018.

According to the annual statistics of the Health Insurance Department of the Ministry of Health and Welfare, the visiting number of knee osteoarthritis in Taiwan was 790,509 in 2016, and the visiting number of knee osteoarthritis in 2019 was 863,119, with an average increase rate of 2.99% during the period. According to the 2020 statistics of the Health Insurance Department, there were 25,181 joint replacements in Taiwan. Based on the past implementation cases of E-Da Hospital (354 replacements in 2020), it is estimated that the proportion of laminator treatment/joint replacement clients is about 5-7%. Based on this optimistic estimate, the potential market size of Taiwan is about 25,181 (people), 5% = 1,600 people = 1,259 people.

C. The future supply and demand situation and growth of the market:

●Electric Business Group

When the semiconductor industry is blooming, the components would be in short supply, and the revenue and gross profit of distributors would also increase as a result. However, when the revenue of a distributor decreases, it does not necessarily mean that its profit declines. Especially when the products newly enter to the market, the distributor usually enjoys a higher gross profit. Therefore, when the components are out of stock, its revenue may decrease, but the gross profit margin still increases, so the distributor is able to maintain the profit. In addition, the Company's main business is the agent and sales of semiconductor components to downstream electronic product manufacturers at domestic and abroad, and the main sales areas of downstream manufacturers are in Europe and the United States. Therefore, affected by the traditional third and fourth seasons of the global electronics industry, the demand for semiconductor components by electronic manufacturers is still seasonally different. In order to reduce the impact of seasonal changes in customer demand on the Company, the Company and its subsidiaries, after evaluating the market characteristics and the supply conditions of various products, adjust the procurement and input schedule at any time to avoid excessive inventory.

The issue of the Russia-Ukraine war in 2022 and the continuation of China-US trade war have caused the significant changes in the manufacturing chain of electronic products. Among them, the most affected regions are electronic product manufacturers in China, because production plants have been begun to transfer to Southeast Asian countries and Taiwan. To prevent the problem of transferring business, each company has strengthened its business and manpower bureaus outside of China. Therefore, the company and its subsidiaries have made every effort to arrange this part of the business to circulate with each other and meet the needs of the market and customers.

●Biomedical Business Group

In recent years, the international medical business in Taiwan has continued to develop, and the number of foreign people coming to Taiwan for medical services or health examinations has been rising. This phenomenon shows that Taiwan's medical capabilities and standards have a considerable international reputation and competitiveness. In terms of medical technology standards, international reputation for treatment, and medical expenses, Taiwan's medical cost performance has considerable advantages compared to other regions in the world. Through overseas channels and cross-industry cooperation among travel operators, Taiwan International Tourism Medical has served nearly 1.93 million passengers, with a value of NT\$ 97 billion as of 2017.

According to a 2017 survey by TAITRA (Taiwan External Trade Development Council), it pointed out that joint reconstruction surgery in Taiwan has the advantages of less tissue trauma, short recovery time and low cost, and is widely favored by international medical treatment. According to the international medical statistics of the Taiwan International Medical Global Information Network, there are about 320,000 international medical visits every year, of which about 3.35% seek international medical orthopedic treatment; and according to the National Health Insurance Medical Quality Information Disclosure Network of the Health Insurance Department of the Ministry of

Health and Welfare of Taiwan, more than 25,000 people in Taiwan underwent the artificial knee replacement surgery in 2020. As far as the knee cartilage defect market is concerned, if the treatment replacement rate of 5% to 30% is calculated, it is optimistically estimated that the annual size of Taiwan's medical market in current is between 2,250 and 13,500 people.

Taiwan's aesthetic medicine and plastic surgeons also occupy a place in global. In the past, Taiwan's plastic surgery specialists have created and improved many core surgical techniques, and have trained the plastic surgeons from all over the world. For example, one out of every four orthopedic surgeons in South Korea was trained in Taiwan. Due to the advantages of non-invasive treatment, short recovery period, low side effects, affordable prices, touching and holistic solution services, the number of medical beauty customers attracted to Taiwan from overseas has shown a trend of increasing year by year. With this estimation, the Company's autologous fibroblast transplantation for the treatment of skin defects is a cell therapy technology approved by the Ministry of Health and Welfare. If it can be implemented in hospitals and clinics, it benefits not only the domestic clients, but also international medical clients. It is also credible and attractive, and the Company looks forward to market development in the future.

According to the cancer registration information of the National Health Administration and the cause of death statistics of the Ministry of Health and Welfare, there are 2,700 new cases of esophageal cancer and about 1,800 deaths every year, of which more than 90% are men. It is the 6th highest incidence of cancer in men and the 5th highest cause of cancer death. Based on the total number of patients with esophageal cancer in Taiwan in 2016, the number of patients with stage 1 was 285, accounting for about 11% of esophageal cancer patients in the whole year ($285/2599 = 10.97\%$). Take $2599 \times 11\%$ (the proportion of esophageal cancer in stage 1) $\times 19\%$ (the circumference of the esophagus exceeds 75% squamous cell tumors) = 57 (people). According to the market evaluation report of esophageal and knee joint replacement in Taiwan by the Taiwan Medical Alliance Foundation, the number of Taiwanese receiving oral mucosal epithelial cell laminotherapy to replace traditional esophageal cancer therapy is about 30%. Based on this data, 57 (people) $\times 30\% = 17$ people, it is conservatively estimated that the annual revenue after listing is 15~20 pieces. On the other hand, about 470,000 people in China undergo esophageal surgery every year. Based on this proportion, it is estimated that the number of patients who meet the conditions for the use of the product is about 2,950. It is the main target market for the Company's oral mucosal epithelial cell laminator products.

The definition of regenerative medicine is the use of healthy cells to repair and replace the damaged or necrotic cells and tissues or organs damaged by disease or trauma. This mainly involves the cell and tissue engineering. It must integrate the clinical medicine, materials engineering, cell biology, and genetic engineering. As the global enters "aging" population and the extension of human life expectancy is accompanied by an increase in the degenerative diseases, major traumas or diseases that cannot be cured by traditional medical treatment, the newly developed regenerative medical technology is expected to achieve the purpose of treatment. Thus, the development and clinical demand for regenerative medicine will be more important.

D. Competitive niche

●Electric Business Group

In order to occupy an important place in the agency distribution market, it is necessary to master timeliness, not only in the supply of products and technical support, but also to enable downstream manufacturers to launch their most competitive products in the shortest time. Under the professional teamwork of the electronics industry, the production model of global operations research and management makes the value that professional electronic component agents and distributors can provide to downstream manufacturers no longer limited to products and prices, but logistics support, comprehensive product portfolio, and the value of technical services. In this industry, the integrity of the product portfolio, the strength of the ability to provide technical services, the speed of supply and the acquisition of professional information are often the key to achievement and also affect the quality of customer service. The Company's professional and technical service and brand image are highly recognized in the industry because of its ability to gain insight into product trends and opportunities. It provides customers with the best product portfolio in real time, while proactively providing customers with the latest product with the best function, and maximizing the role of professional services to ensure the continuous expansion of the Company's future performance. The Company's ability to ensure market competition is mainly based on:

- (1) Information, communications, and consumer electronics all-round complementary and complete agency lines
- (2) Complete and strong management team
- (3) Superior supply management system
- (4) Strong technical support capabilities, diversified product portfolio development
- (5) Good marketing channels and far-reaching layout
- (6) Related applications in new areas of layout

●Biomedical Business Group

At present, in terms of the six cell therapy projects in the "Regulations Governing Specific Medical Techniques", nine hospitals have obtained license of "autologous chondrocyte transplantation" for the treatment of knee cartilage defects, and four hospitals have obtained license of "autologous fibroblast transplantation" for the treatment of skin defects. 13 hospitals commissioned MetaTech Company to manufacture cell therapy products.

In the medical market of "autologous chondrocyte lamellar transplantation" and "autologous fibroblast treatment of skin defects", there are still no competitors. metatech company is market pioneer, with the first dominant effect, including: (1) leading technology, no other alternatives; (2) create economies of scale; (3) channel relationships, stable customers; (4) take the lead in building strategic assets; (5) increase the conversion cost of customers; (6) price leaders and industry benchmarks. in the process of industrial development, the Company has made important strategic and technical decisions, and took the lead in entering the markets of "Autologous chondrocyte laminates for the treatment of knee cartilage defects" and "Autologous fibroblasts for the treatment of skin defects", instead of choosing the "autoimmune cell therapy market" with low visibility among competitors, thus having a competitive advantage and an irreplaceable competitive niche.

In the development of regenerative medical products, the Company chose to transfer technology to CellSeed. Among the projects developed by the Company, the "oral mucosal epithelial cell lamina" transplantation technology with the most mature technology and the most complete clinical data is used to prevent superficial esophageal cancer from developing esophageal stenosis after ESD surgery. The Company also adopts the same market pioneer strategy that after the transfer of technical authorization data, the Company will apply for a phase III clinical trial in Taiwan and be approved by the Ministry of Health and Welfare for implementation. If the clinical trial is completed as soon as possible and the medicine certificate is approved, the Company is able to get the market as well as the leading position on market.

E. Advantages and disadvantages of the development vision and countermeasures

●Electric Business Group

Postive factors

A. Communication network, GPS, LED, Bluetooth and mobile phone application products continue to grow at a high level

B. The benefits of vertical division of labor are becoming more and more obvious

C. Professional technical service capabilities

D. Perfect after-sales service and total solution (total solution)

E. Stable agency rights

Negative factors and countermeasures

A. The Company is smaller and it is more difficult to fight against large distributors

Countermeasures: The Company currently focuses on entering niche markets, and maintains customer relationships and maintains high gross profit by providing better service quality for larger distributors and helping customers solve R&D problems.

B. Products change quickly and have a short life cycle

Countermeasures: The Company holds regular review meetings, through the guidance and analysis of the computer information management system, to truly follow up the life cycle development of the customer's products, to formulate preventive measures, and to adjust the number of weeks of inventory stock. In addition, according to market product trends and technical dynamics, the Company formulates the future development direction and opportunities, actively represents highlight products, introduces new product agency rights and develops new customers in a timely manner, in order to obtain the opportunities for new market development.

●Biomedical Business Group

(1) Postive factors

A. Cooperated with Cellseed, a well-known Japanese manufacturer, to introduce cell lamination technology, and Cellseed has been deeply engaged in the regenerative medicine for a long time and is in line with international standards.

B. The company uses the technology authorization to cooperate with Cellseed, which saves a lot of manpower and expenses in the early research and development.

C. MetaTech Company is an early investment company in the regenerative medicine in Taiwan. It has established cooperative alliances with a number of hospitals to maintain its competitiveness.

(2) Negative factors and countermeasures

A. Product and technology patents are well protected by the advanced countries

Countermeasures: The Company currently cooperates with Japan through technology authorization to enable MetaTech Company to obtain competitive products.

B. Competition for homogeneous products.

Countermeasures: MetaTech Company's existing regenerative medical products are competing with other homogeneous products in the market, but now MetaTech's existing products have significant curative effects and are expected to maintain competitiveness.

C. Regulation is strictly regulated in terms of aspects, focusing on the safety of cell therapy.

Countermeasures: The three laws of Regenerative Medicine have been announced, and major changes in the regulatory system are expected. MetaTech Company has already responded to the changes, such as planning for the allogeneration of cell products and production automation.

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

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

(2) The important uses and production process of the main products:

A. Main function of products

Electric Business Group

Main product	Function
Consumer products	Semiconductor for broadband networks, related multimedia and video application products
Communication	Semiconductor for mobile phones, satellite positioning systems, etc.
Connector	Electronic components for network and communication
Other	Application module for touch screen and transmission

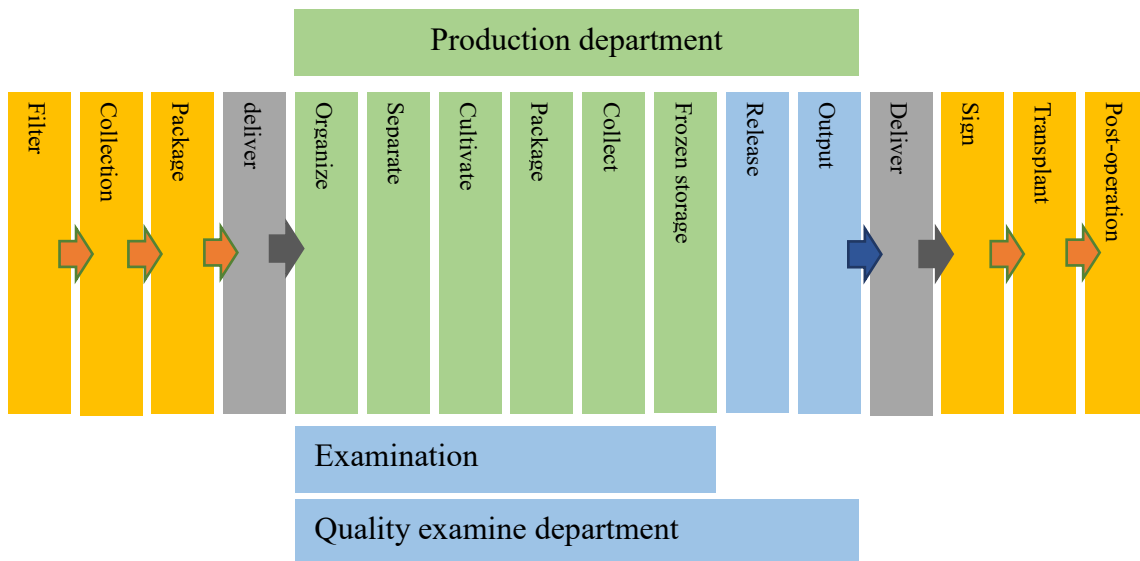
Biomedical Business Groups

Main product	Function
Cell products	<ol style="list-style-type: none"> 1. It is used for the prevention of esophageal stenosis after endoscopic submucosal dissection (ESD) after esophageal cancer surgery. 2. It is used for cartilage regeneration and repair of knee cartilage defects. 3. It is used for filling and repairing skin defects: wrinkles, depressions and scars
Cell storage service	<ol style="list-style-type: none"> 1. Autologous peripheral blood mononuclear cell storage, which is used in immune cell therapy in the future.

B. Production process of main products

Electronics business group: The Company's electronics department is trade-oriented, so the product manufacturing is not involved.

Biomedical business group: The main product process is as follows :



(3) The supply status of the main raw materials: The Company belongs to the channel of components, not the manufacturing. The Company does not have supplier of the main raw materials, so it only provides the supply status of the main commodities.

Electric Business Group

Main product	Suppliers
Consumer products	AIC Alliance, Mxic
Communication	Asix Silabs Everspin Infibi
Connector	Samtec E-Switch PhoenixContact,
Other	LedEngin Sunon

Biomedica Business Group

Main products	Channel (Hospital)
Autologous Fibroblast Transplant	E-Da Hospital, Changhua Christian Hospital, Taiwan Adventist Hospital
Autologous chondrocyte lamellar transplantation	E-Da Hospital, Kaohsiung Veterans General Hospital, Taipei Medical University Hospital, Changhua Christian Hospital, Shin Kong Wu Ho-Su Memorial Hospital, Tri-Service General Hospital, Min Sheng General Hospital, Tung's Taichung MetroHarbor Hospital, and PAOCHIEN HOSPITAL

(4) The names of customers who have accounted for more than 10% of the total imports (sales) in any of the last two years, and the amount and proportion of imports (sales), the reasons for the increase or decrease.

Information on major suppliers in the last two years

Unit: NT\$ thousand

Item	2021				2022				As of previous quarter of 2023 (Note 2)			
	Name	Amount	percentage of net imports for the year [%]	Relationship with the Issuer	Name	Amount	percentage of net imports for the year [%]	Relationship with the Issuer	Name	Amount	Percentage of net purchases for the year ended the previous quarter [%]	Relationship with the Issuer
1	A	655,745	37%	-	A	630,784	38%	-	A	129,471	52%	-
2	C	265,476	15%	-	C	445,319	27%	-	C	14,151	6%	-
3	D	414,373	24%	-	D	336,305	20%	-	D	48,874	20%	-
4	Other	425,131	24%	-	Other	259,796	16%	-	Other	54,301	22%	-
5	Net importation	1,760,725	100		Net importation	1,672,204	100		Net importation	246,797	100	

Note 1: Specify the name of the supplier with more than 10% of the total procurement in the last two years and the relevant amount and proportion of the procurement. If the contract stipulates that the name of the supplier or the transaction object is an individual and not a related person, it can be named as code.

Note 2: As of the date of publication of the annual report, companies that are listed or whose shares have been traded in the business premises of a securities firm shall disclose the most recent financial information that has been verified or reviewed by an accountant.

Information on major sales customers in the last two years

Unit: NT\$ thousand

Item	2021				2022				As of previous quarter of 2023 (Note 2)			
	Name	Amount	percentage of net sales for the year [%]	Relationship with the Issuer	Name	Amount	percentage of net sales for the year [%]	Relationship with the Issuer	Name	Amount	Percentage of net sales for the year ended the previous quarter [%]	Relationship with the Issuer
1	A	40,279	2.00%	None	A	29,525	1.59%	None	A	5,828	1.55%	-
2	B	156,054	7.76%	None	B	241,034	13.01%	None	B	39,932	10.64%	-
3	C	47,217	2.35%	None	C	113,352	6.12%	None	C	44,867	11.95%	
4	Other	1,768,267	87.89%	None	Others	1,468,550	79.28%	None	Others	284,698	75.86%	-
5	Net sales	2,011,817	100		Net sales	1,852,461	100		Net sales	375,325	100	Net sales

Note 1: Specify the name of the customer with more than 10% of the total sales in the last two years and the relevant amount and proportion of the sales. If the contract stipulates that the name of the customer or the transaction object is an individual and not a related person, it can be named as code.

Note 2: As of the date of publication of the annual report, companies that are listed or whose shares have been traded in the business premises of a securities firm shall disclose the most recent financial information that has been verified or reviewed by an accountant.

Production value in the last two years

Capacity Amount Value Main commodity (department)	2021			2022		
	Capacity	Amount	Value	Capacity	Amount	Value
Biomedical products	1,424	543	13,917	1,424	353	11,691
Total	1,424	543	13,917	1,424	353	11,691

Note 1: Production capacity refers to the quantity that the company produces under normal situation using existing production equipment after measuring the necessary downtime, holidays and other factors.

Note 2: If the production of each product is replaceable, the production capacity may be calculated together and annotated.

(5) The value of sales in the last two years

The Company is not in the manufacturer, and the original specifications are different and cannot be analyzed statistically by quantity, so the sales volume value table is analyzed as follows:

Unit: thousand unit; NT\$ thousand

Sales Unit/value Items	2021		2022		2021		2022	
	Domestic		Oversea		Domestic		Oversea	
	Unit	Value	Unit	Value	Unit	Value	Unit	Value
Biomedical product	2	200,939	-	-	6	47,536	-	-
Others	-	9	76,389	52,764	-	-	21,154	32,963
Consumer products	1,823	5,737	59,782	484,625	3,107	12,254	32,800	407,741
Communication product	133	8,403	2,475	348,870	113	8,801	1,965	417,000
Connectors	8,720	332,295	39,185	578,175	8,376	370,460	42,075	555,706
Total	10,678	547,383	177,831	1,464,434	11,602	439,051	97,994	1,413,410

(6) Key Performance Indicator

A. Personnel costs to be borne by the average revenue in the last two years:

Unit: NT\$ thousand

	2021	2022
Income	2,011,817	1,852,461
Personnel costs	148,612	184,093
Personnel costs/ income	0.74	9.94%

B. The average revenue created by each employee in the last two years:

Unit: NT\$ thousand

	2021	2022
Income	2,011,817	1,852,461
Employee number	163	183
Income/ employee number	12,342	10,123

C. Financial structure, repayment ability and operating ability in the last two years:

Unit: %; times

	2021	2022
Debt ratio(%)	16.43	15.83
Current ratio(%)	615.01	638.76
Quick ratio (%)	576.08	579.48
Receivable turnover (time)	5.34	4.34
Inventory turnover (time)	14.38	8.02

3. Information of employees in the last two years and as of the date of publication of the annual report
30 April 2022

Employee number (person)	Year	Current year as of April 30, 2023	2022	2021
	Sales		114	113	96
Application Engineers		-	-	-
Administrative		69	70	67
Total		183	183	163
Average age		43.79	42.43	42.44
Average working years (years)		8.52	4.77	4.65
Ratio of academic background	PhD	8.74%(16 people)	10.29%(17 people)	10.43%(17 people)
	Master	31.15%(57 people)	31.15%(57 people)	24.54%(40 people)
	College	55.74%(102 people)	54.19%(101 people)	60.12%(98 people)
	High school	4.37%(8 people)	4.37%(8 people)	4.29%(7 people)
	Below high school	0.00%(0 people)	0.00%(0 people)	0.62%(1 people)
	Total	100.00%	100.00%	100.00%

4. Environmental expenditure information

(1) According to the regulation: those who shall apply for a pollution facility installation permit or a pollution discharge permit, or shall pay pollution prevention and control fees, or shall set up a special environmental protection unit, their application, payment or establishment status description: The Company is a distribution agent of semiconductor components, has no production activities, and there is no pollution situation. According to Beihuan Four Zi No. 0910057747, the Company has been reviewed in paper and determined to be a "temporarily unregulated" business organization, and there is no pollution, so it does not apply. Listed companies shall explain the implementation of the EU Restriction of Hazardous Substances Directive (RoHS). (According to Taiwan Stock Exchange's Tai Jeng Shang Zi No. 0950007006 on April 13, 2006 and the Counter Purchase Center's Jeng Kui Chien No. 0950200962 on April 12, 2006): According to the characteristics of the company's industry, it is

not affected by the European Union Restriction of Hazardous Substances Directive (RoHS).

- (2) Investment in the main equipment for pollution prevention and control, its use and possible benefits: not applicable.
- (3) In the last two years and as of the date of publication of the annual report, the company's history of improving environmental pollution, and those who have pollution disputes, should also explain their handling history: None.
- (4) In the last two years and as of the date of publication of the annual report, the total amount of losses and disposals suffered by the company due to environmental pollution, and its future countermeasures and possible expenditures are disclosed: none.
- (5) The current pollution situation and the impact of its improvement on the company's surplus, competitive position and capital expenditure and its expected major environmental protection capital expenditure in the next two years: none.

5. Labor relation

- (1) The Company's employee welfare measures, training, training and retirement systems and their implementation, as well as the agreements between employees and employers and measures to protect the rights and interests of employees.

1. Bonus benefits: Employee year-end bonus and employee performance quarterly bonus.

2. Insurance/health checkup benefits: labor insurance, health insurance and labor pension contribution, group insurance for employees, safety insurance for overseas trips, regular free health checkups for employees and health checkups for workers with special jobs.

3. Welfare Committee benefits: year-end tailgate party and raffle, domestic and overseas travel activities, departmental dinner subsidies, three festivals gifts/gifts, employee birthday gifts, wedding and funeral gifts, condolence money, employee maternity allowance and employee discount stores.

4. Leave benefits: two days off per week, special leave/annual leave according to the Labor Standards Law, paid paternity leave, maternity leave, family care leave, parental leave, female physiological leave, abortion leave, maternity leave, and special leave for employees who have been on the job for three months.

5. Subsidies and benefits for field employees: parking subsidies, car allowance subsidies, business call and mobile network monthly fee subsidies.

6. Staff training and training system:

(1) In order to enhance the competitiveness of our employees, we have planned the "Education and Training Management Program" and the "On-the-job Training Management Program" to enable each employee to maximize his or her potential through human resources training.

(2) The Company's annual training operations are a combination of internal self-organized training, training courses from external organizations and internal training within each department.

(A) Internal training: Colleagues serve as lecturers in their areas of expertise to impart their own experience and professional knowledge; or hire experts in related fields from professional organizations to provide general knowledge of employee life safety services.

(B) External training: Employees will enroll themselves in professional courses offered by business management consulting firms, educational training institutions and

government agencies, and the company will provide annual subsidies to employees for external training.

(C) Training for new personnel: Explain the organization and system, work rules and job descriptions, and conduct regular assessment and supervision.

(D) Further education subsidy: subsidize outstanding colleagues to study for a degree at a well-known academic institution in China and continue to learn relevant knowledge and skills on the job.

(E) The statistics and expenses of the Company's employees for further education and training in 2021 are as follows

December 31, 2022

Training	Internal training	External training
Trained person	382 people/1018.5Hours	70 people/312.5Hous
expenses	NT\$ 29,440	NT\$ 100,248
Course names	<p>I. General Studies Training Number of trainees: 199 Number of hours trained: 421H</p> <p>1. Employee Stock Options and Individual Comprehensive Income Tax Incentive</p> <p>2. Official document processing - writing official documents with Sindarin</p> <ul style="list-style-type: none"> ● Commonly used official documents of the company ● Writing essentials and structural considerations for official documents ● Points to note in preparing official documents ● Reference Example <p>3. Occupational Safety and Health Management</p> <ul style="list-style-type: none"> ● Overview of occupational safety and health concepts and laws and regulations related to safety and health in the manufacturing industry ● General Occupational Safety and Health Education Training Course (Upper) ● General Occupational Safety and Health Education and Training Course (below) 	<p>I. Health Care Division / General Management Office Number of trainees: 17 Training hours: 117.5 hours</p> <p>1. Taiwan Research and Development of Biotechnology New Drug Association (TRPMA)</p> <ul style="list-style-type: none"> ● Institutional Highlights and Industry Impact of the Regenerative Medicine Participation Act ● Considerations and Case Studies of Cell Therapy Product Patent Layout <p>2. Aseptic Pharmaceutical Association</p> <ul style="list-style-type: none"> ● Quality Control Laboratory Management and Practical Discussions for Pharmaceutical Companies ● Product quality review (POR) and self-audit for pharmaceutical companies ● Seminar on Clean Room Management for Pharmaceutical Plants <p>3. Taiwan Association for the Development of R&D Biotechnology and New Drugs</p> <ul style="list-style-type: none"> ● TRPMA Regenerative Medicine Special Lecture on the Institutional Focus and Industrial Impact of the Regenerative Medicine Triad

Training	Internal training	External training
	<ul style="list-style-type: none"> ● Safety and health code of practice and related safety and health knowledge ● Biological pathogen hazard prevention ● Falling Hazards Prevention in Operations Course ● Construction Safety and Health Management ● On-the-job education and training on safety and hygiene in the food and beverage service industry <p>4. Maintenance and Management of Intellectual Property Rights Introduction to Intellectual Property Rights Introduction to Patents Copyright Introduction Trademark Rights Introduction</p> <p>5. Personal Data Protection Act</p> <ul style="list-style-type: none"> ● Introduction to the provisions of the Personal Data Law ● Case Studies <p>II. Professional Training Number of trainees: 183 Number of hours trained: 597.5H</p> <p>1. Chinese Sterile Pharmaceutical Association</p> <ul style="list-style-type: none"> ● GMP Practical Education Training on Quality Risk Management in Pharmaceutical Factory Operations ● GMP Practice Education Data Integrity and Computerized System Validation ● GMP practice education analysis methods to ensure effectiveness <p>2. Taipei City Department of Justice, Bureau of Investigation</p>	<p>4.Red Cross Society of the Republic of China</p> <ul style="list-style-type: none"> ●BLS Basic Lifesaving Techniques ●BLS (CPR+AED) first aid training <p>5.Chinese Medicine Association</p> <ul style="list-style-type: none"> ●111 Good Distribution Practice (GDP) Industry Presentation <p>6.National Institutes of Health</p> <ul style="list-style-type: none"> ●Tumbling Cloud for New Generation Scientists: A Highly Secure Cloud Platform for Experimental Records <p>7.Food and Drug Administration, Ministry of Health and Welfare</p> <ul style="list-style-type: none"> ●Human Organs, Tissues and Cells Auditing Management Presentation <p>8.China Labor Safety and Health Management Association</p> <ul style="list-style-type: none"> ●A occupational safety and health business supervisor health education training <p>9.Dingxin Computer Co.</p> <ul style="list-style-type: none"> ●2022 HR Act Issues and System Declaration Presentation <p>II.Director, independent director, auditor, finance Number of trainees: 53 Training hours: 195 hours</p> <p>1. Chinese Corporate Governance Association</p> <ul style="list-style-type: none"> ●Unveiling the mystery of "insider trading" ●Case Study of Company Management Rights Dispute ●How the Audit Committee oversees the effectiveness of internal control ●Analysis of several investigations of major criminal financial cases ●Ten Lessons in Corporate Governance ●The key issues of M&A integration in the process of corporate mergers and acquisitions ●From ESG to SDGs on Impact Investing

Training	Internal training	External training
	<ul style="list-style-type: none"> ● Common sense and risk awareness of business secrets and information security 3. The wave of digitization in the biotech industry 4. Summary of Quality Certification for Clinic Cellular Therapy 5. Introduction of Chaoyan products 6. Commissioning order process for the whole series of products 7. Full range of product/production line/organization collection and transplant training 8. Antera 3D CS 3.0 Precision Skin Image Analyzer Training 	<ul style="list-style-type: none"> ●Building a risk-smart organization - from fraud prevention, detection and investigation to crisis management ●How to prevent internal worries_Analysis of corporate internal investigation ●Analysis of the regulation and development trend of third party payment ●Corporate Governance and Securities Regulation ●Trends in Digital Technology and Artificial Intelligence and Risk Management 2. Accounting Research and Development Foundation of the Republic of China (ARDF) ●Professional Study Course on "Insider Trading" Practical Cases and Legal Liability ●Professional Training Course on "Cross-border E-Commerce" Tax Practice and Case Study ●Professional Study Course on Review of Financial Reports and Material Information for Authorities ●ESG Sustainability Update and Sustainability Report Professional Training Course ●Legal Liability and Practical Case Analysis of the Taxpayers' Rights Protection Act for Enterprises ●Global Corporate ESG Sustainability Trends and Management Strategies Professional Study Program ●Self-Preparation of Financial Statements in Practice: Accounting Estimates and Asset Impairment Professional Development Course ●New "Corporate Governance 3. 0 - A Blueprint for Sustainability" Professional Training Course on Self-Editing Issues and Practices in Financial Reporting

Training	Internal training	External training
		<ul style="list-style-type: none"> ●The latest corporate governance policies, laws and regulations, and the analysis of deficiencies in the professional study course ●Professional Training Course on the Latest Annual Income Tax Return ●The latest securities and finance tax laws and professional standards issues analysis professional study course ●Common internal control management deficiencies and practical case studies ●Supervisory practices and common deficiencies of "financial reporting audit" and related laws ●New Trends and New Thinking in Evaluating Corporate ESG Sustainability Performance Professional Development Course ●Continuing Education Course for Accounting Supervisors of Issuing Securities Firms and Stock Exchanges 3. Securities and Futures Market Development Foundation of the Republic of China ●Advanced Seminar for Directors and Supervisors (including Independent) and Corporate Governance Executives on "Towards Net-Zero Carbon Management Trends and Responses 4. Internal Auditing Association of the Republic of China ●Checking Skills Practice ●Pre-employment Training Course for Corporate Internal Auditors ●How auditors detect fraud in financial statements ●"Functions and Tasks of Corporate Governance Officers under the Corporate Governance Blueprint" and "Recent Practical Developments in Insider Trading in China".

Training	Internal training	External training
		<ul style="list-style-type: none"> ●Internal audit and internal control personal information law practice ●How to adjust the internal control system to meet the new ESG regulations 5.Computer Audit Association of the Republic of China ●Database Fraud and Fraudulent Data Collection Case Practice Class 6.Taiwan Sustainable Energy Research Foundation Taishin 30 Sustainable Net Zero Summit Forum - Seriously Net Zero for Sustainable 2030

7. Employee retirement system

In order to take care of the retirement life of employees and promote labor-management harmony, the Company has established a preferential retirement management for employees, covering all formally appointed employees. For employees who choose the old pension system, the Company shall allocate pensions on a monthly basis at 4% of the total actual employee salary in accordance with the the Ministry of the Interior on the allocation and management of labor retirement reserves, and deposit them into the special account of the Central Trust Bureau.; For employees who choose the new pension system, the Company allocates 6% of the total actual employee salary to the individual labor pension account every month. Matters related to retirement shall be handled in accordance with the relevant provisions of the "Labor Standards Act" and the "Labor Pension Act". Matters related to retirement shall be handled in accordance with the relevant provisions of the "Labor Standards Act" and the "Labor Pension Act".

8. Employee Code

The Company has formulated relevant employee behavior or ethical measures and regulations in the employee handbook and instructions for all employees of the Company to follow, and placed them in the company's online platform for all colleagues to read. The relevant codes are briefly described as follows:

(1)The code of ethics for employees is summarized as follows:

- (A) In addition to abiding by government regulations, the employee should also abide by all regulations of the company and temporary announcements or notices, and work together to serve the company.
- (B) Due diligence must be exercised in the confidentiality of important documents.
- (C) The employee shall work in harmony, mutual assistance and cooperation, speak carefully, and strictly prohibit verbal abuse, fighting, causing trouble, disturbing order, obstructing public safety or other behaviors that are sufficient to damage the company's reputation.
- (D) Public property shall be taken care of, and there shall be no waste OR damage. Those who are damaged or lost due to negligence shall be compensated according to the price.

- (E) You must not use your authority to solicit property, rebates or accept gifts from manufacturers without authorization.
- (F) Shall abide by the company's regulations and perform the rights and responsibilities conferred by the company.

- (2) Formulate rewards and punishments.
- (3) Employee performance appraisal methods.
- (4) Employee work regulations and code of conduct.

9. Working environment and employee safety protection measures:

In order to protect the health and safety of our employees, the CompanyThe working environment, safety measures and welfare policies are well planned and are described as follows:

(1) Working Environment

- (A) The office is completely smoke-free.
- (B) Workplace decoration materials are used non-toxic, fire-resistant materials.
- (C) The workplace lighting meets the requirements and desk lamps are provided according to the needs of employees.
- (D) Entrust a professional cleaning company to clean and disinfect the workplace regularly to maintain a comfortable working environment.

(2) Security measures

- (A) Build face and fingerprint identification system to maintain employee access security.
- (B) Participate in the fire drills and promotion operations of the management committee of the park from time to time to ensure that we can deal with emergencies calmly, protect the lives of our employees and achieve the ultimate goal of zero disaster.
- (C) The workplace is equipped with medical supplies in accordance with the regulations.
- (D) set up occupational safety and health supervisor in accordance with the law, and implement the occupational safety and health work plan.
- (E) All employees through the safety and health digital learning, instill all employees safety and health concept.
- (F) From time to time, we hire outside lecturers to teach the correct knowledge of disaster prevention.

10. Workplace Diversity and Equality:

The "Work Rules" were formulated in accordance with the law and sent to the Labor Bureau of the New Taipei City Government for approval, specifying that after the appointment of employees, the work environment will be non-discriminatory, non-harassing and fair for the growth of employees, in accordance with the relevant provisions of the Labor Law, and promising that

- (1) Non-discrimination: No differential treatment in pay, promotion, training, or benefits based on gender, age, race, place of birth, class, language, ideology, religion, political

party, national origin, sexual orientation, marriage, appearance, physical disability, union affiliation, etc.

- (2) Never force labor: We value the human rights of each employee, treat them fairly, respect their opinions and reactions, and abide by the laws and regulations, and do not allow supervisors to force labor, slavery, or restrict actions.
- (3) Supervisors do not abuse, bully, or sexually harass: We do not engage in inappropriate behavior such as mental abuse, mistreatment, or physical punishment, or sexual harassment, and we do not sign illegal contracts to restrict employees' employment relationships.

(4) Child labor (under the age of 16) is strictly prohibited.

B. The estimated amount and countermeasures of current and possible future losses due to labor disputes:

The Company properly plans the principles of human resource management, re-examines whether resources have been rationally allocated, and reviews the relevant personnel system to comply with labor policies and regulations, pay attention to employee welfare, provide an excellent working environment, take care of the lives of employees, smooth communication channels, and make labor relations harmonious. The Company holds regular labor-management meetings in accordance with the law and submits them to the Labor Bureau for the record, and has an Employee Welfare Committee and allocates employee welfares in proportion to operating income for the purpose of promoting employee welfare measures to improve employee centripetal force and promote labor relations. Due to the current harmonious labor relations of the Company, it is estimated that the possibility of losses due to labor disputes in the future is extremely low. In the future, the Company still upholds the humanized management and establishes a system of multiple communication channels. In addition to the existing harmonious relations, the Company hopes that labor relations will be further improved.

6. Major Contract

(1) Electric Business

Clients

Type	Client	Period	Content	Restriction
Purchasing contract	Accton Technology	Automatically extended after two years, one year each time	Sales of semiconductor component	24-month product defect warranty liability Prohibition of peer competition
Purchasing contract	Inventec	After three years, it will be automatically extended continuously for a period of one year and unlimited times.	Sales of semiconductor component	Product warranty responsibility for five years after discontinuation of production Three-year warranty after receipt
Purchasing contract	Hon hai Precision Industry	Automatically extended after five years, one year each time	Sales of semiconductor component	Product guarantee Confidentiality clause
Purchasing contract	WESTERN DIGITAL (original Sandisk is acquired by WESTERN DIGITAL)	Automatically extended after one year, one year each time	Sales of semiconductor component	Product guarantee Confidentiality clause

Suppliers:

Type	Client	Period	Content	Restriction
Agency and sales contract TW/HK/CN	Samtec	2003.01.01~ Continue to be valid until termination	Agency and sales of semiconductor components	Sales area Restrictions on intellectual property rights Confidentiality clause
Agency and sales contract TW/CN/SG/HK	Everspin	2009.01.05~Automatically extended after two years, one year each time	Agency and sales of semiconductor components	Sales area Restrictions on intellectual property rights Confidentiality clause
Agency and sales contract CN	Pixelworks (original ViXS is acquired by Pixelworks)-	2020.04.01~ Continue to be valid until termination	Agency and sales of semiconductor components	Sales area Restrictions on intellectual property rights Confidentiality clause
Agency and	E-Switch	2020.01.01~ Continue to	Agency and	Sales area

sales contract TW/CN/SG		be valid until termination	sales of semiconductor components	Restrictions on intellectual property rights Confidentiality clause
Agency and sales contract TW	Phoenix	2023.01.01 ~ 2024.12.31	Agency and sales of semiconductor components	Sales area Restrictions on intellectual property rights Confidentiality clause
Agency and sales contract TW	Analog	2023.01.01 ~ 2023.12.31	Agency and sales of semiconductor components	Sales area Restrictions on intellectual property rights Confidentiality clause

(2)Biomedical Business :

Type	Client	Period	Content	Restriction
Collaboration Agreement	CellSeed Inc.	2017.04.24~2037	Introduced cell laminator technology to Taiwan, and established a cell laminator process center (CPC) to continue clinical trials of esophageal and knee cartilage regeneration.	1. The price of technology transfer will not be returned when the termination or cancellation of this agreement. 2. In the future commercialization, the Company shall pay a certain percentage of the royalties to CellSeed. 3. In order to apply for patents and any other intellectual property rights in the products derived from the products, either party must agree in writing to confirm such ownership.
Real estate lease contract	Kingfisher Technology Corporation	2018.02.23~2028.05.14	Factory lease of cell laminator factory	Without consent, MetaTech cannot sublet the subject matter of the lease to a third party other than the affiliated enterprise.
Amendment No.2 to Collaboration Agreement	CellSeed Inc.	2018.12.06~2037	Adjustment of payment deadline	-
Commissioned contract for Cell Therapy product preparation	E-Da Hospital	2020.03.06~ 2025.12.17	Cooperative implementation of cell therapy project (knee chondrocyte laminator)	-
Amendment No.3 to Collaboraton Agreement	CellSeed Inc.	2017.04.24~2037	Extension of contract term	-

Type	Client	Period	Content	Restriction
Commission Contracts of cell products preparation	Shin Kong Wu Ho Su Memorial Hospital	2022.12.18 ~ 2025.12.17	Cooperative implementation of cell therapy project (knee chondrocyte laminator)	-
Cellular therapy product commissioning contract	Children's General Medical Corporation Children's General Hospital	2022.12.18 ~ 2025.12.17	Collaboration in the execution of cell therapy projects (knee cartilage cell layer)	None
Amendment No.4 to Collaboraton Agreement	CellSeed Inc.	2017.04.24 ~ 2037	Adjustment of the prohibition of competition and other terms	None

VI. Financial Summary

1. Concise balance sheet and income statement for the last five years-International Financial Reporting Standards

(1) Concise Balance Sheet-International Financial Reporting Standards-Consolidated Information

Unit: NT\$ thousand

Item	Year	Financial information for the last five years (Note 1)					Financial information for the current year as of March 31, 2023 (Note 1)
		2018	2019	2020	2021	2022	
Current assets		910,355	776,169	748,041	2,830,328	2,796,861	2,757,146
Real estate, plant and equipment (Note 3)		177,016	222,399	212,680	201,832	205,662	201,226
Intangible assets		136,975	258,627	277,933	270,130	262,327	260,376
Right-to-use assets		0	127,694	125,601	111,707	106,665	102,119
Other assets (Note 3)		86,242	120,648	131,736	125,396	123,126	128,521
Total assets		1,310,588	1,505,537	1,495,991	3,539,393	3,494,641	3,449,388
Current liabilities	Before allocation	226,993	228,135	305,525	460,207	437,861	442,094
	After allocation	(Note 1)	(Note 1)	(Note 1)	(Note 1)	(Note 1)	(Note 1)
Non-current liabilities		10,736	273,074	275,399	121,148	115,356	112,337
Total liabilities	Before allocation	237,729	501,209	580,924	581,355	553,217	554,431
	After allocation	(Note 1)	(Note 1)	(Note 1)	(Note 1)	(Note 1)	(Note 1)
Equity attributable to the owner of the parent company		1,072,859	1,004,328	915,067	1,287,354	1,314,815	1,286,062
Stock capital		580,160	580,160	580,160	681,116	681,726	681,726
Capital reserve		618,263	649,086	657,872	672,092	675,810	676,046
Retained surplus	Before allocation	(114,567)	(206,808)	(289,712)	(24,663)	(35,320)	(60,756)
	After allocation	(Note 2)	(Note 2)	(Note 2)	(Note 2)	(Note 3)	(Note 3)
Other rights		(10,997)	(18,110)	(33,253)	(41,191)	(7,401)	(10,954)
Treasury stocks		0	0	0	0	0	0
Non-controlling interest		0	0	0	1,670,684	1,626,609	1,608,895
Total equity	Before allocation	1,072,859	1,004,328	915,067	2,958,038	2,941,424	2,894,957
	After allocation	(Note 1)	(Note 1)	(Note 1)	(Note 1)	(Note 1)	(Note 1)

* If the company compiles individual financial reports, it should also prepare a concise balance sheet and comprehensive income statement for the last five years of the individual.

Note 1: The above financial information has been audited by CPA.

Note 2: There is no proposed surplus distribution from 2018 to 2021.

Note 3: The 2022 loss supplement form has not yet been approved by the shareholders' meeting.

(2) Concise Comprehensive Income Statement-International Financial Reporting
Standards-Consolidated Information
Unit: NT\$ thousand

Item \ Year	Financial information for the last five years (Note 1)					Financial information for the current year as of March 31, 2023 (Note 1)
	2018	2019	2020	2021	2022 (Note 2)	
Operating income	1,460,290	1,412,575	1,576,079	2,011,817	1,852,461	375,325
Operating gross profit	150,033	141,740	170,694	265,042	215,420	27,286
Operating profit (loss)	(81,657))	(115,686)	(80,265)	(36,037)	(91,517)	(52,381)
Non-operating income and expenses	16,145	(3,087)	(11,910)	(7,757)	41,227	3,845
Net profit before tax (net loss)	(65,512)	(118,773)	(92,175)	(43,794)	(50,290)	(48,536)
Continuing business unit Net profit (net loss) for the current period	(57,744)	(92,695)	(82,495)	(53,381)	(57,301)	(44,483)
Loss of discontinued units	0	0	0	0	0	0
Net profit (net loss) for the current period	(57,744)	(92,695)	(82,495))	(53,381)	(57,301)	(44,483)
Other comprehensive profit or loss for the current period (Net after tax)	7,449	(6,659)	(15,552)	(8,482)	34,900	(3,553)
Total comprehensive profit and loss for the current period	(50,295)	(99,354)	(98,047)	(61,863)	(22,401)	(48,036)
Net profit (loss) attributable to the owner of the parent company	(57,744)	(92,695)	(82,495)	(24,119)	(11,767)	(25,436)
Net loss attributable to non-controlling interest	0	0	0	(29,262)	(45,534)	(19,047)
The total comprehensive profit and loss attributable to the owner of the parent company	(50,295)	(99,354)	(98,047)	(32,601)	23,133	(28,989)
Total comprehensive profit and loss attributable to non-controlling interests	0	0	0	(29,262)	(45,534)	(19,047)
EPS	(1.01)	(1.60)	(1.42)	(0.40)	(0.17)	(0.37)

* If the company compiles individual financial reports, it should also prepare a concise balance sheet and comprehensive income statement for the last five years of the individual.

* If the financial information of the international financial reporting standards has been adopted for less than 5 years, the following table should be prepared separately (2) The accounting

standards of our Taiwan's enterprises shall be adopted.

Note 1: Any year in which the visa has not been audited by CPA should be indicated.

Note 2: As of the date of publication of the annual report, companies that are listed or whose shares have been traded in the business premises of a securities firm shall disclose the most recent financial information that has been audited by CPA.

Note 3: The loss of discontinued units is shown as the net amount after deducting income tax.

Note 4: Those who have been notified by the competent authority that the financial information should be corrected or recompiled by themselves, they should be compiled in the corrected or recompiled numbers, and indicate their circumstances and reasons.

Note 1: The above financial information has been audited by CPA.

Note 2: The 2022 loss supplement form has not yet been approved by the shareholders' meeting.

(3) Concise Balance Sheet-International Financial Reporting Standards-Individual Information

Unit: NT\$ thousand

Year Item		Financial information for the last five years (Note 1)				
		2018	2019	2020	2021	2022
Current assets		434,375	298,247	272,630	324,801	248,627
Real estate, plant and equipment (Note 3)		175,887	221,835	212,244	200,199	190,897
Intangible assets		136,975	258,627	277,933	270,130	262,327
Right-to-use assets		-	122,180	120,868	36,906	34,770
Other assets (Note 3)		458,956	503,798	521,389	838,453	898,839
Total assets		1,206,193	1,404,687	1,405,064	1,670,489	1,635,460
Current liabilities	Before allocation	122,568	129,207	215,317	329,299	266,542
	After allocation	(Note 2)	(Note 2)	(Note 2)	(Note 2)	(Note 3)
Non-current liabilities		10,766	271,152	274,680	53,836	54,103
Total liabilities	Before allocation	133,334	400,359	489,997	383,135	320,645
	After allocation	(Note 2)	(Note 2)	(Note 2)	(Note 2)	(Note 3)
Equity attributable to the owner of the parent company		1,072,859	1,004,328	915,067	1,287,354	1,314,815
Stock capital		580,160	580,160	580,160	681,116	681,726
Capital reserve		618,263	649,086	657,872	672,092	675,810
Retained surplus	Before allocation	(114,567)	(206,808)	(289,712)	(24,663)	(35,320)
	After allocation	(Note 2)	(Note 2)	(Note 2)	(Note 2)	(Note 3)
Other rights		(10,997)	(18,110)	(33,253)	(41,191)	(7,401)
Treasury stocks		-	-	-	-	-
Non-controlling interest		-	-	-	-	-
Total equity	Before allocation	1,072,859	1,004,328	915,067	1,287,354	1,314,815
	After allocation	(Note 2)	(Note 2)	(Note 2)	(Note 2)	(Note 3)

Note 1: The above financial information has been audited by CPA.

Note 2: There is no proposed surplus distribution from 2018 to 2021.

Note 3: The 2022 loss supplement form has not yet been approved by the shareholders' meeting.

(4) Concise Comprehensive Income Statement-International Financial Reporting Standards-Individual Information

Unit: NT\$ thousand

Year Item	Financial information for the last five years (Note 1)				
	2018	2019	2020	2021	2022
Operating income	428,024	455,905	630,986	708,308	592,493
Operating gross profit	45,994	40,395	69,830	132,078	93,651
Operating profit (loss)	(96,533)	(136,904)	(105,014)	(53,222)	(44,870)
Non-operating income and expenses	29,354	17,797	11,698	33,059	36,205
Net profit before tax (net loss)	(67,179)	(119,107)	(93,316)	(20,163)	(8,665)
Continuing business unit Net profit (net loss) for the current period	(57,744)	(92,695)	(82,495)	(24,119)	(11,767)
Loss of discontinued units	-	-	-	-	-
Net profit (net loss) for the current period	(57,744)	(92,695)	(82,495)	(24,119)	(11,767)
Other comprehensive profit or loss for the current period (Net after tax)	7,449	(6,659)	(15,552)	(8,482)	34,900
Total comprehensive profit and loss for the current period	(50,295)	(99,354)	(98,047)	(32,601)	23,133
Net profit (loss) attributable to the owner of the parent company	(57,744)	(92,695)	(82,495)	(24,119)	(11,767)
Net loss attributable to non-controlling interest	-	-	-	-	-
The total comprehensive profit and loss attributable to the owner of the parent company	(50,295)	(99,354)	(98,047)	(32,601)	23,133
Total comprehensive profit and loss attributable to non-controlling interests	-	-	-	-	-
EPS	(1.01)	(1.60)	(1.42)	(0.40)	(0.17)

Note 1: The above financial information has been audited by CPA.

2. Concise balance sheet and income statement for the last five years-Taiwan's Financial Accounting Standards

(1) Concise Balance Sheet-Taiwan's Financial Accounting Standards (Consolidated Statements)

Not applicable

(2) Concise Balance Sheet-Taiwan's Financial Accounting Standards (Individual Statements)

Not applicable

(3) Concise Income Statement-Taiwan's Financial Accounting Standards (Consolidated Statements)

Not applicable

(4) Concise Income Statement-Taiwan's Financial Accounting Standards (individual Statements)

Not applicable

(5) The name and the audit opinions of the CPAs in the last five years

1. The name and the audit opinions of the CPAs

Year	Firm name	Name of CPAs	Audit opinions
2018	PwC Taiwan	Hsu Ming-Chuan Chih Ping Chun	Unqualified opinion
2019	PwC Taiwan	Hsu Ming-Chuan Chih Ping Chun	Unqualified opinion
2020	PwC Taiwan	Hsu Ming-Chuan Chih Ping Chun	Unqualified opinion with other paragraphs
2021	PwC Taiwan	Hsu Ming-Chuan Chih Ping Chun	Unqualified opinion with other paragraphs
2022	PwC Taiwan	Hsu Ming-Chuan Chih Ping Chun	Unqualified opinion with other paragraphs

2. If there has been a change of CPAs in the last five years

2023.03.28 The Board of Directors resolved to approve the internal rotation of the financial statements of the Company and changed the auditing (review) accountants from Ming-Chiun Hsu and Ping-Jun Chi to Guan-Hung Lin and Fang-Yu Wang with effect from the first quarter of fiscal year 2023.

3. Financial analysis in the last five years

(1) Recent annual financial analysis-merger-adoption of International Financial reporting Standards

Year (Note (1))		Financial analysis of the last five years					Financial information for the current year as of March 31, 2023 (Note (2))	
		2018	2019	2020	2021	2022		
Analysis Items (Note 3)	Capital structure (%)	Debt Ratio	18.14	33.29	38.83	16.43	15.83	16.07
				Long term funds to fixed assets	612.15	574.37	559.75	1525.63	1,486.31	1,494.49
Liquidity %		Current Ratio	401.05	340.22	244.84	615.01	638.76	623.66
		Quick Ratio	347.37	298.62	215.26	576.08	579.48	584.64
		Interest Guarantee	(1,487.91)	(24.64)	(14.77)	(3.35)	(9.93)	(32.27)
Operating performance		Receivables turnover (time)	4.99	4.87	5.49	5.34	4.34	4.24
		Average receivables days	73.14	74.94	66.48	68.35	84.10	86.08
		Inventory turnover (time)	11.80	12.38	16.31	14.38	8.02	6.92
		Accounts Payable Turnover Ratio (time)	8.46	7.76	9.47	11.45	9.21	8.00
		Average inventory turnover days	30.93	29.48	22.37	25.38	45.51	52.75
		Fixed assets turnover (time)	11.19	7.07	7.25	9.71	9.09	7.38
		Total assets turnover (time)	1.40	1.00	1.05	0.80	0.53	0.43
Return on investment		Return on total assets (%)	(5.52)	(6.32)	(5.19)	(1.80)	(1.52)	(4.99)
		Return on total shareholders' equity (%)	(6.91)	(8.93)	(8.60)	(2.76)	(1.94)	(6.10)
		Pre-tax income to capital (%) (Note 7)	(11.29)	(20.47)	(15.89)	(6.43)	(7.38)	(7.12)
		Net income to sales (%)	(3.95)	(6.56)	(5.23)	(2.65)	(3.09)	(11.85)
		Earning per shares (NT\$)	(1.01)	(1.60)	(1.42)	(0.40)	(0.17)	(0.37)
Cash flow		Cash flow ratio (%)	2.63	(25.11)	(7.01)	(46.02)	0.38	16.13
		Cash flow adequacy ratio (%)	(13.38)	(15.76)	(14.28)	(63.51)	(47.20)	(58.00)

	Cash flow reinvestment ratio(%)	0.52	(4.67)	(1.85)	(4.73)	0.05	2.28
Leverage	Operating leverage	0.75	0.54	0.28	(0.93)	0.27	0.67
	Financial leverage	1.00	0.96	0.93	0.78	0.95	0.97

Please explain the reasons for the changes in various financial ratios in the last two years. (If the increase or decrease does not reach 20%, the analysis will be exempted)

1. Interest coverage multiple: The increase in interest coverage multiple is due to the increase in loss and decrease in interest expense in 2022.
2. Operating capacity ratio analysis. The decrease in revenue and the increase in inventory due to the delayed delivery of goods due to the slowdown in customer demand and the decrease in turnover of accounts payable and receivable and total assets in 2022.
3. Analysis of profitability ratio: The decrease in gross profit due to the decrease in revenue in 2022, the increase in return on equity due to the increase in foreign exchange gain due to the appreciation of the U.S. dollar, and the decrease in loss per share compared to the previous period.
4. Cash flow. The ratio of each item increased due to the decrease in investing activities as a result of the decrease in fixed deposits of consolidated subsidiaries over 3 months.

* If the company compiles the individual financial reports, it should separately prepare an analysis of the company's individual financial ratios.

* If the financial information of the international financial reporting standards has been adopted for less than 5 years, the following table (2) shall be prepared separately for the financial information of the accounting standards of our country's enterprises.

Note 1: The year is not audited by CPA should be indicated.

Note 2: As of the date of publication of the annual report, if a company listed or whose shares have been traded in the business premises of a securities firm has the most recent financial information that has been audited by a CPA, it should be analyzed.

Note 3: The following calculation formula should be listed at the end of the annual report:

Note (1): The above financial information from 2018 to 2022 has been audited by CPA.

Note (2): It was reviewed by CPA in the first quarter of 2023.

Note (3): The calculation formula of the analysis item is as follows:

1. Financial structure

(1) Debt ratio = total liabilities/total assets.

(2) The ratio of long-term funds to real estate, plant and equipment = (total equity + non-current liabilities)/ net real estate, plant and equipment.

2. Liquidity

(1) Current ratio = current assets/current liabilities.

(2) Quick ratio = (current assets – inventory – prepaid expenses)/current liabilities.

(3) Interest guarantee = net profit before income tax and interest expense/current interest expense.

3. Operation performance

(1) The receivable turnover (including accounts receivable and bills receivable due to business) = net sales/average balance of receivables for each period (including accounts receivable and bills receivable due to business).

(2) The average collection days = 365/The receivable turnover

(3) Inventory turnover = cost of sales/average inventory.

(4) Average payable turnover (including accounts payable and bills payable due to business) = cost of sales/average balance of payables for each period (including accounts payable and bills payable due to business).

(5) Average inventory turnover = 365/Inventory turnover

(6) Fixed assets turnover = net sales/average net fixed assets

(7) Total assets turnover = net sales/average total assets

4. Return on investment

(1) Return on total assets = [after-tax profit and loss + interest expense × (1-tax rate)]/ Average total

assets.

(2) Return on equity = after-tax profit and loss/average total equity.

(3) Net income to sales = after-tax profit or loss/net sales.

(4) Earnings per share = (profit or loss attributable to the owners of the parent company – special dividend)/Weighted average number of issued shares. (Note 4)

5. Cash flow

(1) Cash flow ratio = net cash flow from operating activities/current liabilities.

(2) Cash flow adequacy ratio = net cash flow from operating activities in the last five years/the last five years (capital expenditure + inventory increase + cash dividend).

(3) Cash reinvestment ratio = (net cash flow from operating activities – cash dividends)/(Gross fixed assets + long-term investment + other non-current assets + operating capital). (Note 5)

6. Leverage

(1) Operating leverage = (net operating income – variable operating costs and expenses) / operating profit (Note 6).

(2) Financial leverage = operating profit / (operating profit – interest expense).

Note 4: The calculation formula for the above-mentioned earnings per share should pay special attention to the following matters when measuring :

1. The weighted average number of common shares shall prevail, not based on the number of issued shares at the end of the year.

2. Traders who have cash capital increases or treasury stocks should consider their circulation period and calculate the weighted average number of shares.

3. Where there is a surplus to capital increase or a capital reserve to capital increase, when calculating the surplus per share for the previous year and half-year, it shall be adjusted retroactively in accordance with the proportion of capital increase, and the issuance period of the capital increase shall not be considered.

4. If the special shares are non-convertible cumulative special shares, the current year's dividends (whether paid or not) shall be deducted from the net profit after tax or increase the net loss after tax. If the special stock is of a non-cumulative nature, in the case of net profit after tax, the special stock dividend shall be deducted from the net profit after tax; if it is a loss, there is no need to adjust.

Note 5: Cash flow analysis should pay special attention to the following matters when measuring :

1. Net cash flow from operating activities refers to the net cash inflow from operating activities in the cash flow statement.

2. Capital expenditure refers to the annual cash outflow of capital investment.

3. The increase in inventory is only counted when the balance at the end of the period is greater than that of at the beginning of the period. If the inventory is reduced at the end of the year, it will be calculated as zero.

4. Cash dividends include cash dividends on common shares and special shares.

5. The gross amount of real estate, plant and equipment refers to the total amount of real estate, plant and equipment before deducting accumulated depreciation.

Note 6: Issuers should divide various operating costs and operating expenses into fixed and variable according to their nature. If estimates or subjective judgments are involved, they should pay attention to their rationality and maintain consistency.

Note 7: If the company's shares have no denomination or the denomination of each share is not NT\$10, the calculation of the paid-in capital ratio will be changed to the calculation of the equity ratio attributable to the owners of the parent company on the balance sheet of assets and liabilities.

(B) Latest Annual Financial Analysis - Individual

Analytical items (Note 3)		Year (Note 1)	Recent Year Financial Analysis				
			2018	2019	2020	2021	2022
Financial Structure (%)	Ratio of liabilities to assets		11.05	28.50	34.87	22.94	19.61
	Ratio of long-term capital to property, plant and equipment		616.09	574.97	560.56	669.93	717.10
Liquidity analysis (%)	Current ratio		354.40	230.83	126.62	98.63	93.28
	Quick ratio		324.17	200.70	102.91	72.96	74.83
	Interest coverage ratio		(1,525.80)	(63.35)	(26.58)	(1.25)	(1.52)
Operating Ability	Receivables turnover(times)		4.61	4.34	6.00	5.97	4.59
	Average collection period (days)		79.14	84.11	60.83	61.10	79.46
	Inventory turnover (times)		12.13	(12.64)	14.35	9.31	8.25
	Payables turnover (times)		6.27	5.46	7.53	8.21	8.46
	Average sales days (days)		30.09	28.87	25.44	39.21	44.26
	Property, plant and equipment turnover (times)		3.31	2.29	2.91	3.43	3.03
	Total assets turnover (times)		0.46	0.35	0.45	0.46	0.36
Profitability	Return on total assets (%)		(6.16)	(6.98)	(5.67)	(1.08)	(0.54)
	Return on shareholders' equity (%)		(6.91)	(8.93)	(8.60)	(2.19)	(0.90)
	Pre-tax net profit as a percentage of paid-in capital (%)		(11.58)	(20.53)	(16.08)	(2.96)	(1.27)
	Profit (loss) margin (%)		(13.49)	(20.33)	(13.07)	(3.41)	(1.99)
	Earnings per share (NT\$)		(1.01)	(1.60)	(1.42)	(0.40)	(0.17)
Cash flow	Cash flow ratio (%)		(24.14)	(70.17)	(33.58)	(24.20)	6.39
	Cash flow adequacy ratio (%)		(31.84)	(34.97)	(39.24)	(60.65)	(55.30)
	Cash reinvestment ratio (%)		(2.62)	(7.51)	(6.35)	(5.76)	1.19
Leverage	Operating leverage		0.86	0.70	0.56	0.08	0.05
	Financial leverage		1.00	0.99	0.97	0.86	0.93

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

1. Interest coverage multiple: The increase in interest coverage multiple is due to the decrease in current loss and interest in 2022.
2. Operating capacity ratio analysis. Total return on assets will decrease and average days to market will increase in 2022 due to lower revenue as a result of slower customer demand and delayed deliveries in 2022.
3. Analysis of profitability ratios: The profitability ratios for 2022 increased due to the decrease in operating expenses and the increase in foreign currency exchange benefits due to the appreciation of the U.S. dollar in 2022.
4. Cash flow. These ratios increased due to the decrease in inventories and current liabilities and the lower accounts receivable balance in 2022 compared to 2021, resulting in cash inflows from operating activities.

Note 1: The above financial information in 2018 - 2022 were audited by CPA.

Note 2: The calculation formulas for the analysis items are as follows:

Financial structure

- ① Liabilities to assets ratio = Total liabilities / Total assets
- ② Long-term capital to fixed assets ratio = (Total shareholders' equity + Long-term liabilities) / Net fixed assets.

Liquidity analysis

- ① Current ratio = Current assets / Current liabilities
- ② Quick ratio = (Current assets - Inventory - Prepaid expenses) / Current liabilities
- ③ Interest coverage ratio = Net income before income tax and interest expenses / Interest expenses

Operating ability

- ① Receivables turnover (including accounts and notes receivable) = Net sales / Average accounts receivable (including accounts and notes receivable)
- ② Average collection days = 365 / Accounts receivable turnover
- ③ Inventory turnover = Costs of goods sold / Average inventory
- ④ Payables turnover (including accounts and notes payable) = Costs of goods sold / Average accounts payable (including accounts and notes payable)
- ⑤ Average sales days = 365 / Inventory turnover
- ⑥ Fixed assets turnover ratio = Net sales / Net fixed assets
- ⑦ Total assets turnover ratio = Net sales / Total assets

(4) Profitability analysis

- ① Return on total assets = [Profit or loss after tax + interest expense × (1 - tax rate)] / average total assets.
- ② Return on shareholders' equity = Profit or loss after tax / Average Shareholders' net equity.
- ③ Profit (loss) margin = Profit or loss after tax / net sales.
- ④ Earnings per share = (Net profit after tax - special share dividend) / Weighted average of outstanding shares.

Cash flow

- ① Cash flow ratio = Cash flows from operating activities / Current liabilities

② Cash flow adequacy ratio = Net cash flow from operating activities for the past 5 years / (Capital expenditures + Increase in inventory + Cash dividends) for the past 5 years

③ Cash reinvestment ratio = (Net cash flow from operating activities - Cash dividends) / (Gross fixed assets + Long-term Investment + Other assets + Working capital)

Leverage:

① Operating leverage = (Net sales - Variable operating costs and expenses) / Operating income

② Financial leverage = Operating income / (Operating income - Interest expenses)

(C) Latest Annual Financial Analysis - Consolidated- Generally Accepted Accounting Principles Not applicable

(D) Latest Annual Financial Analysis - Individual- Generally Accepted Accounting Principles Not applicable 4. 2021 Audit Committee Review Report

4. 2022 Audit Committee Review Report

MetaTech (AP) Inc.

Audit Committee Review Report

The Board of Directors has sent the Company's 2022 individual and consolidated financial reports which have been audited by CPAs of PricewaterhouseCoppers Hsu, Ming-chuan and Chi, Ping-chun, together with the business report and the profit and loss appropriation proposal to the Committee. The Audit Committee considered that there is no discrepancy after review. In accordance with 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 2023 shareholders' meeting

MetaTech (AP) Inc.

Convener of Audit Committee: Wang, Wen Chu

March 28, 2023

5. Individual financial statements and Accountants' Review Report:

See pages 232 to 311 for details.

6. The parent company's consolidated financial statements audited by the accountants in the most recent year:

See pages 312 to 384 for details

7. 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, 2022 AND 2021

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, 2022 and 2021, 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, 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, 2022 and 2021, 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 audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the auditors' responsibilities for the audit of the parent company only financial statements section of our report. We are independent of the Company 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 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(16).

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', 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, and 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 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.

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 \$50,215 thousand and \$8,026 thousand, respectively, as at December 31, 2022. 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.

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 Standards on Auditing of 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 Standards on Auditing of 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 28, 2023

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, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars)

Assets	Notes	December 31, 2022		December 31, 2021		
		AMOUNT	%	AMOUNT	%	
Current assets						
1100	Cash and cash equivalents	6(1)	\$ 61,959	4	\$ 52,339	3
1136	Current financial assets at amortised cost	6(2) and 8	4,800	-	11,017	1
1150	Notes receivable, net	6(3)	971	-	603	-
1170	Accounts receivable, net	6(3)	117,747	7	138,635	8
1180	Accounts receivable - related parties	7	179	-	439	-
1200	Other receivables		2,417	-	6,577	-
1210	Other receivables - related parties	7	11,363	1	29,970	2
1220	Current income tax assets		18	-	-	-
130X	Inventories	6(4)	42,189	3	78,976	5
1410	Prepayments		6,981	-	5,743	-
1470	Other current assets		3	-	502	-
11XX	Current Assets		<u>248,627</u>	<u>15</u>	<u>324,801</u>	<u>19</u>
Non-current assets						
1550	Investments accounted for under equity method	6(5)	809,720	50	741,752	45
1600	Property, plant and equipment	6(6) and 8	190,897	12	200,199	12
1755	Right-of-use assets	6(7)	34,770	2	36,906	2
1780	Intangible assets	6(8)	262,327	16	270,130	16
1840	Deferred income tax assets	6(20)	81,890	5	91,482	6
1900	Other non-current assets		7,229	-	5,219	-
15XX	Non-current assets		<u>1,386,833</u>	<u>85</u>	<u>1,345,688</u>	<u>81</u>
1XXX	Total assets		<u>\$ 1,635,460</u>	<u>100</u>	<u>\$ 1,670,489</u>	<u>100</u>

(Continued)

METATECH(AP) INC.
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars)

Liabilities and Equity		Notes	December 31, 2022		December 31, 2021	
			AMOUNT	%	AMOUNT	%
Current liabilities						
2100	Short-term borrowings	6(9) and 8	\$ 190,000	12	\$ 45,226	3
2130	Current contract liabilities	6(16)	1,878	-	36,849	2
2150	Notes payable		1,627	-	1,422	-
2170	Accounts payable		45,087	3	69,823	4
2180	Accounts payable - related parties	7	2,156	-	257	-
2200	Other payables		17,897	1	23,707	2
2220	Other payables - related parties	7	130	-	191	-
2280	Current lease liabilities		7,441	-	5,316	-
2320	Long-term liabilities, current portion	6(10)	-	-	146,200	9
2399	Other current liabilities, others		326	-	308	-
21XX	Current Liabilities		<u>266,542</u>	<u>16</u>	<u>329,299</u>	<u>20</u>
Non-current liabilities						
2570	Deferred income tax liabilities	6(20)	20,559	2	18,325	1
2580	Non-current lease liabilities		32,014	2	35,181	2
2600	Other non-current liabilities		1,530	-	330	-
25XX	Non-current liabilities		<u>54,103</u>	<u>4</u>	<u>53,836</u>	<u>3</u>
2XXX	Total Liabilities		<u>320,645</u>	<u>20</u>	<u>383,135</u>	<u>23</u>
Equity						
Share capital		6(13)				
3110	Share capital - common stock		681,726	42	681,116	41
Capital surplus		6(14)				
3200	Capital surplus		675,810	41	672,092	40
Retained earnings		6(15)				
3350	Accumulated deficit		(35,320)	(2)	(24,663)	(2)
Other equity interest						
3400	Other equity interest		(7,401)	(1)	(41,191)	(2)
3XXX	Total equity		<u>1,314,815</u>	<u>80</u>	<u>1,287,354</u>	<u>77</u>
Significant contingent liabilities and unrecognised contract commitments		9				
Significant subsequent event		11				
3X2X	Total liabilities and equity		<u>\$ 1,635,460</u>	<u>100</u>	<u>\$ 1,670,489</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, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars, except loss per share amount)

	Items	Notes	Year ended December 31			
			2022		2021	
			AMOUNT	%	AMOUNT	%
4000	Sales revenue	6(16) and 7	\$ 592,493	100	\$ 708,308	100
5000	Operating costs	6(4)(18)(19) and 7	(498,842)	(84)	(576,230)	(82)
5950	Net operating margin		<u>93,651</u>	<u>16</u>	<u>132,078</u>	<u>18</u>
	Operating expenses	6(18)(19)				
6100	Selling expenses		(64,471)	(11)	(74,491)	(11)
6200	General and administrative expenses		(38,475)	(6)	(45,312)	(6)
6300	Research and development expenses		(35,575)	(6)	(65,497)	(9)
6000	Total operating expenses		(138,521)	(23)	(185,300)	(26)
6900	Operating loss		(44,870)	(7)	(53,222)	(8)
	Non-operating revenue and expenses					
7100	Interest income		461	-	181	-
7010	Other income		5,931	1	9,239	1
7020	Other gains and losses	6(17)	9,271	2	(290)	-
7050	Finance costs		(3,432)	(1)	(8,974)	(1)
7070	Share of profit of associates and joint ventures accounted for using equity method, net		<u>23,974</u>	<u>4</u>	<u>32,903</u>	<u>5</u>
7000	Total non-operating revenue and expenses		<u>36,205</u>	<u>6</u>	<u>33,059</u>	<u>5</u>
7900	Loss before income tax		(8,665)	(1)	(20,163)	(3)
7950	Income tax expense	6(20)	(3,102)	(1)	(3,956)	(1)
8200	Loss for the year		<u>(\$ 11,767)</u>	<u>(2)</u>	<u>(\$ 24,119)</u>	<u>(4)</u>
	Other comprehensive income (net)					
	Other comprehensive income					
	Components of other comprehensive income (loss) that will not be reclassified to profit or loss					
8311	Other comprehensive income, before tax, actuarial gains (losses) on defined benefit plans	6(11)	\$ 1,387	-	(\$ 680)	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	6(20)	(277)	-	136	-
8310	Components of other comprehensive income (loss) that will not be reclassified to profit or loss		<u>1,110</u>	<u>-</u>	<u>(544)</u>	<u>-</u>
	Components of other comprehensive income that will be reclassified to profit or loss					
8361	Financial statements translation differences of foreign operations		42,237	7	(11,650)	(2)
8399	Income tax relating to the components of other comprehensive income	6(20)	(8,447)	(1)	3,712	1
8360	Components of other comprehensive income (loss) that will be reclassified to profit or loss		<u>33,790</u>	<u>6</u>	<u>(7,938)</u>	<u>(1)</u>
8300	Other comprehensive income (loss) for the year		<u>\$ 34,900</u>	<u>6</u>	<u>(\$ 8,482)</u>	<u>(1)</u>
8500	Total comprehensive income (loss) for the year		<u>\$ 23,133</u>	<u>4</u>	<u>(\$ 32,601)</u>	<u>(5)</u>
	Basic loss per share	6(21)				
9750	Total basic loss per share		<u>(\$ 0.17)</u>	<u>(\$ 0.40)</u>		
9850	Total diluted loss per share		<u>(\$ 0.17)</u>	<u>(\$ 0.40)</u>		

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
YEARS ENDED DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars)

	Notes	Capital Surplus					Accumulated deficit	Financial statements translation differences of foreign operations	Total equity	
		Share capital - common stock	Additional paid-in capital	Changes in ownership interests in subsidiaries	Employee share options	Stock warrants				Others
<u>2021</u>										
Balance at January 1, 2021		\$ 580,160	\$ 601,205	\$ -	\$ 51,018	\$ 5,565	\$ 84	(\$ 289,712)	(\$ 33,253)	\$ 915,067
Loss for the year		-	-	-	-	-	-	(24,119)	-	(24,119)
Other comprehensive loss		-	-	-	-	-	-	(544)	(7,938)	(8,482)
Total comprehensive loss		-	-	-	-	-	-	(24,663)	(7,938)	(32,601)
Share-based payments	6(12)	-	993	-	2,995	-	-	-	-	3,988
Changes in the equity of the subsidiary based on the shareholding ratio		-	-	54	-	-	-	-	-	54
Capital surplus used to cover accumulated deficits	6(14)(15)	-	(289,712)	-	-	-	-	289,712	-	-
Issuance of common stock	6(13)(14)	100,000	295,000	-	-	-	-	-	-	395,000
Exercise of employee stock options	6(13)(14)	350	2,435	-	(739)	-	-	-	-	2,046
Conversion of convertible bonds to share common stock	6(13)(14)	606	3,335	-	-	(141)	-	-	-	3,800
Balance at December 31, 2021		\$ 681,116	\$ 613,256	\$ 54	\$ 53,274	\$ 5,424	\$ 84	(\$ 24,663)	(\$ 41,191)	\$ 1,287,354
<u>Year 2021</u>										
Balance at January 1, 2022		\$ 681,116	\$ 613,256	\$ 54	\$ 53,274	\$ 5,424	\$ 84	(\$ 24,663)	(\$ 41,191)	\$ 1,287,354
Loss for the year		-	-	-	-	-	-	(11,767)	-	(11,767)
Other comprehensive income		-	-	-	-	-	-	1,110	33,790	34,900
Total comprehensive (loss) income		-	-	-	-	-	-	(10,657)	33,790	23,133
Share-based payments	6(12)	-	-	257	721	-	-	-	-	978
Exercise of employee stock options	6(13)(14)	610	3,895	-	(1,155)	-	-	-	-	3,350
Expired employee stock warrants		-	-	-	(5,584)	-	5,584	-	-	-
Balance at December 31, 2022		\$ 681,726	\$ 617,151	\$ 311	\$ 47,256	\$ 5,424	\$ 5,668	(\$ 35,320)	(\$ 7,401)	\$ 1,314,815

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, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars)

	Notes	Year ended December 31	
		2022	2021
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Loss before tax		(\$ 8,665)	(\$ 20,163)
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation expense (including right of use assets)	6(6)(7)(18)	26,089	28,389
Amortization expense	6(18)	8,262	8,476
Interest expense		3,432	6,382
Interest expense of bonds discount amortization		-	2,592
Interest income		461	181
Share of profit of associates and joint ventures accounted for using equity method		23,974	32,903
Share based compensation cost	6(12)	721	3,988
Loss on disposal of property, plant and equipment	6(6)	7	-
Gains arising from lease modifications		-	1,154
Changes in operating assets and liabilities			
Changes in operating assets			
Notes receivable, net		368	366
Accounts receivable		20,888	40,975
Accounts receivable - related parties		260	439
Other receivables		4,160	4,381
Other receivables - related parties		18,607	29,889
Inventories		36,787	33,985
Prepayments		1,238	310
Other current assets		500	30
Net defined benefit assets	6(11)	24	4
Changes in operating liabilities			
Contract liabilities		34,971	35,979
Notes payable		205	1,098
Accounts payable		24,736	1,050
Accounts payable - related parties		1,899	169
Other payables		7,376	7,046
Other payables - related parties		61	18
Provisions for liabilities - current		-	4,433
Other current liabilities		18	50
Cash inflow (outflow) generated from operations		20,009	73,492
Interest received		461	181
Interest paid		3,432	6,382
Interest taxes paid		19	8
Net cash flows from (used in) operating activities		17,019	79,685
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Acquisition of financial assets at amortised cost	6(2)	6,216	1,999
Acquisition of investments accounted for using equity method		1,500	299,000
Acquisition of property, plant and equipment	6(6)	6,603	3,912
Proceeds from disposal of property, plant and equipment	6(6)	1	-
Decrease (increase) in refundable deposits		534	4,111
Increase in prepayment for equipment		1,138	444
Increase in other non-current assets		22	477
Net cash flows used in investing activities		3,536	297,723
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Increase in short-term borrowings		863,697	674,460
Repayments of short-term borrowings		718,923	740,234
Repayments of corporate bonds payable		146,200	-
Repayment of principal portion of lease liabilities	6(7)	6,987	9,441
Increase in guarantee deposit received		1,200	-
Proceeds from issuance of shares	6(14)	-	395,000
Exercise of employee stock	6(13)(14)	3,350	2,046
Net cash flows (used in) from financing activities		3,863	321,831
Net increase (decrease) in cash and cash equivalents		9,620	55,577
Cash and cash equivalents at beginning of year	6(1)	52,339	107,916
Cash and cash equivalents at end of year	6(1)	\$ 61,959	\$ 52,339

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

METATECH(AP) INC.
NOTES TO THE PARENT COMPANY ONLY FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

1. History and Organisation

Metatech (AP) Inc. (the “Company”) was incorporated as a company limited by shares under the provisions of the Company Act of the Republic of China (R.O.C.) in September 1998. The Company is primarily engaged in wholesale and retail of electronic products and equipment as well as development and operation of biomedicine related business. The shares of the Company were officially listed on the Taipei Exchange on June 3, 2004 as approved by the Financial Supervisory Commission.

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

These parent company only financial statements were authorised for issuance by the Board of Directors on March 28, 2023.

3. Application of New Standards, Amendments and Interpretations

(1) Effect of the adoption of new issuances of or amendments to International Financial Reporting Standards (“IFRS”) that came into effect as endorsed by the Financial Supervisory Commission (“FSC”)

New standards, interpretations and amendments endorsed by FSC and became effective from 2022 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 3, ‘Reference to the conceptual framework’	January 1, 2022
Amendments to IAS 16, ‘Property, plant and equipment: proceeds before intended use’	January 1, 2022
Amendments to IAS 37, ‘Onerous contracts—cost of fulfilling a contract’	January 1, 2022
Annual improvements to IFRS Standards 2018–2020	January 1, 2022

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

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

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

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

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

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

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

<u>New Standards, Interpretations and Amendments</u>	<u>Effective date by International Accounting Standards Board</u>
Amendments to IFRS 10 and IAS 28, ‘Sale or contribution of assets between an investor and its associate or joint venture’	To be determined by International Accounting Standards Board
Amendments to IFRS 16, ‘Lease liability in a sale and leaseback’	January 1, 2024
IFRS 17, ‘Insurance contracts’	January 1, 2023
Amendments to IFRS 17, ‘Insurance contracts’	January 1, 2023
Amendment to IFRS 17, ‘Initial application of IFRS 17 and IFRS 9 – comparative information’	January 1, 2023
Amendments to IAS 1, ‘Classification of liabilities as current or non-current’	January 1, 2024
Amendments to IAS 1, ‘Non-current liabilities with covenants’	January 1, 2024

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

4. Summary of Significant Accounting Policies

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

(1) Compliance statement

The parent company only financial statements of the Company have been prepared in accordance with the “Regulations Governing the Preparation of Financial Reports by Securities Issuers”.

(2) Basis of preparation

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

- (a) Financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.
 - (b) Defined benefit assets recognised based on the net amount of pension fund assets less present value of defined benefit obligation.
- B. The preparation of financial statements in conformity with International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations that came into effect as endorsed by the FSC (collectively referred herein as the “IFRSs”) requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the parent company only financial statements are disclosed in Note 5.

(3) Foreign currency translation

Items included in the parent company only financial statements are measured using the currency of the primary economic environment in which the company operates (the “functional currency”). The parent company only financial statements are presented in New Taiwan Dollars, which is the Company’s functional currency.

A. Foreign currency transactions and balances

- (a) Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions are recognised in profit or loss in the period in which they arise.
- (b) Monetary assets and liabilities denominated in foreign currencies at the period end are re-translated at the exchange rates prevailing at the balance sheet date. Exchange differences arising upon re-translation at the balance sheet date are recognised in profit or loss.
- (c) Non-monetary assets and liabilities denominated in foreign currencies held at fair value through profit or loss are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognised in profit or loss. Non-monetary assets and liabilities denominated in foreign currencies held at fair value through other comprehensive income are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognised in other comprehensive income. However, non-monetary assets and liabilities denominated in foreign currencies that are not measured at fair value are translated using the historical exchange rates at the dates of the initial transactions.
- (d) All foreign exchange gains and losses are presented in the statement of comprehensive income within ‘other gains and losses’.

B. Translation of foreign operations

The operating results and financial position of all the group entities that have a functional

currency different from the presentation currency are translated into the presentation currency as follows:

- i. Assets and liabilities for each balance sheet presented are translated at the closing exchange rate at the date of that balance sheet;
- ii. Income and expenses for each statement of comprehensive income are translated at average exchange rates of that period; and
- iii. All resulting exchange differences are recognised in other comprehensive income.

(4) Classification of current and non-current items

- A. Assets that meet one of the following criteria are classified as current assets; otherwise they are classified as non-current assets:
 - (a) Assets arising from operating activities that are expected to be realised, or are intended to be sold or consumed within the normal operating cycle;
 - (b) Assets held mainly for trading purposes;
 - (c) Assets that are expected to be realised within twelve months from the balance sheet date;
 - (d) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to settle liabilities more than twelve months after the balance sheet date.
- B. Liabilities that meet one of the following criteria are classified as current liabilities; otherwise they are classified as non-current liabilities:
 - (a) Liabilities that are expected to be settled within the normal operating cycle;
 - (b) Liabilities arising mainly from trading activities;
 - (c) Liabilities that are to be settled within twelve months from the balance sheet date;
 - (d) Liabilities for which the repayment date cannot be extended unconditionally to more than twelve months after the balance sheet date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

(5) Cash equivalents

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

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

- A. Financial assets at fair value through profit or loss are financial assets that are not measured at amortized cost or fair value through other comprehensive income.
- B. On a regular way purchase or sale basis, financial assets at fair value through profit or loss are recognised and derecognised using trade date accounting.
- C. At initial recognition, the Company measures the financial assets at fair value and recognizes the transaction costs in profit or loss. The Company subsequently measures the financial assets at

fair value, and recognizes the gain or loss in profit or loss.

(7) Financial assets at amortised cost

- A. Financial assets at amortised cost are those that meet all of the following criteria:
 - (a) The objective of the Company's business model is achieved by collecting contractual cash flows.
 - (b) The assets' contractual cash flows represent solely payments of principal and interest.
- B. On a regular way purchase or sale basis, financial assets at amortised cost are recognised and derecognised using trade date accounting.
- C. At initial recognition, the Company measures the financial assets at fair value plus transaction costs. Interest income from these financial assets is included in finance income using the effective interest method. A gain or loss is recognised in profit or loss when the asset is derecognised or impaired.
- D. The Company's time deposits which do not fall under cash equivalents are those with a short maturity period and are measured at initial investment amount as the effect of discounting is immaterial.

(8) Accounts and notes receivable

- A. Accounts and notes receivable entitle the Company a legal right to receive consideration in exchange for transferred goods or rendered services.
- B. The short-term accounts and notes receivable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(9) Impairment of financial assets

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

(10) Derecognition of financial assets

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

(11) Inventories

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

(12) Investments accounted for using equity method / subsidiaries

- A. Subsidiaries are all entities (including structured entities) controlled by the Company. The Company controls an entity when the Company is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.
- B. Inter-company transactions, balances and unrealised gains or losses on transactions between companies within the Group are eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Company.
- C. The Company's share of its subsidiaries' post-acquisition profits or losses is recognised in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income. When the Company's share of losses in a subsidiary equals or exceeds its interest in the subsidiary, the Company continues to recognise losses proportionate to its ownership.
- D. Associates are all entities over which the Company has significant influence but not control. In general, it is presumed that the investor has significant influence, if an investor holds, directly or indirectly 20 percent or more of the voting power of the investee. Investments in associates are accounted for using the equity method and are initially recognised at cost. The Company's investments in associates include goodwill identified on acquisition, net of any accumulated impairment loss arising through subsequent assessments.
- E. The Company's share of its associates' post-acquisition profits or losses is recognised in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognized in other comprehensive income. When the Company's share of losses in an associate equals or exceeds its interest in the associate (including any other unsecured receivables), the Company does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.
- F. When changes in an associate's equity do not arise from profit or loss or other comprehensive income of the associate and such changes do not affect the Company's ownership percentage of the associate, the Company recognises change in ownership interests in the associate in 'capital surplus' in proportion to its ownership.
- G. Unrealised gains on transactions between the Company and its associates are eliminated to the extent of the Company's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates are consistent with the policies adopted by the Company.
- H. In the case that an associate issues new shares and the Company does not subscribe or acquire new shares proportionately, which results in a change in the Company's ownership percentage of the associate but maintains significant influence on the associate, then 'capital surplus' and 'investments accounted for under the equity method' shall be adjusted for the increase or

decrease of its share of equity interest. If the above condition causes a decrease in the Company's ownership percentage of the associate, in addition to the above adjustment, the amounts previously recognised in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately on the same basis as would be required if the relevant assets or liabilities were disposed of.

- I. Upon loss of significant influence over an associate, the Company remeasures any investment retained in the former associate at its fair value. Any difference between fair value and carrying amount is recognised in profit or loss.
- J. When the Company disposes its investment in an associate and loses significant influence over this associate, the amounts previously recognised in other comprehensive income in relation to the associate, are reclassified to profit or loss, on the same basis as would be required if the relevant assets or liabilities were disposed of. If it retains significant influence over this associate, the amounts previously recognised in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately in accordance with the aforementioned approach.
- K. When the Company disposes its investment in an associate and loses significant influence over this associate, the amounts previously recognised as capital surplus in relation to the associate are transferred to profit or loss. If it retains significant influence over this associate, the amounts previously recognised as capital surplus in relation to the associate are transferred to profit or loss proportionately.
- L. If changes in the Company's shares in subsidiaries do not result in loss in control (transactions with non-controlling interest), transactions shall be considered as equity transactions, which are transactions between owners. Difference of adjustment of non-controlling interest and fair value of consideration paid or received is recognised in equity.
- M. When the Company loses control of a subsidiary, the Company remeasures any investment retained in the former subsidiary at its fair value. That fair value is regarded as the fair value on initial recognition of a financial asset or the cost on initial recognition of the associate or joint venture. Any difference between fair value and carrying amount is recognised in profit or loss. All amounts previously recognised in other comprehensive income in relation to the subsidiary are reclassified to profit or loss on the same basis as would be required if the related assets or liabilities were disposed of. That is, when the Company loses control of a subsidiary, all gains or losses previously recognised in other comprehensive income in relation to the subsidiary should be reclassified from equity to profit or loss, if such gains or losses would be reclassified to profit or loss when the related assets or liabilities are disposed of.

(13) Property, plant and equipment

- A. Property, plant and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalised.
- B. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset,

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

- C. Land is not depreciated. Other property, plant and equipment apply cost model and are depreciated using the straight-line method to allocate their cost over their estimated useful lives. Each part of an item of property, plant, and equipment with a cost that is significant in relation to the total cost of the item must be depreciated separately.
- D. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each financial year-end. If expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the assets' future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors', from the date of the change. The estimated useful lives of property, plant and equipment are as follows:

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

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

- A. Leases are recognised as a right-of-use asset and a corresponding lease liability at the date at which the leased asset is available for use by the Company. For short-term leases or leases of low-value assets, lease payments are recognised as an expense on a straight-line basis over the lease term.
- B. Lease liabilities include the net present value of the remaining lease payments at the commencement date, discounted using the incremental borrowing interest rate. Lease payments are comprised of fixed payments, less any lease incentives receivable.
The Company subsequently measures the lease liability at amortised cost using the interest method and recognises interest expense over the lease term. The lease liability is remeasured and the amount of remeasurement is recognised as an adjustment to the right-of-use asset when there are changes in the lease term or lease payments and such changes do not arise from contract modifications.
- C. At the commencement date, the right-of-use asset is stated at cost comprising the amount of the initial measurement of lease liability.

The right-of-use asset is measured subsequently using the cost model and is depreciated from the commencement date to the earlier of the end of the asset's useful life or the end of the lease

term. When the lease liability is remeasured, the amount of remeasurement is recognised as an adjustment to the right-of-use asset.

D. For lease modifications that decrease the scope of the lease, the lessee shall decrease the carrying

amount of the right-of-use asset to reflect the partial or full termination of the lease, and recognise

the difference between remeasured lease liability in profit or loss.

(15) Intangible assets

A. The intangible assets are stated at cost.

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

(16) Impairment of non-financial assets

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

B. The recoverable amounts of intangible assets that have not yet been available for use are evaluated periodically. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

(17) Borrowings

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

(18) Notes and accounts payable

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

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

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

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

B. At initial recognition, the Company measures the financial liabilities at fair value. All related

transaction costs are recognised in profit or loss. The Company subsequently measures these financial liabilities at fair value with any gain or loss recognised in profit or loss.

(20) Convertible bonds payable

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

- A. The embedded call options and put options are recognised initially at net fair value as 'financial assets or financial liabilities at fair value through profit or loss'. They are subsequently remeasured and stated at fair value on each balance sheet date; the gain or loss is recognised as 'gain or loss on valuation of financial assets or financial liabilities at fair value through profit or loss'.
- B. The host contracts of bonds are initially recognised at fair value. Any difference between the initial recognition and the redemption value is accounted for as the premium or discount on bonds payable and subsequently is amortised in profit or loss as an adjustment to 'finance costs' over the period of circulation using the effective interest method.
- C. The embedded conversion options which meet the definition of an equity instrument are initially recognised in 'capital surplus—share options' at the residual amount of total issue price less the amount of financial assets or financial liabilities at fair value through profit or loss and bonds payable as stated above. Conversion options are not subsequently remeasured.
- D. Any transaction costs directly attributable to the issuance are allocated to each liability or equity component in proportion to the initial carrying amount of each abovementioned item.
- E. When bondholders exercise conversion options, the liability component of the bonds (including bonds payable and 'financial assets or financial liabilities at fair value through profit or loss') shall be remeasured on the conversion date. The issuance cost of converted common shares is the total book value of the abovementioned liability component and 'capital surplus—share options'.

(21) Derecognition of financial liabilities

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

(22) Provisions

The Company's provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, and it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be reliably estimated. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation on the balance sheet date, which is discounted using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the

obligation. When discounting is used, the increase in the provision due to passage of time is recognised as interest expense. Provisions are not recognised for future operating losses.

(23) Employee benefits

A. Short-term employee benefits

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

B. Pensions

(a) Defined contribution plans

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

(b) Defined benefit plans

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

C. Termination benefits

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

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

Employees' compensation and directors' and supervisors' remuneration are recognised as expense and liability, provided that such recognition is required under legal or constructive

obligation and those amounts can be reliably estimated. Any difference between the resolved amounts and the subsequently actual distributed amounts is accounted for as changes in estimates. If employee compensation is paid by shares, the Company calculates the number of shares based on the closing price at the previous day of the board meeting resolution.

(24) Employee share-based payment

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

(25) Income tax

- A. The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or items recognised directly in equity, in which cases the tax is recognised in other comprehensive income or equity.
- B. The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities. An additional tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the stockholders resolve to retain the earnings.
- C. Deferred tax is recognised, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the parent company only balance sheet. However, the deferred tax is not accounted for if it arises from initial recognition of goodwill or of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred tax is provided on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference is controlled by the Company and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.
- D. Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. At each balance sheet

date, unrecognised and recognised deferred tax assets are reassessed.

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

(26) Share capital

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

(27) Dividends

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

(28) Revenue recognition

Sales of goods

A The Company sells electronic products and equipment as an agent; and is engaged in the cell production business. Sales are recognised when control of the products has transferred and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, or the Company has objective evidence that all criteria for acceptance have been satisfied.

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

5. Critical Accounting Judgements, Estimates and Key Sources of Assumption Uncertainty

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

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

None.

(2) Critical accounting estimates and assumptions

A. Evaluation of inventories

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

As of December 31, 2022, the carrying amount of inventories was \$42,189.

6. Details of Significant Accounts

(1) Cash and cash equivalents

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Cash on hand and revolving funds	\$ 101	\$ 98
Checking accounts and demand deposits	40,361	52,241
Time deposits	21,497	-
	<u>\$ 61,959</u>	<u>\$ 52,339</u>

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

B. The Company has no cash and cash equivalents pledged to others.

(2) Financial assets at amortised cost

<u>Items</u>	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Current items:		
Restricted Current Assets	<u>\$ 4,800</u>	<u>\$ 11,017</u>

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

	<u>Years ended December 31,</u>	
	<u>2022</u>	<u>2021</u>
Interest income	<u>\$ 46</u>	<u>\$ 73</u>

B. As at December 31, 2022 and 2021, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the financial assets at amortised cost held by the Company were \$4,800 and \$11,017, respectively.

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

D. Information relating to credit risk of financial assets at amortised cost is provided in Note 12(2). The counterparties of the Company's investments in certificates of deposit are financial

institutions with high credit quality, so the Company expects that the probability of counterparty default is remote.

(3) Notes and accounts receivable

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Notes receivable	\$ 971	\$ 603
Accounts receivable	\$ 117,747	\$ 138,635

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

	<u>December 31, 2022</u>		<u>December 31, 2021</u>	
	<u>Accounts receivable</u>	<u>Notes receivable</u>	<u>Accounts receivable</u>	<u>Notes receivable</u>
Not past due	\$ 104,978	\$ 962	\$ 127,452	\$ 338
Up to 30 days	12,574	9	8,791	265
31 to 90 days	195	-	2,392	-
	<u>\$ 117,747</u>	<u>\$ 971</u>	<u>\$ 138,635</u>	<u>\$ 603</u>

The above ageing analysis was based on past due date.

B. As of December 31, 2022 and 2021, and January 1, 2021, the balances of receivables (including notes receivable) from contracts with customers amounted to \$118,718, \$139,238 and \$97,897, respectively.

C. As of December 31, 2022 and 2021, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the Company's notes and accounts receivable were \$971 and \$603; \$117,747 and \$138,635, respectively.

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

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

(4) Inventories

	<u>December 31, 2022</u>		
	<u>Cost</u>	<u>Allowance for valuation loss</u>	<u>Book value</u>
Raw materials	\$ 10,323	(\$ 1,288)	\$ 9,035
Work in progress	1,715	-	1,715
Semi-finished goods	1,998	-	1,998
Finished goods	30	-	30
Merchandises	36,149	(6,738)	29,411
	<u>\$ 50,215</u>	<u>(\$ 8,026)</u>	<u>\$ 42,189</u>

	December 31, 2021		
	Cost	Allowance for valuation loss	Book value
Raw materials	\$ 10,936	(\$ 913)	\$ 10,023
Work in progress	12,154	-	12,154
Semi-finished goods	8,611	-	8,611
Finished goods	1,168	-	1,168
Merchandises	52,248	(5,228)	47,020
	<u>\$ 85,117</u>	<u>(\$ 6,141)</u>	<u>\$ 78,976</u>

	Years ended December 31,	
	2022	2021
Cost of goods sold	\$ 496,915	\$ 573,193
Loss on decline in market value	1,885	2,956
Loss on disposal of assets	42	81
	<u>\$ 498,842</u>	<u>\$ 576,230</u>

(5) Investments accounted for using equity method

	December 31, 2022	December 31, 2021
Subsidiaries:		
MetaTech Investment Holding Co., Ltd.	\$ 505,114	\$ 424,689
LOCUS CELL CO., LTD	287,145	294,734
Chienhwa Travel Service Co., Ltd.	2,561	1,683
Subtotal	<u>\$ 794,820</u>	<u>\$ 721,106</u>
Associates:		
Up Cell Biomedical Inc.	14,900	20,646
Subtotal	<u>14,900</u>	<u>20,646</u>
	<u>\$ 809,720</u>	<u>\$ 741,752</u>

A. Subsidiaries

Details of the subsidiaries are provided in Note 4(3) in the Company's consolidated financial statements for the year ended December 31, 2022.

B. Associates

(a) The basic information of the associates that are material to the Group is as follows:

Company name	Principal place of business	Shareholding ratio		Nature of relationship	Methods of measurement
		December 31, 2022	December 31, 2021		
Up Cell Biomedical Inc.	Taiwan	25.38%	25.38%	Note	Equity method

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

(b) The summarised financial information of the associates that are material to the Group is as follows:

Balance sheet

	Up Cell Biomedical Inc.	
	December 31, 2022	December 31, 2021
Current assets	\$ 35,317	\$ 49,004
Non-current assets	26,784	37,930
Current liabilities	(2,192)	(3,397)
Non-current liabilities	(1,224)	(2,211)
Total net assets	\$ 58,685	\$ 81,326
Share in associate's net assets	\$ 14,900	\$ 20,646

Statement of comprehensive income

	Up Cell Biomedical Inc.	
	Years ended December 31,	
	2022	2021
Revenue	\$ -	\$ -
Loss for the period from continuing operations	(22,641)	(26,677)
Loss for the period from discontinued operations	-	-
Other comprehensive income, net o tax	-	-
Total comprehensive loss	(\$ 22,641)	(\$ 26,677)
Dividends received from associates	\$ -	\$ -

(6) Property, plant and equipment

	2022							
	Land	Buildings and structures	Machinery	Transportation equipment	Office equipment	Leasehold improvements	Other equipment	Total
At January 1								
Cost	\$ 17,209	\$ 147,199	\$ 66,724	\$ 5,453	\$ 28,482	\$ 12,222	\$ 2,121	\$ 279,410
Accumulated depreciation	-	(28,366)	(20,256)	(3,877)	(22,155)	(2,840)	(1,717)	(79,211)
	<u>\$ 17,209</u>	<u>\$ 118,833</u>	<u>\$ 46,468</u>	<u>\$ 1,576</u>	<u>\$ 6,327</u>	<u>\$ 9,382</u>	<u>\$ 404</u>	<u>\$ 200,199</u>
Opening net book amount as at January 1	\$ 17,209	\$ 118,833	\$ 46,468	\$ 1,576	\$ 6,327	\$ 9,382	\$ 404	\$ 200,199
Additions	-	-	5,923	-	816	1,429	-	8,168
Disposal	-	-	545	-	-	-	-	545
Transfer	-	-	-	-	(8)	-	-	(8)
Depreciation charge	-	(5,885)	(7,044)	(909)	(2,530)	(1,581)	(58)	(18,007)
Closing net book amount as at December 31	<u>\$ 17,209</u>	<u>\$ 112,948</u>	<u>\$ 45,892</u>	<u>\$ 667</u>	<u>\$ 4,605</u>	<u>\$ 9,230</u>	<u>\$ 346</u>	<u>\$ 190,897</u>
At December 31								
Cost	\$ 17,209	\$ 118,833	\$ 52,936	\$ 1,576	\$ 7,135	\$ 10,811	\$ 404	\$ 208,904
Accumulated depreciation	-	(5,885)	(7,044)	(909)	(2,530)	(1,581)	(58)	(18,007)
	<u>\$ 17,209</u>	<u>\$ 112,948</u>	<u>\$ 45,892</u>	<u>\$ 667</u>	<u>\$ 4,605</u>	<u>\$ 9,230</u>	<u>\$ 346</u>	<u>\$ 190,897</u>
	2021							
	Land	Buildings and structures	Machinery	Transportation equipment	Office equipment	Leasehold improvements	Other equipment	Total
At January 1								
Cost	\$ 17,209	\$ 147,199	\$ 62,273	\$ 5,453	\$ 27,735	\$ 19,409	\$ 2,121	\$ 281,399
Accumulated depreciation	-	(22,481)	(13,311)	(2,968)	(19,932)	(8,803)	(1,660)	(69,155)
	<u>\$ 17,209</u>	<u>\$ 124,718</u>	<u>\$ 48,962</u>	<u>\$ 2,485</u>	<u>\$ 7,803</u>	<u>\$ 10,606</u>	<u>\$ 461</u>	<u>\$ 212,244</u>
Opening net book amount as at January 1	\$ 17,209	\$ 124,718	\$ 48,962	\$ 2,485	\$ 7,803	\$ 10,606	\$ 461	\$ 212,244
Additions	-	-	3,062	-	1,056	-	-	4,118
Disposal	-	-	1,389	-	-	-	-	1,389
Depreciation charge	-	(5,885)	(6,945)	(909)	(2,532)	(1,224)	(57)	(17,552)
Closing net book amount as at December 31	<u>\$ 17,209</u>	<u>\$ 118,833</u>	<u>\$ 46,468</u>	<u>\$ 1,576</u>	<u>\$ 6,327</u>	<u>\$ 9,382</u>	<u>\$ 404</u>	<u>\$ 200,199</u>
At December 31								
Cost	\$ 17,209	\$ 147,199	\$ 66,724	\$ 5,453	\$ 28,482	\$ 12,222	\$ 2,121	\$ 279,410
Accumulated depreciation	-	(28,366)	(20,256)	(3,877)	(22,155)	(2,840)	(1,717)	(79,211)
	<u>\$ 17,209</u>	<u>\$ 118,833</u>	<u>\$ 46,468</u>	<u>\$ 1,576</u>	<u>\$ 6,327</u>	<u>\$ 9,382</u>	<u>\$ 404</u>	<u>\$ 200,199</u>

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

(7) Leasing arrangements - lessee

- A. The Company leases various assets including land, buildings and business vehicles. Rental contracts are typically made for periods of 1 to 10 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose covenants, but leased assets may not be used as security for borrowing purposes.
- B. Short-term leases with a lease term of 12 months or less comprise of laboratories, parking spaces and some office premises. Low-value assets comprise of printers.
- C. The carrying amount of right-of-use assets and the depreciation charge are as follows:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
	<u>Carrying amount</u>	<u>Carrying amount</u>
Buildings	\$ 33,527	\$ 36,621
Transportation equipment	1,243	285
	<u>\$ 34,770</u>	<u>\$ 36,906</u>

	<u>Years ended December 31,</u>	
	<u>2022</u>	<u>2021</u>
Land	\$ -	\$ 1,869
Buildings	7,736	8,630
Transportation equipment	346	338
	<u>\$ 8,082</u>	<u>\$ 10,837</u>

- D. For the years ended December 31, 2022 and 2021, the additions to right-of-use assets amounted to \$5,946 and \$341, respectively.
- E. The information on profit and loss accounts relating to lease contracts is as follows:

	<u>Years ended December 31,</u>	
	<u>2022</u>	<u>2021</u>
<u>Items affecting profit or loss</u>		
Interest expense on lease liabilities	\$ 650	\$ 1,294
Expense on short-term lease contracts	515	1,008
Expense on leases of low-value assets	95	95

- F. For the years ended December 31, 2022 and 2021, the Company's total cash outflow for leases were \$8,247 and \$11,838, respectively.

(8) Intangible assets

	<u>2022</u>	<u>2021</u>
	Technical skills (Notes 1 and 2)	Technical skills (Notes 1 and 2)
At January 1		
Cost	\$ 277,933	\$ 277,933
Accumulated amortisation	(7,803)	-
	<u>\$ 270,130</u>	<u>\$ 277,933</u>
Opening net book amount as at January 1	\$ 270,130	\$ 277,933
Amortisation charge	(7,803)	(7,803)
Closing net book amount as at December 31	<u>\$ 262,327</u>	<u>\$ 270,130</u>
At December 31		
Cost	\$ 277,933	\$ 277,933
Accumulated amortisation	(15,606)	(7,803)
	<u>\$ 262,327</u>	<u>\$ 270,130</u>

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

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

(9) Short-term borrowings

<u>Type of borrowings</u>	<u>December 31, 2022</u>	<u>Interest rate range</u>	<u>Collateral</u>
Bank borrowings			
Bank unsecured borrowings	\$ 60,000	1.73%~1.95%	None
Bank secured borrowings	<u>130,000</u>	1.85%~2.115%	Note 8
	<u>\$ 190,000</u>		
<u>Type of borrowings</u>	<u>December 31, 2021</u>	<u>Interest rate range</u>	<u>Collateral</u>
Bank borrowings			
Bank unsecured borrowings	\$ 27,266	1.32%~1.35%	None
Bank secured borrowings	<u>18,000</u>	1.35%	Note 8
	<u>\$ 45,266</u>		

(10) Bonds payable

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Bonds payable	\$ -	\$ 150,000
Less: Conversion of convertible bonds to share common stock	-	(3,800)
Less: Discount on bonds payable	-	-
	-	146,200
Less: Current portion or exercise of put options	-	(146,200)
	<u>\$ -</u>	<u>\$ -</u>

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

- (a) The Company issued \$150 million, 0%, third domestic secured convertible bonds, as approved by the regulatory authority. The bonds mature 3 years from the issue date (January 9, 2019 ~ January 9, 2022) and will be redeemed in cash at face value at the maturity date. The bonds were listed on the Taipei Exchange on January 9, 2019.
- (b) The Company commissioned the Taiwan Business Bank Co., Ltd. to offer a guarantee for its convertible bonds. The guarantee duration is from the date that the borrowing amounts of the convertible bonds are fully collected to the date that the principal, interests and subordinated liabilities of the bonds are fully repaid. Except for the principal, the guarantee also covers interests and all subordinated liabilities, including the delay interest and all payments required to be made in accordance with the terms of bonds issuance and conversion when exercising the early redemption of the bonds by the issuing companies or foreign issuers.
- (c) The bondholders have the right to ask for conversion of the bonds into common shares of the Company during the period from the date after three month of the bonds issue (April 10, 2019) to the maturity date (January 9, 2022), except for the stop transfer period as specified in the terms of the bonds or the laws/regulations. The rights and obligations of the new shares converted from the bonds are the same as the issued and outstanding common shares.
- (d) The conversion price of the bonds, which was NTD 63.30 (in dollars) at the issuance, is set up based on the pricing model in the terms of the bonds, and is subject to adjustments if the condition of the anti-dilution provisions occurs subsequently. The conversion price will be reset based on the pricing model in the terms of the bonds on each effective date regulated by the terms. If the reset conversion price is higher than the conversion price before the reset, the conversion price will not be adjusted; however, the reset conversion price shall not be less than 80% of the conversion price set on the issue date.
- (e) The Company may repurchase all the bonds outstanding in cash at the bonds' face value at any time after the following events occur: (i) the closing price of the Company common

shares is above the then conversion price by 30% for 30 consecutive trading days during the period from the date after three month of the bonds issue (April 10, 2019) to 40 days before the maturity date (November 30, 2021), or (ii) the outstanding balance of the bonds is less than 10% of total initial issue amount during the period from the date after three months of the bonds issue to 40 days before the maturity date.

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

B. Regarding the issuance of the third convertible bonds, the equity conversion options amounting to \$5,565 were separated from the liability component and were recognised in ‘capital surplus - share options’ in accordance with IAS 32. The call options embedded in bonds payable were separated from their host contracts and were recognised in ‘financial assets at fair value through profit or loss - non-current’ in net amount of \$0 as of December 31, 2019 in accordance with IAS 39 because the economic characteristics and risks of the embedded derivatives were not closely related to those of the host contracts. The effective interest rate of the bonds payable after such separation was 1.75%.

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

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

(11) Pensions

A. (a) The Company has a defined benefit pension plan in accordance with the Labor Standards Act, covering all regular employees’ service years prior to the enforcement of the Labor Pension Act on July 1, 2005 and service years thereafter of employees who chose to continue to be subject to the pension mechanism under the Labor Standards Act. Under the defined benefit pension plan, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement. The Company contributes monthly an amount equal to 2% of the employees’ monthly salaries and wages to the retirement fund deposited with Bank of Taiwan, the trustee, under the name of the independent retirement fund committee. However, the Company ceased to contribute to the labor pension reserve from March 2009 to March 2021 after receiving the approval from the New Taipei City Government. Also, the Company would assess the balance in the aforementioned labor pension reserve account by the end of December 31, every year. If the account balance is insufficient to pay the pension calculated by the aforementioned method to the employees expected to qualify for retirement in the following year, the Company will make contributions for the deficit by next March.

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

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Present value of defined benefit obligations	\$ 8,509	\$ 9,028
Fair value of plan assets	(10,893)	(10,043)
Net defined benefit asset (shown as ‘Other non-current assets’)	<u>(\$ 2,384)</u>	<u>(\$ 1,015)</u>

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

	<u>Present value of defined benefit obligations</u>	<u>Fair value of plan assets</u>	<u>Net defined benefit asset</u>
<u>2022</u>			
At January 1	\$ 9,028	(\$ 10,043)	(\$ 1,015)
Interest expense (income)	<u>83</u>	<u>(65)</u>	<u>18</u>
	<u>9,111</u>	<u>(10,108)</u>	<u>(997)</u>
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	(785)	(785)
Change in financial assumptions	(224)	-	(224)
Experience adjustments	<u>(378)</u>	<u>-</u>	<u>(378)</u>
	<u>(602)</u>	<u>(785)</u>	<u>(1,387)</u>
At December 31	<u>\$ 8,509</u>	<u>(\$ 10,893)</u>	<u>(\$ 2,384)</u>
	<u>Present value of defined benefit obligations</u>	<u>Fair value of plan assets</u>	<u>Net defined benefit asset</u>
<u>2021</u>			
At January 1	\$ 8,170	(\$ 9,867)	(\$ 1,697)
Interest expense (income)	<u>81</u>	<u>(79)</u>	<u>2</u>
	<u>8,251</u>	<u>(9,946)</u>	<u>(1,695)</u>
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	(97)	(97)
Change in financial assumptions	81	-	81
Experience adjustments	<u>696</u>	<u>-</u>	<u>696</u>
	<u>777</u>	<u>(97)</u>	<u>680</u>
At December 31	<u>\$ 9,028</u>	<u>(\$ 10,043)</u>	<u>(\$ 1,015)</u>

(d) The Bank of Taiwan was commissioned to manage the Fund of the Company’s defined benefit pension plan in accordance with the Fund’s annual investment and utilisation plan and the “Regulations for Revenues, Expenditures, Safeguard and Utilisation of the Labour Retirement Fund” (Article 6: The scope of utilisation for the Fund includes deposit in

domestic or foreign financial institutions, investment in domestic or foreign listed, over-the-counter, or private placement equity securities, investment in domestic or foreign real estate securitization products, etc.). With regard to the utilisation of the Fund, its minimum earnings in the annual distributions on the final financial statements shall be no less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. If the earnings is less than aforementioned rates, government shall make payment for the deficit after being authorized by the Regulator. The Company has no right to participate in managing and operating that fund and hence the Company is unable to disclose the classification of plan assets fair value in accordance with IAS 19 paragraph 142. The composition of fair value of plan assets as of December 31, 2022 and 2021 is given in the Annual Labor Retirement Fund Utilisation Report announced by the government.

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

	Years ended December 31,	
	2022	2021
Discount rate	1.15%	0.65%
Future salary increases	2.25%	2.25%

Assumptions regarding future mortality experience are set based on actuarial advice in accordance with published statistics and experience of the improved Taiwan annuity table. Because the main actuarial assumption changed, the present value of defined benefit obligation is affected. The analysis was as follows:

	Discount rate		Future salary increases	
	Increase 0.25%	Decrease 0.25%	Increase 1%	Decrease 1%
<u>December 31, 2022</u>				
Effect on present value of defined benefit obligation	(\$ 109)	\$ 112	\$ 458	(\$ 421)
<u>December 31, 2021</u>				
Effect on present value of defined benefit obligation	(\$ 135)	\$ 138	\$ 560	(\$ 516)

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

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

(f) Expected contributions to the defined benefit pension plans of the Company for the year ending December 31, 2023 amount to \$0.

(g) As of December 31, 2022, the weighted average duration of the retirement plan is 7.8 years.

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

Within 1 year	\$	6,187
1-2 year(s)		761
2-5 years		253
	<u>\$</u>	<u>7,201</u>

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

(b) For the aforementioned pension plan, the Company recognised pension costs of \$3,924 and \$4,040 for the years ended December 31, 2022 and 2021, respectively.

(12) Share-based payment

A. For the years ended December 31, 2022 and 2021, the Company’s share-based payment arrangements were as follows:

<u>Type of arrangement</u>	<u>Grant date</u>	<u>Quantity granted</u>	<u>Contract period</u>	<u>Vesting conditions</u>
Employee stock options	2018.04.02	2,280 thousand shares	6 years	2 ~ 5 years’ service
Employee stock options	2018.05.14	1,297 thousand shares	6 years	2 ~ 5 years’ service
Employee stock options	2018.11.15	423 thousand shares	6 years	2 ~ 5 years’ service
Cash capital increase reserved for employee preemption	2021.09.27	247 thousand shares	NA	NA

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

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

	<u>2022</u>		<u>2021</u>	
	<u>No. of options</u>	<u>Weighted-average exercise price (in dollars)</u>	<u>No. of options</u>	<u>Weighted-average exercise price (in dollars)</u>
Options outstanding at January 1	2,586,000	\$ 57.94	2,909,000	\$ 58.40
Options exercised	(61,000)	54.90	(35,000)	58.48
Options expired	(249,000)	57.53	(288,000)	56.49
Options outstanding at December 31	<u>2,276,000</u>	58.07	<u>2,586,000</u>	57.94
Options exercisable at December 31	<u>1,702,200</u>	58.08	<u>1,422,300</u>	57.94

C. The weighted average price of options exercised in 2022 and 2021 were \$54.90 and \$58.48, respectively on the exercise day.

D. For the years ended December 31, 2022 and 2021, the range of exercise prices of stock options outstanding was \$54.50~\$58.60 (in dollars); the weighted-average remaining contractual

period were 1.30 years and 2.32 years, respectively.

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

Type of arrangement	Grant date	Stock price	Exercise price	Expected price volatility	Expected option life	Expected dividends	Risk-free interest rate	Fair value per unit
Employee stock options	2018.04.02	58.5	58.5	44.54~46.90%(Note)	4 ~ 5.5 years	-	0.64~0.76%	20.61~24.70
Employee stock options	2018.05.14	59.2	59.2	44.25~47.03%(Note)	4 ~ 5.5 years	-	0.67~0.76%	20.76~25.07
Employee stock options	2018.11.15	55.0	55.0	40.56~48.61%(Note)	4 ~ 5.5 years	-	0.73~0.83%	17.88~24.44

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

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

	Years ended December 31,	
	2022	2021
Equity-settled	\$ 721	\$ 3,988

(13) Share capital

- A. As of December 31, 2022, the Company's authorised capital was \$2,000,000, consisting of 200 million shares of ordinary stock (including 15 million shares reserved for employee stock options), and the paid-in capital was \$681,726, consisting of 68,173 thousand shares outstanding, with a par value of \$10 (in dollars) per share. All proceeds from shares issued have been collected.

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

	2022	2021
	No. of shares	No. of shares
At January 1	68,111,648	58,016,045
Employee stock options exercised	61,000	35,000
Cash capital increase	-	10,000,000
Conversion of convertible bonds to share common stock	-	60,603
At December 31	\$ 68,172,648	\$ 68,111,648

- B. On August 11, 2020, the Company increased its capital by issuing 10,000,000 shares, with a par value of \$10 per share, and an issue price of \$39.5 through board resolution. The date of the capital increase was set on September 27, 2021. The above capital increase was registered.

- C. In December, 2021, the Company converted the convertible bonds into 60,603 ordinary shares.

(14) Capital surplus

- A. Pursuant to Company Act, capital surplus arising from paid-in capital in excess of par value on issuance of common stocks and donations can be used to cover accumulated deficit or to issue new stocks or cash to shareholders in proportion to their share ownership, provided that the

Company has no accumulated deficit. Further, the R.O.C. Securities and Exchange Act requires that the amount of capital surplus to be capitalised mentioned above should not exceed 10% of the paid-in capital each year. However, capital surplus should not be used to cover accumulated deficit unless the legal reserve is insufficient.

- B. The information regarding capital surplus - share options and employee share options is provided in Notes 6(12) and (13).
- C. On July 20, 2021, capital surplus used to cover accumulated deficit amounting to \$289,712 had been approved by the Financial Supervisory Commission and registered.

(15) Accumulated deficits to be covered

- A. Under the Company's Articles of Incorporation, the current year's earnings, if any, shall first be used to pay all taxes and offset prior years' operating losses and then 10% of the remaining amount shall be set aside as legal reserve. The remaining earnings along with unappropriated earnings of prior years will be retained or distributed as proposed by the Board of Directors and resolved by the shareholders. Regarding the bonus distributed to the shareholders, cash dividends shall account for at least 30% of the total distribution and the remainder is distributed in shares.
- B. Except for covering accumulated deficit or issuing new stocks or cash to shareholders in proportion to their share ownership, the legal reserve shall not be used for any other purpose. The use of legal reserve for the issuance of stocks or cash to shareholders in proportion to their share ownership is permitted, provided that the distribution of the reserve is limited to the portion in excess of 25% of the Company's paid-in capital.
- C. In accordance with the regulations, the Company shall set aside special reserve from the debit balance on other equity items at the balance sheet date before distributing earnings. When debit balance on other equity items is reversed subsequently, the reversed amount could be included in the distributable earnings.
- D. The Company incurred accumulated deficit for the years ended December 31, 2021 and 2020, and thus had no earnings for distribution. On June 29, 2022 and July 20, 2021, the shareholders approved the deficit compensation of 2021 and 2020, respectively.

(16) Operating revenue

- A. Disaggregation of revenue from contracts with customers
The Company derives revenue from the transfer of goods and services over time and at a point in time in the following departments:

	Year ended December 31, 2022		
	Electronics	Biomedicine	Total
Total segment revenue	\$ 545,557	\$ 46,936	\$ 592,493
Timing of revenue recognition			
At a point in time	\$ 545,557	\$ 46,903	\$ 592,460
Over time	-	33	33
	\$ 545,557	\$ 46,936	\$ 592,493

	Year ended December 31, 2021		
	Electronics	Biomedicine	Total
Total segment revenue	\$ 507,369	\$ 200,939	\$ 708,308
Timing of revenue recognition			
At a point in time	\$ 507,369	\$ 200,912	\$ 708,281
Over time	-	27	27
	\$ 507,369	\$ 200,939	\$ 708,308

B. Contract liabilities

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

	December 31, 2022	December 31, 2021	January 1, 2021
Contract liabilities:			
Advance sales receipts	\$ 1,878	\$ 36,849	\$ 869

(a) Significant changes in contract liabilities

None.

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

	Years ended December 31,	
	2022	2021
Revenue recognised that was included in the contract liability balance at the beginning of the year		
Advance sales receipts	\$ 36,131	\$ 141

(17) Other gains and losses

	Years ended December 31,	
	2022	2021
Net currency exchange gains	\$ 9,278	\$ 402
Losses on disposals of property, plant and equipment	(7)	-
Gains arising from lease modifications	-	1,154
Other losses	-	(1,846)
	\$ 9,271	(\$ 290)

(18) Expenses by nature

Function Nature	Years ended December 31,					
	2022			2021		
	Classified as operating costs	Classified as operating expenses	Total	Classified as operating costs	Classified as operating expenses	Total
Employee benefit expense	\$ 13,384	\$ 77,133	\$ 90,517	\$ 2,751	\$ 90,681	\$ 93,432
Depreciation expense	16,643	9,446	26,089	4,032	24,357	28,389
Amortisation expense	7,803	459	8,262	7,803	673	8,476

(19) Employee benefit expense

	Years ended December 31,	
	2022	2021
Wages and salaries	\$ 72,916	\$ 71,182
Employee stock options	721	3,988
Labour and health insurance fees	7,434	7,553
Pension costs	3,942	4,042
Directors' remuneration	2,460	2,650
Other personnel expenses	3,044	4,017
	<u>\$ 90,517</u>	<u>\$ 93,432</u>

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

B. As of December 31, 2022 and 2021, no employees' compensation and directors' remuneration were accrued due to accumulated deficit of the Company.

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

(20) Income tax

A. Income tax expense

(a) Components of income tax expense:

	Years ended December 31,	
	2022	2021
Current tax:		
Current tax on profits for the year	\$ -	\$ -
Deferred tax:		
Origination and reversal of temporary differences	3,102	3,956
Impact of change in tax rate	-	-
Income tax expense	<u>\$ 3,102</u>	<u>\$ 3,956</u>

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

	Years ended December 31,	
	2022	2021
Currency translation differences	(\$ 8,447)	\$ 3,712
Remeasurement of defined benefit obligations	(277)	136
	<u>(\$ 8,724)</u>	<u>\$ 3,848</u>

B. Reconciliation between income tax benefit and accounting profit

	Years ended December 31,	
	2022	2021
Tax calculated based on profit before tax and statutory tax rate	(\$ 1,733)	(\$ 4,032)
Expenses disallowed by tax regulation	14,214	15,286
Change in assessment of realisation of deferred tax assets	(9,379)	(7,298)
Income tax expense	<u>\$ 3,102</u>	<u>\$ 3,956</u>

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

	2022			
	January 1	Recognised in profit or loss	Recognised in other comprehensive income	December 31
Deferred tax assets:				
- Temporary differences:				
Allowance for valuation loss on inventories	\$ 1,244	\$ 369	\$ -	\$ 1,613
Unused compensated absences	240	-	-	240
Currency translation differences	9,596	-	(8,447)	1,149
Remeasurement of benefit obligations	885	-	(277)	608
Unrealised exchange loss	-	99	-	99
Others	149	(149)	-	-
- Tax losses	79,368	(1,187)	-	78,181
	<u>91,482</u>	<u>(868)</u>	<u>(8,724)</u>	<u>81,890</u>
Deferred tax liabilities:				
- Temporary differences:				
Gain on foreign long-term equity investment	(18,079)	(2,291)	-	(20,370)
Unrealised exchange gain	(57)	57	-	-
Book-tax difference on pensions	(189)	-	-	(189)
	<u>(18,325)</u>	<u>(2,234)</u>	<u>-</u>	<u>(20,559)</u>
	<u>\$ 73,157</u>	<u>(\$ 3,102)</u>	<u>(\$ 8,724)</u>	<u>\$ 61,331</u>

	2021			
	<u>January 1</u>	<u>Recognised in profit or loss</u>	<u>Recognised in other comprehensive income</u>	<u>December 31</u>
Deferred tax assets:				
- Temporary differences:				
Allowance for valuation loss on inventories	\$ 661	\$ 583	\$ -	\$ 1,244
Unused compensated absences	240	-	-	240
Currency translation differences	5,884	-	3,712	9,596
Remeasurement of benefit obligations	749	-	136	885
Unrealised exchange loss	28	(28)	-	-
Book-tax difference on onerous contracts losses	1,164	(1,164)	-	-
Others	149	-	-	149
-Tax losses	<u>79,923</u>	<u>(555)</u>	<u>-</u>	<u>79,368</u>
	<u>88,798</u>	<u>(1,164)</u>	<u>3,848</u>	<u>91,482</u>
Deferred tax liabilities:				
-Temporary differences:				
Gain on foreign long-term equity investment	(15,344)	(2,735)	-	(18,079)
Unrealised exchange gain	-	(57)	-	(57)
Book-tax difference on pensions	<u>(189)</u>	<u>-</u>	<u>-</u>	<u>(189)</u>
	<u>(15,533)</u>	<u>(2,792)</u>	<u>-</u>	<u>(18,325)</u>
	<u>\$ 73,265</u>	<u>(\$ 3,956)</u>	<u>\$ 3,848</u>	<u>\$ 73,157</u>

D. The Company's income tax returns through 2020 been assessed and approved by the Tax Authority.

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

December 31, 2022				
<u>Year incurred</u>	<u>Amount filed/ assessed</u>	<u>Unused amount</u>	<u>Unrecognised deferred tax assets</u>	<u>Expiry year</u>
2013	Amount assessed	\$ 15,876	\$ 15,876	2023
2014	Amount assessed	12,959	12,959	2024
2015	Amount assessed	21,087	21,087	2025
2016	Amount assessed	42,849	42,849	2026
2017	Amount assessed	28,478	8,543	2027
2018	Amount assessed	82,217	24,665	2028
2019	Amount assessed	131,452	-	2029
2020	Amount assessed	104,225	-	2030
2021	Amount filed	46,415	-	2031
2022	Amount estimated	31,326	-	2032
		<u>\$ 516,884</u>	<u>\$ 125,979</u>	
December 31, 2021				
<u>Year incurred</u>	<u>Amount filed/ assessed</u>	<u>Unused amount</u>	<u>Unrecognised deferred tax assets</u>	<u>Expiry year</u>
2012	Amount assessed	\$ 17,232	\$ 17,232	2022
2013	Amount assessed	15,876	15,876	2023
2014	Amount assessed	12,959	12,959	2024
2015	Amount assessed	21,087	21,087	2025
2016	Amount assessed	42,849	12,855	2026
2017	Amount assessed	28,478	8,543	2027
2018	Amount assessed	82,217	24,665	2028
2019	Amount assessed	131,452	-	2029
2020	Amount filed	104,225	-	2030
2021	Amount estimated	53,679	-	2031
		<u>\$ 510,054</u>	<u>\$ 113,217</u>	

(21) Losses per share

	<u>Year ended December 31, 2022</u>		
	<u>Amount after tax</u>	<u>Weighted average number of ordinary shares outstanding (share in thousands)</u>	<u>Losses per share (in dollars)</u>
<u>Basic losses per share</u>			
Loss attributable to ordinary shareholders	(\$ <u>11,767</u>)	<u>68,172</u>	(\$ <u>0.17</u>)

	<u>Year ended December 31, 2021</u>		
	<u>Amount after tax</u>	<u>Weighted average number of ordinary shares outstanding (share in thousands)</u>	<u>Losses per share (in dollars)</u>
<u>Basic losses per share</u>			
Loss attributable to ordinary shareholders	(\$ <u>24,119</u>)	<u>60,646</u>	(\$ <u>0.40</u>)

For the year ended December 31, 2021, the employee stock options and convertible bonds issued by the Company were excluded from the calculation of diluted earnings per share since such options and bonds were anti-dilutive.

(22) Supplemental cash flow information

A. Investing activities with partial cash payments:

	<u>Years ended December 31,</u>	
	<u>2022</u>	<u>2021</u>
Purchase of property, plant and equipment	\$ 8,713	\$ 5,507
Add: Opening balance of payable on equipment	285	79
Less: Ending balance of payable on equipment	(1,850)	(285)
Less: Opening balance of prepayments on equipment	(545)	(1,389)
Cash paid during the period	<u>\$ 6,603</u>	<u>\$ 3,912</u>

B. Investing activities with no cash flow effects:

	Years ended December 31,	
	2022	2021
Prepayments for business facilities transferred to property, plant and equipment	\$ 545	\$ 1,389

(23) Changes in liabilities from financing activities

	2022				
	<u>Short-term borrowings</u>	<u>Bonds payable</u>	<u>Lease liabilities</u>	<u>Guarantee deposits received</u>	<u>Liabilities from financing activities</u>
At January 1	\$ 45,226	\$ 146,200	\$ 40,497	\$ 330	\$ 232,253
Changes in cash flow from financing activities	144,774	(146,200)	(6,987)	1,200	(7,213)
Changes in other non-cash items	-	-	5,945	-	5,945
At December 31	<u>\$ 190,000</u>	<u>\$ -</u>	<u>\$ 39,455</u>	<u>\$ 1,530</u>	<u>\$ 230,985</u>

	2021				
	<u>Short-term borrowings</u>	<u>Bonds payable</u>	<u>Lease liabilities</u>	<u>Guarantee deposits received</u>	<u>Liabilities from financing activities</u>
At January 1	\$ 111,000	\$ 147,408	\$ 124,216	\$ 330	\$ 382,954
Changes in cash flow from financing activities	(65,774)	-	(9,441)	-	(75,215)
Changes in other non-cash items	-	(1,208)	(74,278)	-	(75,486)
At December 31	<u>\$ 45,226</u>	<u>\$ 146,200</u>	<u>\$ 40,497</u>	<u>\$ 330</u>	<u>\$ 232,253</u>

7. Related Party Transactions

(1) Names of related parties and relationship

<u>Names of related parties</u>	<u>Relationship with the Company</u>
MetaTech Investment Holding Co., Ltd.	The Company's subsidiary
Chienhwa Travel Service Co., Ltd.	The Company's subsidiary
LOCUS CELL CO., LTD.	The Company's subsidiary
MTI Holding Co., Ltd.	The Company's second-tier subsidiary
MetaTech (S) Pte Ltd.	The Company's third-tier subsidiary
MetaTech Ltd.	The Company's third-tier subsidiary
MetaTech (Shenzhen) Ltd.	MetaTech Ltd.'s subsidiary
Up Cell Biomedical Inc.	Investee company accounted for using the equity method

(2) Significant related party transactions

A. Operating revenue

	Years ended December 31,	
	2022	2021
Sales of goods:		
-Subsidiaries	\$ 1,856	\$ 3,921
-Associates	75	1,523
	<u>\$ 1,931</u>	<u>\$ 5,444</u>

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

B. Purchases

	Years ended December 31,	
	2022	2021
Purchases of goods:		
-Subsidiaries	\$ 6,142	\$ 5,227
Purchases of services:		
-Subsidiaries	-	49
	<u>\$ 6,142</u>	<u>\$ 5,276</u>

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

C. Receivables to related parties

	December 31, 2022	December 31, 2021
-Subsidiaries	<u>\$ 179</u>	<u>\$ 439</u>

Accounts receivable are mainly from transactions, they are unsecured, interest-free, with no provision for bad debts.

D. Other receivables

	December 31, 2022	December 31, 2021
-Subsidiaries	<u>\$ 11,363</u>	<u>\$ 29,970</u>

Other receivables are mainly management services fees and loans granted to subsidiaries.

The Company provides management services to the subsidiaries. Management fees revenue is received periodically based on the terms determined in mutual agreement. Revenue received for the years ended December 31, 2022 and 2021 amounting to \$16,531 and \$19,675 was shown as deduction on 'operating expenses - general and administrative expenses' and 'other income', respectively.

E. Payables to related parties

	December 31, 2022	December 31, 2021
-Subsidiaries	<u>\$ 2,156</u>	<u>\$ 257</u>

F. Other payables

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
-Subsidiaries	\$ 25	\$ 91
-Associates	105	100
	<u>\$ 130</u>	<u>\$ 191</u>

Other payables refer to payables arising from freight prepaid by subsidiaries.

G. Non-operating revenue

	<u>Years ended December 31,</u>	
	<u>2022</u>	<u>2021</u>
Other income		
-Subsidiaries	<u>\$ 4,413</u>	<u>\$ 3,112</u>

(i) The other income from subsidiaries arise mainly from prepaid freight.

(ii) The other income from related parties arise mainly from rental contracts which are made from 2019 to 2020. Rents are paid at the end of the month.

H. Loans to /from related parties

Loans to related subsidiaries

(i) Outstanding balance:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
MetaTech (S) Pte Ltd.	\$ -	\$ 19,376
	(USD 1000 thousand)	(USD 700 thousand)

(ii) Interest income

	<u>2022</u>	<u>2021</u>
MetaTech (S) Pte Ltd.	\$ 137	\$ 40

I. Endorsements and guarantees

The Company issued guarantee notes and provided endorsements and guarantees to related parties. Details are as follows:

<u>Party being endorsed/ guaranteed</u>	<u>December 31, 2022</u>	<u>December 31, 2021</u>
MetaTech Ltd.	\$ 15,355	\$ 13,840
	(USD 500 thousand)	(USD 500 thousand)

J. Others

The joint credit line of the Company and its third-tier subsidiary, MetaTech Ltd., for financial institution short-term secured borrowings was NTD 85,000 million in 2022 and 2021. As of December 31, 2022 and 2021, the promissory notes amounting to NTD 85,000 million was issued to a bank as guarantee and the abovementioned joint credit line amounting to NTD 60,000 million and NTD 27,197 million was used, respectively.

(3) Key management compensation

	Years ended December 31,	
	2022	2021
Salaries and other short-term employee benefits	\$ 8,783	\$ 11,242
Post-employment benefits	101	151
Share-based payments	786	869
	<u>\$ 9,670</u>	<u>\$ 12,262</u>

8. Pledged Assets

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

Pledged asset	Book value		Purpose
	December 31, 2022	December 31, 2021	
Financial assets at amortised cost			
-Reserve account for demand deposits	\$ 4,800	\$ 11,017	Guarantee for customs, credit card and performance bond of lease agreements
Property, plant and equipment			
-Land	17,209	17,209	Guarantee for short-term credit line
-Buildings and structures	25,495	26,286	"
	<u>\$ 47,504</u>	<u>\$ 54,512</u>	

9. Significant Contingent Liabilities and Unrecognised Contract Commitments

(1) Contingencies

None.

(2) Commitments

A. Please refer to Note 7(2)G and H for details of significant related party contingent liabilities and unrecognised contract commitments.

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

	December 31, 2022	December 31, 2021
Intangible assets (Note)	<u>\$ 13,028</u>	<u>\$ 13,482</u>

Note: The Company entered into a start-up agreement of cell sheet regenerative medical cooperation with Japan CellSeed Inc. on December 21, 2016 with the consideration amounting to JPY 50 million for expanding biomedical research and development, business development, as well as promoting the Company's innovative transformation of regenerative medicine. The Board of Directors during its meeting on March 24, 2017 adopted a resolution to enter into a cooperation agreement of abovementioned cell sheet regenerative medicine with Japan CellSeed Inc., which was formally signed on April 24, 2017 with the consideration amounting to JPY 1.25 billion. As of December 31, 2022, the

Company has paid JPY 1,243,942,865 in respect of the payment schedule for arrangement.

10. Significant Disaster Loss

None.

11. Significant events after the balance sheet date

None.

12. Others

(1) Capital management

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

(2) Financial instruments

A. Financial instruments by category

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
<u>Financial assets</u>		
Financial assets at amortised cost		
Cash and cash equivalents	\$ 61,959	\$ 52,339
Financial assets at amortised cost	4,800	11,017
Notes receivable	971	603
Accounts receivable	117,926	139,074
Other receivables	13,780	36,547
Guarantee deposits paid (shown as 'other non-current assets')	1,664	1,130
	<u>\$ 201,100</u>	<u>\$ 240,710</u>
	<u>December 31, 2022</u>	<u>December 31, 2021</u>
<u>Financial liabilities</u>		
Financial liabilities at amortised cost		
Short-term borrowings	\$ 190,000	\$ 45,226
Notes payable	1,627	1,422
Accounts payable	47,243	70,080
Other payables	18,027	23,898
Guarantee deposits received (shown as 'other non-current liabilities')	1,530	330
Bonds payable	-	146,200
	<u>\$ 258,427</u>	<u>\$ 287,156</u>
Lease liability	<u>\$ 39,455</u>	<u>\$ 40,497</u>

B. Financial risk management policies

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

(b) Risk management is carried out by a central treasury department (Company treasury) under

policies approved by the Board of Directors. Company treasury identifies, evaluates and hedges financial risks in close co-operation with the Company's operating units. The Board provides written principles for overall risk management, as well as written policies covering specific areas and matters, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

C. Significant financial risks and degrees of financial risks

(a) Market risk

Exchange rate risk

- i. The Company operates internationally and is exposed to foreign exchange risk arising from the transactions of the Company used in various functional currency, primarily with respect to the USD. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities.
- ii. Management has set up a policy to require the Company's operating units to manage their foreign exchange risk against their functional currency.
- iii. The Company has certain investments in foreign operations, whose net assets are exposed to foreign currency translation risk.
- iv. The Company's businesses involve some non-functional currency operations (the Company's functional currency: NTD). The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

	December 31, 2022		
	Foreign currency amount (In thousands)	Exchange rate	Book value (NTD)
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	\$ 5,242	30.710	\$ 160,982
JPY:NTD	1,844	0.2324	429
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	1,374	30.710	\$ 42,196

				December 31, 2021			
				Foreign currency amount		Book value	
				(In thousands)	Exchange rate	(NTD)	
(Foreign currency: functional currency)							
<u>Financial assets</u>							
<u>Monetary items</u>							
				\$	5,146	27.680	\$ 142,441
					3,816	0.2405	918
<u>Financial liabilities</u>							
<u>Monetary items</u>							
					2,460	27.680	68,093

- v. The total exchange (loss) gain arising from significant foreign exchange variation on the monetary items held by the Company for the years ended December 31, 2022 and 2021, amounted to \$9,278 and \$402, respectively.
- vi. Analysis of foreign currency market risk arising from significant foreign exchange variation:

				Year ended December 31, 2022		
				Sensitivity analysis		
				Degree of variation	Effect on profit or loss before tax	Effect on other comprehensive income after tax
(Foreign currency: functional currency)						
<u>Financial assets</u>						
<u>Monetary items</u>						
				1%	\$ 1,610	\$ -
				1%	4	-
<u>Financial liabilities</u>						
<u>Monetary items</u>						
				1%	422	\$ -

		Year ended December 31, 2021		
		Sensitivity analysis		
		Degree of variation	Effect on profit or loss before tax	Effect on other comprehensive income after tax
(Foreign currency: functional currency)				
<u>Financial assets</u>				
<u>Monetary items</u>				
	USD:NTD	1%	\$ 1,424	\$ -
	JPY:NTD	1%	9	-
<u>Financial liabilities</u>				
<u>Monetary items</u>				
	USD:NTD	1%	681	\$ -

(b) Credit risk

- i. Credit risk refers to the risk of financial loss to the Company arising from default by the clients on the contract obligations. The main factor is that counterparties could not repay in full the accounts receivable and notes receivable based on the agreed terms, as well as the contract cash flows of financial assets at amortised cost.
- ii. The Company manages their credit risk taking into consideration the entire Company's concern. For banks and financial institutions, only above investment grade are accepted. According to the credit policy, each local entity in company is responsible for managing and analysing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the management . The utilisation of credit limits is regularly monitored. Credit risk arises from credit exposures to wholesale and retail customers, including outstanding receivables.
- iii. The Company adopts following assumptions under IFRS 9 to assess whether there has been a significant increase in credit risk on that instrument since initial recognition:
If the contract payments were past due over 30 days based on the terms, there has been a significant increase in credit risk on that instrument since initial recognition.
- iv. The Company adopts the assumptions under IFRS 9, the default occurs when the contract payments are past due over 90 days.
- v. The following indicators are used to determine whether the credit impairment of debt instruments has occurred:
 - (i) It becomes probable that the issuer will enter bankruptcy or other financial reorganization due to their financial difficulties;

- (ii) Default or delinquency in interest or principal repayments;
 - (iii) Adverse changes in national or regional economic conditions that are expected to cause a default.
- vi. The Company classifies customers' accounts receivable in accordance with credit rating of customer. The Group applies the simplified approach using loss rate methodology to estimate expected credit loss.
- vii. The Company wrote-off the financial assets, which cannot be reasonably expected to be recovered, after initiating recourse procedures. However, the Company will continue executing the recourse procedures to secure their rights.
- As of December 31, 2022 and 2021, the Company has no written-off financial assets that are still under recourse procedures.
- viii. The Company used the forecastability of Taiwan Institute of Economic Research boom observation report to adjust historical and timely information to assess the loss allowance for accounts receivable. The Company's expected credit loss rate of not past due accounts receivable as of December 31, 2022 and 2021 is not material.
- ix. The Company did not recognise the amount of loss allowance for accounts receivable applying the simple approach since it was not material for the years ended December 31, 2022 and 2021.
- (c) Liquidity risk
- i. Cash flow forecasting is performed in the operating entities of the Company and aggregated by Company treasury. Company treasury monitors rolling forecasts of the Company liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times. Such forecasting takes into consideration the Company's debt financing plans, covenant compliance, compliance with internal balance sheet ratio targets.
 - ii. The table below analyses the Company's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date for non-derivative financial liabilities. The amounts disclosed in the table are the contractual undiscounted cash flows.

Non-derivative financial liabilities

December 31, 2022	Less than 1 year	Between 1 and 5 years	Over 5 years
Short-term borrowings	\$ 191,357	\$ -	\$ -
Notes payable	1,627	-	-
Accounts payable (including related parties)	47,243	-	-
Other payables(including related parties)	18,027	-	-
Guarantee deposits received (shown as 'other non-current liabilities')	1,530	-	-
Lease liability	8,011	30,586	2,507

Non-derivative financial liabilities:

December 31, 2021	Less than 1 year	Between 1 and 5 years	Over 5 years
Short-term borrowings	\$ 45,437	\$ -	\$ -
Notes payable	1,422	-	-
Accounts payable (including related parties)	70,080	-	-
Other payables(including related parties)	23,898	-	-
Guarantee deposits received (shown as 'other non-current liabilities')	330	-	-
Lease liability	5,915	26,800	9,943
Bonds payable	146,200	-	-

(3) Fair value information

A. The Company has determined that the book value of financial assets and liabilities that does not use fair value is approximate to fair value, including cash and cash equivalents, financial assets at amortised cost, notes receivables, accounts receivable, other receivables, guarantee deposits paid, short-term borrowings, notes payable , accounts payables and other payables.

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

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

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

Level 3: Unobservable inputs for the asset or liability. The fair value of the Company's investment in certain derivative instruments is included in Level 3.

- C. The Company did not have any options exercised for the years ended December 31, 2022 and 2021
- D. There is no the movement of Level 3 for the years ended December 31, 2022 and 2021.
- E. Treasury segment is in charge of valuation procedures for fair value measurements being categorised within Level 3, which is to verify independent fair value of financial instruments. Such assessment is to ensure the valuation results are reasonable by applying independent information to make results close to current market conditions, confirming the resource of information is independent, reliable and in line with other resources and represented as the exercisable price, and frequently calibrating valuation model, performing back-testing, updating inputs used to the valuation model and making any other necessary adjustments to the fair value.

13. Supplementary Disclosures

(1) Significant transactions information

The disclosure information of investees is based on financial statements audited by independent auditors and the inter-company transactions are eliminated in the preparation of the consolidated financial statements. The following disclosure information is for reference only.

- A. Loans to others: Please refer to table 1.
- B. Provision of endorsements and guarantees to others: Please refer to table 2.
- C. Holding of marketable securities at the end of the period (not including subsidiaries): None.
- D. Acquisition or sale of the same security with the accumulated cost exceeding \$300 million or 20% of the Company's paid-in capital: None.
- E. Acquisition of real estate reaching \$300 million or 20% of paid-in capital or more: None.
- F. Disposal of real estate reaching \$300 million or 20% of paid-in capital or more: None.
- G. Purchases or sales of goods from or to related parties reaching \$100 million or 20% of paid-in capital or more: None.
- H. Receivables from related parties reaching \$100 million or 20% of paid-in capital or more: None.
- I. Trading in derivative financial instruments undertaken during the reporting periods: None.
- J. Significant inter-company transactions during the reporting periods: Please refer to table 3.

(2) Information on investees

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

(3) Information on investments in Mainland China

- A. Information on investees in the Mainland Area: Please refer to table 5.
- B. Significant transactions and their prices, payment terms and unrealised gains or losses, either directly or indirectly through a third area, with investee companies in the Mainland Area: Please refer to table 3.

(4) Major shareholders information

Major shareholders information: Please refer to table 6.

14. Operating Segment Information

None.

Metatech (AP) Inc.
Loans to others
Year ended December 31, 2022

Table 1

Expressed in thousands of NTD
(Except as otherwise indicated)

No. (Note 1)	Creditor	Borrower	General ledger account	Is a related party	Maximum outstanding balance during the year ended December 31, 2022	Balance at December 31, 2022	Actual amount drawn down	Interest rate	Nature of loan	Amount of transactions with the borrower	Reason for short-term financing	Allowance for doubtful accounts	Collateral		Limit on loans granted to a single party	Ceiling on total loans granted	Footnote
													Item	Value			
0	Metatech (AP) Inc.	MetaTech (S) Pte Ltd.	Other receivables	Y	\$ 32,215	\$ 30,710	\$ -	3.70%	Short-term financing	\$ -	Operations	\$ -	-	\$ -	\$ 262,963	\$ 525,926	Notes 3 and 5
1	MTI Holding Co., Ltd.	MetaTech Ltd.	Other receivables	Y	32,215	30,710	-	6.76%	Short-term financing	-	Operations	-	-	-	404,091	505,114	Notes 4 and 5
1	MTI Holding Co., Ltd.	MetaTech (S) Pte Ltd.	Other receivables	Y	64,430	61,420	30,710	3.70%	Short-term financing	-	Operations	-	-	-	404,091	505,114	Notes 4 and 5

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

(1)The Company is '0'.

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

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

Note 3: According to the Company's "Regulations for Provision of Loans", the Company's ceiling on total loans granted to others are as follows:

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

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

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

Note 4: According to the subsidiary's "Regulations for Provision of Loans", the subsidiary's ceiling on total loans granted to others are as follows:

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

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

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

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

Note 5: The current period ending balance was translated into TWD at the exchange rate at the balance sheet date (1USD:30.71TWD).

Metatech (AP) Inc.
Provision of endorsements and guarantees to others
Year ended December 31, 2022

Table 2

Expressed in thousands of NTD
(Except as otherwise indicated)

Number (Note 1)	Endorser/ guarantor	Party being endorsed/guaranteed		Limit on endorsements/ guarantees provided for a single party	Maximum outstanding endorsement/ guarantee amount as of December 31, 2022	Outstanding endorsement/ guarantee amount at December 31, 2022	Actual amount drawn down	Amount of endorsements/ guarantees secured with collateral	Ratio of accumulated endorsement/ guarantee amount to net asset value of the endorser/ guarantor company	Ceiling on total amount of endorsements/ guarantees provided	Provision of endorsements/ guarantees by parent company to subsidiary	Provision of endorsements/ guarantees by subsidiary to parent company	Provision of endorsements/ guarantees to the party in Mainland China	Footnote
		Company name	Relationship with the endorser/ guarantor											
0	Metatech (AP) Inc.	MetaTech Ltd.	The Company's third-tier subsidiary	\$ 657,408	\$ 16,108	\$ 15,355	\$ 15,355	\$ -	1.17	\$ 1,314,815	Y	N	N	Notes 2,3 and 6

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

(1)The Company is '0'.

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

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

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

Note 4: The current period ending balance was translated into TWD at the exchange rate at the balance sheet date (1USD:30.71TWD).

Metatech (AP) Inc.

Significant inter-company transactions during the reporting periods

Year ended December 31, 2022

Table 3

Expressed in thousands of NTD

(Except as otherwise indicated)

Number	Company name	Counterparty	Relationship (Note 2)	Transaction			Percentage of consolidated total operating revenues or total assets
				General ledger account	Amount	Transaction terms	
0	Metatech (AP) Inc.	MetaTech Ltd.	1	Other receivables	\$ 8,658	Administrative service fees and advance payment, 90 days after monthly billing	0%
1	MIT Holding Co., Ltd.	MetaTech (S) Pte Ltd.	3	Other receivables	31,138	short-term capital financing and interest receivables	1%
2	MetaTech (S) Pte Ltd.	MetaTech (Shenzhen) Ltd.	3	Sales revenue	21,903	Prices are determined according to the gross profits in mutual agreement, 90 days after monthly billing	1%
2	"	"	3	Service revenue	28,332	Prices are determined according to the gross profits in mutual agreement, 90 days after monthly billing	2%
2	MetaTech (S) Pte Ltd.	Metatech (AP) Inc.	2	Sales revenue	5,916	Prices are determined according to the gross profits in mutual agreement, 90 days after monthly billing	0%

Note 1: The numbers filled in for the transaction company in respect of inter-company transactions are as follows:

(1) Parent company is '0'.

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

Note 2: Relationship between transaction company and counterparty is classified into the following three categories; fill in the number of category each case belongs to (If transactions between parent company and subsidiaries or between subsidiaries refer to the same transaction, it is not required to disclose twice. For example, if the parent company has already disclosed its transaction with a subsidiary, then the subsidiary is not required to disclose the transaction; for transactions between two subsidiaries, if one of the subsidiaries has disclosed the transaction, then the other is not required to disclose the transaction.):

(1) Parent company to subsidiary.

(2) Subsidiary to parent company.

(3) Subsidiary to subsidiary.

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

Note 4: The sales prices and credit terms are the same with the third parties. The credit terms on sales to third parties were 30 to 90 days.

Metatech (AP) Inc.
Information on investees
Year ended December 31, 2022

Table 4

Expressed in thousands of NTD
(Except as otherwise indicated)

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2022			Net profit (loss) of the investee for the year ended December 31, 2022	Investment income (loss) recognised by the Company for the year ended December 31, 2022	Footnote
				Balance as at December 31, 2022	Balance as at December 31, 2021	Number of shares	Ownership (%)	Book value			
Metatech (AP) Inc.	MetaTech Investment Holding Co., Ltd.	British Virgin Islands	Investment holding and reinvestment business	\$ 333,065	\$ 333,065	10,000,000	100	\$ 505,114	\$ 38,188	\$ 38,188	Subsidiary
Metatech (AP) Inc.	Chienhwa Travel Service Co., Ltd.	Taiwan	Travel business	4,900	4,900	950	100	2,561	(622)	(622)	Subsidiary
Metatech (AP) Inc.	Up Cell Biomedical Inc.	Taiwan	Cell sheet development and medical production	33,000	33,000	3,300,000	25.38	14,900	(22,641)	(5,746)	Investee accounted for using the equity method
Metatech (AP) Inc.	Locus Cell Co., Ltd.	Taiwan	Cell therapy phase available product and commissioned to Manufacturing Services	300,000	300,000	30,000,000	15	287,145	(53,478)	(7,846)	Subsidiary
MetaTech Investment Holding Co., Ltd.	MTI Holding Co., Ltd.	Samoa	Investment holding and reinvestment business	333,065	333,065	10,000,000	100	505,114	38,188	38,188	Sub-subsidiary
MTI Holding Co., Ltd.	MetaTech (S) Pte Ltd.	Singapore	Wholesale and retail of electronic materials	82,259	82,259	3,800,000	100	147,220	8,101	8,101	Third-tier subsidiary
MTI Holding Co., Ltd.	MetaTech Ltd.	Hong Kong	Wholesale and retail of electronic materials	199,170	199,170	46,000,000	100	290,406	29,040	29,040	Third-tier subsidiary

Metatech (AP) Inc.
Information on investments in Mainland China
Year ended December 31, 2022

Table 5

Expressed in thousands of NTD
(Except as otherwise indicated)

Investee in Mainland China	Main business activities	Paid-in capital	Investment method (Note1)	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2022	Amount remitted from Taiwan to Mainland China / Amount remitted back to Taiwan for the year ended December 31, 2022		Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2022	Net income of investee as of December 31, 2022	Ownership held by the Company (direct or indirect)	Investment income (loss) recognized by the Company for the year ended December 31, 2022 (Note 2)	Book value of investments in Mainland China as of December 31, 2022	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2022	Footnote
					Remitted to Mainland China	Remitted back to Taiwan							
MetaTech (Shenzhen) Ltd.	Wholesale and retail of electronic materials	\$ 80,608	Through investing in an existing company in the third areas, which then invested in the investee in Mainland China	\$ 80,608	\$ -	\$ -	\$ 80,608	\$ 12,171	\$ -	\$ 12,171	\$ 60,385	\$ -	Notes 1,2 and 3

Company name	Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2022	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA)	Celling on investments in Mainland China imposed by the Investment Commission of MOEA (Note 4)
Metatech (AP) Inc.	\$ 80,608	\$ 81,529	\$ 1,764,854

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

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

Note 3: Paid-in capital and investment amount are translated into TWD at exchange rate at the balance sheet date (1USD:30.71 TWD).

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

Metatech (AP) Inc. and Subsidiaries
Major shareholders information
December 31, 2022

Table 6

Expressed in thousands of NTD
(Except as otherwise indicated)

Name of major shareholders	Name of shares held	Shares	Ownership (%)
Zhen Long, Wu		7,570,319	11.10%
JUN INVESTMENT INTERNATIONAL CO., LTD.		3,601,516	5.28%

METATECH(AP) INC.
CASH AND CASH EQUIVALENTS
DECEMBER 31, 2022

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Statement 1

Item	Description	Amount
Cash on hand		\$ 101
Demand deposits		
- NTD		6,956
- Foreign currency	USD 1,035,694.97; conversion rate 1:30.71	31,806
	JPY 1,800,171; conversion rate 1:0.2324	418
	Others	13
Time deposits		
- Foreign currency	USD 700,000; conversion rate 1:30.71	21,497
Checking accounts		1,168
		<u>\$ 61,959</u>

METATECH(AP) INC.
ACCOUNTS RECEIVABLE, NET
DECEMBER 31, 2022

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Statement 2

Client Name	Amount	Note
<u>Non-related parties</u>		
B	\$ 18,657	
D	13,502	
A	11,815	
E	7,059	
C	6,567	
Others	60,147	None of the balances of each remaining clients is greater than 5% of this account balance
	<u>117,747</u>	
Less: Allowance for bad debts	-	
	<u>\$ 117,747</u>	

METATECH(AP) INC.
INVENTORIES
DECEMBER 31, 2022

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Statement 3

Item	Amount		Note
	Cost	Net Realisable Value	
Raw materials	\$ 10,323	\$ 11,001	Net realisable values are used as market value
Work in progress	1,715	1,715	Net realisable values are used as market value
Semi-finished goods	1,998	2,017	Net realisable values are used as market value
Finished goods	30	30	Net realisable values are used as market value
Merchandise			Net realisable values are used as market value
	36,149	42,117	
	50,215	\$ 56,880	
Less: Allowance for valuation loss on inventories	(8,026)		
	\$ 42,189		

METATECH(AP) INC.
CHANGES IN INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD
FOR THE YEAR ENDED DECEMBER 31, 2022
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Statement 4

Name	Beginning Balance		Addition		Decrease (Note)		Ending Balance			Net Assets Value			
	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Percentage of Ownership	Amount	Unit Price	Total Amount	Collateral	Note
MetaTech Investment	10,000,000	\$ 424,689	-	\$ 80,425	-	\$ -	10,000,000	100%	\$ 505,114	\$ 50.51	\$ 505,114	None	None
Holding Co., Ltd.													
Chienhwa Travel Service Co., Ltd.	800	\$ 1,683	150	\$ 1,500	-	(\$ 622)	950	100%	\$ 2,561	\$ 2.696	\$ 2,561	None	None
Up Cell Biomedical Inc.	3,300,000	\$ 20,646	-	\$ -	-	(\$ 5,746)	3,300,000	25.38%	\$ 14,900	\$ 4.52	\$ 14,900	None	None
LOCUS CELL CO., LTD.	30,000,000	\$ 294,734	-	\$ 257	-	(\$ 7,846)	30,000,000	15%	\$ 287,145	\$ 9.57	\$ 287,145	None	None

Note: Including investment profit or loss and effect from accumulated translation adjustment.

METATECH(AP) INC.
CHANGES IN PROPERTY, PLANT AND EQUIPMENT
FOR THE YEAR ENDED DECEMBER 31, 2022
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Statement 5

Item	Beginning Balance	Addition	Decrease	Transfer	Ending Balance	Collateral	Note
Cost							
Land	\$ 17,209	\$ -	\$ -	\$ -	\$ 17,209	Fully pledged as collateral for credit line for short-term borrowings	
Buildings and structures	147,199	-	-	-	147,199	Partly pledged as collateral for credit line for short-term borrowings	
Machinery and equipment	66,724	5,923	-	545	73,192	None	
Transportation equipment	5,453	-	-	-	5,453	"	
Office equipment	28,482	816	(434)	-	28,864	"	
Leasehold improvements	12,222	1,429	-	-	13,651	"	
Other equipment	2,121	-	(158)	-	1,963	"	
	<u>\$ 279,410</u>	<u>\$ 8,168</u>	<u>(\$ 592)</u>	<u>\$ 545</u>	<u>\$ 287,531</u>		
Accumulated depreciation							
Buildings and structures	(\$ 28,366)	(\$ 5,885)	\$ -	\$ -	(\$ 34,251)		
Machinery and equipment	(20,256)	(7,044)	-	-	(27,300)		
Transportation equipment	(3,877)	(909)	-	-	(4,786)		
Office equipment	(22,155)	(2,530)	426	-	(24,259)		
Leasehold improvements	(2,840)	(1,581)	-	-	(4,421)		
Other equipment	(1,717)	(58)	158	-	(1,617)		
	<u>(79,211)</u>	<u>(\$ 18,007)</u>	<u>\$ 584</u>	<u>\$ -</u>	<u>(96,634)</u>		
	<u>\$ 200,199</u>				<u>\$ 190,897</u>		

METATECH(AP) INC.
SHORT-TERM BORROWINGS
DECEMBER 31, 2022

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Statement 6

Nature	Description	Ending Balance	Contract Period	Range of Interest Rate	Credit Line	Collateral	Note
		\$ 30,000	2022/01/20-2023/01/19	1.85%			
		10,000	2021/10/08-2023/01/04	1.73%			
CTBC Bank Co., Ltd.	Unsecured borrowings	8,000	2022/04/01-2023/03/30	1.95%	\$ 85,000	None	None
		7,000	2022/04/22-2023/01/19	1.89%			
		5,000	2022/06/28-2023/03/28	1.95%			
Taiwan Business Bank Co., Ltd.	Secured borrowings	23,000	2022/11/10-2023/02/10	1.99%	230,000	Property, plant and equipment	Note 8
		55,000	2022/11/30-2023/02/28	2.12%			
		7,000	2022/12/27-2023/06/27	1.975%			
Chang Hwa Bank	Secured borrowings	11,000	2022/12/30-2023/06/30	1.975%		Property, plant and equipment	
		14,000	2022/07/18-2023/01/18	1.85%	<u>98,000</u>		Note 8
		<u>20,000</u>	2022/10/07-2023/04/07	1.95%		Current financial assets at amortised cost	
		<u>\$ 190,000</u>			<u>\$ 413,000</u>		

METATECH(AP) INC.
ACCOUNTS PAYABLE
DECEMBER 31, 2022

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Statement 7

<u>Client Name</u>	<u>Amount</u>	<u>Note</u>
A	\$ 36,968	
C	4,139	
Others		None of the balances of each remaining suppliers is greater than 5% of this account balance.
	3,980	
	<u>\$ 45,087</u>	

METATECH(AP) INC.
OPERATING REVENUE
FOR THE YEAR ENDED DECEMBER 31, 2022

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Statement 8

Item	Amount	Note
Connectors	\$ 516,373	
Consumer products	19,174	
Communications	13,681	
Biomedical products	49,191	
Others	-	
	<u>598,419</u>	
Less: Sales returns and discounts	(5,926)	
Net operating revenue	<u>\$ 592,493</u>	

METATECH(AP) INC.
OPERATING COSTS
FOR THE YEAR ENDED DECEMBER 31, 2022
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Statement 9

Item	Amount	Note
Beginning raw materials	\$ 10,936	
Add: Raw materials purchased	8,072	
Semi-finished goods transferred into raw materials	7,458	
Finished goods transferred into raw materials	555	
Less: Ending raw materials	(10,323)	
Cost of raw materials	(58)	
Reclassified as expenses	(5,437)	
Raw materials used	11,203	
Direct labor	548	
Manufacturing expense	15,880	
Total manufacturing cost	27,631	
Add: Beginning work in Progress	12,154	
Less: Ending work in Progress	(1,715)	
Reclassified as expenses	(991)	
Manufacturing cost	37,079	
Add: Beginning semi-finished goods	8,611	
Semi-finished goods purchased	49	
Less: Ending semi-finished goods	(1,998)	
Reclassified as expenses	(1,160)	
Semi-finished goods transferred into raw materials	(7,458)	
Cost of semi-finished goods	(661)	
Cost of finished goods	34,462	
Add: Beginning finished goods	1,168	
Less: Ending finished goods	(30)	
Reclassified as expenses	(2,522)	
Finished goods transferred into raw materials	(555)	
Cost of goods manufactured and sold	32,523	

METATECH(AP) INC.
OPERATING COSTS (Cont.)
FOR THE YEAR ENDED DECEMBER 31, 2022
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Statement 9

Beginning merchandise inventory	\$	52,248
Add: Net purchase for the year		399,787
Less: Ending merchandise inventory	(	36,149)
Loss on disposal of inventories	(	42)
Reclassified as expenses		<u>569</u>
Cost of purchases and sales		<u>416,413</u>
Add: Other operating costs		47,260
Cost of raw materials		58
Cost of semi-finished goods		661
Loss on disposal of inventories		42
Loss on reversal of decline in market value		<u>1,885</u>
Total operating costs	\$	<u><u>498,842</u></u>

METATECH(AP) INC.
STATEMENT OF SELLING EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2022

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Statement 10

<u>Item</u>	<u>Description</u>	<u>Amount</u>	<u>Note</u>
Wages and salaries		\$ 35,132	
Advertising expense		4,218	
Depreciation expense		3,786	
Insurance expense		3,220	
Others (Note)		18,115	
		<u>\$ 64,471</u>	

Note: None of the balance of each remaining item is greater than 5% of this account balance.

METATECH(AP) INC.
STATEMENT OF GENERAL AND ADMINISTRATIVE EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2022
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Statement 11

<u>Item</u>	<u>Description</u>	<u>Amount</u>	<u>Note</u>
Wages and salaries		\$ 15,680	
Entertainment expense		6,123	
Insurance expense		2,860	
Depreciation expense		2,118	
Others (Note)		11,694	
		<u>\$ 38,475</u>	

Note: None of the balance of each remaining item is greater than 5% of this account balance.

METATECH(AP) INC.
STATEMENT OF RESEARCH AND DEVELOPMENT EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2022
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Statement 12

Item	Description	Amount	Note
Wages and salaries		\$ 11,902	
Contracted research expenses		4,104	
Depreciation expense		3,542	
Others (Note)		16,027	
		<u>\$ 35,575</u>	

Note: None of the balance of each remaining item is greater than 5% of this account balance.

METATECH(AP) INC.
SUMMARY STATEMENT OF CURRENT PERIOD EMPLOYEE BENEFITS, DEPRECIATION, DEPLETION AND AMORTIZATION EXPENSES BY FUNCTION
FOR THE YEAR ENDED DECEMBER 31, 2022

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Statement 13

Function Nature	For the year ended December 31, 2022			For the year ended December 31, 2021		
	Classified as Operating Costs	Classified as Operating Expenses	Total	Classified as Operating Costs	Classified as Operating Expenses	Total
Employee Benefit Expense						
Wages and salaries	\$ 10,923	\$ 62,714	\$ 73,637	\$ 2,150	\$ 73,020	\$ 75,170
Labour and health insurance fees	1,263	6,171	7,434	328	7,225	7,553
Pension costs	605	3,337	3,942	121	3,921	4,042
Directors' remuneration	-	2,460	2,460	-	2,650	2,650
Other personnel expenses	593	2,451	3,044	152	3,865	4,017
Depreciation expense	16,643	9,446	26,089	4,032	24,357	28,389
Amortisation expense	7,803	459	8,262	7,803	673	8,476

Note:

1. As at December 31, 2022 and 2021, the Company had 105 and 105 employees, including 3 and 6 non-employee directors, respectively.
2. A company whose stock is listed for trading on the stock exchange or over-the-counter securities exchange shall additionally disclose the following information:
 - (1) Average employee benefit expense in current year was \$863 ((Total employee benefit expense in current year–Total directors' compensation in current year)/ (Number of employees in current year–Number of non-employee directors in current year)).
Average employee benefit expense in previous year was \$917 ((Total employee benefit expense in previous year–Total directors' compensation in previous year)/ (Number of employees in previous year – Number of non-employee directors in previous year)).
 - (2) Average employee salaries in current year was \$722 (Total employee salaries in current year / (Number of employees in current year–Number of non-employee directors in current year)).
Average employee salaries in previous year was \$759 (Total employee salaries in previous year / (Number of employees in previous year–Number of non-employee directors in previous year)).
 - (3) Adjustments of average employee salaries was (4.9%) ((Average employee salaries in current year- Average employee salaries in previous year)/ Average employee salaries in previous year).
 - (4) The Company set up an audit committee, so there is no supervisor's remuneration for the years ended December 31, 2022 and 2021.

METATECH (AP) INC. AND SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORT
DECEMBER 31, 2022 AND 2021

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, 2022, 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.
Hung-Jen, Yang, Chairman
March 28, 2023

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, 2022 and 2021, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2022 and 2021, 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 that came into effect as endorsed by the Financial Supervisory Commission.

Basis for opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the *Auditors' responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Group in accordance with the 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. 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:

Existence of cash in banks

Description

Refer to Notes 4(6) and 4(8) of the consolidated financial statements for the accounting policies on cash and cash equivalents and financial assets at amortised cost. Notes 6(1) and 6(2) of the consolidated financial statements for the details of cash and cash equivalents and financial assets at amortised cost. The balances of cash in banks and restricted bank deposits were NT\$2,149,036 thousand and NT\$9,800 thousand, respectively.

The balance of cash in banks has a significant impact on the consolidated financial statements, and the Group has deposits many financial institutions with high liquidity risk. Furthermore, it is necessary to assess individual time deposits whether it meets the definition of cash and cash equivalents, which refers to short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Time deposits are then classified as " cash and cash equivalents " or be classified as appropriate accounting items according to the guarantee situation. The above mentioned assets constituted 62% of the total assets, thus, audit of cash in bank was considered as one of the key audit matters.

How our audit addressed the matter:

We performed the following audit procedures on the existence of cash in banks:

1. Obtained detailed listings of cash in banks. Sent confirmation letters to all financial institutions and reviewed special terms and agreements in order to ensure the existence and rights and obligations of cash in banks.
2. Verifying whether the contact information of the bank is correct.
3. Inspecting the source documents of significant cash receipts and payments to verify whether the transactions are for business needs.
4. Review the appropriateness of classification of cash and cash equivalents.

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(16).

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', 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, and 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 whether 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.

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 \$279,838 thousand and \$30,537 thousand, respectively, as at December 31, 2022. 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 – 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, 2022 and 2021.

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 that came into effect 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 Standards on Auditing of 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 Standards on Auditing of 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 28, 2023

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

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

METATECH (AP) INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars)

Assets	Notes	December 31, 2022		December 31, 2021		
		AMOUNT	%	AMOUNT	%	
Current Assets						
1100	Cash and cash equivalents	6(1)	\$ 2,049,403	59	\$ 748,307	21
1136	Current financial assets at amortised cost	6(2) and 8	109,800	3	1,415,673	40
1150	Notes receivable, net	6(3)	971	-	603	-
1170	Accounts receivable, net	6(3)	373,342	11	479,175	14
1200	Other receivables		2,486	-	6,593	-
1220	Current income tax assets		1,270	-	74	-
130X	Inventories	6(4)	249,301	7	159,137	4
1410	Prepayments		10,251	-	20,032	1
1470	Other current assets		37	-	734	-
11XX	Current Assets		<u>2,796,861</u>	<u>80</u>	<u>2,830,328</u>	<u>80</u>
Non-current assets						
1550	Investments accounted for using the equity method	6(5)	14,900	-	20,646	-
1600	Property, plant and equipment	6(6) and 8	205,662	6	201,832	6
1755	Right-of-use assets	6(7)	106,665	3	111,707	3
1780	Intangible assets	6(8)	262,327	8	270,130	8
1840	Deferred income tax assets	6(20)	81,890	2	91,482	3
1900	Other non-current assets		26,336	1	13,268	-
15XX	Non-current assets		<u>697,780</u>	<u>20</u>	<u>709,065</u>	<u>20</u>
1XXX	Total assets		<u>\$ 3,494,641</u>	<u>100</u>	<u>\$ 3,539,393</u>	<u>100</u>

(Continued)

METATECH (AP) INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars)

Liabilities and Equity		Notes	December 31, 2022		December 31, 2021	
			AMOUNT	%	AMOUNT	%
Current Liabilities						
2100	Short-term borrowings	6(9) and 8	\$ 190,000	6	\$ 45,226	1
2130	Current contract liabilities	6(16)	14,587	-	44,149	1
2150	Notes payable		1,768	-	1,422	-
2170	Accounts payable		182,385	5	169,855	5
2200	Other payables	7	29,407	1	35,174	1
2230	Current income tax liabilities		1,007	-	4,209	-
2280	Current lease liabilities	7	17,853	1	13,323	1
2320	Long-term liabilities, current portion	6(10)	-	-	146,200	4
2399	Other current liabilities, others		854	-	649	-
21XX	Current Liabilities		<u>437,861</u>	<u>13</u>	<u>460,207</u>	<u>13</u>
Non-current liabilities						
2570	Deferred income tax liabilities	6(20)	20,559	-	18,325	-
2580	Non-current lease liabilities	7	94,497	3	102,523	3
2600	Other non-current liabilities		300	-	300	-
25XX	Non-current liabilities		<u>115,356</u>	<u>3</u>	<u>121,148</u>	<u>3</u>
2XXX	Total Liabilities		<u>553,217</u>	<u>16</u>	<u>581,355</u>	<u>16</u>
Equity						
Equity attributable to owners of the parent						
Share capital						
3110	Share capital - common stock	6(13)	681,726	20	681,116	19
Capital surplus						
3200	Capital surplus	6(14)	675,810	19	672,092	20
Retained earnings						
3350	Accumulated deficit	6(15)	(35,320)	(1)	(24,663)	(1)
Other equity						
3400	Other equity interest		(7,401)	-	(41,191)	(1)
31XX	Equity attributable to owners of the parent		<u>1,314,815</u>	<u>38</u>	<u>1,287,354</u>	<u>37</u>
36XX	Non-controlling interests	4(3)	<u>1,626,609</u>	<u>46</u>	<u>1,670,684</u>	<u>47</u>
3XXX	Total equity		<u>2,941,424</u>	<u>84</u>	<u>2,958,038</u>	<u>84</u>
Significant contingent liabilities and unrecognised contract commitments						
3X2X	Total liabilities and equity		<u>\$ 3,494,641</u>	<u>100</u>	<u>\$ 3,539,393</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
YEARS ENDED DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars, except loss per share amount)

	Items	Notes	Year ended December 31			
			2022		2021	
			AMOUNT	%	AMOUNT	%
4000	Sales revenue	6(16) and 7	\$ 1,852,461	100	\$ 2,011,817	100
5000	Operating costs	6(4)(18)(19)	(1,637,041)	(88)	(1,746,775)	(87)
5950	Net operating margin		<u>215,420</u>	<u>12</u>	<u>265,042</u>	<u>13</u>
	Operating expenses	6(18)(19)				
6100	Selling expenses		(120,444)	(7)	(128,854)	(7)
6200	General and administrative expenses		(123,375)	(7)	(105,031)	(5)
6300	Research and development expenses		(62,525)	(3)	(67,195)	(3)
6450	Impairment loss (impairment gain and reversal of impairment loss) determined in accordance with IFRS 9	12(2)	(593)	-	<u>1</u>	-
6000	Total operating expenses		(306,937)	(17)	(301,079)	(15)
6900	Operating loss		(91,517)	(5)	(36,037)	(2)
	Non-operating revenue and expenses					
7100	Interest income		12,275	-	988	-
7010	Other income		681	-	8,826	-
7020	Other gains and losses	6(17)	38,617	2	(732)	-
7050	Finance costs		(4,600)	-	(10,068)	-
7060	Share of loss of associates and joint ventures accounted for using the equity method		(5,746)	-	(6,771)	-
7000	Total non-operating revenue and expenses		<u>41,227</u>	<u>2</u>	(7,757)	-
7900	Loss before income tax		(50,290)	(3)	(43,794)	(2)
7950	Income tax expense	6(20)	(7,011)	-	(9,587)	(1)
8200	Loss for the year		<u>(\$ 57,301)</u>	<u>(3)</u>	<u>(\$ 53,381)</u>	<u>(3)</u>

(Continued)

METATECH (AP) INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2022 AND 2021

(Expressed in thousands of New Taiwan dollars, except loss per share amount)

Items	Notes	Year ended December 31			
		2022		2021	
		AMOUNT	%	AMOUNT	%
Other comprehensive income (net)					
Components of other comprehensive income that will not be reclassified to profit or loss					
8311 Other comprehensive income, before tax, actuarial gains (losses) on defined benefit plans	6(11)	\$ 1,387	-	(\$ 680)	-
8349 Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	6(20)	(277)	-	136	-
8310 Components of other comprehensive income (loss) that will not be reclassified to profit or loss		1,110	-	(544)	-
Components of other comprehensive income that will be reclassified to profit or loss					
8361 Financial statements translation differences of foreign operations		42,237	2	(11,650)	-
8399 Income tax relating to the components of other comprehensive income	6(20)	(8,447)	-	3,712	-
8360 Components of other comprehensive income (loss) that will be reclassified to profit or loss		33,790	2	(7,938)	-
8300 Total other comprehensive income (loss) for the year		<u>\$ 34,900</u>	<u>2</u>	<u>(\$ 8,482)</u>	<u>-</u>
8500 Total comprehensive loss for the year		<u>(\$ 22,401)</u>	<u>(1)</u>	<u>(\$ 61,863)</u>	<u>(3)</u>
Loss attributable to:					
8610 Owners of the parent		(\$ 11,767)	(1)	(\$ 24,119)	(1)
8620 Non-controlling interests		(45,534)	(2)	(29,262)	(2)
		<u>(\$ 57,301)</u>	<u>(3)</u>	<u>(\$ 53,381)</u>	<u>(3)</u>
Other comprehensive (income) loss attributable to:					
8710 Owners of the parent		\$ 23,133	1	(\$ 32,601)	(2)
8720 Non-controlling interests		(45,534)	(2)	(29,262)	(1)
		<u>(\$ 22,401)</u>	<u>(1)</u>	<u>(\$ 61,863)</u>	<u>(3)</u>
Basic loss per share	6(21)				
9750 Total basic loss per share		<u>(\$ 0.17)</u>		<u>(\$ 0.40)</u>	
9850 Total diluted loss per share		<u>(\$ 0.17)</u>		<u>(\$ 0.40)</u>	

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

METATECH (AP) INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
YEARS ENDED DECEMBER 31, 2022 AND 2021
(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	Changes in ownership interests in subsidiaries	Employee stock warrants	Stock warrants	Others	Accumulated deficit	Financial statements translation differences of foreign operations	Total	Non-controlling interests	Total equity
<u>2021</u>											
	\$ 580,160	\$ 601,205	\$ -	\$ 51,018	\$ 5,565	\$ 84	(\$ 289,712)	(\$ 33,253)	\$ 915,067	\$ -	\$ 915,067
	-	-	-	-	-	-	(24,119)	-	(24,119)	(29,262)	(53,381)
	-	-	-	-	-	-	(544)	(7,938)	(8,482)	-	(8,482)
	-	-	-	-	-	-	(24,663)	(7,938)	(32,601)	(29,262)	(61,863)
	-	-	-	-	-	-	-	-	-	1,700,000	1,700,000
Share-based payments 6(12)	-	993	-	2,995	-	-	-	-	3,988	-	3,988
Changes in the equity of the subsidiary based on the shareholding ratio	-	-	54	-	-	-	-	-	54	(54)	-
Capital surplus used to cover accumulated deficits 6(14)(15)	-	(289,712)	-	-	-	-	289,712	-	-	-	-
Issuance of common stock 6(13)(14)	100,000	295,000	-	-	-	-	-	-	395,000	-	395,000
Employee stock options 6(13)(14)	350	2,435	-	(739)	-	-	-	-	2,046	-	2,046
Conversion of convertible 6(13)(14)	606	3,335	-	-	(141)	-	-	-	3,800	-	3,800
Balance at December 31, 2021	<u>\$ 681,116</u>	<u>\$ 613,256</u>	<u>\$ 54</u>	<u>\$ 53,274</u>	<u>\$ 5,424</u>	<u>\$ 84</u>	<u>(\$ 24,663)</u>	<u>(\$ 41,191)</u>	<u>\$ 1,287,354</u>	<u>\$ 1,670,684</u>	<u>\$ 2,958,038</u>
<u>2022</u>											
	\$ 681,116	\$ 613,256	\$ 54	\$ 53,274	\$ 5,424	\$ 84	(\$ 24,663)	(\$ 41,191)	\$ 1,287,354	\$ 1,670,684	\$ 2,958,038
	-	-	-	-	-	-	(11,767)	-	(11,767)	(45,534)	(57,301)
	-	-	-	-	-	-	1,110	33,790	34,900	-	34,900
	-	-	-	-	-	-	(10,657)	33,790	23,133	(45,534)	(22,401)
Share-based payments 6(12)	-	-	257	721	-	-	-	-	978	1,459	2,437
Employee stock options 6(13)(14)	610	3,895	-	(1,155)	-	-	-	-	3,350	-	3,350
Expired employee stock	-	-	-	(5,584)	-	5,584	-	-	-	-	-
Balance at December 31, 2022	<u>\$ 681,726</u>	<u>\$ 617,151</u>	<u>\$ 311</u>	<u>\$ 47,256</u>	<u>\$ 5,424</u>	<u>\$ 5,668</u>	<u>(\$ 35,320)</u>	<u>(\$ 7,401)</u>	<u>\$ 1,314,815</u>	<u>\$ 1,626,609</u>	<u>\$ 2,941,424</u>

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

METATECH (AP) INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars)

	Notes	Year ended December 31	
		2022	2021
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Loss before tax		(\$ 50,290)	(\$ 43,794)
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation expense (including right-of-use assets)	6(6)(7)(18)	37,927	38,046
Amortization expense	6(18)	8,348	8,506
Expected credit (loss) gain	12(2)	593 (	1)
Interest expense		4,600	7,476
Interest expense of bonds discount amortization		-	2,592
Interest income		(12,275 ) (	988)
Share-based compensation cost	6(12)	2,437	3,988
Share of loss of associates and joint ventures accounted for using the equity method		5,746	6,771
Loss on disposal of property, plant and equipment	6(17)	7	-
Gains arising from lease modifications	6(17)	- (	1,154)
Changes in operating assets and liabilities			
Changes in operating assets			
Notes receivable		(368 ) (	366)
Accounts receivable		105,240 (	205,229)
Other receivables		4,107 (	4,396)
Prepayments		9,781 (	13,403)
Inventories		(90,164 ) (	75,397)
Other current assets		695 (	41)
Net defined benefit assets		24 (	4)
Changes in operating liabilities			
Contract liabilities		(29,562)	34,665
Notes payable		346	1,098
Accounts payable		12,530	36,308
Other payables		(7,569)	6,163
Provisions for liabilities - current		- (	4,433)
Other current liabilities		206 (	84)
Cash inflow (outflow) generated from operations		2,359 (	203,677)
Interest received		12,275	988
Interest paid		(4,600 ) (	7,476)
Interest taxes paid		(8,358 ) (	1,619)
Net cash flows from (used in) operating activities		1,676 (	211,784)

(Continued)

METATECH (AP) INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars)

	Notes	Year ended December 31	
		2022	2021
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Acquisition of financial assets at amortised cost		(\$ 113,009)	(\$ 1,402,658)
Proceeds from repayments of financial assets at amortised cost		1,419,447	-
Acquisition of property, plant and equipment	6(23)	(20,550)	(5,507)
Proceeds from disposal of property, plant and equipment	6(6)	1	-
(Decrease) increase in guarantee deposit received		(802)	699
Increase in prepayment for equipment		-	(444)
Increase in other non-current assets		(11,992)	(773)
Net cash flows from (used in) investing activities		<u>1,273,095</u>	<u>(1,408,683)</u>
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Increase in short-term borrowings	6(24)	871,980	674,460
Repayments of short-term borrowings	6(24)	(727,206)	(740,234)
Proceeds from issuance of convertible bonds	6(10)(24)	(146,200)	-
Repayment of principal portion of lease liabilities	6(24)	(17,291)	(18,370)
Proceeds from issuance of common stock	6(13)	-	395,000
Cash input from capital increase of non-controlling interests by subsidiary	6(22)	-	1,700,000
Exercise of employee share options		<u>3,350</u>	<u>2,046</u>
Net cash flows (used in) from financing activities		<u>(15,367)</u>	<u>2,012,902</u>
Effect of exchange rate changes on cash and cash equivalents		<u>41,692</u>	<u>(11,705)</u>
Net increase in cash and cash equivalents		1,301,096	380,730
Cash and cash equivalents at beginning of year	6(1)	<u>748,307</u>	<u>367,577</u>
Cash and cash equivalents at end of year	6(1)	<u>\$ 2,049,403</u>	<u>\$ 748,307</u>

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

METATECH (AP) INC. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

1. History and Organisation

Metatech (AP) Inc. (the “Company”) was incorporated as a company limited by shares under the provisions of the Company Act of the Republic of China (R.O.C.) in September 1998. The Company and its subsidiaries (collectively referred herein as the “Group”) are primarily engaged in wholesale and retail of electronic products and equipment as well as development and operation of biomedicine related business. The shares of the Company were officially listed on the Taipei Exchange on June 3, 2004 as approved by the Financial Supervisory Commission.

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

These consolidated financial statements were reported to the Board of Directors on March 28, 2023.

3. Application of New Standards, Amendments and Interpretations

(1) Effect of the adoption of new issuances of or amendments to International Financial Reporting Standards (“IFRS”) that came into effect as endorsed by the Financial Supervisory Commission (“FSC”)

New standards, interpretations and amendments endorsed by the FSC effective from 2022 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 3, ‘Reference to the conceptual framework’	January 1, 2022
Amendments to IAS 16, ‘Property, plant and equipment: proceeds before intended use’	January 1, 2022
Amendments to IAS 37, ‘Onerous contracts—cost of fulfilling a contract’	January 1, 2022
Annual improvements to IFRS Standards 2018–2020	January 1, 2022

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

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

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

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

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

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

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

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 10 and IAS 28, ‘Sale or contribution of assets between an investor and its associate or joint venture’	To be determined by International Accounting Standards Board
Amendments to IFRS 16, ‘Lease liability in a sale and leaseback’	January 1, 2024
IFRS 17, ‘Insurance contracts’	January 1, 2023
Amendments to IFRS 17, ‘Insurance contracts’	January 1, 2023
Amendment to IFRS 17, ‘Initial application of IFRS 17 and IFRS 9 – comparative information’	January 1, 2023
Amendments to IAS 1, ‘Classification of liabilities as current or non-current’	January 1, 2024
Amendments to IAS 1, ‘Non-current Liabilities with Covenants’	January 1, 2024

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

4. Summary of Significant Accounting Policies

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

(1) Compliance statement

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

(2) Basis of preparation

- A. Except for the following items, the consolidated financial statements have been prepared under the historical cost convention:
- (a) Financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.
 - (b) Defined benefit assets recognised based on the net amount of pension fund assets less present value of defined benefit obligation.
- B. The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.

(3) Basis of consolidation

- A. Basis for preparation of consolidated financial statements:
- (a) All subsidiaries are included in the Group’s consolidated financial statements. Subsidiaries are all entities (including structured entities) controlled by the Group. The Group controls an entity when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Consolidation of subsidiaries begins from the date the Group obtains control of the subsidiaries and ceases when the Group loses control of the subsidiaries.
 - (b) Inter-company transactions, balances and unrealised gains or losses on transactions between companies within the Group are eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Group.
 - (c) Changes in a parent’s ownership interest in a subsidiary that do not result in the parent losing control of the subsidiary (transactions with non-controlling interests) are accounted for as equity transactions, i.e. transactions with owners in their capacity as owners. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity.

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

B. Subsidiaries included in the consolidated financial statements:

Name of investor	Name of subsidiary	Main business activities	Ownership(%)		Description
			December 31, 2022	December 31, 2021	
The Company	MetaTech Investment Holding Co., Ltd. (MetaTech Investment)	Investment holding and reinvestment business	100	100	Note 1
"	Chienhwa Travel Service Co., Ltd.	Travel business	100	100	"
"	LOCUS CELL CO., LTD.	Cell R&D and production business	15	15	Note 1、2、3
MetaTech Investment	MTI HoldingCo., Ltd.(MTI Holding)	Investment holding and reinvestment business	100	100	Note 1
MTI Holding	MetaTech (S) Pte Ltd.(MetaTech(S))	Wholesale and retail of electronic materials	100	100	"
"	MetaTech Ltd.	Wholesale and retail of electronic materials	100	100	"
MetaTech Ltd.	MetaTech (Shenzhen) Ltd.(MetaTech (SZ))	Wholesale and retail of electronic materials	100	100	"

Note 1 : The information included in these consolidated financial statements as at December 31, 2022 and 2021 is based on the reviewed financial statements of each company. Furthermore, the information included in these consolidated financial statements as at December 31, 2021 is based on the audited financial statements of each company.

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

Note 3 : Please refer to Note 6(22) for changes in shareholding ratio.

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

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

E. Significant restrictions:

Cash and short-term deposits of \$52,741 deposited in mainland China are under local foreign exchange control which restricts the capital to be remitted outside the borders (except for normal dividend distribution).

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

As of December 31, 2022 and 2021, the non-controlling interest amounted to \$1,626,609 and \$1,670,684, respectively. The information of non-controlling interest and respective subsidiaries is as follows:

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

Name of subsidiary	Principal place of business	Non-controlling interest	
		December 31, 2021	
		Amount	Ownership(%)
LOCUS CELL CO., LTD	Taiwan	\$ 1,670,684	85%

Summarised financial information of the subsidiaries:

Balance sheets

	LOCUS CELL CO.,LTD.	
	December 31, 2022	December 31, 2021
Current assets	\$ 1,893,566	\$ 1,963,815
Non-current assets	108,307	71,767
Current liabilities	(20,208)	(7,131)
Non-current liabilities	(68,008)	(63,032)
Total net assets	<u>\$ 1,913,657</u>	<u>\$ 1,965,419</u>

Statements of comprehensive income

	LOCUS CELL CO.,LTD.	
	Year ended December 31,	
	2022	2021
Revenue	\$ 600	\$ -
Loss before income tax	(53,478)	(34,518)
Income tax expense	-	-
Loss for the period from continuing operations	(53,478)	(34,518)
Loss from discontinued operations	-	-
Loss for the period	(53,478)	(34,518)
Other comprehensive income, net of tax	-	-
Total comprehensive loss for the period	<u>(\$ 53,478)</u>	<u>(\$ 34,518)</u>
Comprehensive loss attributable to non-controlling interest	<u>(\$ 45,456)</u>	<u>(\$ 29,262)</u>
Dividends paid to non-controlling interest	\$ -	\$ -

Cash flows

	LOCUS CELL CO.,LTD.	
	Year ended December 31,	
	2022	2021
Net cash used in operating activities	(\$ 37,963)	(\$ 28,765)
Net cash flows from (used in) investing activities	1,274,188	(1,409,691)
Net cash flows (used in) from financing activities	(9,813)	1,995,291
Effect of exchange rates on cash and cash equivalents	-	-
Increase in cash and cash equivalents	<u>1,226,412</u>	<u>556,835</u>
Cash and cash equivalents, beginning of period	<u>557,835</u>	<u>1,000</u>
Cash and cash equivalents, end of period	<u>\$ 1,784,247</u>	<u>\$ 557,835</u>

(4) Foreign currency translation

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

A. Foreign currency transactions and balances

- (a) Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions are recognised in profit or loss in the period in which they arise.
- (b) Monetary assets and liabilities denominated in foreign currencies at the period end are re-translated at the exchange rates prevailing at the balance sheet date. Exchange differences arising upon re-translation at the balance sheet date are recognised in profit or loss.
- (c) Non-monetary assets and liabilities denominated in foreign currencies held at fair value through profit or loss are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognised in profit or loss. Non-monetary assets and liabilities denominated in foreign currencies held at fair value through other comprehensive income are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognised in other comprehensive income. However, non-monetary assets and liabilities denominated in foreign currencies that are not measured at fair value are translated using the historical exchange rates at the dates of the initial transactions.
- (d) All foreign exchange gains and losses are presented in the statement of comprehensive income within 'other gains and losses'.

B. Translation of foreign operations

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

- (a) Assets and liabilities for each balance sheet presented are translated at the closing exchange rate at the date of that balance sheet;
- (b) Income and expenses for each statement of comprehensive income are translated at average exchange rates of that period; and
- (c) All resulting exchange differences are recognised in other comprehensive income.

(5) Classification of current and non-current items

- A. Assets that meet one of the following criteria are classified as current assets; otherwise they are classified as non-current assets:
 - (a) Assets arising from operating activities that are expected to be realised, or are intended to be sold or consumed within the normal operating cycle;
 - (b) Assets held mainly for trading purposes;
 - (c) Assets that are expected to be realised within twelve months from the balance sheet date;
 - (d) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to settle liabilities more than twelve months after the balance sheet date.
- B. Liabilities that meet one of the following criteria are classified as current liabilities; otherwise they are classified as non-current liabilities:
 - (a) Liabilities that are expected to be settled within the normal operating cycle;
 - (b) Liabilities arising mainly from trading activities;
 - (c) Liabilities that are to be settled within twelve months from the balance sheet date;
 - (d) Liabilities for which the repayment date cannot be extended unconditionally to more than twelve months after the balance sheet date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

(6) Cash equivalents

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

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

- A. Financial assets at fair value through profit or loss are financial assets that are not measured at amortized cost or fair value through other comprehensive income.
- B. On a regular way purchase or sale basis, financial assets at fair value through profit or loss are recognised and derecognised using trade date accounting.
- C. At initial recognition, the Group measures the financial assets at fair value and recognizes the transaction costs in profit or loss. The Group subsequently measures the financial assets at fair value, and recognizes the gain or loss in profit or loss.

(8) Financial assets at amortised cost

- A. Financial assets at amortised cost are those that meet all of the following criteria:
- (a) The objective of the Group's business model is achieved by collecting contractual cash flows.
 - (b) The assets' contractual cash flows represent solely payments of principal and interest.
- B. On a regular way purchase or sale basis, financial assets at amortised cost are recognised and derecognised using trade date accounting.
- C. At initial recognition, the Group measures the financial assets at fair value plus transaction costs. Interest income from these financial assets is included in finance income using the effective interest method. A gain or loss is recognised in profit or loss when the asset is derecognised or impaired.
- D. The Group's time deposits which do not fall under cash equivalents are those with a short maturity period and are measured at initial investment amount as the effect of discounting is immaterial.

(9) Accounts and notes receivable

- A. Accounts and notes receivable entitle the Group a legal right to receive consideration in exchange for transferred goods or rendered services.
- B. The short-term accounts and notes receivable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(10) Impairment of financial assets

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

(11) Derecognition of financial assets

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

- A. The contractual rights to receive the cash flows from the financial asset expire.
- B. The contractual rights to receive cash flows of the financial asset have been transferred and the Group has transferred substantially all risks and rewards of ownership of the financial asset.
- C. The contractual rights to receive cash flows of the financial asset have been transferred; however, the Group has not retained control of the financial asset.

(12) Inventories

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

(13) Investments accounted for using equity method / associates

- A. Associates are all entities over which the Group has significant influence but not control. In general, it is presumed that the investor has significant influence, if an investor holds, directly or indirectly 20 percent or more of the voting power of the investee. Investments in associates are accounted for using the equity method and are initially recognised at cost.
- B. The Group's share of its associates' post-acquisition profits or losses is recognised in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.
- C. When changes in an associate's equity do not arise from profit or loss or other comprehensive income of the associate and such changes do not affect the Group's ownership percentage of the associate, the Group recognises the Group's share of change in equity of the associate in 'capital surplus' in proportion to its ownership.
- D. Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been adjusted where necessary to ensure consistency with the policies adopted by the Group.
- E. In the case that an associate issues new shares and the Group does not subscribe or acquire new shares proportionately, which results in a change in the Group's ownership percentage of the associate but maintains significant influence on the associate, then 'capital surplus' and 'investments accounted for using the equity method' shall be adjusted for the increase or decrease of its share of equity interest. If the above condition causes a decrease in the Group's ownership percentage of the associate, in addition to the above adjustment, the amounts previously recognised in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately on the same basis as would be required if the relevant assets or liabilities were disposed of.
- F. Upon loss of significant influence over an associate, the Group remeasures any investment retained in the former associate at its fair value. Any difference between fair value and carrying amount is recognised in profit or loss.
- G. When the Group disposes its investment in an associate and loses significant influence over this associate, the amounts previously recognised in other comprehensive income in relation to the associate, are reclassified to profit or loss, on the same basis as would be required if the relevant assets or liabilities were disposed of. If it retains significant influence over this associate, the amounts previously recognised in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately in accordance with the aforementioned approach.

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

(14) Property, plant and equipment

- A. Property, plant and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalised.
- B. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.
- C. Land is not depreciated. Other property, plant and equipment apply cost model and are depreciated using the straight-line method to allocate their cost over their estimated useful lives. Each part of an item of property, plant, and equipment with a cost that is significant in relation to the total cost of the item must be depreciated separately.
- D. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each financial year-end. If expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the assets' future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors', from the date of the change. The estimated useful lives of property, plant and equipment are as follows:

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

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

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

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

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

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

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

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

(16) Intangible assets

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

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

(17) Impairment of non-financial assets

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

B. The recoverable amounts of intangible assets with an indefinite useful life and intangible assets that have not yet been available for use are evaluated periodically. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

(18) Borrowings

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

(19) Notes and accounts payable

- A. Accounts payable are liabilities for purchases of goods and notes payable are those resulting from operating and non-operating activities.
- B. The short-term notes and accounts payable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

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

- A. Financial liabilities are classified in this category of held for trading if acquired principally for the purpose of repurchasing in the short-term. Derivatives are also categorised as financial liabilities held for trading unless they are designated as hedges.
- B. At initial recognition, the Group measures the financial liabilities at fair value. All related transaction costs are recognised in profit or loss. The Group subsequently measures these financial liabilities at fair value with any gain or loss recognised in profit or loss.

(21) Convertible bonds payable

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

- A. The embedded call options and put options are recognised initially at net fair value as 'financial assets or financial liabilities at fair value through profit or loss'. They are subsequently remeasured and stated at fair value on each balance sheet date; the gain or loss is recognised as 'gain or loss on valuation of financial assets or financial liabilities at fair value through profit or loss'.
- B. The host contracts of bonds are initially recognised at fair value. Any difference between the initial recognition and the redemption value is accounted for as the premium or discount on bonds payable and subsequently is amortised in profit or loss as an adjustment to 'finance costs' over the period of circulation using the effective interest method.
- C. The embedded conversion options which meet the definition of an equity instrument are initially recognised in 'capital surplus—share options' at the residual amount of total issue price less the amount of financial assets or financial liabilities at fair value through profit or loss and bonds payable as stated above. Conversion options are not subsequently remeasured.
- D. Any transaction costs directly attributable to the issuance are allocated to each liability or equity component in proportion to the initial carrying amount of each abovementioned item.

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

(22) Derecognition of financial liabilities

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

(23) Employee benefits

A. Short-term employee benefits

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

B. Pensions

(a) Defined contribution plans

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

(b) Defined benefit plans

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

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

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

C. Termination benefits

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

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

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

(24) Employee share-based payment

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

(25) Income tax

- A. The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or items recognised directly in equity, in which cases the tax is recognised in other comprehensive income or equity.
- B. The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities. An additional tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the stockholders resolve to retain the earnings.

- C. Deferred tax is recognised, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated balance sheet. However, the deferred tax is not accounted for if it arises from initial recognition of goodwill or of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred tax is provided on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.
- D. Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. At each balance sheet date, unrecognised and recognised deferred tax assets are reassessed.
- E. Current income tax assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. Deferred tax assets and liabilities are offset on the balance sheet when the entity has the legally enforceable right to offset current tax assets against current tax liabilities and they are levied by the same taxation authority on either the same entity or different entities that intend to settle on a net basis or realise the asset and settle the liability simultaneously.

(26) Share capital

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

(27) Dividends

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

(28) Revenue recognition

Sales of goods

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

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

(29) Operating segments

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

5. Critical Accounting Judgements, Estimates and Key Sources of Assumption Uncertainty

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

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

None.

(2) Critical accounting estimates and assumptions

Evaluation of inventories

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

As of December 31, 2022, the carrying amount of inventories was \$249,301.

6. Details of Significant Accounts

(1) Cash and cash equivalents

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Cash on hand and revolving funds	\$ 367	\$ 300
Checking accounts and demand deposits	346,418	448,007
Time deposits	1,702,618	100,000
Repurchase agreement	-	200,000
	<u>\$ 2,049,403</u>	<u>\$ 748,307</u>

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

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

(2) Financial assets at amortised cost

Items	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Current items:		
Time deposits maturing in excess of three months	\$ 100,000	\$ 1,399,656
Reserved accounts for demand deposits	<u>9,800</u>	<u>16,017</u>
	<u>\$ 109,800</u>	<u>\$ 1,415,673</u>

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

	<u>Year ended December 31,</u>	
	<u>2022</u>	<u>2021</u>
Interest income	<u>\$ 2,306</u>	<u>\$ 73</u>

B. As at December 31, 2022 and 2021, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the financial assets at amortised cost held by the Group was \$109,800 and \$1,415,673, respectively.

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

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

(3) Notes and accounts receivable

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Notes receivable	<u>\$ 971</u>	<u>\$ 603</u>
Accounts receivable	\$ 373,955	\$ 479,598
Less: Allowance for bad debts	<u>(613)</u>	<u>(423)</u>
	<u>\$ 373,342</u>	<u>\$ 479,175</u>

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

	<u>December 31, 2022</u>		<u>December 31, 2021</u>	
	<u>Accounts receivable</u>	<u>Notes receivable</u>	<u>Accounts receivable</u>	<u>Notes receivable</u>
Not past due	\$ 257,774	\$ 962	\$ 419,447	\$ 338
Up to 30 days	90,992	9	53,703	265
31 to 90 days	12,713	-	6,049	-
Over 90 days	<u>12,476</u>	<u>-</u>	<u>399</u>	<u>-</u>
	<u>\$ 373,955</u>	<u>\$ 971</u>	<u>\$ 479,598</u>	<u>\$ 603</u>

The above ageing analysis was based on past due date.

B. As at December 31, 2022 and 2021, accounts receivable and notes receivable were all from contracts with customers. And as of January 1, 2021, the balance of receivables from contracts with customers amounted to \$274,619.

C. As at December 31, 2022 and 2021, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the Group's notes and accounts receivable was \$971 and \$603; \$373,342 and \$479,175, respectively.

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

(4) Inventories

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

	December 31, 2021		
	Cost	Allowance for valuation loss	Book value
Raw materials	\$ 10,936	(\$ 913)	\$ 10,023
Work in progress	12,154	-	12,154
Semi-finished goods	8,611	-	8,611
Finished goods	1,167	-	1,167
Merchandises	140,725	(13,543)	127,182
	<u>\$ 173,593</u>	<u>(\$ 14,456)</u>	<u>\$ 159,137</u>

	Year ended December 31,	
	2022	2021
Cost of goods sold	\$ 1,620,918	\$ 1,743,766
Loss on decline in market value	16,081	2,711
Loss of inventory scrap	42	298
	<u>\$ 1,637,041</u>	<u>\$ 1,746,775</u>

(5) Investments accounted for using the equity method

	December 31, 2022	December 31, 2021
Up Cell Biomedical Inc.	<u>\$ 14,900</u>	<u>\$ 20,646</u>

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

Company name	Principal place of business	Shareholding ratio		Nature of relationship	Methods of measurement
		December 31, 2022	December 31, 2021		
Up Cell Biomedical Inc.	Taiwan	25.38%	25.38%	Note	Equity method

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

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

(a) Balance sheet

	Up Cell Biomedical Inc.	
	December 31, 2022	December 31, 2021
Current assets	\$ 35,317	\$ 49,004
Non-current assets	26,784	37,930
Current liabilities	(2,192)	(3,397)
Non-current liabilities	(1,224)	(2,211)
Total net assets	<u>\$ 58,685</u>	<u>\$ 81,326</u>
Share in associate's net assets	<u>\$ 14,900</u>	<u>\$ 20,646</u>

(b) Statement of comprehensive income

	Up Cell Biomedical Inc.	
	Years ended December 31,	
	2022	2021
Revenue	\$ -	\$ -
Loss for the period from continuing operations	(\$ 22,641)	(\$ 26,677)
Loss for the period from discontinued operations	-	-
Other comprehensive income, net of tax	-	-
Total comprehensive loss	<u>(\$ 22,641)</u>	<u>(\$ 26,677)</u>
Dividends received from associates	<u>\$ -</u>	<u>\$ -</u>

(6) Property, plant and equipment

		2022						
		Land	Buildings and structures	Machinery	Office equipment	Other equipment	Work in progress	Total
At January 1								
Cost	\$	17,209	\$ 147,199	\$ 66,724	\$ 37,138	\$ 22,722	\$ -	\$ 290,992
Accumulated depreciation		-	(28,366)	(20,256)	(29,397)	(11,141)	-	(89,160)
	\$	<u>17,209</u>	<u>\$ 118,833</u>	<u>\$ 46,468</u>	<u>\$ 7,741</u>	<u>\$ 11,581</u>	<u>\$ -</u>	<u>\$ 201,832</u>
Opening net book amount as at January 1		\$ 17,209	\$ 118,833	\$ 46,468	\$ 7,741	\$ 11,581	\$ -	\$ 201,832
Additions		-	-	7,345	5,090	1,866	8,051	22,352
Disposal		-	-	-	(8)	-	-	(8)
Transfers		-	-	545	-	-	-	545
Depreciation charge		-	(5,885)	(7,074)	(3,426)	(2,702)	-	(19,087)
Net exchange differences		-	-	-	27	1	-	28
Closing net book amount as at December 31	\$	<u>17,209</u>	<u>\$ 112,948</u>	<u>\$ 47,284</u>	<u>\$ 9,424</u>	<u>\$ 10,746</u>	<u>\$ 8,051</u>	<u>\$ 205,662</u>
At December 31								
Cost	\$	17,209	\$ 147,199	\$ 74,614	\$ 42,581	\$ 24,645	\$ 8,051	\$ 314,299
Accumulated depreciation		-	(34,251)	(27,330)	(33,157)	(13,899)	-	(108,637)
	\$	<u>17,209</u>	<u>\$ 112,948</u>	<u>\$ 47,284</u>	<u>\$ 9,424</u>	<u>\$ 10,746</u>	<u>\$ 8,051</u>	<u>\$ 205,662</u>
		2021						
		Land	Buildings and structures	Machinery	Office equipment	Other equipment	Work in progress	Total
At January 1								
Cost	\$	17,209	\$ 147,199	\$ 62,273	\$ 35,264	\$ 29,815	\$ -	\$ 291,760
Accumulated depreciation		-	(22,481)	(13,311)	(27,179)	(16,109)	-	(79,080)
	\$	<u>17,209</u>	<u>\$ 124,718</u>	<u>\$ 48,962</u>	<u>\$ 8,085</u>	<u>\$ 13,706</u>	<u>\$ -</u>	<u>\$ 212,680</u>
Opening net book amount as at January 1		\$ 17,209	\$ 124,718	\$ 48,962	\$ 8,085	\$ 13,706	\$ -	\$ 212,680
Additions		-	-	3,062	2,494	157	-	5,713
Transfers		-	-	1,389	-	-	-	1,389
Depreciation charge		-	(5,885)	(6,945)	(2,830)	(2,280)	-	(17,940)
Net exchange differences		-	-	-	(8)	(2)	-	(10)
Closing net book amount as at December 31	\$	<u>17,209</u>	<u>\$ 118,833</u>	<u>\$ 46,468</u>	<u>\$ 7,741</u>	<u>\$ 11,581</u>	<u>\$ -</u>	<u>\$ 201,832</u>
At December 31								
Cost	\$	17,209	\$ 147,199	\$ 66,724	\$ 37,138	\$ 22,722	\$ -	\$ 290,992
Accumulated depreciation		-	(28,366)	(20,256)	(29,397)	(11,141)	-	(89,160)
	\$	<u>17,209</u>	<u>\$ 118,833</u>	<u>\$ 46,468</u>	<u>\$ 7,741</u>	<u>\$ 11,581</u>	<u>\$ -</u>	<u>\$ 201,832</u>

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

(7) Leasing arrangements - lessee

- A. The Group leases various assets including land, buildings and business vehicles. Rental contracts are typically made for periods of 1 to 18 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose covenants, but leased assets may not be used as security for borrowing purposes.
- B. The lease term of laboratory, parking space and warehouse shall not exceed 12 months, and the underlying asset of low value consists of printers.
- C. The carrying amount of right-of-use assets and the depreciation charge are as follows:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
	Carrying amount	Carrying amount
Land	\$ 62,030	\$ 64,284
Buildings	43,392	47,137
Transportation equipment	1,243	286
	<u>\$ 106,665</u>	<u>\$ 111,707</u>

	<u>2022</u>	<u>2021</u>
	Depreciation charge	Depreciation charge
Land	\$ 3,877	\$ 5,650
Buildings	14,617	14,118
Transportation equipment	346	338
	<u>\$ 18,840</u>	<u>\$ 20,106</u>

- D. For the years ended December 31, 2022 and 2021, the additions to right-of-use assets amounted to \$13,451 and \$79,772, respectively.
- E. The information on profit and loss accounts relating to lease contracts is as follows:

	<u>2022</u>	<u>2021</u>
<u>Items affecting profit or loss</u>		
Interest expense on lease liabilities	\$ 1,898	\$ 2,506
Expense on short-term lease contracts	1,314	1,184
Expense on leases of low-value assets	158	125

- F. For the years ended December 31, 2022 and 2021, the Group's total cash outflow for leases were \$20,735 and \$22,185, respectively.

(8) Intangible assets

	<u>2022</u>	<u>2021</u>
	Technical skills (Notes 1 and 2)	Technical skills (Notes 1 and 2)
At January 1		
Cost	\$ 277,933	\$ 277,933
Accumulated amortisation	(7,803)	-
	<u>\$ 270,130</u>	<u>\$ 277,933</u>
Opening net book amount as at January 1	\$ 270,130	\$ 277,933
Amortisation charge	(7,803)	(7,803)
Closing net book amount as at December 31	<u>\$ 262,327</u>	<u>\$ 270,130</u>
At December 31		
Cost	\$ 277,933	\$ 277,933
Accumulated amortisation	(15,606)	(7,803)
	<u>\$ 262,327</u>	<u>\$ 270,130</u>

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

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

(9) Short-term borrowings

<u>Type of borrowings</u>	<u>December 31, 2022</u>	<u>Interest rate range</u>	<u>Collateral</u>
Bank borrowings			
Bank unsecured borrowings	\$ 60,000	1.73%~1.95%	None
Bank secured borrowings	<u>130,000</u>	1.85%~2.115%	Note 8
	<u>\$ 190,000</u>		
<u>Type of borrowings</u>	<u>December 31, 2021</u>	<u>Interest rate range</u>	<u>Collateral</u>
Bank borrowings			
Bank unsecured borrowings	\$ 27,266	1.32%~1.35%	None
Bank secured borrowings	<u>18,000</u>	1.35%	Note 8
	<u>\$ 45,266</u>		

(10) Bonds payable

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Bonds payable	\$ -	\$ 150,000
Less: Conversion of convertible bonds to share common stock	-	(3,800)
Less: Discount on bonds payable	<u>-</u>	<u>-</u>
	-	146,200
Less: Current portion or exercise of put options	<u>-</u>	<u>(146,200)</u>
	<u>\$ -</u>	<u>\$ -</u>

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

- (a) The Company issued \$150 million, 0%, the third domestic secured convertible bonds, as approved by the regulatory authority. The bonds mature 3 years from the issue date (January 9, 2019 ~ January 9, 2022) and will be redeemed in cash at face value at the maturity date. The bonds were listed on the Taipei Exchange on January 9, 2019.
- (b) The Company commissioned the Taiwan Business Bank Co., Ltd. to offer a guarantee for its convertible bonds. The guarantee duration is from the date that the borrowing amounts of the convertible bonds are fully collected to the date that the principal, interests and subordinated liabilities of the bonds are fully repaid. Except for the principal, the guarantee also covers interests and all subordinated liabilities, including the delay interest and all payments required to be made in accordance with the terms of bonds issuance and conversion when exercising the early redemption of the bonds by the issuing companies or foreign issuers.
- (c) The bondholders have the right to ask for conversion of the bonds into common shares of the Company during the period from the date after three month of the bonds issue (April 10, 2019) to the maturity date (January 9, 2022), except for the stop transfer period as specified in the terms of the bonds or the laws/regulations. The rights and obligations of the new shares converted from the bonds are the same as the issued and outstanding common shares.
- (d) The conversion price of the bonds, which was NTD 63.30 (in dollars) at the issuance, is set up based on the pricing model in the terms of the bonds, and is subject to adjustments if the condition of the anti-dilution provisions occurs subsequently. The conversion price will be reset based on the pricing model in the terms of the bonds on each effective date regulated by the terms. If the reset conversion price is higher than the conversion price before the reset, the conversion price will not be adjusted; however, the reset conversion price shall not be less than 80% of the conversion price set on the issue date.
- (e) The Company may repurchase all the bonds outstanding in cash at the bonds' face value at any time after the following events occur: (i) the closing price of the Company common shares is above the then conversion price by 30% for 30 consecutive trading days during the period from the date after three month of the bonds issue (April 10, 2019) to 40 days before the maturity date (November 30, 2021), or (ii) the outstanding balance of the bonds is less

than 10% of total initial issue amount during the period from the date after three months of the bonds issue to 40 days before the maturity date.

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

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

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

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

(11) Pensions

A. (a) The Company has a defined benefit pension plan in accordance with the Labor Standards Act, covering all regular employees’ service years prior to the enforcement of the Labor Pension Act on July 1, 2005 and service years thereafter of employees who chose to continue to be subject to the pension mechanism under the Labor Standards Act. Under the defined benefit pension plan, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement. The Company contributes monthly an amount equal to 2% of the employees’ monthly salaries and wages to the retirement fund deposited with Bank of Taiwan, the trustee, under the name of the independent retirement fund committee. However, the Group ceased to contribute to the labor pension reserve from March 2009 to March 2021 after receiving the approval from the New Taipei City Government. Also, the Company would assess the balance in the aforementioned labor pension reserve account by the end of December 31, every year. If the account balance is insufficient to pay the pension calculated by the aforementioned method to the employees expected to qualify for retirement in the following year, the Company will make contributions for the deficit by next March.

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

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Present value of defined benefit obligations	\$ 8,509	\$ 9,028
Fair value of plan assets	(10,893)	(10,043)
Net defined benefit asset	<u>(\$ 2,384)</u>	<u>(\$ 1,015)</u>

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

	<u>Present value of defined benefit obligations</u>	<u>Fair value of plan assets</u>	<u>Net defined benefit asset</u>
<u>Year ended December 31, 2022</u>			
Balance at January 1	\$ 9,028	(\$ 10,043)	(\$ 1,015)
Interest (expense) income	<u>83</u>	<u>(65)</u>	<u>18</u>
	<u>9,111</u>	<u>(10,108)</u>	<u>(997)</u>
Remeasurements:			
Return on plan asset (excluding amounts included in interest income or expense)	-	(785)	(785)
Change in financial assumptions	(224)	-	(224)
Experience adjustments	<u>(378)</u>	<u>-</u>	<u>(378)</u>
	<u>(602)</u>	<u>(785)</u>	<u>(1,387)</u>
Balance at December 31	<u>\$ 8,509</u>	<u>(\$ 10,893)</u>	<u>(\$ 2,384)</u>
<u>Year ended December 31, 2021</u>			
Balance at January 1	\$ 8,170	(\$ 9,867)	(\$ 1,697)
Interest (expense) income	<u>81</u>	<u>(79)</u>	<u>2</u>
	<u>8,251</u>	<u>(9,946)</u>	<u>(1,695)</u>
Remeasurements:			
Return on plan asset (excluding amounts included in interest income or expense)	-	(97)	(97)
Change in financial assumptions	81	-	81
Experience adjustments	<u>696</u>	<u>-</u>	<u>696</u>
	<u>777</u>	<u>(97)</u>	<u>680</u>
Balance at December 31	<u>\$ 9,028</u>	<u>(\$ 10,043)</u>	<u>(\$ 1,015)</u>

- (d) The Bank of Taiwan was commissioned to manage the Fund of the Company's and domestic subsidiaries' defined benefit pension plan in accordance with the Fund's annual investment and utilisation plan and the "Regulations for Revenues, Expenditures, Safeguard and Utilisation of the Labor Retirement Fund" (Article 6: The scope of utilisation for the Fund includes deposit in domestic or foreign financial institutions, investment in domestic or foreign listed, over-the-counter, or private placement equity securities, investment in domestic or foreign real estate securitization products, etc.). With regard to the utilisation of the Fund, its minimum earnings in the annual distributions on the final financial statements shall be no less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. If the earnings is less than aforementioned rates, government shall make payment for the deficit after being authorized by the Regulator. The Company and domestic subsidiaries have no right to participate in managing and operating that fund and hence the Company and domestic subsidiaries are unable to disclose the classification of plan assets fair value in accordance with IAS 19 paragraph 142. The composition of fair value of plan assets as of December 31, 2022 and 2021 is given in the Annual Labor Retirement Fund Utilisation Report announced by the government.
- (e) The principal actuarial assumptions used were as follows:

	Years ended December 31,	
	2022	2021
Discount rate	1.15%	0.65%
Future salary increases	2.25%	2.25%

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

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

	Discount rate		Future salary increases	
	Increase 0.25%	Decrease 0.25%	Increase 1%	Decrease 1%
<u>December 31, 2022</u>				
Effect on present value of defined benefit obligation	(\$ 109)	\$ 112	\$ 458	(\$ 421)
<u>December 31, 2021</u>				
Effect on present value of defined benefit obligation	(\$ 135)	\$ 138	\$ 560	(\$ 516)

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

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

- (f) Expected contributions to the defined benefit pension plans of the Group for the year ending December 31, 2023 amount to \$0.
- (g) As of December 31, 2022, the weighted average duration of the retirement plan is 7.8 years.
- (h) The analysis of timing of the future pension payment was as follows:

Within 1 year	\$	6,187
1-2 year(s)		761
2-5 years		253
	\$	<u>7,201</u>

- B. (a) Effective July 1, 2005, the Company has established a defined contribution pension plan (the “New Plan”) under the Labor Pension Act (the “Act”), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company contributes monthly an amount based on 6% of the employees’ monthly salaries and wages to the employees’ individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment.
- (b) The employee retirement plans of MetaTech(S) and MetaTech Ltd. were based on the defined contribution plan in accordance with the relevant regulations applied by the local government.
- (c) MetaTech(SZ) has a defined contribution plan. Monthly contribution to an independent fund administered by the government in accordance with the pension regulations in the People’s Republic of China (PRC) are based on certain percentage of employees’ monthly salaries and wages. The abovementioned contribution percentage for the years ended December 31, 2022 and 2021 were both 13%. Other than the monthly contributions, the Group has no further obligations.
- (d) For the aforementioned pension plan, the Group recognised pension costs of \$7,849 and \$6,318 for the years ended December 31, 2022 and 2021, respectively.

(12) Share-based payment

A. For the years ended December 31, 2022 and 2021, the Group's share-based payment arrangements were as follows:

Type of arrangement	Grant date	Quantity granted	Contract period	Vesting conditions
Employee stock options	2018.04.02	2,280 thousand shares	6 years	2 ~ 5 years' service
Employee stock options	2018.05.14	1,297 thousand shares	6 years	2 ~ 5 years' service
Employee stock options	2018.11.15	423 thousand shares	6 years	2 ~ 5 years' service
Cash capital increase reserved for employee preemption	2021.09.27	247 thousand shares	NA	NA
Employee stock options	2022.03.22	1,000 thousand shares	7 years	3 ~ 6 years' service
Employee stock options	2022.12.16	2,000 thousand shares	7 years	3 ~ 6 years' service

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

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

(a) The Company

	2022		2021	
	No. of options	Weighted-average exercise price	No. of options	Weighted-average exercise price
		(in dollars)		(in dollars)
Options outstanding at January 1	2,586,000	\$ 57.94	2,909,000	\$ 58.40
Options granted	(61,000)	54.90	(35,000)	58.48
Options expired	(249,000)	57.53	(288,000)	56.49
Options outstanding at December 31	<u>2,276,000</u>	58.07	<u>2,586,000</u>	57.94
Options exercisable at December 31	<u>1,702,200</u>	58.08	<u>1,422,300</u>	57.94

(b) Subsidiary

	2022		2021	
	No. of options	Weighted-average exercise price	No. of options	Weighted-average exercise price
		(in dollars)		(in dollars)
Options outstanding at January 1	-	\$ -	-	\$ -
Options offered	2,063,000	11.00	-	-
Options expired	(290,000)	11.00	-	-
Options outstanding at December 31	<u>1,773,000</u>	11.00	<u>-</u>	-
Options exercisable at December 31	<u>-</u>	-	<u>-</u>	-

C. The average share price of the options granted on the grant date was \$54.90 and \$58.48 for the years ended December 31, 2022 and 2021, respectively.

- D. For the years ended December 31, 2022 and 2021, the range of exercise prices of stock options outstanding was both \$54.50~\$58.60 (in dollars); the weighted-average remaining contractual period was 1.30 years and 2.32 years, respectively.
- E. The fair value of stock options granted on grant date is measured using the Black-Scholes option-pricing model. Relevant information is as follows:

Type of arrangement	Grant date	Stock price	Exercise price	Expected price volatility	Expected option life	Expected dividends	Risk-free interest rate	Fair value per unit
Employee stock options	2018.04.02	58.5	58.5	44.54~46.90% (Note)	4 ~ 5.5 years	-	0.64~0.76%	20.61~24.70
Employee stock options	2018.05.14	59.2	59.2	44.25~47.03% (Note)	4 ~ 5.5 years	-	0.67~0.76%	20.76~25.07
Employee stock options	2018.11.15	55.0	55.0	40.56~48.61% (Note)	4 ~ 5.5 years	-	0.73~0.83%	17.88~24.44
Employee stock options	2022.3.22	11.9	11.0	24.85~25.58% (Note)	5 ~ 6.5 years	-	0.73%	3.1~4
Employee stock options	2022.12.16	35.5	11.0	26.24~29.86% (Note)	5 ~ 6.5 years	-	1.18%	25.2~25.5

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

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

	2022	2021
Equity-settled	\$ 2,437	\$ 3,988

(13) Share capital

- A. As of December 31, 2022, the Company's authorised capital was \$2,000,000, consisting of 200 million shares of ordinary stock (including 15 million shares reserved for employee stock options), and the paid-in capital was \$681,726, consisting of 68,173 thousand shares outstanding, with a par value of \$10 (in dollars) per share. All proceeds from shares issued have been collected. Movements in the number of the Company's ordinary shares outstanding are as follows:

	2022	2021
	No. of shares	No. of shares
At January 1	68,111,648	58,016,045
Employee stock options exercised	61,000	35,000
Cash capital increase	-	10,000,000
Conversion of convertible bonds to share common stock	-	60,603
At December 31	68,172,648	68,111,648

- B. On August 11, 2020, the Company increased its capital by issuing 10,000,000 shares, the par value is \$10 per share, and the issue price is \$39.5 through board resolution. The date of the capital increase was set on September 27, 2021. The above capital increase was registered.

C. The Company converted convertible corporate bonds into 60,603 ordinary shares in December 2021.

(14) Capital surplus

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

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

C. On July 20, 2021, capital surplus used to cover accumulated deficit amounting to \$289,712 had been approved by the Financial Supervisory Commission and registered.

(15) Accumulated deficit

A. Under the Company's Articles of Incorporation, the current year's earnings, if any, shall first be used to pay all taxes and offset prior years' operating losses and then 10% of the remaining amount shall be set aside as legal reserve. The remaining earnings along with unappropriated earnings of prior years will be retained or distributed as proposed by the Board of Directors and resolved by the shareholders. Regarding the bonus distributed to the shareholders, cash dividends shall account for at least 30% of the total distribution and the remainder is distributed in shares.

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

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

D. The Group incurred accumulated deficit as of December 31, 2020 and 2021, and thus had no earnings for distribution. On July 20, 2021 and June 29, 2022, the shareholders approved the deficit compensation of 2020 and 2021, respectively.

(16) Operating revenue

A. Disaggregation of revenue from contracts with customers

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

	Year ended December 31, 2022						
	Hong Kong and Mainland China	Southeast Asia	Taiwan		Others	Write-offs	Total
			Electronics	Biomedicine			
Total segment revenue	\$ 794,288	\$ 473,033	\$ 545,557	\$ 47,536	\$ 140	(\$ 8,093)	\$ 1,852,461
Inter-segment revenue	(5,912)	(266)	(1,856)	-	(59)	8,093	-
Revenue from external customer contracts	<u>\$ 788,376</u>	<u>\$ 472,767</u>	<u>\$ 543,701</u>	<u>\$ 47,536</u>	<u>\$ 81</u>	<u>\$ -</u>	<u>\$ 1,852,461</u>
Timing of revenue recognition							
At a point in time	\$ 788,376	\$ 472,767	\$ 543,701	\$ 47,503	\$ 81	\$ -	\$ 1,852,428
Over time	-	-	-	33	-	-	33
	<u>\$ 788,376</u>	<u>\$ 472,767</u>	<u>\$ 543,701</u>	<u>\$ 47,536</u>	<u>\$ 81</u>	<u>\$ -</u>	<u>\$ 1,852,461</u>
	Year ended December 31, 2021						
	Hong Kong and Mainland China	Southeast Asia	Taiwan		Others	Write-offs	Total
			Electronics	Biomedicine			
Total segment revenue	\$ 774,694	\$ 549,913	\$ 507,369	\$ 200,939	\$ 124	(\$ 21,222)	\$ 2,011,817
Inter-segment revenue	(16,748)	(488)	(3,921)	-	(65)	21,222	-
Revenue from external customer contracts	<u>\$ 757,946</u>	<u>\$ 549,425</u>	<u>\$ 503,448</u>	<u>\$ 200,939</u>	<u>\$ 59</u>	<u>\$ -</u>	<u>\$ 2,011,817</u>
Timing of revenue recognition							
At a point in time	\$ 757,946	\$ 549,425	\$ 503,448	\$ 200,912	\$ 59	\$ -	\$ 2,011,790
Over time	-	-	-	27	-	-	27
	<u>\$ 757,946</u>	<u>\$ 549,425</u>	<u>\$ 503,448</u>	<u>\$ 200,939</u>	<u>\$ 59</u>	<u>\$ -</u>	<u>\$ 2,011,817</u>

B. Contract liabilities

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

	December 31, 2022	December 31, 2021	January 1, 2021
Contract liabilities:			
Advance sales receipts	<u>\$ 14,587</u>	<u>\$ 44,149</u>	<u>\$ 9,484</u>

(a) Significant changes in contract liabilities

None.

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

	2022	2021
Revenue recognised that was included in the contract liability balance at the beginning of the period		
Advance sales receipts	<u>\$ 41,865</u>	<u>\$ 7,815</u>

(17) Other gains and losses

	2022	2021
Net currency exchange gains (losses)	\$ 38,627	(\$ 40)
Gains arising from lease modifications	-	1,154
Loss on disposals of property	(7)	-
Other losses	(3)	(1,846)
	<u>\$ 38,617</u>	<u>(\$ 732)</u>

(18) Expenses by nature

Function Nature	Years ended December 31,					
	2022			2021		
	Classified as Operating Costs	Classified as Operating Expenses	Total	Classified as Operating Costs	Classified as Operating Expenses	Total
Employee Benefit Expense	\$ 13,421	\$ 170,672	\$ 184,093	\$ 2,751	\$ 145,861	\$ 148,612
Depreciation Expense	16,642	21,285	37,927	4,032	34,014	38,046
Amortisation Expense	7,803	545	8,348	7,803	703	8,506

(19) Employee benefit expense

	2022	2021
Wages and salaries	\$ 155,695	\$ 121,202
Employee stock options	2,437	3,988
Labour and health insurance fees	10,718	8,658
Pension costs	7,867	6,320
Directors' remuneration	3,296	3,453
Other personnel expenses	4,080	4,991
	<u>\$ 184,093</u>	<u>\$ 148,612</u>

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

B. As of December 31, 2022 and 2021, no employees' compensation and directors' remuneration were accrued due to accumulated deficit of the Company.

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

(20) Income tax

A. Income tax expense

(a) Components of income tax expense:

	<u>2022</u>	<u>2021</u>
Current tax:		
Current tax on profits for the year	\$ 4,147	\$ 4,626
Prior year income tax (over) underestimation	(238)	1,005
Total current tax	3,909	5,631
Deferred tax:		
Origination and reversal of temporary differences	3,102	3,956
Income tax expense	<u>\$ 7,011</u>	<u>\$ 9,587</u>

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

	<u>2022</u>	<u>2021</u>
Currency translation differences	(\$ 8,447)	\$ 3,712
Remeasurement of defined benefit obligations	(277)	136
	<u>(\$ 8,724)</u>	<u>\$ 3,848</u>

B. Reconciliation between income tax benefit and accounting profit

	<u>2022</u>	<u>2021</u>
Tax calculated based on loss before tax and statutory tax rate (note)	(\$ 6,273)	(\$ 3,902)
Expenses disallowed by tax regulation	12,678	13,209
Change in assessment of realisation of deferred tax assets	(9,379)	(7,297)
Prior year income tax overestimation	(238)	1,005
Taxable loss not recognised as deferred tax assets	10,223	6,572
Income tax expense	<u>\$ 7,011</u>	<u>\$ 9,587</u>

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

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

	2022			
	January 1	Recognised in profit or loss	Recognised in other comprehensive income	December 31
Deferred tax assets:				
– Temporary differences:				
Loss on inventory	\$ 1,244	\$ 369	\$ -	\$ 1,613
Adjustment to unused paid annual leave	240	-	-	240
Currency translation differences	9,596	-	(8,447)	1,149
Remeasurement of defined benefit obligations	885	-	(277)	608
Unrealised exchange loss	-	99	-	99
Others	149	(149)	-	-
– Tax losses	<u>79,368</u>	<u>(1,187)</u>	<u>-</u>	<u>78,181</u>
Subtotal	<u>91,482</u>	<u>(868)</u>	<u>(8,724)</u>	<u>81,890</u>
Deferred tax liabilities:				
– Temporary differences:				
Share of profit or loss of associates and joint ventures accounted for using equity method	(18,079)	(2,291)	-	(20,370)
Unrealised exchange gain	(57)	57	-	-
Pension	<u>(189)</u>	<u>-</u>	<u>-</u>	<u>(189)</u>
Subtotal	<u>(18,325)</u>	<u>(2,234)</u>	<u>-</u>	<u>(20,559)</u>
Total	<u>\$ 73,157</u>	<u>(\$ 3,102)</u>	<u>(\$ 8,724)</u>	<u>\$ 61,331</u>

	2021			
	January 1	Recognised in profit or loss	Recognised in other comprehensive income	December 31
Deferred tax assets:				
– Temporary differences:				
Loss on inventory	\$ 661	\$ 583	\$ -	\$ 1,244
Adjustment to unused paid annual leave	240	-	-	240
Currency translation differences	5,884	-	3,712	9,596
Remeasurement of defined benefit obligations	749	-	136	885
Unrealised exchange loss	28	(28)	-	-
Onerous contracts provision	1,164	(1,164)	-	-
Others	149	-	-	149
– Tax losses	<u>79,923</u>	<u>(555)</u>	<u>-</u>	<u>79,368</u>
Subtotal	<u>88,798</u>	<u>(1,164)</u>	<u>3,848</u>	<u>91,482</u>
Deferred tax liabilities:				
– Temporary differences:				
Share of profit or loss of associates and joint ventures accounted for using equity method	(15,344)	(2,735)	-	(18,079)
Unrealised exchange gain	-	(57)	-	(57)
Pension	<u>(189)</u>	<u>-</u>	<u>-</u>	<u>(189)</u>
Subtotal	<u>(15,533)</u>	<u>(2,792)</u>	<u>-</u>	<u>(18,325)</u>
Total	<u>\$ 73,265</u>	<u>(\$ 3,956)</u>	<u>\$ 3,848</u>	<u>\$ 73,157</u>

D. The Company's income tax returns through 2020 have been assessed and approved by the Tax Authority.

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

December 31, 2022				
Year incurred	Amount filed/ assessed	Unused amount	Unrecognised deferred tax assets	Expiry year
2013	Amount assessed	\$ 15,876	\$ 15,876	2023
2014	Amount assessed	12,959	12,959	2024
2015	Amount assessed	21,087	21,087	2025
2016	Amount assessed	42,849	42,849	2026
2017	Amount assessed	28,478	8,543	2027
2018	Amount assessed	82,217	24,665	2028
2019	Amount assessed	131,452	-	2029
2020	Amount assessed	104,225	-	2030
2021	Amount filed	46,415	-	2031
2022	Amount estimated	31,326	-	2032
		<u>\$ 516,884</u>	<u>\$ 125,979</u>	

December 31, 2021				
Year incurred	Amount filed/ assessed	Unused amount	Unrecognised deferred tax assets	Expiry year
2012	Amount assessed	\$ 17,232	\$ 17,232	2022
2013	Amount assessed	15,876	15,876	2023
2014	Amount assessed	12,959	12,959	2024
2015	Amount assessed	21,087	21,087	2025
2016	Amount assessed	42,849	12,855	2026
2017	Amount assessed	28,478	8,543	2027
2018	Amount assessed	82,217	24,665	2028
2019	Amount assessed	131,452	-	2029
2020	Amount filed	104,225	-	2030
2021	Amount estimated	53,679	-	2031
		<u>\$ 510,054</u>	<u>\$ 113,217</u>	

(21) Losses per share

	Year ended December 31, 2022		
	Amount after tax	Weighted average number of ordinary shares outstanding (share in thousands)	Losses per share (in dollars)
<u>Basic losses per share</u>			
Loss attributable to ordinary shareholders of the parent	(\$ 11,767)	68,172	(\$ 0.17)

	Year ended December 31, 2021		
	Amount after tax	Weighted average number of ordinary shares outstanding (share in thousands)	Losses per share (in dollars)
<u>Basic losses per share</u>			
Loss attributable to ordinary shareholders of the parent	(\$ 24,119)	60,646	(\$ 0.40)

For the years ended December 31, 2022 and 2021, the employee stock options and convertible bonds issued by the Group were excluded from the calculation of diluted earnings (losses) per share since such options and bonds were anti-dilutive.

(22) Transactions with non-controlling interest

The Group did not participate in the capital increase raised by a subsidiary proportionally to its interest to the subsidiary.

Subsidiary LOCUS CELL CO., LTD. of the Group increased its capital by issuing new shares worth \$170,000 thousand with par value of \$10 per share and amount of \$1,700,000 on May 14, 2021. The Group did not acquire shares proportionally to its interest. As a result, the Group decreased its share interest by 85%. The transaction decreased non-controlling interest by \$54 and increased the equity attributable to owners of parent by \$54.

(23) Supplemental cash flow information

A. Investing activities with partial cash payments

	2022	2021
Purchase of property, plant and equipment	\$ 22,897	\$ 7,102
Add: Opening balance of payable on equipment	285	79
Less: Ending balance of payable on equipment	(2,087)	(285)
Less: Opening balance of prepayments on equipment	(545)	(1,389)
Cash paid during the period	<u>\$ 20,550</u>	<u>\$ 5,507</u>

B. Financing activities with no cash flow effects

	<u>2022</u>	<u>2021</u>
Prepayments for equipment being converted to property, plant and equipment	<u>\$ 545</u>	<u>\$ 1,389</u>

(24) Changes in liabilities from financing activities

	<u>2022</u>				
	<u>Short-term borrowings</u>	<u>Bonds payable</u>	<u>Lease liabilities</u>	<u>Guarantee deposits received</u>	<u>Liabilities from financing activities</u>
At January 1	\$ 45,226	\$ 146,200	\$ 115,846	\$ 330	\$ 307,602
Changes in cash flow from financing activities	144,774	(146,200)	(17,291)	1,200	(17,517)
Impact of changes in foreign exchange rate	-	-	344	-	344
Changes in other non-cash items	-	-	13,451	-	13,451
At December 31	<u>\$ 190,000</u>	<u>\$ -</u>	<u>\$ 112,350</u>	<u>\$ 1,530</u>	<u>\$ 303,880</u>
	<u>2021</u>				
	<u>Short-term borrowings</u>	<u>Bonds payable</u>	<u>Lease liabilities</u>	<u>Guarantee deposits received</u>	<u>Liabilities from financing activities</u>
At January 1	\$ 111,000	\$ 147,408	\$ 129,160	\$ 330	\$ 387,898
Changes in cash flow from financing activities	(65,774)	-	(18,370)	-	(84,144)
Impact of changes in foreign exchange rate	-	-	-	-	-
Changes in other non-cash items	-	(1,208)	5,056	-	3,848
At December 31	<u>\$ 45,226</u>	<u>\$ 146,200</u>	<u>\$ 115,846</u>	<u>\$ 330</u>	<u>\$ 307,602</u>

7. Related Party Transactions

(1) Names of related parties and relationship

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

(2) Significant related party transactions

A. Operating revenue:

	<u>2022</u>	<u>2021</u>
Income:		
Associates	<u>\$ 75</u>	<u>\$ 1,523</u>

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

B. Payables to related parties:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Other payables- acquisition of property, plant and equipment: Associates	\$ <u>105</u>	\$ <u>100</u>

C. Lease transactions — lessee:

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

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

	<u>2022</u>	<u>2021</u>
Associates	\$ <u>3,508</u>	\$ <u>-</u>

(c) Lease liabilities

(i) Outstanding balance:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Associates	\$ <u>2,648</u>	\$ <u>-</u>

(ii) Interest expense

	<u>2022</u>	<u>2021</u>
Associates	\$ <u>41</u>	\$ <u>-</u>

D. Operating cost:

	<u>2022</u>	<u>2021</u>
Rent expense: Associates	\$ <u>299</u>	\$ <u>1,032</u>

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

(3) Key management compensation

	<u>Year ended December 31,</u>	
	<u>2022</u>	<u>2021</u>
Salaries and other short-term employee benefits	\$ 35,555	\$ 13,374
Post-employment benefits	302	420
Share-based payment	2,163	1,534
	<u>\$ 38,020</u>	<u>\$ 15,328</u>

8. Pledged Assets

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

Pledged asset	Book value		Purpose
	December 31, 2022	December 31, 2021	
Financial assets at amortised cost			
-Restricted bank deposits	\$ 9,800	\$ 16,017	Guarantee for customs, credit card, performance bond of lease agreements and limit on short-term borrowings
Property, plant and equipment			
-Land	17,209	17,209	Guarantee for short-term credit line
-Buildings and structures	25,495	26,286	"
	<u>\$ 52,504</u>	<u>\$ 59,512</u>	

9. Significant Contingent Liabilities and Unrecognised Contract Commitments

(1) Contingencies

None.

(2) Commitments

- A. On December 31, 2022 and 2021, guaranteed notes as well as endorsements and guarantees amounting to \$15,355 (USD 500 thousand) and \$13,840 (USD 500 thousand), respectively, were issued for subsidiaries' borrowings.
- B. The joint credit line of the Group for financial institution short-term secured borrowings was NTD 85 million and NTD 85 million on December 31, 2022 and 2021 respectively. As of December 31, 2022 and 2021, the promissory note amounting to NTD 85 million and NTD 85 million was issued to the bank as guarantee and the abovementioned joint credit line amounting to NTD 60 million thousand and NTD 27.197 million was used, respectively.

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

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Property, plant and equipment	\$ 28,601	\$ -
Intangible assets (Note)	13,416	13,482
	<u>\$ 42,017</u>	<u>\$ 13,482</u>

Note: The Company entered into a start-up agreement of cell sheet regenerative medical cooperation with Japan CellSeed Inc. on December 21, 2016 with the consideration amounting to JPY 50 million for expanding biomedical research and development, business development, as well as promoting the Company's innovative transformation of regenerative medicine. The Board of Directors during its meeting on June 24, 2017 adopted a resolution to enter into a cooperation agreement of abovementioned cell sheet regenerative medicine with Japan CellSeed Inc., which was formally signed on April 24, 2017 with the consideration amounting to JPY 1.25 billion. As of December 31, 2022, the Company has paid JPY 1,243,942,865 in respect of the payment schedule for arrangement.

10. Significant Disaster Loss

None.

11. Significant Events After the Balance Sheet Date

None.

12. Others

(1) Capital management

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

(2) Financial instruments

A. Financial instruments by category

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
<u>Financial assets</u>		
Financial assets at amortised cost		
Cash and cash equivalents	\$ 2,049,403	\$ 748,307
Financial assets at amortised cost	109,800	1,415,673
Notes receivable	971	603
Accounts receivable	373,342	479,175
Other receivables	2,486	6,593
Guarantee deposits paid (shown as 'other non-current assets')	8,434	7,632
	<u>\$ 2,544,436</u>	<u>\$ 2,657,983</u>

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
<u>Financial liabilities</u>		
Financial liabilities at amortised cost		
Short-term borrowings	\$ 190,000	\$ 45,226
Notes payable	1,768	1,422
Accounts payable	182,385	169,855
Other payables	29,407	35,174
Bonds payable(including current portion)	-	146,200
Guarantee deposits received (shown as 'other non-current liabilities')	300	300
	<u>\$ 403,860</u>	<u>\$ 398,177</u>
Lease liability	<u>\$ 112,350</u>	<u>\$ 115,846</u>

B. Financial risk management policies

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

C. Significant financial risks and degrees of financial risks

(a) Market risk

Exchange rate risk

- i. The Group operates internationally and is exposed to foreign exchange risk arising from the transactions of the Company and its subsidiaries used in various functional currency, primarily with respect to the USD. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities.
- ii. Management has set up a policy to require group companies to manage their foreign exchange risk against their functional currency.
- iii. The Group has certain investments in foreign operations, whose net assets are exposed to foreign currency translation risk.

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

		December 31, 2022		
		Foreign currency amount (In thousands)	Exchange rate	Book value (NTD)
(Foreign currency: functional currency)				
<u>Financial assets</u>				
<u>Monetary items</u>				
USD:NTD	\$	12,538	30.710	\$ 385,042
USD:HKD		7,019	7.7984	215,553
JPY:NTD		469,308	0.2324	109,067
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD:NTD		1,374	30.710	42,196
USD:HKD		3,986	7.7984	122,410
		December 31, 2021		
		Foreign currency amount (In thousands)	Exchange rate	Book value (NTD)
(Foreign currency: functional currency)				
<u>Financial assets</u>				
<u>Monetary items</u>				
USD:NTD	\$	12,347	27.680	\$ 341,765
USD:HKD		9,317	7.7994	257,895
JPY:NTD		22,437	0.2405	5,396
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD:NTD		2,460	27.680	68,093
USD:HKD		3,389	7.7994	93,808

- v. The total exchange gains (losses) arising from significant foreign exchange variation on the monetary items held by the Group for the years ended December 31, 2022 and 2021, amounted to \$38,627 and (\$40), respectively.

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

		2022		
		Sensitivity analysis		
		Degree of variation	Effect on profit or loss before tax	Effect on other comprehensive income after tax
(Foreign currency: functional currency)				
<u>Financial assets</u>				
<u>Monetary items</u>				
USD:NTD	1%	\$	3,850	\$ -
USD:HKD	1%		2,781	-
JPY:NTD	1%		1,091	-
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD:NTD	1%		422	-
USD:HKD	1%		1,224	-
		2021		
		Sensitivity analysis		
		Degree of variation	Effect on profit or loss before tax	Effect on other comprehensive income after tax
(Foreign currency: functional currency)				
<u>Financial assets</u>				
<u>Monetary items</u>				
USD:NTD	1%	\$	3,418	\$ -
USD:HKD	1%		2,579	-
JPY:NTD	1%		54	-
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD:NTD	1%		681	-
USD:HKD	1%		938	-

(b) Credit risk

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

- ii. The Group manages their credit risk taking into consideration the entire group's concern. For banks and financial institutions, only above investment grade are accepted. According to the Group's credit policy, each local entity in the Group is responsible for managing and analysing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the management . The utilisation of credit limits is regularly monitored. Credit risk arises from credit exposures to wholesale and retail customers, including outstanding receivables.
- iii. The Group adopts following assumptions under IFRS 9 to assess whether there has been a significant increase in credit risk on that instrument since initial recognition:
If the contract payments were past due over 30 days based on the terms, there has been a significant increase in credit risk on that instrument since initial recognition.
- iv. The Group adopts the assumptions under IFRS 9, the default occurs when the contract payments are past due over 90 days.
- v. The following indicators are used to determine whether the credit impairment of debt instruments has occurred:
 - (i) It becomes probable that the issuer will enter bankruptcy or other financial reorganization due to their financial difficulties;
 - (ii) Default or delinquency in interest or principal repayments;
 - (iii) Adverse changes in national or regional economic conditions that are expected to cause a default.
- vi. The Group classifies customers' accounts receivable in accordance with credit rating of customer. The Group applies the simplified approach using loss rate methodology to estimate expected credit loss.
- vii. On December 31, 2022 and 2021, the Group has \$455 and \$0 financial assets that are still under recourse procedures.

viii. The Group incorporates forward-looking considerations into the future in the Business Observation Report of the Taiwan Economic Research Institute, and adjusts the loss rate established based on historical and current information for a specific period to estimate the allowance loss for accounts receivable (including related parties) and loss at December 31, 2022 and 2021. The rate method is as follows:

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

	Not past due	Up to 30 days past due	Up to 90 days past due	Over 90 days	Total
<u>At December 31, 2021</u>					
Expected loss rate	0.03%	0.05%	0.07%	50%~100%	
Total book value	\$ 419,447	\$ 53,703	\$ 6,049	\$ 399	\$ 479,598
Loss allowance	126	27	4	266	423

ix. The Group did not recognise loss allowance for accounts receivable applied using the simplified approach since it was not material for the years ended December 31, 2022 and 2021.

	2022	2021
At January 1	\$ 423	\$ 436
Provision for impairment loss	593	-
Reversal of impairment loss	-	(1)
Write-offs	(455)	-
Effect of exchange rate changes	52	(12)
At December 31	<u>\$ 613</u>	<u>\$ 423</u>

(c) Liquidity risk

i. Cash flow forecasting is performed in the operating entities of the Group and aggregated by Group treasury. Group treasury monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times. Such forecasting takes into consideration the Group's debt financing plans, covenant compliance, compliance with internal balance sheet ratio targets.

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

Non-derivative financial liabilities

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

Non-derivative financial liabilities

December 31, 2021	Less than 1 year	Between 1 and 5 years	Over 5 years
Short-term borrowings	\$ 45,437	\$ -	\$ -
Notes payable	1,422	-	-
Accounts payable	169,855	-	-
Other payables	35,174	-	-
Lease liability	15,109	50,192	62,229
Bonds payable	146,200	-	-

(3) Fair value information

A. Financial instruments not measured at fair value

Cash flow forecasting is performed in the operating entities of the Group and aggregated by Group treasury. Group treasury monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times. Such forecasting takes into consideration the Group's debt financing plans, covenant compliance, compliance with internal balance sheet ratio targets.

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

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

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

Level 3: Unobservable inputs for the asset or liability. The fair value of the Group's investment in certain derivative instruments is included in Level 3.

- C. The fair value of financial instruments was \$0 for the years ended December 31, 2022 and 2021, and therefore not disclosed.
- D. There was no variation of Level 3 measurement for the years ended December 31, 2022 and 2021.
- E. Treasury segment is in charge of valuation procedures for fair value measurements being categorised within Level 3, which is to verify independent fair value of financial instruments. Such assessment is to ensure the valuation results are reasonable by applying independent information to make results close to current market conditions, confirming the resource of information is independent, reliable and in line with other resources and represented as the exercisable price, and frequently calibrating valuation model, performing back-testing, updating inputs used to the valuation model and making any other necessary adjustments to the fair value.

(4) Other matters

In response to the impact of the Covid-19 pandemic, the Group cooperated with the Central Epidemic Command Center announced related measures and epidemic prevention regulations related to the Infectious Disease Prevention and Control Act, implemented work-from-home measures and strengthened staff health management. The Group's financial condition and continued operations have not been significantly impacted by the Covid-19 pandemic and the government's promotion of various anti-epidemic measures.

13. Supplementary Disclosures

(1) Significant transactions information

- A. Loans to others: Please refer to table 1.
- B. Provision of endorsements and guarantees to others: Please refer to table 2.
- C. Holding of marketable securities at the end of the period (not including subsidiaries): None.
- D. Acquisition or sale of the same security with the accumulated cost exceeding \$300 million or 20% of the Company's paid-in capital: None.
- E. Acquisition of real estate reaching \$300 million or 20% of paid-in capital or more: None.
- F. Disposal of real estate reaching \$300 million or 20% of paid-in capital or more: None.
- G. Purchases or sales of goods from or to related parties reaching \$100 million or 20% of paid-in capital or more: None.
- H. Receivables from related parties reaching \$100 million or 20% of paid-in capital or more: None.
- I. Trading in derivative financial instruments undertaken during the reporting periods: None.
- J. Significant inter-company transactions during the reporting periods: Please refer to table 3.

(2) Information on investees

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

(3) Information on investments in Mainland China

- A. Information on investees in the Mainland Area: Please refer to table 5.

B. Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area: Please refer to table 4.

(4) Major shareholders information

Major shareholders information: Please refer to table 6.

14. Operating Segment Information

(1) General information

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

(2) Measurement of segment information

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

(3) Segment information

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

	2022						
	Hong Kong and	Southeast	Taiwan		Others	Write-offs	Total
	Mainland China	Asia	Electronics	Biomedicine			
Revenue from external customers	\$ 788,376	\$472,767	\$543,701	\$ 47,536	\$ 81	\$ -	\$ 1,852,461
Inter-segment revenue	5,912	266	1,856	-	59	(8,093)	-
Total segment revenue	<u>\$ 794,288</u>	<u>\$473,033</u>	<u>\$545,557</u>	<u>\$ 47,536</u>	<u>\$ 140</u>	<u>(\$ 8,093)</u>	<u>\$ 1,852,461</u>
Segment income (loss)	<u>\$ 29,866</u>	<u>\$ 10,143</u>	<u>\$ 47,836</u>	<u>(\$ 184,849)</u>	<u>(\$ 756)</u>	<u>\$ 6,243</u>	<u>(\$ 91,517)</u>
Depreciation and amortisation	<u>\$ 4,796</u>	<u>\$ 860</u>	<u>\$ 2,416</u>	<u>\$ 43,218</u>	<u>\$ -</u>	<u>(\$ 5,015)</u>	<u>\$ 46,275</u>
	2021						
	Hong Kong and	Southeast	Taiwan		Others	Write-offs	Total
	Mainland China	Asia	Electronics	Biomedicine			
Revenue from external customers	\$ 757,946	\$549,425	\$503,448	\$ 200,939	\$ 59	\$ -	\$ 2,011,817
Inter-segment revenue	16,748	488	3,921	-	65	(21,222)	-
Total segment revenue	<u>\$ 774,694</u>	<u>\$549,913</u>	<u>\$507,369</u>	<u>\$ 200,939</u>	<u>\$ 124</u>	<u>(\$ 21,222)</u>	<u>\$ 2,011,817</u>
Segment income (loss)	<u>\$ 38,789</u>	<u>\$ 8,581</u>	<u>\$ 24,371</u>	<u>(\$ 111,115)</u>	<u>(\$ 1,150)</u>	<u>\$ 4,487</u>	<u>(\$ 36,037)</u>
Depreciation and amortisation	<u>\$ 4,413</u>	<u>\$ 894</u>	<u>\$ 3,002</u>	<u>\$ 38,244</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 46,553</u>

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

(4) Reconciliation for segment income (loss)

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

A reconciliation of reportable segment income or loss to the income/(loss) before tax from continuing operations for the years ended December 31, 2022 and 2021 is provided as follows:

	2022	2021
Reportable segments loss	(\$ 91,517)	(\$ 36,037)
Interest income	12,275	988
Other income	681	8,826
Other gains and losses	38,617	(732)
Finance costs	(4,600)	(10,068)
Share of loss of associates and joint ventures accounted for using the equity method	(5,746)	(6,771)
Loss before tax from continuing operations	(\$ 50,290)	(\$ 43,794)

(5) Information on products and services

Please refer to Note 6 (16) for the related information.

(6) Geographical information

Geographical information for the years ended December 31, 2022 and 2021 is as follows:

	2022		2021	
	Revenue	Non-current assets	Revenue	Non-current assets
Hongkong and China	\$ 788,376	\$ 6,509	\$ 757,946	\$ 7,770
Taiwan	591,318	595,849	704,446	579,658
Singapore	472,767	1,645	549,425	443
Total	\$ 1,852,461	\$ 604,003	\$ 2,011,817	\$ 587,871

(7) Major customer information

Major customer information of the Group for the years ended December 31, 2022 and 2021 is as follows:

	2022		2021	
	Revenue	Segment	Revenue	Segment
A	\$ 358,299	19%	\$ 204,124	10%

Metatech (AP) Inc. and Subsidiaries
Loans to others
For the year ended December 31, 2022

Table 1

Expressed in thousands of NTD
(Except as otherwise indicated)

No. (Note 1)	Creditor	Borrower	General ledger account	Is a related party	Maximum outstanding balance during the year ended December 31, 2022	Balance at December 31, 2022	Actual amount drawn down	Interest rate	Nature of loan	Amount of transactions with the borrower	Reason for short-term financing	Allowance for doubtful accounts	Collateral		Limit on loans granted to a single party	Ceiling on total loans granted	Footnote
													Item	Value			
0	Metatech (AP) Inc.	MetaTech(S) Pte Ltd.	Other receivables	Y	32,215	30,710	-	3.70%	Short-term financing	-	Operations	-	-	-	262,963	525,926	Notes 3 and 5
1	MTI Holding Co., Ltd.	MetaTech Ltd.	Other receivables	Y	32,215	30,710	-	6.76%	Short-term financing	-	Operations	-	-	-	404,091	505,114	Notes 4 and 5
1	MTI Holding Co., Ltd.	MetaTech(S) Pte Ltd.	Other receivables	Y	64,430	61,420	30,710	3.70%	Short-term financing	-	Operations	-	-	-	404,091	505,114	Notes 4 and 5

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

- (1)The Company is '0' .
- (2)The subsidiaries are numbered in order starting from '1'.

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

Note 3: According to the Company's "Regulations for Provision of Loans", the Company's ceiling on total loans granted to others are as follows:

- A. For business transactions, the accumulated loan amount is the transaction amount.
- B. For short-term financing, the total amount is lower than 40% of the creditor's net assets.
- C. The limit on total loans to the same party is 20% of the Company's net assets.

Note 4: According to the subsidiary's "Regulations for Provision of Loans", the subsidiary's ceiling on total loans granted to others are as follows:

- A. For business transactions, the accumulated loan amount is the transaction amount.
- B. For short-term financing, the total amount is lower than 100% of the creditor's net assets.
- C. The limit on total loans to the same party is 80% of the subsidiary's net assets.

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

Note 5: The current period ending balance was translated into TWD at the exchange rate at the balance sheet date (1USD:30.71TWD).

Metatech (AP) Inc. and Subsidiaries
Provision of endorsements and guarantees to others
For the year ended December 31, 2022

Table 2

Expressed in thousands of NTD
(Except as otherwise indicated)

Number (Note 1)	Endorser/ guarantor	Party being endorsed/guaranteed		Limit on endorsements/ guarantees provided for a single party	Maximum outstanding endorsement/ guarantee amount as of December 31, 2022	Outstanding endorsement/ guarantee amount at December 31, 2022	Actual amount drawn down	Amount of endorsements/ guarantees secured with collateral	Ratio of accumulated endorsement/ guarantee amount to net asset value of the endorser/ guarantor company	Ceiling on total amount of endorsements/ guarantees provided	Provision of endorsements/ guarantees by parent company to subsidiary	Provision of endorsements/ guarantees by subsidiary to parent company	Provision of endorsements/ guarantees to the party in Mainland China	Footnote
		Company name	Relationship with the endorser/ guarantor											
0	Metatech (AP) Inc.	MetaTech Ltd.	The Company's third-tier subsidiary	\$ 657,408	\$ 16,108	\$ 15,355	\$ 15,355	\$ -	1.17	\$ 1,314,815	Y	N	N	Notes 2,3 and 6

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

(1)The Company is '0'.

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

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

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

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

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

Note 6: The current period ending balance was translated into TWD at the exchange rate at the balance sheet date (1USD:30.71TWD).

Metatech (AP) Inc. and Subsidiaries
 Significant inter-company transactions during the reporting periods
 For the year ended December 31, 2022

Table 3

Expressed in thousands of NTD
 (Except as otherwise indicated)

Number	Company name	Counterparty	Relationship (Note 2)	Transaction			Percentage of consolidated total operating revenues or total assets
				General ledger account	Amount	Transaction terms	
0	Metatech (AP) Inc.	MetaTech Ltd.	1	Other receivables	8,658	Administrative service fees and payment on behalf of others, 90 days after monthly billing	0%
1	MTI Holding- Co.,LTD.	MetaTech (S) Pte Ltd.	3	Other receivables	31,138	Short-term capital financing and interest receivables	1%
2	MetaTech Ltd.	MetaTech (Shenzhen) Ltd.	3	Sales revenue	21,903	Prices are determined according to the gross profits in mutual agreement, 90 days after monthly billing	1%
2	"	"	3	Service revenue	28,332	Prices are determined according to the gross profits in mutual agreement, 90 days after monthly billing	2%
2	MetaTech Ltd.	Metatech (AP) Inc.	2	Sales revenue	5,916	Prices are determined according to the gross profits in mutual agreement, 90 days after monthly billing	0%

Note 1: The numbers filled in for the transaction company in respect of inter-company transactions are as follows:

- (1)Parent company is '0'.
- (2)The subsidiaries are numbered in order starting from '1'.

Note 2: Relationship between transaction company and counterparty is classified into the following three categories; fill in the number of category each case belongs to (If transactions between parent company and subsidiaries or between subsidiaries refer to the same transaction, it is not required to disclose twice. For example, if the parent company has already disclosed its transaction with a subsidiary, then the subsidiary is not required to disclose the transaction; for transactions between two subsidiaries, if one of the subsidiaries has disclosed the transaction, then the other is not required to disclose the transaction.):

- (1)Parent company to subsidiary.
- (2)Subsidiary to parent company.
- (3)Subsidiary to subsidiary.

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

Note 4: The sales prices and credit terms are the same with the third parties. The credit terms on sales to third parties were 30 to 90 days.

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

Metatech (AP) Inc. and Subsidiaries
Information on investees
For the year ended December 31, 2022

Table 4

Expressed in thousands of NTD
(Except as otherwise indicated)

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2022			Net profit (loss) of the investee for the year ended December 31, 2022	Investment income (loss) recognised by the Company for the year ended December 31, 2022	Footnote
				Balance as at December 31, 2022	Balance as at December 31, 2021	Number of shares	Ownership (%)	Book value			
Metatech (AP) Inc.	MetaTech Investment Holding Co., Ltd.	British Virgin Islands	Investment holding and reinvestment business	\$ 333,065	\$ 333,065	10,000,000	100	\$ 505,114	\$ 38,188	\$ 38,188	Subsidiary
Metatech (AP) Inc.	Chienhwa Travel Service Co., Ltd.	Taiwan	Travel business	4,900	3,400	950	100	2,561	(622)	(622)	Subsidiary
Metatech (AP) Inc.	Up Cell Biomedical Inc.	Taiwan	Cell sheet development and medical production	33,000	33,000	3,300,000	25.38	14,900	(22,641)	(5,746)	Investee accounted for using the equity method
Metatech (AP) Inc.	LOCUS CELL CO., LTD.	Taiwan	Cell sheet development and medical production	300,000	300,000	30,000,000	15	287,145	(53,478)	(7,846)	Subsidiary
MetaTech Investment Holding Co., Ltd.	MTI Holding Co., Ltd.	Samoa	Investment holding and reinvestment business	333,065	333,065	10,000,000	100	505,114	38,188	38,188	Sub-subsidiary
MTI Holding Co., Ltd.	MetaTech (S) Pte Ltd.	Singapore	Wholesale and retail of electronic materials	82,259	82,259	3,800,000	100	147,220	8,101	8,101	Third-tier subsidiary
MTI Holding Co., Ltd.	MetaTech Ltd.	Hong Kong	Wholesale and retail of electronic materials	199,170	199,170	46,000,000	100	290,406	29,040	29,040	Third-tier subsidiary

Metatech (AP) Inc. and Subsidiaries
Information on investments in Mainland China
For the year ended December 31, 2022

Table 5

Expressed in thousands of NTD
(Except as otherwise indicated)

Investee in Mainland China	Main business activities	Paid-in capital	Investment method (Note1)	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2022	Amount remitted from Taiwan to Mainland China / Amount remitted back to Taiwan for the year ended December 31, 2022		Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2022	Net income of investee as of December 31, 2022	Ownership held by the Company (direct or indirect)	Investment income (loss) recognized by the Company for the year ended December 31, 2022 (Note 2)	Book value of investments in Mainland China as of December 31, 2022	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2022	Footnote
					Remitted to Mainland China	Remitted back to Taiwan							
MetaTech (Shenzhen) Ltd.	Wholesale and retail of electronic materials	\$ 80,608	Through investing in an existing company in the third areas, which then invested in the investee in Mainland China	\$ 80,608	\$ -	\$ -	\$ 80,608	\$ 12,171	100	\$ 12,171	\$ 60,385	\$ -	Notes 1,2 and 3

Company name	Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2022	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA)	Celling on investments in Mainland China imposed by the Investment Commission of MOEA (Note 4)
Metatech (AP) Inc.	\$ 80,608	\$ 81,529	\$ 1,764,854

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

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

Note 3: Paid-in capital and investment amount are translated into TWD at exchange rate at the balance sheet date (1USD:30.71TWD).

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

Metatech (AP) Inc. and Subsidiaries
Major shareholders information
December 31, 2022

Table 6

Expressed in thousands of NTD
(Except as otherwise indicated)

Name of major shareholders	Name of shares held	Shares	Ownership (%)
Zhen Long, Wu		7,570,319	11.10%
JUN INVESTMENT INTERNATIONAL CO., LTD.		3,601,516	5.28%

VII. Review and analysis of the financial condition, performance and risk management

1. Review and analysis of financial conditions

Financial status comparison and analysis table

Unit: NT\$ thousand

Items	Year		Variance	
	2021	2022	Amount	%
Current assets	2,830,328	2,796,861	(33,467)	(1%)
Real estate, plant and equipment	201,830	205,662	3,832	2%
Other assets	507,235	492,118	(15,117)	(3%)
Total asset	3,539,393	3,494,641	(44,752)	(1%)
Current liabilities	460,207	437,861	(22,346)	(5%)
Non-current liabilities	121,148	115,356	(5,792)	(5%)
Total liabilities	581,355	553,217	(28,138)	(5%)
Common stock	681,116	681,726	610	-
Capital reserve	672,092	675,810	3,718	1%
Accumulated deficit	(24,663)	(35,320)	(10,657)	43%
Other equity	(41,191)	(7,401)	33,790	(82%)
Total shareholders' equity	2,958,038	2,941,424	(16,614)	(1%)

(2) Analysis of variations:

1.The decrease in loss to be covered in 2022 is mainly due to the increase in interest on fixed deposits of subsidiaries and the increase in foreign currency exchange gain due to the appreciation of the U.S. dollar, resulting in a decrease in loss for the period.

2.The decrease in other equity in 2022 is mainly due to the translation difference of the financial statements of foreign operating institutions.

(3) Future plan: 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.

2. Review and analysis of financial performance
Business result analysis comparison table

Unit: NT\$ thousand

Year Items	2021	2022	Variance	Variance ratio (%)
Net operating income	2,011,817	1,852,461	(159,356)	(8%)
Operating cost	1,746,775	1,637,041	(109,734)	(6%)
Operating margin	265,042	215,420	(49,622)	(19%)
Operating expenses	301,079	306,937	5,858	2%
Operating profit (loss)	(36,037)	(91,517)	(55,480)	154%
Non-operating income and expenses	(7,757)	41,227	48,984	(631%)
Net profit before tax	(43,794)	(50,290)	(6,496)	15%
Income tax benefit (expenses)	(9,587)	(7,011)	2,576	(27%)
Net profit (loss) of the period	(53,381)	(57,301)	(3,920)	7%
Other comprehensive profit & loss	(8,482)	34,900	43,382	(511%)
Total comprehensive profit and loss	(61,863)	(22,401)	39,462	(64%)

(1) Analysis of variance:

- 1.The increase in operating loss in 2022 was mainly due to the decrease in gross operating profit and the increase in expenses of consolidated subsidiaries.
- 2.The increase in non-operating income and expenses in 2022 is mainly due to the increase in interest on fixed deposits of the consolidated subsidiaries; the increase in foreign currency exchange gain is due to the impact of the appreciation of the U.S. dollar; the decrease in interest expense is due to the decrease in interest due to the repayment of corporate bonds last year.
- 3.The decrease in income tax expense in 2022 is mainly due to loss carryforwards.
- 4.Other comprehensive income and loss in 2022 is mainly due to the translation of financial statements of foreign operating institutions for the period.
- 5.The consolidated profit or loss for the year 2022 was mainly due to the increase in non-operating income and other comprehensive income.

- (2) The expected sales volume: In 2023, the electronics department will continue to strengthen the promotion of applications in high-end markets such as cloud technology, and biomedical business will continue to invest in the development of regenerative medicine.
- (3) The possible impact to the future financial business of the Company: In response to changes in the customer market, the Company will actively observe and grasp the market pulse and maintain the stability of the gross profit of each product line.
- (4) Future plan: 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.

(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.

3. Review and analysis of cash flows

The analysis of cash flow variances in the most recent year

Unit: NT\$ thousand

Item	2021	2022	Variance
Net cash flow from operating activities	(211,784)	1,676	213,460
Net cash outflow from investing activities	(1,408,683)	1,273,095	2,681,778
Net cash inflow from financing activities	2,012,902	(15,367)	(2,028,269)
Analysis of variance in cash flow:			
1. Operating activities: The increase in net cash inflow from operating activities in 2022 is mainly due to the lower accounts receivable balance in 2022 compared to 2021.			
2. Investing activities: The increase in net cash inflow from investing activities in 2022 was mainly due to the decrease in time deposits of consolidated subsidiaries.			
3. Fundraising activities. The increase in net cash outflow from financing activities in 2022 is mainly due to the increase in repayment of corporate bonds and borrowings.			

Cash flow analysis in the coming year

Unit: NT\$ thousand

Cash balance at beginning of period (1)	Estimated net cash flow from operating activities for the year (2)	Estimated annual net cash inflow (3)	Estimated cash remaining (insufficient) amount (1)+(2)+(3)	Remedy plans for negative balance of cash	
				Investment plan	Financing plan
2,138,348	43,907	4,867	2,187,122	-	-
Analysis of projected changes in cash flows for 2023:					
1、Operating activities: Net cash inflow from operating activities is expected to be \$43,907 thousand.					
2、Investment activities: None					
Financing activities: Mainly for lease principal repayment and financing.					

(3) Improvement plan for insufficient liquidity: Not applicable.

4. Major capital expenditures in recent years and impacts on financial and operational situations

Major capital expenditures and sources of funding: None

Expected Benefit: None

5. The investment policy of recent years and the main reasons for profit or loss and its improvement plan and investment calculation for the coming year:

Unit: NT\$ thousand

Description Items	2021 profit (loss) amount (NT\$ thousand)	Policy	Main reasons for profit or loss	Improvement plan	Investment plan for the coming year
MetaTech Investment Holding Co., Ltd.	38,188	Overseas holding company	It is an overseas holding company, the profit mainly comes from investment profit.	Not applicable	None
Jianhua Travel Agency Co., Ltd	(622)	The administration of grouping international customers of medical treatment to travel in Taiwan.	The income was reduced due to pandemic.	Expand domestic special travel to increase income	None
MTI Holding Co., Ltd.	38,188	Overseas holding company	It is an overseas holding company, the profit mainly comes from investment profit.	Not applicable	None
MetaTech (S) Pte Ltd.	8,101	Integrate group resources and expand overseas sales market.	Expanded new sources of customers, adjusted product structure to increase gross profit are the reasons for the increase of revenue and profit.	Not applicable	None
MetaTech Limited.	29,040	Integrate group resources and expand overseas sales market.	Expanded new sources of customers, adjusted product structure to increase gross profit are the reasons for the increase of revenue and profit.	Not applicable	None
MetaTech (SZ)	12,171	Integrate group resources and expand overseas sales market.	Expanded new sources of customers, adjusted product structure to increase gross profit are the reasons for the increase of revenue and profit.	Not applicable	None
LOCUS CELL CO., LTD.	(53,478)	Cell layer development and expansion of CDMO business.	Start planning of cell factory construction, manpower layout, the costs will increase.	Not applicable	Start the construction of cell factory.

6. Review and analysis of risk management:
The structure of risk management team:

The management of the Company's various operational risks is handled by the relevant management unit upon 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 regulations and policies of government agencies to ensure the Company's continuous operations and asset safety.
2. Finance Department: Implementation of operational decisions, responsible for financing plans 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. Information Department: Responsible for network planning, deployment, maintenance of network information security control and protection measures, and continuous measurement of network quality to reduce network operations and information security risks.

The impacts of fluctuations in interest/exchange rates and inflation on the company's profits and losses and corresponding measures:

Unit: NT\$ thousand

Items	Impact on Company's profit and loss			Future response measures
	Subject	2021	2022	
Interest rate	Interest income	988	12,275	Regular assessment of bank loan rates and close liaison with banks to obtain more favorable interest rates on loans to reduce the impact of changes in interest rates on the Company's profit or loss.
	Interest expense	10,068	4,600	
Changes in exchange rate	Exchange profit (loss)	(40)	38,627	The purchases of the Company and its subsidiaries are mainly quoted in U.S. dollars, and most of the sales are also quoted in U.S. dollars, so exchange rate changes are partially offset. The Company and its subsidiaries will also monitor and adjust in due course and take measures to avoid risks if necessary.
Inflation	-	-	-	The Company and its subsidiaries always pay attention to the market price fluctuations and keep good relationships with suppliers and customers; there are no major impacts due to inflation in recent years and there is no inflation risk for the short term; there are no major impacts to the annual profit and loss of the Company.

Policies governing high-risk and hyper-leveraged investments, capital lending to others, endorsement/guarantee and derivative transactions; major causes of loss and profit and corresponding measures:

- (1) The Company does not engage in any high-risk, hyper-leveraged investment, capital lending to others as well as derivative transactions. However, the Company has established a "Regulations governing loaning of funds" for compliance.

(2) The endorsement and guarantee are all executed in compliance with the Company's "Regulations governing endorsement guarantee"; the endorsements and guarantee amount as of the end of 2022 and March 31, 2023 were NT\$ 15,355 thousand and NT\$ 13,840 thousand respectively. future research and development plans and estimated investment in research and development expenses; On December 23, 2022, during the 11th Meeting of the 9th Board of Directors, the Board approved the development of regenerative medicine business such as process development, process optimization and clinical research and development with a R&D budget of NT\$30,841 thousand.

(3) Impacts and responses of the Company's financials in regard to material changes of domestic and foreign policies and regulations in recent years: The Company pays attention to relevant domestic and foreign laws and regulations at all times, pays attention to the trends of domestic and foreign policy development and regulatory changes, and seeks to respond to changes in domestic and foreign political and economic situations, so important domestic and foreign policy and legal changes have not had a significant impact on the Company's financial business.

(4) Impacts of the technology and industrial changes of recent years to the Company's financials and corresponding measures: The agent product of the Company and its subsidiaries are mainly used in high-tech products and 3C products (computer, communication, and consumer electronics), and the current high-tech industry and 3C products are booming, which should have a positive impact on the Company.

(5) Impact of Corporate image change on the Company's crisis management and corresponding measures of recent years: 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 recent years.

(6) Expected benefits and risks from mergers and acquisitions and corresponding measures: None

(7) Expected Benefits and Risks from Plant Expansion and corresponding measures: None

(8) 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.

(9) Impacts, risks and corresponding measures from changes in directors, supervisors and shareholders with greater than 10% shareholding or their selling of a large number of shares: The Company's shareholding is concentrated, and there is no concern about the large-scale transfer or replacement of the shareholding.

Impact and Risks and corresponding measures from Change of Ownership: None

7. Other important matters:

Evaluation reference, basis, and main reasons for the listing of assets and liabilities

1. Evaluation reference, 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 reference for evaluation. The Company's policy for the provision of allowances for bad debts is listed as follows:

Age of the account receivable	More than 120 days	More than 180 days	More than 360 days
Provision ratio	5%	30%	100%

2. Policy for the provision of allowances for depreciation losses of inventories:

The book value of the Company's purchase is based on the acquisition cost with the perpetual

inventory system and uses the weighted average method for calculation of costs. Starting from January 1, 2009, adopting the IAS 2 Inventories of IFRS, the valuation of end-of-period inventory value is taking the lower value between the cost and net realizable value with the item-by-item comparison method; the net realizable value of raw materials is the replacement cost, and an allowance for depreciation losses is made for sluggish goods. Net realizable value is the estimated selling price under normal circumstances less costs to be completed and marketing expenses. The company's policy for the provision of sluggish goods depreciation is as follows:

Electronic Business Group:

Inventory age	91 days to 180 days	181 days to 360 days	More than 361 days
Provision ratio	30%	50%	100%

Biomedical Business Group:

Inventory age	1 year to 2 years	2 years to 3 years	More than 3 years
Provision ratio	30%	50%	100%

VIII. Special disclosure

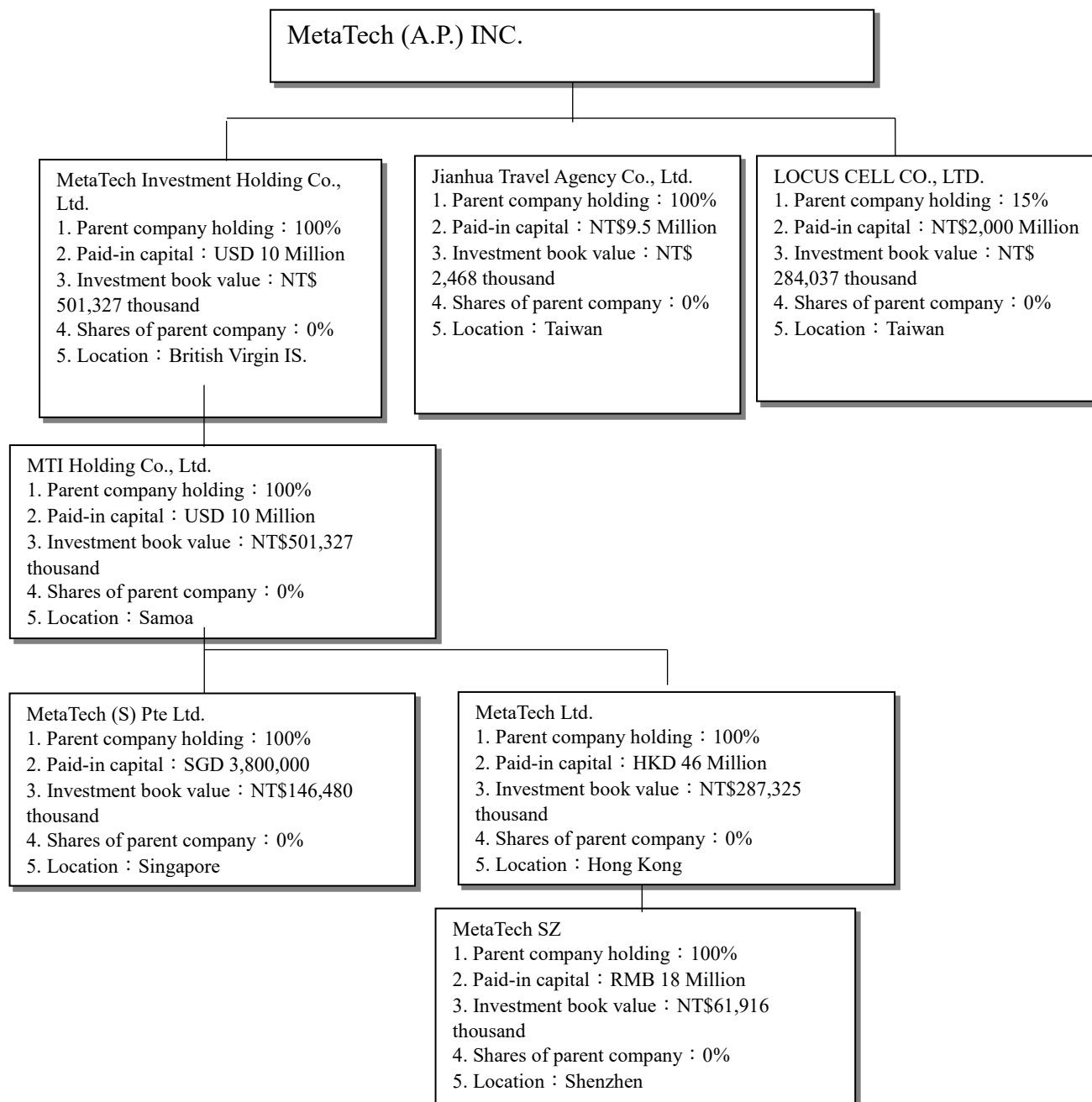
1. Affiliated companies

Affiliate corporates overview

Affiliate corporate structure overview

Organization chart of affiliates corporates

March 31, 2023



Presumed to be a controlling and affiliated company relationship in accordance with Article 369-3 of the Company Act: None.

Subsidiary companies directly or indirectly controlled by the Company in personnel, finance or business operations pursuant to paragraph 2 of Article 369-2 of the Company Act: None.

Profiles of affiliate companies

Unit: \$

Company	Date of Incorporation	Address	Paid-in Capital	Major business or productions
MetaTech Investment Holding Co., Ltd	2001.11	P.O.Box957, 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.Box217, 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	SGD3,800,000	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	14-2F, No. 75, Sec. 1, Xintai 5th Road, Xizhi Dist., New Taipei City	NTD9,500,000	Tourism
LOCUS CELL CO., LTD.	2020.10	14-2F, No. 75, Sec. 1, Xintai 5th Road, Xizhi Dist., New Taipei City	NTD2,000,000,000	Cell commissioned research and development and production services

Presumed to have the same shareholder control and affiliation information: None

Business types of overall affiliates cover: The business types of the Company and its affiliate include sales of electronic components, biomedical technology services and tourism, of which MetaTech Investment Holding Co., Ltd. and MTI Holding Co., Ltd. are holding companies.

Information of directors, supervisors and general managers of all affiliates

Unit: Share ; %

Company	Title	Representative	Shareholding	
			Shares	%
Jianhua Travel Agency Co., Ltd	Chairman	Teng, An-chih	950	100
MetaTech Investment Holding Co.,Ltd.	Chairman and president	Teng, An-chih	10,000,000 -	100 0
MTI Holding Co.,Ltd.	Chairman and president	Teng, An-chih	10,000,000 -	100 0
MetaTech(S) Pte Ltd.	Chairman	Tang, Hung-te (Note 1)	3,800,000 -	100 0
MetaTech Ltd.	Chairman	Tang, Hung-te (Note 2)	46,000,000 -	100 0
MetaTech (SZ)	Chairman and president	Tang, Hung-te	- -	100 0
LOCUS CELL CO., LTD. (Note 3)	Chairman	Ho, Hung-neng	30,000,000	15

Note 1: MetaTech(S) Pte Ltd. reassigned its representative on August 13, 2021 from Hu, Li San to Tang, Hung-te.

Note 2: MetaTech Ltd. reassigned its representative at on August 13, 2021 from Hu, Li San to Tang, Hung-te.

Operation overview of affiliates

Financial status and operating results of affiliates:

December 31st, 2022 Unit: NT\$ thousand

Company	Paid-in Capital (\$)	Total Asset	Total Liabilities	Total Equity	Operating Revenue	Operating profit (Loss)	Current profit (loss) (After tax)	Earnings (loss) per share (\$) (After tax)
MetaTech Investment Holding Co.,Ltd.	USD10,000,000	505,114	0	505,114	0	0	38,188	3.81
MTI Holding Co.,Ltd	USD10,000,000	505,114	0	505,114	0	(130)	38,188	3.81
MetaTech(S) Pte Ltd.	SGD3,800,000	197,267	50,047	147,220	472,767	10,143	8,101	2.13
MetaTech Ltd.	HKD46,000,000	439,053	148,647	290,406	734,064	17,586	29,040	0.63
MetaTech (SZ)	RMB18,000,000	70,133	9,748	60,385	54,312	(16,052)	12,171	-
Jianhua Travel	NTD9,500,000	2,971	410	2,561	81	(625)	(622)	(0.65)

Agency Co., Ltd								
LOCUS CELL CO., LTD.	NTD2,000,000,000	2,001,873	87,455	1,914,418	600	(91,382)	(52,717)	(0.26)

Note 1: 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.

The companies that should be included in the preparation of the financial statements of the Company's consolidated financial statements is the same as the companies that has entered into the consolidated financial statements of the parent and subsidiary companies. Therefore, the consolidated financial statements of the affiliates will not be prepared separately.

The Company is not a subsidiary company of other company and therefore it is not necessary to prepare an affiliation report

2. 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: None
3. The latest year and the date of publication of the annual report, subsidiaries hold or dispose of the Company's shares processing: None
4. Other necessary supplementary information: None
5. 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 Article 36-3-2 of the Securities Exchange Act: None.

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三顧股份有限公司
METATECH (AP) INC.

Stock Code **3224**