

Stock Code : 3224



# MetaTech (AP) Inc.

## Meeting Procedure of 2018 Annual Meeting of Shareholders

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## **I. Meeting Procedure**

MetaTech Corporation Limited Company  
Meeting Procedure of 2018 Annual Meeting of Shareholders

1. Call the Meeting to Order
2. Chairperson Remarks
3. Management Presentation
4. Proposals Matters
5. Discussion Matters I
6. Election Matters
7. Discussion Matters II
8. Other Matters and Questions and Motions
9. Meeting Over

## II. Meeting Agenda

Meeting Time: 9:00 A.M. (Monday) June 25, 2018

Meeting Place : 221, 4F, No. 128, Sec. 1, DaTong Rd., Xizhi Dist., New Taipei City 221, Taiwan  
(R.O.C.)

(4F HuaMei Hall, FuShin Hotel)

### 1. Management Presentation :

- (A) 2017 Annual Business Report
- (B) The Audit Committee reviewed the 2017 final accounts report
- (C) 2017 cash capital increase implementation situation of the Company

### 2. Proposals Matters :

- (A) 2017 Annual Business Report and Consolidated Financial Statements
- (B) 2017 Statements of Deficit Compensated

### 3. Discussion Matters I :

- (A) Amendments to the Articles of the Company Policy of the Company
- (B) Amendments to part of the Articles of Regulations Governing Loans of the Group
- (C) Amendments to part of the Articles of Regulations Governing Endorsement Guarantee of the Group
- (D) Amendments to part of the Articles of Regulations Governing the Acquisition and Disposal of Assets of the Group

### 4. Election Matters :

- (A) The 8th directorial election of the Company. (including independent directors)

### 5. Discussion Matters II :

- (A) The case of repeal the new directors' competition restriction of the Company

### 6. Other Matters and Questions and Motions

### 7. Meeting Over

### III. Management Presentation

#### Report No. 1

Case: 2017 Annual Business Report, Please Check.

Description: 1. For the Company's 2017 Annual Business Report, please refer to page 15 to page 17 of Appendix I of this handbook.

2. Please check.

#### Report No. 2

Case: The Audit Committee reviewed the 2017 Final Accounts Report, Please Check.

Description: 1. The Company's 2017 annual financial statements and consolidated financial statements have been verified by a certified public accountant and issued by an audit committee. Please refer to page 18 of Appendix II and page 19 to page 40 of Appendix III of this handbook.

2. Please check.

#### Report No. 3

Case: 2017 cash capital increase implementation situation of the Company, Please Check.

Description:

1. The Company's 2017 annual cash capital increase case was submitted to the Financial Supervisory Committee on October 13, 2017, and the letter of the certificate which was issued by the Financial Supervisory Committee No. 1060036940 was effective on the case. At a total of NT\$ 36 per share, 14,000,000 new shares were issued in cash capital increase, and a total of NT\$ 504,000,000 was raised. The full amount of the shares was received on January 16, 2018, and they were listed on the counter trading market on January 19, 2018. On the other side, on January 29, 2018, the letter of certificate was approved by the No. 10701010990, and the amount of paid-up capital after the change was NT\$ 580,160,450.
2. According to the relevant correspondence of the competent authority, report the implementation of the 2017 annual cash capital increase to the shareholders' meeting. As of the first quarter of 2018, the 2017 cash capital increase implementation report, please refer to page 41 of Appendix IV of this handbook.
3. Please check.

## IV. Proposals Matters

Report No. 1

Proposal of the board of directors

Case: The Company's 2017 Annual Business Report and Consolidated Financial Statements have been submitted for confirmation.

Description: 1. The Company's 2017 Annual Financial Statements and the Consolidated Financial Statements have been audited by the accountants Xu Ming Chuan and Zhi Bing Jun of PricewaterhouseCoopers Taiwan.

2. The Company's 2017 Annual Financial Statements and Consolidated Financial Statements have been approved by the board of directors and reviewed by the audit committee and issued a review report. They were submitted for recognition in accordance with the law.

3. Please refer to page 15 to page 17 of Appendix I and page 19 to page 40 of Appendix III of this handbook.

4. Please approve.

Report No. 2

Proposal of the board of directors

Case: The Company's 2017 Statements of Deficit Compensated, please check.

Description: 1. The Company's net profit after tax of 2017 was NT \$ 5,188,693, accumulated loss was NT \$ 55,630,214 and Statements of Deficit Compensated was as below:

### MetaTech Corporation Limited Company 2017 Statements of Deficit Compensated

| Entry                                                      | Amount       |
|------------------------------------------------------------|--------------|
| The beginning of accumulated profit or loss                | (60,866,501) |
| Net profit after tax of 2017                               | 5,188,693    |
| Other comprehensive profit and loss for the current period | 47,594       |
| Accumulated loss at the end of period                      | (55,630,214) |

Chairman:

General Manager:

Accounting Manager:

2. Please approve.

## V. Discussion Matters I

Report No.1

Proposal of the board of directors

Case: Amended to part of the Articles of the Company Policy of the Company, and submitted to the public.

Description: 1. To meet the requirements of the statutory requirements and practical needs, it is proposed to amend some of the articles of the "Company Policy" of the Company. Please refer to the comparison table of amendments from page 42 to page 43 of the Appendix V of this handbook.

2. Please check.

Resolution:

Report No.2

Proposal of the board of directors

Case: Amended to part of the Articles of Regulations Governing Loans of the Company, and submitted to the public.

Description: 1. Part of the articles of the original operating procedures were out of date and saved the time and labor costs of the subsidiaries to set the operating procedures, and met the relevant procedures of Regulations Governing Loans to fully revise. And at the same time, it was renamed as "MetaTech Group (the Company and its subsidiaries) Regulations Governing Loans". For the revised articles, please refer to pages 44 to 51 of Appendix VI of this handbook.

2. Please check.

Resolution:

Report No.3

Proposal of the board of directors

Case: Amended to part of the Articles of Regulations Governing Endorsement Guarantee of the Company, and submitted to the public.

Description: 1. Part of the articles of the original operating procedures were out of date and saved the time and labor costs of the subsidiaries to set the operating procedures, and met the relevant procedures of Regulations Governing Loans to fully revise. And at the

same time, it was renamed as “MetaTech Group (the Company and its subsidiaries) Regulations Governing Loans”. For the revised articles, please refer to pages 52 to 58 of Appendix VII of this handbook.

2. Please check.

Resolution:

Report No.4

Proposal of the board of directors

Case: Amended to part of the Regulations Governing the Acquisition and Disposal of Assets of the Company, and submitted to the public.

Description: 1. To meet the needs of the Company's practical operations, in accordance with the requirements of the “Regulations Governing the Acquisition and Disposal of Assets by Public Companies”, amended to part of the Regulations Governing the Acquisition and Disposal of Assets of the Group, please refer to pages 59 to 79 of Appendix VIII of this handbook.

2. Please check.

Resolution:



## VI. Election Matters

Report No.1

Proposal of the board of directors

Case: The 8th directorial election of the Company (including independent directors). Please elect.

Description: 1. The term of the current directors (including independent directors) will expire on June 29, 2018, and will be re-elected in accordance with the Company Act.

2. Eleven of the directors (including three independent directors) were elected according to the Articles of the Company Policy, and the current directors were relieved after the shareholders' meeting. The directors adopt the nomination system for candidates. The new directors will take office after the shareholders' meeting for a term of three years from June 25, 2018 to June 24, 2021.

3. The list of candidates for directors (including independent directors) of the Company was nominated by the board of directors and reviewed by the board of directors on May 11, 2018. The list of candidates is as follows:

4. Please elect.

| Nominee category | Nominee Name                                                                  | Education                                                                                                                                               | Experience                                                                                                                                                                                                                                                                                                        | Current position                                                                    | Amount of shares held (unit: shares) (Note 1)              | Government or corporate name represented (not short) | Other relevant information (if not, please fill in none) | Has served continuously in three independent directors |
|------------------|-------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------|------------------------------------------------------------|------------------------------------------------------|----------------------------------------------------------|--------------------------------------------------------|
| Director         | Representative of the National Development Fund, Executive Yuan: He Hong Neng | Researcher, University of California, Los Angeles, USA<br>Researcher, University of Pittsburgh, USA<br>Bachelor of Medicine, National Taiwan University | Vice President, National Taiwan University College of Medicine<br>Director, Academic Affairs Division, National Taiwan University College of Medicine<br>Vice President, National Taiwan University Hospital<br>Director, Medical Research Department, National Taiwan University Hospital<br>Professor, National | Dean, National Taiwan University Hospital<br>Chairman, Formosan Medical Association | 2,777,000 (National Development Fund, Executive Yuan held) | National Development Fund, Executive Yuan            | None                                                     | Not applicable                                         |

|          |                                                                                          |                            |                                                                                                                                                                                                                                                                                                                                                                                                                         |                                                                                                                                                                                                                                                                                                                                         |                                                                 |                                      |      |                   |
|----------|------------------------------------------------------------------------------------------|----------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------|--------------------------------------|------|-------------------|
|          |                                                                                          |                            | <p>Taiwan University<br/>College of Medicine<br/>Vice President,<br/>American Society for<br/>Reproductive<br/>Immunology<br/>Chairman, Taiwan<br/>Society for<br/>Reproductive<br/>Medicine<br/>Chairman, Taiwan<br/>Society for Stem Cell<br/>Research<br/>Chairman, Taiwan<br/>Association of<br/>Obstetrics and<br/>Gynecology<br/>Vice President,<br/>International Society<br/>for the Stem Cell<br/>Research</p> |                                                                                                                                                                                                                                                                                                                                         |                                                                 |                                      |      |                   |
| Director | Junmao<br>Internati<br>onal<br>Co.,<br>Ltd.<br>Represe<br>ntative:<br>Wu<br>Zhen<br>Long | Xing Guo<br>High<br>School | <p>Representative, New<br/>Yongan Cable TV<br/>Co., Ltd.<br/>Representative,<br/>Dayang Cable TV<br/>Co., Ltd.<br/>Representative, Deyi<br/>Investment Co., Ltd.<br/>Representative,<br/>Fufeng Investment<br/>Co., Ltd.</p>                                                                                                                                                                                            | <p>Representati<br/>ve, Jun<br/>Trade<br/>Internationa<br/>l Co., Ltd.<br/>Representati<br/>ve, Jun<br/>Trade<br/>Enterprise<br/>Co., Ltd.<br/>Representati<br/>ve, Founder<br/>Co., Ltd.<br/>Representati<br/>ve, Junbao<br/>Constructio<br/>n Co., Ltd.<br/>Representati<br/>ve, Ma Shen<br/>Kerry<br/>Biochemical<br/>Technology</p> | 1,592,000<br>(Junmao<br>Internationa<br>l Co.,<br>Ltd.held<br>) | Junmao<br>International<br>Co., Ltd. | None | Not<br>applicable |

|          |                                                 |                                                           |                                                                                                        |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |                                                       |                                  |      |                   |
|----------|-------------------------------------------------|-----------------------------------------------------------|--------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------|----------------------------------|------|-------------------|
|          |                                                 |                                                           |                                                                                                        | Co., Ltd.<br>Director,<br>Luye Ding<br>Developme<br>nt Co., Ltd.<br>Director,<br>Yixing<br>Department<br>Store Co.,<br>Ltd.<br>Director,<br>Strongly<br>Integrated<br>Marketing<br>Co., Ltd.<br>Director,<br>Dongsen<br>Deyi Co.,<br>Ltd.<br>Director,<br>Acer<br>Internationa<br>l Media Co.,<br>Ltd.<br>Director, the<br>apartment<br>building<br>managemen<br>t and<br>maintenance<br>company<br>BELX BIO-<br>Pharmaceuti<br>cal Co.LTD<br>(Subsidiary:<br>Belker<br>Biotech<br>Co., Ltd.) |                                                       |                                  |      |                   |
| Director | Dajun<br>Investm<br>ent Co.,<br>Ltd.<br>Represe | Doctor of<br>Pharmaceuti<br>cal<br>Research,<br>Kaohsiung | Head of Department<br>of Biotechnology, I-<br>SHOU University<br>Associate Professor,<br>Department of | Consultant,<br>Chiayi City<br>Government<br>Municipal<br>Director,                                                                                                                                                                                                                                                                                                                                                                                                                            | 197,000<br>(Dajun<br>Investment<br>Co., Ltd.<br>held) | Dajun<br>Investment<br>Co., Ltd. | None | Not<br>applicable |

|  |                                      |                                                                                                                                                                                                   |                                                                                                                                                                                                                                    |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |  |  |  |  |
|--|--------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--|--|--|--|
|  | <p>ntative:<br/>Yang<br/>Zhi Hui</p> | <p>Medical<br/>University<br/>Master of<br/>Pharmaceuti<br/>cal<br/>Sciences,<br/>Kaohsiung<br/>Medical<br/>University<br/>Bachelor of<br/>Pharmacy,<br/>Kaohsiung<br/>Medical<br/>University</p> | <p>Biotechnology, I-<br/>SHOU University<br/>Head of Planning and<br/>Publicity Section,<br/>Public Affairs Office,<br/>I-SHOU University<br/>Assistant Professor,<br/>Department of<br/>Biotechnology, I-<br/>SHOU University</p> | <p>Corporate<br/>Legal<br/>Person<br/>Biochemical<br/>Technology<br/>Foundation<br/>Committee,<br/>Kaohsiung<br/>City<br/>Women's<br/>Rights<br/>Promotion<br/>Committee,<br/>Pacific<br/>Science<br/>Council<br/>Committee<br/>of the<br/>Republic of<br/>China<br/>Adjunct<br/>researcher,<br/>National<br/>Experiment<br/>al Research<br/>Consultant,<br/>MetaTech<br/>Co., Ltd.<br/>Vice<br/>President,<br/>Medical<br/>College, I-<br/>SHOU<br/>University<br/>Professor,<br/>Department<br/>of Healing<br/>Medicine,<br/>Medical<br/>College, I-<br/>SHOU<br/>University<br/>Honorary</p> |  |  |  |  |
|--|--------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--|--|--|--|

|  |  |  |  |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |  |  |  |  |
|--|--|--|--|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--|--|--|--|
|  |  |  |  | Director of<br>the Ten<br>Outstanding<br>Women's<br>Youth<br>Association<br>of the<br>Republic of<br>China<br>Executive<br>Secretary,<br>Biotechnolo<br>gy<br>Promotion<br>Committee,<br>Nanke<br>Industry and<br>Commerce<br>Association<br>Director of<br>Biotechnolo<br>gy and<br>Biomedical<br>Engineering<br>Research<br>Center, I-<br>SHOU<br>University<br>Professor,<br>Department<br>of<br>Biotechnolo<br>gy, I-SHOU<br>University<br>Director,<br>Biotechnolo<br>gy, Taiwan<br>Executive<br>Supervisor,<br>Taiwan<br>Invention<br>Association<br>Director, |  |  |  |  |
|--|--|--|--|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--|--|--|--|

|          |                                                            |                                                                                               |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |                                                                                                                                                      |                                           |                            |      |                |
|----------|------------------------------------------------------------|-----------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------|----------------------------|------|----------------|
|          |                                                            |                                                                                               |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | International Society of Biocatalysis and Agricultural Biotechnology                                                                                 |                                           |                            |      |                |
| Director | Dajun Investment Co., Ltd. Representative: Zhao Hong Zhang | Ph.D., Institute of Political Science, Chinese Culture University, Georgetown University, USA | Consultant and CEO, Far East Animation Technology Co., Ltd. Independent Director, Jingwei Aerospace Technology Co., Ltd. Executive Consultant, Sanbei De Digital Creative Co., Ltd. Executive Consultant, Fujian Zhiqun Network Information Technology Co., Ltd. Senior Partner of Huayuanhui Investment Fund Huaqiang Asset Management Group Partner Executive Consultant Executive Consultant, Shanghai Oriental Huifu Fund GP Review committee, Ministry of Economics, Innovation and Optimization Project and Thematic R&D Project and 4G Broadband Application Software Innovation and Innovation Park | Chairman of Singapore Huanju Zhiben Investment Management Co., Ltd. High-level Master of Administration (MEPA) Lecture, National Chengchi University | 197,000 (Dajun Investment Co., Ltd. held) | Dajun Investment Co., Ltd. | None | Not applicable |
| Director | Boîte À Bijoux                                             | Doctor, Health                                                                                | Chairman, National Health Insurance                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | Vice President,                                                                                                                                      | 1,077,000 (Boîte À                        | Boîte À Bijoux             | None | Not applicable |

|          |                                                               |                                                                                                                                                                 |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |                                                                                                                            |                                                       |                                     |      |                |
|----------|---------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------|-------------------------------------|------|----------------|
|          | Investment Co., Ltd. Representative: Zheng Shou Xia           | Policy and Management, Yale University, USA Master, National Taiwan University Institute of Public Health Bachelor, National Taiwan University of Public Health | Committee General Manager and Director of National Health Insurance Administration Deputy Director, Ministry of Health and Welfare, Executive Yuan Professor and Director, Institute of Health Policy and Management, National Taiwan University Professor and Director, Institute of Health Policy and Management, National Taiwan University Chairman, National Health Insurance Medical Expenditure Negotiation Committee, Ministry of Health and Welfare Associate Professor and Professor, Institute of Health Policy and Management, National Taiwan University | Public Health, National Taiwan University Professor, Institute of Health Policy and Management, National Taiwan University | Bijoux Investment Co., Ltd. (held)                    | Investment Co., Ltd.                |      |                |
| Director | Boîte À Bijoux Investment Co., Ltd. Representative: Hu Li San | Bachelor of Business Department, National Taiwan University                                                                                                     | Supervisor, Far East Airlines Co., Ltd. Partner Accountant, Lan Jie CPAs FIRM Partner Accountant, Ye Shun CPAs FIRM Auditor, Jian Xing CPAs FIRM                                                                                                                                                                                                                                                                                                                                                                                                                      | Partner Accountant, Lian Li CPAs FIRM Director, Zhongfu International Co., Ltd. Director and                               | 1,077,000 (Boîte À Bijoux Investment Co., Ltd. held ) | Boîte À Bijoux Investment Co., Ltd. | None | Not applicable |

|          |                                                                  |                                                                      |                                                                                                                                                        |                                                                                                                                                                             |                                                      |                                     |      |                |
|----------|------------------------------------------------------------------|----------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------|-------------------------------------|------|----------------|
|          |                                                                  |                                                                      |                                                                                                                                                        | General Manager, Chuanfei Energy Co., Ltd. Chairman, Metadata Co., Ltd. Chairman, Lishan Investment Co., Ltd. Chairman, Happy Farm Co., Ltd.                                |                                                      |                                     |      |                |
| Director | Boîte À Bijoux Investment Co., Ltd. Representative: Tang Hong De | Bachelor of Business Administration, Fu Jen University               | Supervisor, Taiyen Biotech Co., Ltd. Chairman, Ri Wu International Entertainment Co., Ltd. Manager, JihSun International Commercial Bank               | Director and General Manager, Metadata Co., Ltd. Director, Qi He Digital Animation Co., Ltd. Director, An Xing Biotechnology Co., Ltd. Director, Dajun Investment Co., Ltd. | 1,077,000 (Boîte À Bijoux Investment Co., Ltd. held) | Boîte À Bijoux Investment Co., Ltd. | None | Not applicable |
| Director | Boîte À Bijoux Investment Co., Ltd. Representative: Qiu Jun Hua  | Master of Business Administration, University of Australia, MURDOC H | Director, Jih Sun Financial Holding Co., Ltd. Director, Jih Sun International Commercial Bank Co., Ltd. Director, Jih Sun Life Insurance Agent Company | Director and Executive Deputy General Manager, Metadata Co., Ltd.                                                                                                           | 1,077,000 (Boîte À Bijoux Investment Co., Ltd. held) | Boîte À Bijoux Investment Co., Ltd. | None | Not applicable |



|                      |            |                                                                                                                                                                                                                                                                                      |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |                                                                                                                                                                                                 |   |      |      |      |
|----------------------|------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---|------|------|------|
|                      |            |                                                                                                                                                                                                                                                                                      | Deputy General Manager, Credit Management Department, Jih Sun International Commercial Bank                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |                                                                                                                                                                                                 |   |      |      |      |
| Independent director | Wu Rong Yi | US Fulbright Scholarship (Yale University) Visiting Scholar Ph.D. in Economics, University of Leuven, Belgium Master of Economics, University of Leuven, Belgium Master of Economic Research Institute, National Taiwan University Bachelor of Economics, National Taiwan University | New Taiwan National Policy Think Tank Chairman Professor and Head of Department of Economics, National Chung Hsing University School of Law and Business Director, Institute of Economics, National Chung Hsing University School of Law Executive Yuan Fair Trade Commission Dean of the Taiwan Economic Research Institute Executive dean Chairman of the Taiwan Futures Exchange Taiwan Stock Exchange Chairman Member of the National Financial Stability Fund Management Committee of the Executive Yuan Member of the Asia Pacific Economic Cooperation (APEC) Eminent Persons Group | Minister Mentor, Presidential palace Chairman, Taishan Investment Management Consulting Co., Ltd. Chairman of the Board of Education of the Taiwan Institute of Water Resources and Agriculture | 0 | None | None | None |

|                      |               |                                                                         |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |                                                                                        |   |      |                                                                            |              |
|----------------------|---------------|-------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------|---|------|----------------------------------------------------------------------------|--------------|
| Independent director | Wang Wen Zhu  | Bachelor of Pharmacy, National Taiwan University                        | General Manager of Advanced International Biotechnology Co., Ltd.<br>Director, Business and Marketing Department, Shui On Pharmaceutical Co., Ltd.<br>General Manager of Fresenius Kabi Co., Ltd.<br>Renren Pharmaceutical Co., Ltd. Consultant<br>General Manager, Western Medicine Department, Monsanto Co., Ltd., Taiwan<br>General Manager, Department of Taiwan Glaxo Wellcome Co., Ltd.<br>Manager of Business and Marketing Department of Yuli Co., Ltd.<br>Meizhan Shike Co., Ltd. Product/Business Manager<br>Bailingjia Yinggehan Co., Ltd. Director of Operations | Bai Junsheng Medical Co., Ltd. General Manager Metadata Co., Ltd. Independent Director | 0 | None | 1986 Examination of the Pharmacist Examination Passed (Pharmacy No. 13296) | None         |
| Independent director | Chen Rong Hua | Bachelor of Accounting, Chung Hsing University<br>Master of Accounting, | Executive Director of Republic of China Association of Certified Public Accountants<br>Executive Director of Taiwan Institute of Certified Public                                                                                                                                                                                                                                                                                                                                                                                                                            | Director of L.H.CHEN & Co., CPAs.<br>Taipei City Medical Association Consultant        | 0 | None | 1983 Senior Examination on Accountant Pass and Registrati                  | Yes (Note 2) |

|  |  |                                          |                                                                                                                                                                                                                                                               |                                                                                                                                                                                       |  |  |                   |  |
|--|--|------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--|--|-------------------|--|
|  |  | National<br>Chung<br>Hsing<br>University | Accountants<br>Taipei City<br>Association of<br>Accountants<br>Lecturer, Department<br>of Accounting,<br>National Taipei<br>University<br>Lecturer, Department<br>of Accounting,<br>National Taipei<br>Business School<br>Auditor, Zicheng<br>Accounting Firm | Metadata<br>Co., Ltd.<br>Independent<br>Director<br>Heshisheng<br>Medical<br>Technology<br>Co., Ltd.<br>Independent<br>Supervisor<br>Dab Jing<br>Co., Ltd.<br>Independent<br>Director |  |  | on<br>Certificate |  |
|--|--|------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--|--|-------------------|--|

Note 1: The amount of shares held by the above-mentioned directors as nominees is the amount of shares held by the Company's shareholder list as of the date of the suspension of the shareholder's meeting (April 26, 2018).

Note 2: The independent nominee of Chen Rong Hua is the current independent director of the Company. Although the term of office has reached three consecutive terms, the allocation of independent directors of the Company needs to be combined with the Company's future business strategy and consider the diversified standards. During his tenure, he met the requirements of independence and had the knowledge, skills, literacy and professionalism necessary to perform his business. The individual has an accountant's license and is a certified public accountant. He is the convener of the first audit committee of the Company, giving full play to the supervision and guidance functions. He assisted the Company in establishing and implementing the corporate governance system during his tenure, and was qualified according to the qualifications of the independent directors of the Company.

Election results:

## VII. Discussion Matters II

Report No. 1

Proposal of the board of directors

Case: relieved the new director's competition restriction, and submitted to the public.

Description: 1. According to Article 209 of the Company Law, "A director acts for himself or others within the Company's business scope and shall address the shareholders' meeting to explain the important contents of his actions and obtain his permission".

2. It is proposed that the new directors of the Company, if they concurrently serve as directors of other companies, should not jeopardize the interests of the Company. Therefore, it is proposed to request the shareholders' meeting to agree to relieve the restrictions on the competition of new directors and independent directors.

3. For the candidates of the directors (including independent directors) of the Company, the details of the proposed restrictions on the prohibition of competition are as follows:

4. Please check.

| Elected name | Name                                                                            | Part-time company/ Title                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
|--------------|---------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Director     | National Development Fund,<br>Executive Yuan<br>Representative:<br>He Hong Neng | Dean, National Taiwan University Hospital<br>Chairman, Formosan Medical Association                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| Director     | Junmao International Co., Ltd.<br>Representative:<br>Wu Zhen Long               | Representative, Jun Trade International Co., Ltd.<br>Representative, Jun Trade Enterprise Co., Ltd.<br>Representative, Founder Co., Ltd.<br>Representative, Junbao Construction Co., Ltd.<br>Representative, Ma Shen Kerry Biochemical Technology Co., Ltd.<br>Director, Luye Ding Development Co., Ltd.<br>Director, Yixing Department Store Co., Ltd.<br>Director, Strongly Integrated Marketing Co., Ltd.<br>Director, Dongsen Deyi Co., Ltd.<br>Director, Acer International Media Co., Ltd.<br>Director, the apartment building management and maintenance company<br>BELX BIO-Pharmaceutical Co.LTD<br>(Subsidiary: Belker Biotech Co., Ltd.) |

|                         |                                                                             |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
|-------------------------|-----------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Director                | Dajun Investment Co., Ltd.<br>Representative:<br>Yang Zhi Hui               | Consultant, Chiayi City Government Municipal<br>Director, Corporate Legal Person Biochemical Technology Foundation<br>Committee, Kaohsiung City Women's Rights Promotion<br>Committee, Pacific Science Council Committee of the Republic of<br>China<br>Adjunct researcher, National Experimental Research<br>Consultant, MetaTech Co., Ltd.<br>Vice President, Medical College, I-SHOU University<br>Professor, Department of Healing Medicine, Medical College, I-SHOU<br>University<br>Honorary Director of the Ten Outstanding Women's Youth Association<br>of the Republic of China<br>Executive Secretary, Biotechnology Promotion Committee, Nanke<br>Industry and Commerce Association<br>Director of Biotechnology and Biomedical Engineering Research<br>Center, I-SHOU University<br>Professor, Department of Biotechnology, I-SHOU University<br>Director, Biotechnology, Taiwan<br>Executive Supervisor, Taiwan Invention Association<br>Director, International Society of Biocatalysis and Agricultural<br>Biotechnology |
| Director                | Dajun Investment Co., Ltd.<br>Representative:<br>Zhao Hong Zhang            | Chairman of Singapore Huanju Zhiben Investment Management Co.,<br>Ltd.<br>High-level Master of Administration (MEPA) Lecture, National<br>Chengchi University<br>Jingwei Aerospace Technology Co., Ltd. Independent Director<br>Dajun Investment Co., Ltd. Director                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| Director                | Boîte À Bijoux Investment Co.,<br>Ltd.<br>Representative:<br>Zheng Shou Xia | Vice President, Public Health, National Taiwan University<br>Professor, Institute of Health Policy and Management, National Taiwan<br>University                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| Director                | Boîte À Bijoux Investment Co.,<br>Ltd.<br>Representative:<br>Hu Li San      | Partner Accountant, Lian Li CPAs FIRM<br>Director, Zhongfu International Co., Ltd.<br>Director and General Manager, Chuanfei Energy Co., Ltd.<br>Chairman, Metadata Co., Ltd.<br>Chairman, Lishan Investment Co., Ltd.<br>Chairman, Happy Farm Co., Ltd.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| Director                | Boîte À Bijoux Investment Co.,<br>Ltd.<br>Representative:<br>Tang Hong De   | Director and General Manager, Metadata Co., Ltd.<br>Director, Qi He Digital Animation Co., Ltd.<br>Director, An Xing Biotechnology Co., Ltd.<br>Director, Dajun Investment Co., Ltd.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| Independent<br>director | Wu Rong Yi                                                                  | Minister Mentor, Presidential palace<br>Chairman, Taishan Investment Management Consulting Co., Ltd.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |

|                      |               |                                                                                                                                                                                                                                                                    |
|----------------------|---------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                      |               | <p>Taishan Buffalo Investment Co., Ltd. Director</p> <p>Director of Taiwan Capital Management USA, Inc.</p> <p>Chairman of the Board of Education of the Taiwan Institute of Water Resources and Agriculture</p> <p>Fubon Securities Independent Director</p>      |
| Independent director | Wang Wen Zhu  | <p>Bai Junsheng Medical Co., Ltd. General Manager</p> <p>Sancai Co., Ltd.</p> <p>Jianrui Pharmaceutical Biotechnology Co., Ltd. Supervisor</p> <p>Metadata Co., Ltd. Independent Director</p>                                                                      |
| Independent director | Chen Rong Hua | <p>Director of L.H.CHEN &amp; Co., CPAs.</p> <p>Taipei City Medical Association Consultant</p> <p>Metadata Co., Ltd. Independent Director</p> <p>Heshisheng Medical Technology Co., Ltd. Independent Supervisor</p> <p>Dab Jing Co., Ltd. Independent Director</p> |

Resolution:

## VIII. Questions and Motions

## **IX. Appendix**

1. 2017 Business Report
2. 2017 Audit Committee Review Report
3. 2017 Accountants' Review Report and Financial Statements
4. 2017 Cash Capital Increase Implementation Situation
5. The Comparison Table of Amendments of the Company Policy
6. The Comparison Table of Amendments of Regulations Governing Loans
7. The Comparison Table of Amendments of Regulations Governing Endorsement Guarantee
8. The Comparison Table of Amendments of Regulations Governing the Acquisition and Disposal of Assets
9. The Company Policy (Before amendment)
10. Regulations Governing Loans (Before amendment)
11. Regulations Governing Endorsement Guarantee (Before amendment)
12. Regulations Governing the Acquisition and Disposal of Assets (Before amendment)
13. The Rules of Procedure in Shareholders' Meeting
14. The Method for the Board of Directors' Election
15. The Condition of Directors Holding Shares
16. Other Instructions

## Appendix I : 2017 Business Report

### 2017 Operating status report

#### I. 2017 business results

##### (A) 2017 Business Plan Implementation Results

In 2017, the total consolidated revenue was NT\$ 1,429,233 thousand, a decrease of NT\$ 233,587 thousand compared with the year of 2016 NT\$ 1,662,820 thousand; the net profit after tax for 2017 is NT\$ 5,189 thousand, compared with the net loss after tax of NT\$ 56,195 thousand in 2016, and the net profit increased by NT\$ 61,384 thousand. Earnings per share of after tax were \$ 0.12.

##### (B) Financial revenue and expenditure and profitability analysis

1. In 2017, the total revenue was NT\$ 1,429,233 thousand, although the revenue decreased compared with the same period of last year, the gross profit margin increased by 30%. Mainly due to the adjustment of customer structure and the elimination of poorly profitable product lines. In addition, the electronics department carried out manpower optimization at the end of 2016, and the operating expenses in 2017 were significantly reduced, which led to significant growth in the current period. In addition, the electronics department carried out manpower optimization at the end of 2016, and the operating expenses in 2017 were significantly reduced, which led to significant growth in the current period.
2. The relevant financial ratios are as follows:

| Entry                                      | 2017   | 2016    |
|--------------------------------------------|--------|---------|
| Current Ratio%                             | 367.63 | 204.34  |
| Quick Ratio%                               | 298.39 | 168.12  |
| Interest Coverage Ratio%                   | 11.89  | (19.19) |
| Liabilities to Assets Ratio%               | 23.11  | 42.85   |
| Fixed Assets to Permanent Capital %        | 721.20 | 763.02  |
| ROE %                                      | 0.98   | (11.39) |
| Paid-up Capital to Business Interests %    | 2.60   | (14.05) |
| Paid-up Capital to Income Before Tax %     | 1.80   | (16.43) |
| Net Profit (Loss) Ratio %                  | 0.36   | (3.38)  |
| Earnings Per Share (NT\$) after retrospect | 0.12   | (1.40)  |

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



1. Electronic Department:

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

2. Biomedical Department:

- (1) In April 2017, it signed a contract with the Japanese public offering company CellSeed Inc. to introduce the world's original cell layer culture technology, develop tissue regeneration and repair of esophagus and joints in Taiwan, effectively translate to clinical application, and establish a cooperation model of production, government, research and research. It is expected to accelerate the development and breakthrough of Taiwan's regenerative medicine technology.
- (2) In December 2017, the National Development Fund passed a capital injection of NT\$100 million, and said that this investment case can accelerate the clinical trial schedule in Taiwan. At the same time, it will help promote the development of regenerative medicine-related medical care, and will have positive benefits for the development of regulations in the field of regenerative medicine, medical technology, industry-university cooperation and talent cultivation.

## **II. 2018 Overview of Operation Plan**

(A) Operating strategy

1. Electronic Department:

- (1) Electronic components and components that are based on high added value and niche products.
- (2) Rooted in Taiwan, deep-growing the mainland and Southeast Asia and India marketing network, combined with the resources of Greater China and Asean countries to create multiplied profits and values.
- (3) Continue to adjust to expand niche and provide customers with more complete solutions.

- (4) Looking at existing product lines, we seek customers in the Blue Ocean market and at the same time increase customer satisfaction, and become long-term partners. And actively introduce existing sales channels for Internet of Things-related parts products in order to pursue continuous growth of operations.
  - (5) Actively introduce and cultivate talents, improve technical support and product application capabilities.
  - (6) Provide differentiated services and technology integration to meet customer needs in order to maximize profit.
2. Biomedical Department: We are committed to the development of "precision medicine" and "regenerative medicine" and actively expand the market for the biomedical industry. "MetaTech Medical" will combine precision medicine and regenerative medicine, establish strategic alliances with various hospitals, provide safe and accurate medical services, and use international medical service projects to introduce vast numbers of customers and develop new overseas markets:
- (1) Establish a Cell Process Center - Establish a CellProcessing Center (CPC) that meets PIC/S GMP standards in accordance with Japanese specifications and perform clinical trials of esophageal and knee cartilage regeneration.
  - (2) Established a research and development center - set up a research and development center in the National Biomedical Park, and cooperated with CellSeed in Japan to develop new technologies for cell layer production. In collaboration with major medical research institutions, we have developed new tissue culture techniques in addition to esophagus and articular cartilage and performed clinical trials.
  - (3) Accurate medical promotion - cancer individualized genetic testing and drug analysis.
  - (4) Expanding international medical services - promoting overseas medical services to Taiwan.
- (B) Important sales policy
1. Electronic Department : Enhance the promotion of products in the cloud technology, wireless communications, industrial control, medical equipment, automotive electronics, wearable products and other high-end market applications.
  2. Biomedical Department : In addition to continuing exchanges and exchanges with industry and academia at home and abroad, we have actually

participated in clinical research of large medical centers, sought strategic cooperation in the health insurance industry, established research and development centers, and provided integrated cloud medical information services.

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

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

Wish you have a good health and a good luck

Chairman  
Hu Li San  
Sincerely

Manager  
Tang Hong De  
Sincerely

Account Manager  
Zhan Zhi Cong  
Sincerely

**Appendix II : 2017 Audit Committee Review Report**

**MetaTech Corporation Limited Company**

**Audit Committee Review Report**

The board of directors prepared the 2017 annual Company's individual financial statements and consolidated financial statements of the Company, they have been audited by the accountants Xu Ming Chuan and Zhi Bing Jun of PricewaterhouseCoopers Taiwan, and submitted a check report, and the audit committee completed checking the business report and the proposal of statements of deficit compensated, and considered that they are in line with the relevant laws and regulations of the Company Law, and are required to verify the report in accordance with Article 14-4 of the Securities Exchange Act and Article 219 of the Company Law.

Sincerely

MetaTech Corporation Limited Company

2018 Annual Meeting of Shareholders  
Audit Committee convener : Chen Rong Hua  
(Signature)

Mar. 27, 2018

## Appendix III : 2017 Accountants' Review Report and Financial Statements



### Accountants' Review Report

(107) Financial Audit Report No.17004158

Dear MetaTech Corporation Limited Company:

#### **Opinion :**

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

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

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

We conducted our audits in accordance with the "Regulations Governing Auditing and Attestation of Financial Statements of Financial Institutions by Certified Public Accountants" and generally accepted auditing standards in the Republic of China (ROC GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Individual Financial Statements section of our report. We are independent of MetaTech Corporation Limited Company in accordance with the Code of Professional Ethics for Certified Public Accountants in the Republic of China (the " Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have 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 individual financial statements of the current period. These matters were addressed in the context of our audit of the individual financial statements as a whole and, in forming our opinion thereon; we do not provide a separate opinion on these matters.

The key audit matters of the individual financial statements for 2017 MetaTech Corporation

Limited Company are as follows:

### **Distribution warehouse sale revenue due to the appropriateness**

#### Description

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

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

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

#### In response to the checking procedure

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

1. According to the understanding of the company's operations and the nature of the industry, assess the shipping warehouse sales revenue recognized rationality of the policies and procedures and found to comply with the applicable financial reporting framework.
2. To understand the process of receipt, management and delivery of the warehouse, and to evaluate and test the related internal controls, including checking the name, quantity and amount of items in the statements prepared by the custodian of the warehouse, checking the delivery schedule and the sales vouchers are consistent with the information and confirm that the revenue from inventory movements has been recorded in the appropriate period.
3. For the period before and after the balance sheet sales of goods warehouse for a period of time the implementation of the closing of the transaction test, including check the delivery

warehouse custodian detailed statement of the goods and inventory changes in the name, quantity and sales revenue amount, and confirm that it has been recorded in the appropriate period.

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

## **Realization of deferred income tax assets**

### Description

For the accounting policies of income tax, please refer to Note IV (25) of the financial statements for details. For the accounting estimates and assumptions of income tax, please refer to Note V (2) of the individual financial statements: For an explanation of income tax accounting items, please refer to Note VI (16) to the individual financial statements.

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

### In response to the checking procedure

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

1. To understand the operation and nature of the company so as to evaluate the reasonableness of management's future operation plan, including assessing the operation planning process and reviewing the operation plan in line with the management's approval.
2. Ask the management plan of operation plan and evaluate its intention and ability to execute.
3. Review the revenue, cost and expense growth assumptions used by management in future operations and compare with historic results, economic and industry forecasts to assess the reasonableness of estimating the future taxable income.
4. Evaluating the management's sensitivity analysis using alternative assumptions such as net profit-to-fulfillment ratios and confirming that management has properly dealt with the effect of uncertainty about the estimation uncertainty of future realizable taxable income.

## **Valuation of the allowance for impairment losses on inventories**

### Description

Please refer to Note IV (11) of the Individual Financial Statements for the accounting policy of the stock valuation. For details of the accounting estimates and assumptions of the stock valuation, please refer to Note V (2) of the Individual Financial Statements.

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

The inventory and allowance for impairment losses of MetaTech Corporation Limited Company as of December 31, 2017 were \$ 35,397 thousand and \$ 4,909 thousand, respectively. MetaTech Corporation Limited Company is semiconductor components distribution agents to sales of niche products mainly by the type of consumer products, communications products and connectors for the bulk. Because of a small number of diversified products, but also face fierce market price competition and a shorter life cycle, so the risk of falling inventories loss or obsolescence is higher.

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

### In response to the checking procedure

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

1. Based on an understanding of the nature of operations and industry, evaluate the reasonableness of the policies and procedures used in assessing the impairment loss on inventories.
2. Understand the warehouse management process, review its annual inventory plan and participate in the annual inventory count to assess management separation and control the effectiveness of obsolete stocks.
3. Verify that the management level is used to individually evaluate the inventory used for



obsolescence. The correctness of the information in the report includes confirmation that the inventory movements fall within the appropriate age range.

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

#### **Management and governance unit of the individual financial statements of the responsibility**

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

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

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

#### **Accountants check the financial statements of the responsibility**

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

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

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

1. To identify and assess the significant unrealistic presentation of the individual financial statements as a result of fraud or error; to design and implement appropriate responses to the assessed risks; and to obtain sufficient and appropriate evidence of verification as a basis for verifying the opinion. Because fraud may involve collusion, falsification, intentional omissions, misrepresentation, or excessive internal controls, the risk of not detecting a major misrepresentation due to fraud is higher than that resulting from the wrongdoer.
2. Obtain necessary understanding of the internal controls related to auditing and checking to design appropriate review procedures at the time, but the purpose is not to express an opinion on the effectiveness of the internal control of MetaTech Corporation Limited Company.
3. Assess the appropriateness of the accounting policies used by management and the reasonableness of the accounting estimates and related disclosures made.
4. Based on the evidence obtained from the examination, it is concluded that there is material uncertainty regarding the appropriateness of the management to adopt the basis for continuing operations and the events or circumstances that may give rise to significant doubts as to the ability of MetaTech Corporation Limited Company to continue as a going concern. In the opinion of the Accountants, there is a serious uncertainty about the events or circumstances, the audit report should remind the users of the individual financial statements to pay attention to the relevant disclosures in the individual financial statements or to correct the audit opinions if the disclosures are not appropriate. The Accountants' conclusion is based on the evidence of the fragrance obtained at the date of the audit report. However, future events or circumstances may cause MetaTech Corporation Limited Company no longer have the ability to continue as a going concern.
5. Assess the overall presentation, structure and content of the individual financial statements (including the related notes), and whether the individual financial statements are appropriate to represent the relevant transactions and events.
6. Obtain sufficient and appropriate verification evidence for the financial information of the individuals in the group to express an opinion on the individual financial statements. The accountant is responsible for the guidance, supervision and execution of the Company's check of the case, and is responsible for forming the Company's check opinion.

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



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in the audit.

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

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

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

PricewaterhouseCoopers Taiwan

Xu Ming Chuan

Accountants

Zhi Bing Jun

Financial Supervisory Commission Approval of  
number :

Finance Securities NO.1050029449

Former Ministry of Finance Securities Commission  
Approval of number :

(88) Taiwan Finance Securities ( 6 ) NO. 1612.

March 27, 2018

**METATECH CORPORATION LIMITED COMPANY**

**INDIVIDUAL BALANCE SHEET**

2017 and December 31, 2016

*Unit: NT \$ thousand*

| Entry                     | Reference                                                     | December 31, 2017 |                   | December 31, 2016 |                |            |
|---------------------------|---------------------------------------------------------------|-------------------|-------------------|-------------------|----------------|------------|
|                           |                                                               | Amounts           | %                 | Amounts           | %              |            |
| <b>Current Assets</b>     |                                                               |                   |                   |                   |                |            |
| 1100                      | Cash and cash equivalents                                     | 6(1)and8          | \$ 34,445         | 5                 | \$ 101,558     | 15         |
| 1110                      | Financial assets at fair value through profit or loss-Current | 6(2)              | -                 | -                 | 5,088          | 1          |
| 1150                      | Net Notes Receivable                                          |                   | 2,861             | -                 | 4,190          | 1          |
| 1170                      | Net Accounts Receivable                                       | 6(3)              | 85,056            | 13                | 96,930         | 14         |
| 1180                      | Net Accounts Receivable-related parties                       | 7                 | 349               | -                 | 647            | -          |
| 1200                      | Other Receivables                                             |                   | 12,867            | 2                 | 763            | -          |
| 1210                      | Other Receivables-related parties                             | 7                 | 3,531             | 1                 | 35             | -          |
| 1220                      | Current Income Tax Assets                                     |                   | -                 | -                 | 14             | -          |
| 130X                      | Inventories                                                   | 6(4)              | 30,488            | 5                 | 35,256         | 5          |
| 1410                      | Prepayment                                                    |                   | 2,355             | -                 | 1,242          | -          |
| 1470                      | Other Current Assets                                          | 8                 | 7,954             | 1                 | 8,215          | 1          |
| 11XX                      | <b>Total Current Assets</b>                                   |                   | <u>179,906</u>    | <u>27</u>         | <u>253,938</u> | <u>37</u>  |
| <b>Non-Current Assets</b> |                                                               |                   |                   |                   |                |            |
| 1550                      | Investment in equity method                                   | 6(5)              | 351,442           | 53                | 340,046        | 49         |
| 1600                      | Property, Plant And Equipment                                 | 6(6)and8          | 82,886            | 12                | 59,180         | 8          |
| 1780                      | Intangible assets                                             | 6(7)              | 13,860            | 2                 | -              | -          |
| 1840                      | Deferred Income Tax Assets                                    | 6(16)             | 30,209            | 4                 | 20,885         | 3          |
| 1900                      | Other Non-Current Assets                                      | 6(9)              | 10,421            | 2                 | 20,317         | 3          |
| 15XX                      | <b>Total Non-Current Assets</b>                               |                   | <u>488,818</u>    | <u>73</u>         | <u>440,428</u> | <u>63</u>  |
| 1XXX                      | <b>Total Assets</b>                                           |                   | <u>\$ 668,724</u> | <u>100</u>        | <u>694,366</u> | <u>100</u> |

**METATECH CORPORATION LIMITED COMPANY**

**INDIVIDUAL BALANCE SHEET**

2017 and December 31, 2016

*Unit: NT \$ thousand*

|                                                           |                                      | <u>December 31, 2017</u> |            | <u>December 31, 2016</u> |            |
|-----------------------------------------------------------|--------------------------------------|--------------------------|------------|--------------------------|------------|
| <u>Liabilities and equity</u>                             | <u>Reference</u>                     | <u>Amounts</u>           | <u>%</u>   | <u>Amounts</u>           | <u>%</u>   |
| <b>Current Liabilities</b>                                |                                      |                          |            |                          |            |
| 2150                                                      | Notes Payable                        | \$ -                     | -          | \$ 807                   | -          |
| 2170                                                      | Accounts Payable                     | 48,925                   | 7          | 64,280                   | 9          |
| 2180                                                      | Accounts Payable-related parties     | 648                      | -          | 1,268                    | -          |
| 2200                                                      | Other Payables                       | 7,745                    | 1          | 9,131                    | 1          |
| 2220                                                      | Other Payables-related parties       | 622                      | -          | 1,305                    | -          |
| 2250                                                      | Debt reserves - Current              | 4,433                    | 1          | 4,433                    | 1          |
| 2300                                                      | Other Current Assets                 | 288                      | -          | 148,708                  | 22         |
| 21XX                                                      | <b>Total Current Liabilities</b>     | <u>62,661</u>            | <u>9</u>   | <u>229,932</u>           | <u>33</u>  |
| <b>Non-Current Liabilities</b>                            |                                      |                          |            |                          |            |
| 2570                                                      | Deferred Income Tax Liabilities      | 6,515                    | 1          | 2,139                    | -          |
| 2600                                                      | Other Non-Current Asset              | 33                       | -          | 3                        | -          |
| 25XX                                                      | <b>Total Non-Current Liabilities</b> | <u>6,548</u>             | <u>1</u>   | <u>2,142</u>             | <u>-</u>   |
| 2XXX                                                      | <b>Total Liabilities</b>             | <u>69,209</u>            | <u>10</u>  | <u>232,074</u>           | <u>33</u>  |
| <b>Capital</b>                                            |                                      |                          |            |                          |            |
| 3110                                                      | Capital - Common Share               | 440,160                  | 66         | 400,000                  | 58         |
| <b>Additional Paid-In Capital</b>                         |                                      |                          |            |                          |            |
| 3220                                                      | Additional Paid-In Capital           | 234,624                  | 35         | 126,005                  | 18         |
| <b>Retained Earnings</b>                                  |                                      |                          |            |                          |            |
| 3350                                                      | Deficit to be offset                 | ( 55,630)                | ( 8)       | ( 60,867)                | ( 9)       |
| <b>Other Equity</b>                                       |                                      |                          |            |                          |            |
| 3400                                                      | Other Equity                         | ( 19,639)                | ( 3)       | ( 2,846)                 | -          |
| 3XXX                                                      | <b>Total Equity</b>                  | <u>599,515</u>           | <u>90</u>  | <u>462,292</u>           | <u>67</u>  |
| <b>Significant Commitments and Contingent Liabilities</b> |                                      |                          |            |                          |            |
| <b>Material Subsequent Events</b>                         |                                      |                          |            |                          |            |
| 3X2X                                                      | <b>Total Liabilities and Equity</b>  | <u>\$ 668,724</u>        | <u>100</u> | <u>\$ 694,366</u>        | <u>100</u> |

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



Chairman: Hu Li San

Manager: Tang Hong De

Account Manager: Zhan Zhi Cong

**METATECH CORPORATION LIMITED COMPANY**  
**INDIVIDUAL COMPREHENSIVE INCOME STATEMENT**

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

*Unit: NT \$ thousand*

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

|       |                                                                                          | 2017             |              | 2016               |              |
|-------|------------------------------------------------------------------------------------------|------------------|--------------|--------------------|--------------|
| Entry | Reference                                                                                | Amounts          | %            | Amounts            | %            |
| 4000  | <b>Operating Revenue</b>                                                                 | \$ 407,625       | 100          | \$ 755,010         | 100          |
| 5000  | <b>Operating Costs</b>                                                                   | ( 360,563)       | ( 89)        | ( 715,885)         | ( 95)        |
| 5950  | <b>Net Gross Profit</b>                                                                  | <u>47,062</u>    | <u>11</u>    | <u>39,125</u>      | <u>5</u>     |
|       | <b>Operating Expenses</b>                                                                |                  |              |                    |              |
|       |                                                                                          |                  |              |                    | 6(15)(18)    |
| 6100  | Selling Expenses                                                                         | ( 48,604)        | ( 12)        | ( 54,464)          | ( 7)         |
| 6200  | General Expenses                                                                         | ( 17,763)        | ( 4)         | ( 36,633)          | ( 5)         |
| 6300  | Research and development Expenses                                                        | ( 4,427)         | ( 1)         | -                  | -            |
| 6000  | <b>Total Operating Expenses</b>                                                          | <u>( 70,794)</u> | <u>( 17)</u> | <u>( 91,097)</u>   | <u>( 12)</u> |
| 6900  | <b>Operating (Loss) Income</b>                                                           | <u>( 23,732)</u> | <u>( 6)</u>  | <u>( 51,972)</u>   | <u>( 7)</u>  |
|       | <b>Non-Operating Income and Expenses</b>                                                 |                  |              |                    |              |
| 7010  | Other Income                                                                             | 2,705            | 1            | 2,047              | -            |
| 7020  | Other Gains & Losses                                                                     | ( 6,196)         | ( 2)         | ( 4,919)           | ( 1)         |
| 7050  | Financial Costs                                                                          | ( 729)           | -            | ( 3,256)           | -            |
| 7070  | Share of Profit or Loss of Associates & Joint Ventures Accounted for Using Equity Method | <u>31,629</u>    | <u>8</u>     | <u>( 9,206)</u>    | <u>( 1)</u>  |
| 7000  | <b>Total Non-Operating Income and Expenses</b>                                           | <u>27,409</u>    | <u>7</u>     | <u>( 15,334)</u>   | <u>( 2)</u>  |
| 7900  | <b>Income Before Tax</b>                                                                 | 3,677            | 1            | ( 67,306)          | ( 9)         |
| 7950  | Income(Expense) Tax Benefit                                                              | <u>1,512</u>     | <u>-</u>     | <u>11,111</u>      | <u>2</u>     |
| 8200  | <b>Net Income (Loss)</b>                                                                 | <u>\$ 5,189</u>  | <u>1</u>     | <u>(\$ 56,195)</u> | <u>( 7)</u>  |
|       | <b>Other Comprehensive Income</b>                                                        |                  |              |                    |              |
|       | <b>Non-reclassified items profit or loss</b>                                             |                  |              |                    |              |
| 8311  | Re-measured of defined benefit plan                                                      | \$ 52            | -            | \$ 1,105           | -            |
| 8349  | Income tax related to non-reclassified items                                             | ( 4)             | -            | ( 94)              | -            |
| 8310  | <b>Total non-reclassified items</b>                                                      | <u>48</u>        | <u>-</u>     | <u>1,011</u>       | <u>-</u>     |

**Items that may be subsequently  
re-classified into profit or loss**

|      |                                                                               |       |                    |             |                    |             |
|------|-------------------------------------------------------------------------------|-------|--------------------|-------------|--------------------|-------------|
| 8361 | Exchange Differences on Translation of Foreign Financial Statements           |       | ( 20,233)          | ( 5)        | ( 8,907)           | ( 1)        |
| 8399 | Income tax related to reclassified items                                      | 6(16) | <u>3,440</u>       | <u>1</u>    | <u>1,514</u>       | <u>-</u>    |
| 8360 | <b>Total items that may be subsequently re-classified into profit or loss</b> |       | <u>( 16,793)</u>   | <u>( 4)</u> | <u>( 7,393)</u>    | <u>( 1)</u> |
| 8300 | <b>Other comprehensive income (net)</b>                                       |       | <u>(\$ 16,745)</u> | <u>( 4)</u> | <u>(\$ 6,382)</u>  | <u>( 1)</u> |
| 8500 | <b>Total other comprehensive income</b>                                       |       | <u>(\$ 11,556)</u> | <u>( 3)</u> | <u>(\$ 62,577)</u> | <u>( 8)</u> |
|      | <b>Profit (Loss) per Share</b>                                                | 6(17) |                    |             |                    |             |
| 9750 | <b>Profit (Loss) per Share</b>                                                | 6(17) | <u>\$ 0.12</u>     |             | <u>(\$ 1.40)</u>   |             |
|      | <b>Diluted Profit (Loss) per share</b>                                        |       |                    |             |                    |             |
| 9850 | <b>Diluted Profit (Loss) per share</b>                                        |       | <u>\$ 0.12</u>     |             | <u>(\$ 1.40)</u>   |             |

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

Chairman: Hu Li San

Manager: Tang Hong De

Account Manager: Zhan Zhi Cong

**METATECH CORPORATION LIMITED COMPANY**  
**INDIVIDUAL STATEMENT OF SHAREHOLDERS EQUITY**

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

(Only verified, not check in accordance with generally accepted auditing standards)

*Unit: NT \$ thousand*

| <b>CAPITAL RESERVE</b>                                   |                  |                                   |                                            |                                            |                                                        |                     |                                                                                        |                                                                                        |
|----------------------------------------------------------|------------------|-----------------------------------|--------------------------------------------|--------------------------------------------|--------------------------------------------------------|---------------------|----------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------|
|                                                          | <u>Reference</u> | <u>Capital -<br/>Common Share</u> | <u>Capital reserve -<br/>Issue Premium</u> | <u>Capital reserve -<br/>Stock options</u> | <u>Capital reserve -<br/>Expired stock<br/>options</u> | <u>Common Share</u> | <u>Exchange Differences<br/>on Translation of<br/>Foreign Financial<br/>Statements</u> | <u>Exchange Differences<br/>on Translation of<br/>Foreign Financial<br/>Statements</u> |
| <u>2016</u>                                              |                  |                                   |                                            |                                            |                                                        |                     |                                                                                        |                                                                                        |
| Balance on January 1, 2016                               |                  | \$ 400,000                        | \$ 120,716                                 | \$ 5,205                                   | \$ 84                                                  | (\$ 5,683)          | \$ 4,547                                                                               | \$ 524,869                                                                             |
| Net loss                                                 |                  | -                                 | -                                          | -                                          | -                                                      | ( 56,195)           | -                                                                                      | ( 56,195)                                                                              |
| Other comprehensive net income                           |                  | -                                 | -                                          | -                                          | -                                                      | 1,011               | ( 7,393)                                                                               | ( 6,382)                                                                               |
| Balance on December 31, 2016                             |                  | <u>\$ 400,000</u>                 | <u>\$ 120,716</u>                          | <u>\$ 5,205</u>                            | <u>\$ 84</u>                                           | <u>(\$ 60,867)</u>  | <u>(\$ 2,846)</u>                                                                      | <u>\$ 46,292</u>                                                                       |
| <u>2017</u>                                              |                  |                                   |                                            |                                            |                                                        |                     |                                                                                        |                                                                                        |
| Balance on January 1, 2017                               |                  | \$ 400,000                        | \$ 120,716                                 | \$ 5,205                                   | \$ 84                                                  | (\$ 60,867)         | (\$ 2,846)                                                                             | \$ 462,292                                                                             |
| Convertible corporate bonds were converted common stocks | 6(8)(12)(19)     | 40,160                            | 113,824                                    | ( 5,205)                                   | -                                                      | -                   | -                                                                                      | 148,779                                                                                |
| Net profit                                               |                  | -                                 | -                                          | -                                          | -                                                      | 5,189               | -                                                                                      | 5,189                                                                                  |
| Other comprehensive net income                           |                  | -                                 | -                                          | -                                          | -                                                      | 48                  | ( 16,793)                                                                              | ( 16,745)                                                                              |
| Balance on December 31, 2017                             |                  | <u>\$ 440,160</u>                 | <u>\$ 234,540</u>                          | <u>-</u>                                   | <u>\$ 84</u>                                           | <u>(\$ 55,630)</u>  | <u>(\$ 19,639)</u>                                                                     | <u>\$ 599,515</u>                                                                      |

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

Chairman: Hu Li San

Manager: Tang Hong De

Account Manager: Zhan Zhi Cong



**METATECH CORPORATION LIMITED COMPANY**

**INDIVIDUAL STATEMENT OF CASH FLOWS**

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

*Unit: NT \$ thousand*

|                                                                                              | <u>Reference</u> | <u>2017</u> | <u>2016</u> |
|----------------------------------------------------------------------------------------------|------------------|-------------|-------------|
| <b><u>Cash Flows From Operating Activities</u></b>                                           |                  |             |             |
| Individual net (loss) profit before tax                                                      |                  | \$ 3,677    | (\$ 67,306) |
| Adjustments                                                                                  |                  |             |             |
| Income Charges (Credits)                                                                     |                  |             |             |
| Depreciation Expense                                                                         | 6(6)(15)         | 4,798       | 3,583       |
| Amortization Expense                                                                         | 6(7)(15)         | 589         | 5,504       |
| Allowance for Bad Debts Accounts (Turn to Income)                                            | 6(3)             | ( 2,503)    | ( 60)       |
| Net profit on financial assets and liabilities measured at fair value through profit or loss | 6(2)             |             |             |
| Interest Expense                                                                             |                  | 308         | ( 388)      |
| Amortization of corporate bonds payable                                                      |                  | 67          | 83          |
| Interest Income                                                                              |                  | 662         | 3,173       |
| Share of Profit or Loss of Associates Accounted for Using Equity Method                      |                  | ( 280)      | ( 228)      |
| Loss on disposal of Real Estate, Plant and Equipment                                         |                  | ( 31,629)   | 9,206       |
| Unrealized foreign exchange (interest) losses                                                |                  | -           | 173         |
| Allowance for preparing liabilities                                                          | 6(10)(14)        | 4,438       | 9,961       |
| Changes In Operating Assets And Liabilities                                                  |                  | -           | 5,818       |
| Net Changes in Operating Assets                                                              |                  |             |             |
| Financial asset or liability held for trading                                                | 6(2)             | 4,780       | ( 5,000)    |
| Notes Receivable                                                                             |                  | 1,329       | ( 1,062)    |
| Accounts Receivable                                                                          |                  | 14,377      | 161,991     |
| Accounts Receivable-Related parties                                                          |                  | 298         | ( 473)      |
| Other Receivables                                                                            |                  | ( 12,104)   | 4,433       |
| Other Receivables-Related parties                                                            |                  | ( 3,496)    | ( 35)       |
| Inventories                                                                                  |                  | ( 4,768)    | 36,955      |
| Prepayments                                                                                  |                  | ( 1,113)    | 1,671       |
| Other Current Assets                                                                         |                  | 1           | ( 1)        |
| Net defined benefit assets                                                                   | 6(9)             | ( 61)       | ( 795)      |
| Net change in liability related to operating activities                                      |                  |             |             |
| Notes Payable                                                                                |                  | -           | ( 246)      |
| Accounts Payable                                                                             |                  | ( 15,355)   | ( 123,867)  |
| Accounts Payable - related parties                                                           |                  | ( 620)      | 1,268       |

|                                                              |          |         |           |            |         |
|--------------------------------------------------------------|----------|---------|-----------|------------|---------|
| Other Payables                                               | (        | 1,385)  | (         | 5,875)     |         |
| Other Payables- related parties                              | (        | 683)    |           | 512        |         |
| Other Current Liabilities                                    | (        | 304)    |           | 272        |         |
| Other Non-Current Liabilities                                |          | 30      |           | -          |         |
| Cash Inflows (Outflows) From Operations                      | (        | 29,411) |           | 39,267     |         |
| Interest Charged Incomes                                     |          | 280     |           | 228        |         |
| Interest Paid Expenses                                       | (        | 67)     | (         | 83)        |         |
| Income Tax Refund                                            |          | 14      |           | 6          |         |
| Net Cash Inflows (Outflows) from Operating Activities        | (        | 29,184) |           | 39,418     |         |
| <b><u>Cash Flows from Investing Activities</u></b>           |          |         |           |            |         |
| Decrease in restricted assets                                |          | 260     |           | 227        |         |
| Purchase of Real Estate, Plant and Equipment                 | 6(6)(19) | (       | 29,311)   | (          | 5,970)  |
| Disposal of Real Estate, Plant and Equipment                 | 6(6)     |         | -         | 66         |         |
| Decrease (Increase) In Refundable Deposits                   |          | 11,129  | (         | 3,690)     |         |
| Other non-current assets increase                            |          | (       | 1,709)    | (          | 572)    |
| Purchase of intangible assets                                | 6(7)     | (       | 13,860)   |            |         |
| Net cash outflow from a subsidiary                           |          | -       | (         | 1000)      |         |
| Net Cash Outflows from Investing Activities                  | (        | 33,491) | (         | 10,939)    |         |
| <b><u>Net Cash Flow from Finance Activities</u></b>          |          |         |           |            |         |
| Current Borrowing of Short-Term Loans                        |          | 65,000  |           | 20,000     |         |
| Current Repayments of Short-Term Loans                       |          | (       | 65,000)   | (          | 20,000) |
| Other Payables - related parties decrease                    |          | -       | (         | 12)        |         |
| Net Cash Inflows (Outflows) From Finance activities          |          | -       | (         | 12)        |         |
| Impact of exchange rate changes on cash and cash equivalents |          | (       | 4,438)    | (          | 9,961)  |
| Net (decrease) Increase In Cash and Cash Equivalents         |          | (       | 67,113)   | 18,506     |         |
| Cash and Cash Equivalents at Beginning of Year               | 6(1)     |         | 101,558   | 83,052     |         |
| Cash and Cash Equivalents at End of Year                     | 6(1)     |         | \$ 34,445 | \$ 101,558 |         |

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

Chairman: Hu Li San

Manager: Tang Hong De

Account Manager: Zhan Zhi Cong

**METATECH CORPORATION LIMITED COMPANY AND SUBSIDIARIES**  
**RELATIONSHIP BUSINESS CONSOLIDATED STATEMENT OF FINANCIAL**  
**STATEMENTS**

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

Hereby announced

Company Name: MetaTech Corporation Limited  
Company and Subsidiaries

Chairman: Hu Li San

March 27, 2018

Dear MetaTech Corporation Limited Company and Subsidiaries :

**Opinion :**

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

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

**Basis for opinion:**

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

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

## **Distribution warehouse sale revenue due to the appropriateness**

### Description

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

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

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

### In response to the checking procedure

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

1. According to the understanding of the company's operations and the nature of the industry, assess the shipping warehouse sales revenue recognized rationality of the policies and procedures and found to comply with the applicable financial reporting framework.
2. To understand the process of receipt, management and delivery of the warehouse, and to evaluate and test the related internal controls, including checking the name, quantity and amount of items in the statements prepared by the custodian of the warehouse, checking the delivery schedule and the sales vouchers are consistent with the information and confirm that the revenue from inventory movements has been recorded in the appropriate period.
3. For the period before and after the balance sheet sales of goods warehouse for a period of time the implementation of the closing of the transaction test, including check the delivery

warehouse custodian detailed statement of the goods and inventory changes in the name, quantity and sales revenue amount, and confirm that it has been recorded in the appropriate period.

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

## Realization of deferred income tax assets

### Description

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

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

### In response to the checking procedure

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

1. To understand the operation and nature of the company so as to evaluate the reasonableness of management's future operation plan, including assessing the operation planning process and reviewing the operation plan in line with the management's approval.
2. Ask the management plan of operation plan and evaluate its intention and ability to execute.
3. Review the revenue, cost and expense growth assumptions used by management in future operations and compare with historic results, economic and industry forecasts to assess the reasonableness of estimating the future taxable income.
4. Evaluating the management's sensitivity analysis using alternative assumptions such as net profit-to-fulfillment ratios and confirming that management has properly dealt with the effect of uncertainty about the estimation uncertainty of future realizable taxable income.

## **Valuation of the allowance for impairment losses on inventories**

### Description

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

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

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

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

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

### In response to the checking procedure

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

1. Based on an understanding of the nature of operations and industry, evaluate the reasonableness of the policies and procedures used in assessing the impairment loss on inventories.
2. Understand the warehouse management process, review its annual inventory plan and participate in the annual inventory count to assess management separation and control the effectiveness of obsolete stocks.

3. Verify that the management level is used to individually evaluate the inventory used for obsolescence. The correctness of the information in the report includes confirmation that the inventory movements fall within the appropriate age range.
4. Review the appropriateness of the basis for estimating the net realizable value of inventories, substantiate supporting documents such as product sales or purchase vouchers, and re-calculate and evaluate the reasonableness of management's decision to allow for the impairment loss.

#### **Other matters - Individual financial report**

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

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

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

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

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

#### **Accountants check the financial statements of the responsibility**

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



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

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

1. To identify and assess the significant unrealistic presentation of the consolidated financial statements as a result of fraud or error; to design and implement appropriate responses to the assessed risks; and to obtain sufficient and appropriate evidence of verification as a basis for verifying the opinion. Because fraud may involve collusion, falsification, intentional omissions, misrepresentation, or excessive internal controls, the risk of not detecting a major misrepresentation due to fraud is higher than that resulting from the wrongdoer.
2. Obtain necessary understanding of the internal controls related to auditing and checking to design appropriate review procedures at the time, but the purpose is not to express an opinion on the effectiveness of the internal control of MetaTech Corporation Limited Company and its Subsidiaries.
3. Assess the appropriateness of the accounting policies used by management and the reasonableness of the accounting estimates and related disclosures made.
4. Based on the evidence obtained from the examination, it is concluded that there is material uncertainty regarding the appropriateness of the management to adopt the basis for continuing operations and the events or circumstances that may give rise to significant doubts as to the ability of MetaTech Corporation Limited Company and its Subsidiaries to continue as a going concern. In the opinion of the Accountants, there is a serious uncertainty about the events or circumstances, the audit report should remind the users of the consolidated financial statements to pay attention to the relevant disclosures in the consolidated financial statements or to correct the audit opinions if the disclosures are not appropriate. The Accountants' conclusion is based on the evidence of the fragrance obtained at the date of the audit report. However, future events or circumstances may cause MetaTech Corporation Limited Company and its Subsidiaries no longer have the ability to continue as a going concern.

5. Assess the overall presentation, structure and content of the consolidated financial statements (including the related notes), and whether the consolidated financial statements are appropriate to represent the relevant transactions and events.
6. Obtain sufficient and appropriate verification evidence for the financial information of the individuals in the group to express an opinion on the consolidated financial statements. The accountant is responsible for the guidance, supervision and execution of the Group's check of the case, and is responsible for forming the Group's check opinion.

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

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

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

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

PricewaterhouseCoopers Taiwan

Xu Ming Chuan

Accountants

Zhi Bing Jun

Financial Supervisory Commission Approval of number :

Finance Securities NO.1050029449

Former Ministry of Finance Securities Commission

Approval of number :

(88) Taiwan Finance Securities ( 6 ) NO. 1612.

March 27, 2018

**METATECH CORPORATION LIMITED COMPANY AND SUBSIDIARIES**

**CONSOLIDATED BALANCE SHEET**

2017 and December 31, 2016

*Unit: NT \$ thousand*

| Entry                          | Reference                                                     | December 31, 2017 |                   | December 31, 2016 |                   |            |
|--------------------------------|---------------------------------------------------------------|-------------------|-------------------|-------------------|-------------------|------------|
|                                |                                                               | Amounts           | %                 | Amounts           | %                 |            |
| <b>Current Assets</b>          |                                                               |                   |                   |                   |                   |            |
| 1100                           | Cash and cash equivalents                                     | 6(1)and8          | \$ 203,163        | 26                | 331,466           | 41         |
| 1110                           | Financial assets at fair value through profit or loss-Current | 6(2)              | -                 | -                 | 5,088             | 1          |
| 1150                           | Net Notes Receivable                                          |                   | 3,874             | 1                 | 5,496             | 1          |
| 1170                           | Net Accounts Receivable                                       | 6(3)              | 301,818           | 39                | 241,352           | 30         |
| 1200                           | Other Receivables                                             |                   | 12,867            | 2                 | 2,022             | -          |
| 1220                           | Current Income Tax Assets                                     |                   | 1                 | -                 | 14                | -          |
| 130X                           | Inventories                                                   | 6(4)              | 105,216           | 13                | 106,958           | 13         |
| 1410                           | Prepayment                                                    |                   | 2,737             | -                 | 3,059             | -          |
| 1470                           | Other Current Assets                                          | 8                 | 8,759             | 1                 | 8,372             | 1          |
| 11XX                           | <b>Total Current Assets</b>                                   |                   | <u>638,435</u>    | <u>82</u>         | <u>703,827</u>    | <u>87</u>  |
| <b>Non-Current Assets</b>      |                                                               |                   |                   |                   |                   |            |
| 1600                           | Property, Plant And Equipment                                 | 6(5)and8          | 84,031            | 11                | 60,868            | 7          |
| 1780                           | Intangible assets                                             | 6(6)              | 13,860            | 2                 | -                 | -          |
| 1840                           | Deferred Income Tax Assets                                    | 6(15)             | 30,209            | 4                 | 20,885            | 3          |
| 1900                           | Other Non-Current Assets                                      | 6(8)(17)          | <u>13,161</u>     | <u>1</u>          | <u>23,287</u>     | <u>3</u>   |
| 15XX                           | <b>Total Non-Current Assets</b>                               |                   | <u>141,261</u>    | <u>18</u>         | <u>105,040</u>    | <u>13</u>  |
| 1XXX                           | <b>Total Assets</b>                                           |                   | <u>\$ 779,696</u> | <u>100</u>        | <u>\$ 808,867</u> | <u>100</u> |
| <b>Liabilities and equity</b>  |                                                               |                   |                   |                   |                   |            |
| <b>Current Liabilities</b>     |                                                               |                   |                   |                   |                   |            |
| 2150                           | Notes Payable                                                 |                   | \$ 422            | -                 | \$ 1,077          | -          |
| 2170                           | Accounts Payable                                              |                   | 145,025           | 19                | 150,223           | 19         |
| 2200                           | Other Payables                                                |                   | 14,295            | 2                 | 31,455            | 4          |
| 2230                           | Current Tax Liabilities                                       | 6(15)             | 2,541             | -                 | -                 | -          |
| 2250                           | Debt reserves - Current                                       | 6(9)              | 4,433             | -                 | 4,433             | 1          |
| 2300                           | Other Current Assets                                          | 6(7)              | <u>6,947</u>      | <u>1</u>          | <u>157,245</u>    | <u>19</u>  |
| 21XX                           | <b>Total Current Liabilities</b>                              |                   | <u>173,663</u>    | <u>22</u>         | <u>344,433</u>    | <u>43</u>  |
| <b>Non-Current Liabilities</b> |                                                               |                   |                   |                   |                   |            |
| 2570                           | Deferred Income Tax Liabilities                               | 6(15)             | 6,515             | 1                 | 2,139             | -          |
| 2600                           | Other Non-Current Asset                                       |                   | 3                 | -                 | 3                 | -          |
| 25XX                           | <b>Total Non-Current</b>                                      |                   | <u>6,518</u>      | <u>1</u>          | <u>2,142</u>      | <u>-</u>   |

| <b>Liabilities</b>                                             |                                     |          |                   |            |                   |            |         |   |    |
|----------------------------------------------------------------|-------------------------------------|----------|-------------------|------------|-------------------|------------|---------|---|----|
| 2XXX                                                           | <b>Total Liabilities</b>            |          | 180,181           | 23         | 346,575           | 43         |         |   |    |
| <b>Equity Attributable to the Owners of the Parent Company</b> |                                     |          |                   |            |                   |            |         |   |    |
|                                                                | <b>Capital</b>                      | 6(10)    |                   |            |                   |            |         |   |    |
| 3110                                                           | Capital - Common Share              |          | 440,160           | 56         | 400,000           | 49         |         |   |    |
|                                                                | <b>Additional Paid-In Capital</b>   | 6(7)(11) |                   |            |                   |            |         |   |    |
| 3200                                                           | Additional Paid-In Capital          |          | 234,624           | 30         | 126,005           | 16         |         |   |    |
|                                                                | <b>Retained Earnings</b>            | 6(12)    |                   |            |                   |            |         |   |    |
| 3350                                                           | Deficit to be offset                | (        | 55,630)           | (          | 7)                | (          | 60,867) | ( | 8) |
| <b>Other Equity</b>                                            |                                     |          |                   |            |                   |            |         |   |    |
| 3400                                                           | Other Equity                        | (        | 19,639)           | (          | 2)                | (          | 2,846)  |   | -  |
| 31XX                                                           | <b>Total Equity</b>                 |          | <u>599,515</u>    | <u>77</u>  | <u>462,292</u>    | <u>57</u>  |         |   |    |
| <b>Attributable to the Owners of the Parent Company</b>        |                                     |          |                   |            |                   |            |         |   |    |
| 3XXX                                                           | <b>Total Equity</b>                 |          | <u>599,515</u>    | <u>77</u>  | <u>462,292</u>    | <u>57</u>  |         |   |    |
| <b>Significant Commitments and Contingent Liabilities</b>      |                                     |          |                   |            |                   |            |         |   |    |
|                                                                | <b>Material Subsequent Events</b>   | 11       |                   |            |                   |            |         |   |    |
| 3X2X                                                           | <b>Total Liabilities and Equity</b> |          | <u>\$ 779,696</u> | <u>100</u> | <u>\$ 808,867</u> | <u>100</u> |         |   |    |

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

Chairman: Hu Li San

Manager: Tang Hong De

Account Manager: Zhan Zhi Cong

**METATECH CORPORATION LIMITED COMPANY AND SUBSIDIARIES**  
**CONSOLIDATED COMPREHENSIVE INCOME STATEMENT**

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

*Unit: NT \$ thousand*  
(Except for (earnings) loss NT \$ per share)

| Entry | Reference    | 2017                                                                       |              | 2016               |              |
|-------|--------------|----------------------------------------------------------------------------|--------------|--------------------|--------------|
|       |              | Amounts                                                                    | %            | Amounts            | %            |
| 4000  |              | \$ 1,429,233                                                               | 100          | \$ 1,662,820       | 100          |
| 5000  |              | ( 1,267,105)                                                               | ( 89)        | ( 1,517,614)       | ( 91)        |
| 5950  |              | <u>162,128</u>                                                             | <u>11</u>    | <u>145,206</u>     | <u>9</u>     |
|       |              | <b>Operating Expenses</b>                                                  |              |                    |              |
|       | 6(8)(14)(18) |                                                                            |              |                    |              |
| 6100  |              | ( 104,553)                                                                 | ( 7)         | ( 139,092)         | ( 8)         |
| 6200  |              | ( 41,716)                                                                  | ( 3)         | ( 62,306)          | ( 4)         |
| 6300  |              | ( 4,427)                                                                   | -            | -                  | -            |
|       |              | <b>Expenses</b>                                                            |              |                    |              |
| 6000  |              | <u>( 150,696)</u>                                                          | <u>( 10)</u> | <u>( 201,398)</u>  | <u>( 12)</u> |
| 6900  |              | <u>11,432</u>                                                              | <u>1</u>     | <u>( 56,192)</u>   | <u>( 3)</u>  |
|       |              | <b>Non-Operating Income and Expenses</b>                                   |              |                    |              |
|       |              | 7,327                                                                      | -            | 2,948              | -            |
| 7010  |              | ( 10,094)                                                                  | ( 1)         | ( 9,229)           | ( 1)         |
| 7020  |              | ( 729)                                                                     | -            | ( 3,256)           | -            |
| 7050  |              | ( 3,496)                                                                   | ( 1)         | ( 9,537)           | ( 1)         |
| 7000  |              | <u>7,936</u>                                                               | <u>-</u>     | <u>( 65,729)</u>   | <u>( 4)</u>  |
|       |              | <b>Income and Expenses</b>                                                 |              |                    |              |
| 7900  |              | <u>( 2,747)</u>                                                            | <u>-</u>     | <u>9,534</u>       | <u>-</u>     |
| 7950  |              | <u>\$ 5,189</u>                                                            | <u>-</u>     | <u>(\$ 56,195)</u> | <u>( 4)</u>  |
| 8200  |              | <b>Net Income (Loss)</b>                                                   |              |                    |              |
|       |              | <b>Other Comprehensive Income</b>                                          |              |                    |              |
| 8311  |              | \$ 52                                                                      | -            | \$ 1,105           | -            |
|       |              | <b>Re-measured of defined benefit plan</b>                                 |              |                    |              |
| 8349  |              | ( 4)                                                                       | -            | ( 94)              | -            |
|       |              | <b>Income tax related to non-reclassified items</b>                        |              |                    |              |
| 8310  |              | <u>48</u>                                                                  | <u>-</u>     | <u>1,011</u>       | <u>-</u>     |
|       |              | <b>Total non-reclassified items</b>                                        |              |                    |              |
|       |              | <b>Items that may be subsequently re-classified into profit or loss</b>    |              |                    |              |
| 8361  |              | ( 20,233)                                                                  | ( 1)         | ( 8,907)           | -            |
|       |              | <b>Exchange Differences on Translation of Foreign Financial Statements</b> |              |                    |              |

|      |                                                                               |       |                    |             |                    |              |
|------|-------------------------------------------------------------------------------|-------|--------------------|-------------|--------------------|--------------|
| 8399 | Income tax related to reclassified items                                      | 6(15) | <u>3,440</u>       | <u>-</u>    | <u>1,514</u>       | <u>-</u>     |
| 8360 | <b>Total items that may be subsequently re-classified into profit or loss</b> |       | <u>(16,793)</u>    | <u>(1)</u>  | <u>(7,393)</u>     | <u>-</u>     |
| 8300 | <b>Other comprehensive income (net)</b>                                       |       | <u>(\$ 16,745)</u> | <u>(1)</u>  | <u>(\$ 6,382)</u>  | <u>-</u>     |
| 8500 | <b>Total other comprehensive income</b>                                       |       | <u>(\$ 11,556)</u> | <u>(1)</u>  | <u>(\$ 62,577)</u> | <u>(4)</u>   |
|      | <b>Net loss attributable to :</b>                                             |       |                    |             |                    |              |
| 8610 | Owners of Parent                                                              |       | <u>\$ 5,189</u>    | <u>-</u>    | <u>(\$ 56,195)</u> | <u>(4)</u>   |
|      | <b>Consolidated profit or loss attributable to:</b>                           |       |                    |             |                    |              |
| 8710 | Owners of Parent                                                              |       | <u>(\$ 11,556)</u> | <u>(1)</u>  | <u>(\$ 62,577)</u> | <u>(4)</u>   |
|      | <b>(Loss) earnings per share</b>                                              | 6(16) |                    |             |                    |              |
| 9750 | <b>Profit (Loss) per Share</b>                                                |       | <u>\$ 0.12</u>     | <u>0.12</u> | <u>(\$ 0.14)</u>   | <u>0.14)</u> |
| 9850 | <b>Diluted Profit (Loss) per share</b>                                        |       | <u>\$ 0.12</u>     | <u>0.12</u> | <u>(\$ 0.14)</u>   | <u>0.14)</u> |

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Chairman: Hu Li San

Manager: Tang Hong De

Account Manager: Zhan Zhi Cong

**METATECH CORPORATION LIMITED COMPANY AND SUBSIDIARIES**

**CONSOLIDATED STATEMENT OF SHAREHOLDERS EQUITY**

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

*Unit: NT \$ thousand*

| <b>Equity attributable to owners of parent</b>           |                  |                                   |                                            |                                            |                                                        |                                           |                                                                                        |                                                                                        |  |
|----------------------------------------------------------|------------------|-----------------------------------|--------------------------------------------|--------------------------------------------|--------------------------------------------------------|-------------------------------------------|----------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------|--|
| <b>Capital reserve</b>                                   |                  |                                   |                                            |                                            |                                                        |                                           |                                                                                        |                                                                                        |  |
|                                                          | <b>Reference</b> | <b>Capital -<br/>Common Share</b> | <b>Capital reserve -<br/>Issue Premium</b> | <b>Capital reserve -<br/>Stock options</b> | <b>Capital reserve -<br/>Expired stock<br/>options</b> | <b>Capital reserve -<br/>Common Share</b> | <b>Exchange Differences<br/>on Translation of<br/>Foreign Financial<br/>Statements</b> | <b>Exchange Differences<br/>on Translation of<br/>Foreign Financial<br/>Statements</b> |  |
| <b>2016</b>                                              |                  |                                   |                                            |                                            |                                                        |                                           |                                                                                        |                                                                                        |  |
| Balance on January 1, 2016                               |                  | \$ 400,000                        | \$ 120,716                                 | \$ 5,205                                   | \$ 84                                                  | (\$ 5,683)                                | \$ 4,547                                                                               | \$ 524,869                                                                             |  |
| Consolidated net loss                                    |                  | -                                 | -                                          | -                                          | -                                                      | ( 56,195)                                 | -                                                                                      | ( 56,195)                                                                              |  |
| Other comprehensive net income                           |                  | -                                 | -                                          | -                                          | -                                                      | 1,011                                     | ( 7,393)                                                                               | ( 6,382)                                                                               |  |
| Balance on December 31, 2016                             |                  | <u>\$ 400,000</u>                 | <u>\$ 120,716</u>                          | <u>\$ 5,205</u>                            | <u>\$ 84</u>                                           | <u>(\$ 60,867)</u>                        | <u>(\$ 2,846)</u>                                                                      | <u>\$ 462,292</u>                                                                      |  |
| <b>2017</b>                                              |                  |                                   |                                            |                                            |                                                        |                                           |                                                                                        |                                                                                        |  |
| Balance on January 1, 2017                               |                  | \$ 400,000                        | \$ 120,716                                 | \$ 5,205                                   | \$ 84                                                  | (\$ 60,867)                               | (\$ 2,846)                                                                             | \$ 462,292                                                                             |  |
| Convertible corporate bonds were converted common stocks | 6(7)(11)(19)     | 40,160                            | 113,824                                    | ( 5,205)                                   | -                                                      | -                                         | -                                                                                      | 148,779                                                                                |  |
| Consolidated net profit                                  |                  | -                                 | -                                          | -                                          | -                                                      | 5,189                                     | -                                                                                      | 5,189                                                                                  |  |
| Other comprehensive net income                           |                  | -                                 | -                                          | -                                          | -                                                      | 48                                        | ( 16,793)                                                                              | ( 16,745)                                                                              |  |
| Balance on December 31, 2017                             |                  | <u>\$ 440,160</u>                 | <u>\$ 234,540</u>                          | <u>\$ -</u>                                | <u>\$ 84</u>                                           | <u>(\$ 55,630)</u>                        | <u>(\$ 19,639)</u>                                                                     | <u>\$ 599,515</u>                                                                      |  |

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

Chairman: Hu Li San

Manager: Tang Hong De

Account Manager: Zhan Zhi Cong

**METATECH CORPORATION LIMITED COMPANY AND SUBSIDIARIES**

**CONSOLIDATED STATEMENT OF CASH FLOWS**

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

*Unit: NT \$ thousand*

|                                                                                              | <u>Reference</u> | <u>2017</u> | <u>2016</u> |
|----------------------------------------------------------------------------------------------|------------------|-------------|-------------|
| <b><u>Cash Flows From Operating Activities</u></b>                                           |                  |             |             |
| Consolidated net (loss) profit before tax                                                    |                  | \$ 7,936    | (\$ 65,729) |
| Adjustments                                                                                  |                  |             |             |
| Income Charges (Credits)                                                                     |                  |             |             |
| Depreciation Expense                                                                         | 6(5)(14)         | 5,659       | 4,843       |
| Amortization Expense                                                                         | 6(6)(14)         | 647         | 5,592       |
| Allowance for Bad Debts Accounts (Turn to Income)                                            | 6(3)             | ( 2,588)    | ( 121)      |
| Net profit on financial assets and liabilities measured at fair value through profit or loss | 6(2)             | 308         | ( 388)      |
| Interest Expense                                                                             |                  | 67          | 83          |
| Amortization of corporate bonds payable                                                      |                  | 662         | 3,173       |
| Interest Income                                                                              |                  | ( 527)      | ( 429)      |
| Gain on disposal of Real Estate, Plant and Equipment                                         | 6(5)             | -           | 173         |
| Unrealized foreign exchange (interest) losses                                                |                  | 4,438       | 9,961       |
| Allowance for preparing liabilities                                                          | 6(9)(13)         | -           | 5,818       |
| Changes In Operating Assets And Liabilities                                                  |                  |             |             |
| Net Changes in Operating Assets                                                              |                  |             |             |
| Financial asset or liability held for trading                                                | 6(2)             | 4,780       | ( 5,000)    |
| Notes Receivable                                                                             |                  | 1,622       | 506         |
| Accounts Receivable                                                                          |                  | ( 57,878)   | 223,555     |
| Other Receivables                                                                            |                  | (10,845)    | 5,499       |
| Prepayments                                                                                  |                  | 322         | 2,822       |
| Inventories                                                                                  |                  | 1,742       | 38,143      |
| Other Current Assets                                                                         |                  | ( 647)      | 423         |
| Net defined benefit assets                                                                   | 6(8)             | ( 61)       | ( 795)      |
| Net change in liability related to operating activities                                      |                  |             |             |
| Notes Payable                                                                                |                  | 152         | 24          |
| Accounts Payable                                                                             |                  | ( 5,198)    | ( 150,246)  |
| Other Payables                                                                               |                  | ( 17,160)   | 8,308       |
| Other Current Liabilities                                                                    |                  | ( 2,181)    | ( 3,782)    |
| Cash Inflows (Outflows) From Operations                                                      |                  | ( 68,723)   | 82,433      |
| Interest Charged Incomes                                                                     |                  | 527         | 429         |
| Interest Paid Expenses                                                                       |                  | ( 67)       | ( 83)       |



|                                                              |          |            |            |
|--------------------------------------------------------------|----------|------------|------------|
| Income Tax Refund                                            |          | ( 530)     | ( 4,599)   |
| Net Cash Inflows (Outflows) from Operating Activities        |          | ( 68,793)  | 789,180    |
| <b>Cash Flows from Investing Activities</b>                  |          |            |            |
| Decrease in restricted assets                                |          | 260        | 227        |
| Purchase of Real Estate, Plant and Equipment                 | 6(5)(19) | ( 29,713)  | ( 6,802)   |
| Disposal of Real Estate, Plant and Equipment                 |          | -          | 66         |
| Decrease (Increase) In Refundable Deposits                   |          | 11,274     | ( 3,425)   |
| Other non-current assets increase                            |          | ( 1,709)   | ( 240)     |
| Purchase of intangible assets                                |          | ( 13,860)  | -          |
| Net cash outflow from a subsidiary                           | 6(17)    | -          | ( 998)     |
| Net Cash Outflows from Investing Activities                  |          | ( 33,748)  | (11,172)   |
| <b>Net Cash Flow from Finance Activities</b>                 |          |            |            |
| Current Borrowing of Short-Term Loans                        |          | 65,000     | 20,000     |
| Current Repayments of Short-Term Loans                       |          | ( 65,000)  | ( 20,000)  |
| Net Cash Inflows (Outflows) From Finance activities          |          | -          | -          |
| Impact of exchange rate changes on cash and cash equivalents |          | ( 25,762)  | ( 18,829)  |
| Net (decrease) Increase In Cash and Cash Equivalents         |          | ( 128,303) | 48,179     |
| Cash and Cash Equivalents at Beginning of Year               |          | 331,466    | 283,287    |
| Cash and Cash Equivalents at End of Year                     |          | \$ 203,163 | \$ 331,466 |

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

Chairman: Hu Li San

Manager: Tang Hong De

Account Manager: Zhan Zhi Cong

**Appendix IV : 2017 Cash Capital Increase Implementation Situation**  
**MetaTech Corporation Limited Company**  
2017 Cash Capital Increase Implementation Situation

*Unit: NT \$ thousand*

| Project                        | Implementation Situation |                        | As of the first quarter of 2018 | Reasons for advance or backward progress and improvement plans                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
|--------------------------------|--------------------------|------------------------|---------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                                | Amount expended          | Execution progress (%) |                                 |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| CellSeed Premium               | Amount expended          | Expected               | 196,725                         | The main system was moved to the new site due to the cell processing center factory (laboratory) and the Company has taken the relevant documents of the stage of CellSeed, but it must be accurately translated into Chinese and English documents to provide the Company to apply to the competent authority. Although the progress is lagging, the plan has been started in the first quarter of 2018, so it has not affected the overall progress. There are no major abnormalities after the assessment.                                                                                         |
|                                |                          | Actual                 | 66,657                          |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
|                                | Execution progress (%)   | Expected               | 55.01%                          |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
|                                |                          | Actual                 | 18.64%                          |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| Laboratory construction        | Amount expended          | Expected               | 35,000                          | The original department of the original planning laboratory built the current site, although it can meet the PIC/S GMP conditions, the construction and utilization area of the building were limited, the overall assessment of future operational growth and office relocation was also expensive. Therefore, the Board of Directors had leased the building of the FarEast U-TOWN Factory, and the construction of the laboratory was moved to the new site, and the progress of the plant in the cell processing center was slightly delayed. There were no major abnormalities after evaluation. |
|                                |                          | Actual                 | 26,750                          |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
|                                | Execution progress (%)   | Expected               | 100.00%                         |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
|                                |                          | Actual                 | 76.42%                          |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| Equipment                      | Amount expended          | Expected               | 55,000                          | The progress of the main laboratory construction was slightly delayed, and the equipment could be installed after completion. There were no major abnormalities after evaluation.                                                                                                                                                                                                                                                                                                                                                                                                                     |
|                                |                          | Actual                 | 1,260                           |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
|                                | Execution progress (%)   | Expected               | 100.00%                         |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
|                                |                          | Actual                 | 2.29%                           |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| Clinical trial expense         | Amount expended          | Expected               | 5,120                           | Clinical trial costs were primarily comprised of CRO entrusted service fees and related clinical costs as assessed by the CRO. Due to the backwardness, the main cell processing center plant moved to the new site, although the Japanese documents related to CellSeed have been taken, it was necessary to accurately translate the documents into Chinese and English to provide the Company with the application to the competent authority, and the progress of the clinical trials originally expected to be implemented is also backward. There are no major abnormalities after evaluation.  |
|                                |                          | Actual                 | 1,281                           |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
|                                | Execution progress (%)   | Expected               | 7.72%                           |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
|                                |                          | Actual                 | 1.93%                           |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| Laboratory maintenance expense | Amount expended          | Expected               | 3,615                           | The main laboratory is still under construction, so there are no relevant expenses, and there are no major abnormalities after evaluation.                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
|                                |                          | Actual                 | 0                               |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
|                                | Execution progress (%)   | Expected               | 11.06%                          |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
|                                |                          | Actual                 | 0%                              |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| Total                          | Amount expended          | Expected               | 295,460                         | The implementation of the 2017 annual cash increase in the first quarter of 2018, the reason behind the delay is not to affect the overall progress, there is no major abnormality after evaluation.                                                                                                                                                                                                                                                                                                                                                                                                  |
|                                |                          | Actual                 | 95,948                          |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
|                                | Execution progress (%)   | Expected               | 54.05                           |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
|                                |                          | Actual                 | 17.56                           |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |

## Appendix V : The Comparison Table of Amendments of the Company Policy

### MetaTech Corporation Limited Company

#### The Comparison Table of Amendments of the Company Policy

| Amended article                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | The original article                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | Description                                                          |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------|
| <p>Art. 2 : MetaTech Co., Ltd engaged in the following businesses:<br/><u>(32) C802041 Medicine manufacturing industry</u></p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | <p>Art. 2 : MetaTech Co., Ltd engaged in the following businesses:</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | <p>New item</p>                                                      |
| <p>Art. 4 : The total capital of the Company is NT\$ <u>2</u> billion, divided into <u>200</u> million shares, and NT\$ 1 per share, among the total capital NT\$ <u>300</u> million is for the exercise of employee stock option certificates, unissued shares, the board of directors is authorized to issue by time.</p> <p>The employee stock options vouchers of the issue price of the Company's shares which is lower than the closing price of the ordinary shares of the Company on the issue date, shall hold a general meeting of shareholders representing more than half of the total number of issued shares, and after the shareholders present at least two-thirds of the voting rights have agreed to issue.</p> | <p>Art. 4 : The total capital of the Company is NT\$ <u>1</u> billion, divided into <u>100</u> million shares, and NT\$ 1 per share, among the total capital NT\$ <u>150</u> million is for the exercise of employee stock option certificates, unissued shares, the board of directors is authorized to issue by time.</p> <p>The employee stock options vouchers of the issue price of the Company's shares which is lower than the closing price of the ordinary shares of the Company on the issue date, shall hold a general meeting of shareholders representing more than half of the total number of issued shares, and after the shareholders present at least two-thirds of the voting rights have agreed to issue.</p> | <p>Amended the total amount of the Company's capital.</p>            |
| <p>Art. 11 : The Company set 9 to 11 directors, three years, the number of directors in the preceding paragraph, the number of independent directors shall not be less than 2, and shall not be less than one-fifth of the number of directors, the election of directors adopts the nomination system of candidates according to Article 192-1 of the Company Law.</p> <p>To be elected by the shareholders on the list of directors' candidates, and be eligible for re-election and must set a vice chairman. About the professional qualifications of independent directors, the shareholding and the part-time</p>                                                                                                           | <p>Art. 11 : The Company set 9 to 11 directors, three years, the number of directors in the preceding paragraph, the number of independent directors shall not be less than 2, and shall not be less than one-fifth of the number of directors, the election of directors adopts the nomination system of candidates according to Article 192-1 of the Company Law.</p> <p>To be elected by the shareholders on the list of directors' candidates, and be eligible for re-election and must set a vice chairman. About the professional qualifications of independent directors, the shareholding and the part-time restrictions, the identification of</p>                                                                       | <p>Set up various functional committees</p> <p>Amended the date.</p> |

| Amended article                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | The original article                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | Description |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------|
| <p>restrictions, the identification of independence, the nomination and other matters to be followed in accordance with the relevant provisions of the securities authority.</p> <p><u>The board of directors of the Company has to set up various functional committees. All kinds of functional committees shall stipulate the exercise of the powers and regulations, which shall be implemented after the approval of the board of directors.</u></p> <p>Art. 20 : The constitution was entered into on September 3, 1998.</p> <p>The first amendment was on September 16, 1998.</p> <p>The second amendment was on November 28, 2001.</p> <p>The third amendment was on June 28, 2002.</p> <p>The fourth amendment was on June 10, 2003.</p> <p>The fifth amendment was on April 19, 2004</p> <p>The sixth amendment was on June 9, 2006.</p> <p>The seventh amendment was on June 13, 2007.</p> <p>The eighth amendment was on June 13, 2008.</p> <p>The ninth amendment was on June 19, 2009.</p> <p>The tenth amendment was on June 21, 2013.</p> <p>The eleventh amendment was on September 30, 2013.</p> <p>The twelfth amendment was on June 27, 2014.</p> <p>The thirteenth amendment was on June 30, 2015.</p> <p>The fourteenth amendment was on June 29, 2016.</p> <p>The fifteenth amendment was on June 20, 2017.</p> <p><u>The sixteenth amendment was on June 25, 2018.</u></p> | <p>independence, the nomination and other matters to be followed in accordance with the relevant provisions of the securities authority.</p> <p>Art. 20 : The constitution was entered into on September 3, 1998.</p> <p>The first amendment was on September 16, 1998.</p> <p>The second amendment was on November 28, 2001.</p> <p>The third amendment was on June 28, 2002.</p> <p>The fourth amendment was on June 10, 2003.</p> <p>The fifth amendment was on April 19, 2004</p> <p>The sixth amendment was on June 9, 2006.</p> <p>The seventh amendment was on June 13, 2007.</p> <p>The eighth amendment was on June 13, 2008.</p> <p>The ninth amendment was on June 19, 2009.</p> <p>The tenth amendment was on June 21, 2013.</p> <p>The eleventh amendment was on September 30, 2013.</p> <p>The twelfth amendment was on June 27, 2014.</p> <p>The thirteenth amendment was on June 30, 2015.</p> <p>The fourteenth amendment was on June 29, 2016.</p> <p>The fifteenth amendment was on June 20, 2017.</p> |             |

## Appendix VI : The Comparison Table of Amendments of Regulations Governing Loans

### MetaTech Corporation Limited Company

#### The Comparison Table of Amendments of Regulations Governing Loans

| Amended article                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | The original article                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | Description                                                                                                                                                                                                                                                                          |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p>2. Scope: This procedure is applicable to the Company and <u>its subsidiaries (collectively referred to as the "Group")</u>' handling of loans of funds to others.</p> <p><u>However, if the rules of procedure or the provisions of this operating procedure are different from the laws and regulations of the location of the subsidiary, the local laws and regulations shall be applied first.</u></p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | <p>2. Scope: This procedure is applicable to the Company's handling of loans of funds to others.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | <p>Expanded the scope of application for the Group and words correction</p>                                                                                                                                                                                                          |
| <p>3. Power and responsibility: The department of Finance and the department of Management of <u>the Company</u> shall be responsible for the relevant work of the Group in their respective posts.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | <p>3. Power and responsibility: The Ministry of Finance and the Department of Management shall be responsible for the relevant work in their respective posts.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | <p>Words correction</p>                                                                                                                                                                                                                                                              |
| <p>4. Definition:</p> <p><u>4.1</u> "Subsidiary" and "parent company" as referred to in these Regulations shall be as determined under the Regulations Governing the Preparation of Financial Reports by Securities Issuers.</p> <p><u>4.2</u> The "net value" in these Regulations means the balance sheet equity attributable to the owners of the parent company under the Regulations Governing the Preparation of Financial Reports by Securities Issuers.</p> <p><u>4.3</u> <u>The Procedure</u> called "Notice Declaration" refers to the information website designated by the Financial Supervisory Commission.</p> <p><u>4.4</u> The "factual date" in this procedure refers to the former date of the transaction signing date, payment date, the board resolution day or other sufficient funds to determine the transaction object and the transaction amount.</p> | <p>5. Contents of Works:</p> <p>5.1.2 "Subsidiary" and "parent company" as referred to in these Regulations shall be as determined under the Regulations Governing the Preparation of Financial Reports by Securities Issuers.</p> <p>Where a public company's financial reports are prepared according to the International Financial Reporting Standards, "net value" in these Regulations means the balance sheet equity attributable to the owners of the parent company under the Regulations Governing the Preparation of Financial Reports by Securities Issuers.</p> <p>5.5.1 The Company shall, before the 10th of each month, announce the capital loan and balance of the Company and its subsidiaries last month by announcement of the authority unit. The called "Notice Declaration" refers to the information website designated by the</p> | <p>The original Article 4 content was moved to Article 5 and adjusted the content. Article 5.1.2 moved to Article 4.1 and adjusted the content. The original Article 5.5.1 was moved to the second half of Article 4.3. The original Article 5.5.5 was moved to the Article 4.4.</p> |

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|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------|
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | <p>Financial Supervisory Commission.</p> <p>5.5.5 The "factual date" in this procedure refers to the former date of the transaction signing date, payment date, the board resolution day or other sufficient funds to determine the transaction object and the transaction amount.</p>                                                                                                                                                                                                                                                                                                                        |                                                                                            |
| <p><u>5. The scope of loan:</u><br/><u>The funds of individual companies of the Group</u> shall not loan funds to any of its shareholders or any other person except under the following circumstances:</p> <p><u>5.1</u> Where an inter-company or inter-firm business transaction calls for a loan arrangement.</p> <p><u>5.2</u> Where an inter-company or inter-firm short-term financing facility is necessary, provided that such financing amount shall not exceed 40 percent of the individual lender's net value.</p> <p><u>5.3</u> The term "short-term" as used in the preceding paragraph means one year, or where the company's operating cycle exceeds one year or one operating cycle. <u>But the business cycle is longer than one year, subject to the business cycle.</u></p> <p><u>5.4</u> The term "financing amount" as used in paragraph 1, sub-paragraph 2 of this Article means the cumulative balance of the public company's short-term financing.</p> | <p>4. Definition:<br/>The Company shall not loan funds to any of its shareholders or any other person except under the following circumstances:</p> <p>4.1 Where an inter-company or inter-firm business transaction calls for a loan arrangement.</p> <p>4.2 Where an inter-company or inter-firm short-term financing facility is necessary, provided that such financing amount shall not exceed 40 percent of the lender's net value.</p> <p>The term "short-term" as used in the preceding paragraph means one year, or where the company's operating cycle exceeds one year or one operating cycle.</p> | <p>The original Article 4 was moved to the Article 5 and adjusted the content.</p>         |
| <p><u>6. The evaluation criteria of objects for loans of funds:</u><br/><u>Between the individual companies of the Group</u> and his company or others, the board of directors recognized the need for short-term financing funds engaged in financing facility, the following circumstances:</p> <p>6.1 Necessary to have short-term financing facilities for the business relationship with <u>the individual companies of the Group.</u></p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | <p>5.1.1 Between the Company and his company or others, the board of directors recognized the need for short-term financing funds engaged in financing facility, the following circumstances:</p> <p>5.1.1.1 Necessary to have short-term financing facilities for the business relationship with the parent-child companies of the Company.</p> <p>5.1.1.2 Necessary for the short-term financing of the company or others based on the equity</p>                                                                                                                                                           | <p>The original Article 5.1.1 was re-edited to the Article 6 and adjusted the content.</p> |

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| <p><u>6.2</u> Necessary for the short-term financing of the individual companies of the Group or others based on the equity method of investment as a result of the need of material purchase or operation and turnover.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | <p>method of investment as a result of the need of material purchase or operation and turnover.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |                                                                                            |
| <p><u>7.</u> The aggregate amount of loans and the maximum amount permitted to a single borrower:</p> <p><u>7.1</u> The total loan amount of funds of the individual companies of the Group shall be limited to not exceeding 40% of the net value of the Company's latest audited (verified) financial statements by the accountants; the total loan amount of funds to a single enterprise shall be limited to not exceeding 20% of the net value of the Company's latest audited (verified) financial statements by the accountants.</p> <p><u>7.2</u> The total loan amount of the individual companies of the Group to a Company of an inter-firm business transaction shall not exceed the limit of 40% of the net value of the Company's latest audited (verified) financial statements by the accountants. The total loan amounts of the Company to a single corporation not exceed the amount of business transactions between the two sides. The alleged amount of business dealings means the higher of the purchase or sale amount between the two parties.</p> <p><u>7.3</u> When the individual companies of the Group are necessary for short-term financing funds shall not exceed the limit of 40% of the net value of the financial statements of the individual company which have been audited (verified) by the Company's latest auditors. For single-enterprise loans and the total amount is limited to 20% of the net value of the Company's latest audited (verified) financial statements by the accountants.</p> | <p>5.2 The aggregate amount of loans and the maximum amount permitted to a single borrower:</p> <p>5.2.1 The total loan amount of funds of the Company and the and total loan amount of funds to a single enterprise shall be limited to not exceeding 40% and 20% of the net value of the Company's latest audited (verified) financial statements by the accountants respectively, and should be handled according to the resolution of the board of directors.</p> <p>5.2.2 The total loan amount of the Company to a Company of an inter-firm business transaction shall not exceed the limit of 40% of the net value of the Company's latest audited (verified) financial statements by the accountants. The total loan amounts of the Company to a single corporation not exceed the amount of business transactions between the two sides. The alleged amount of business dealings means the higher of the purchase or sale amount between the two parties.</p> <p>5.2.3 When an inter-company or inter-firm short-term financing facility is necessary for short-term financing funds shall not exceed the limit of 40% of the net value of the financial statements of the Company which have been audited (verified) by the Company's latest auditors. For single-enterprise loans and the total amount is limited to 20% of the net value of the Company's latest audited (verified) financial statements by the accountants.</p> <p>5.2.4 For foreign companies that directly or</p> | <p>The original Article 5.2.1 was re-edited to the Article 7 and adjusted the content.</p> |

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|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p><u>7.4</u> For foreign companies that directly or indirectly hold 100% of the voting shares, the total loan amount shall not exceed 100% of the net value of the <u>individual company's</u> latest audited (verified) financial statements by the accountants; For a single corporation the total loan amount shall not exceed 80% of the net value of the <u>individual company's</u> latest audited (verified) financial statements by the accountants recently.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | <p>indirectly hold 100% of the voting shares, the total loan amount shall not exceed 100% of the net value of the Company's latest audited (verified) financial statements by the accountants; For a single corporation the total loan amount shall not exceed 80% of the net value of the Company's latest audited (verified) financial statements by the accountants recently.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |                                                                                                                                                                                                                                             |
| <p><u>8. Duration of loans and calculation of interest:</u><br/><u>Limited by one year for a duration of loans,</u> the interest rate shall not be less than the average interest rate of <u>the Company or the individual company's</u> short-term funds borrowed from financial institutions at that time and shall bear interest on <u>a yearly or monthly basis, or pay off the principal and interest once at the time of liquidation.</u></p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | <p>5.3 Limited by one year, the interest rate shall not be less than the average interest rate of the Company's short-term funds borrowed from financial institutions at that time and shall bear interest on a monthly basis.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | <p>The original Article 5.3 was re-edited to the Article 8 and adjusted the content. At the same time give the flexible yearly or monthly interest rate, corrected kindly.</p>                                                              |
| <p><u>9. Procedures for handling loans of funds, review procedures and evaluation criteria:</u><br/><u>9.1</u> Credit Investigation: For all companies or others to fund for loan application, should conduct a detailed credit investigation, the principle is as follows:<br/><u>9.1.1</u> The primary borrowers, borrowers should provide basic information and financial information, in order to handle the credit.<br/><u>9.1.2</u> Continuing borrowers should handle credit collection once a year in principle. In major cases, credit investigation should be conducted on a regular basis according to actual needs.<br/><u>9.1.3</u> If the financial and creditworthiness of the borrower is good and the financial statements of the borrower have been checked and signed by the accountants, the survey report of more than one year and less than two years should be followed and see also the financial statements of the Company (verified) as audited by the accountants recently.</p> | <p>5.4 Procedures for handling loans of funds<br/>5.4.1 Credit Investigation: For all companies or others to fund for loan application, should conduct a detailed credit investigation, the principle is as follows:<br/>5.4.1.1 The primary borrowers, borrowers should provide basic information and financial information, in order to handle the credit.<br/>5.4.1.2 Continuing borrowers should handle credit collection once a year in principle. In major cases, credit investigation should be conducted on a regular basis according to actual needs.<br/>5.4.1.3 If the financial and creditworthiness of the borrower is good and the financial statements of the borrower have been checked and signed by the accountants, the survey report of more than one year and less than two years should be followed and see also the financial statements of the Company (verified) as audited by the accountants recently.</p> | <p>The original Article 5.4 was re-edited to the Article 9 and adjusted the content. At the same time, the addition of funds to the individual companies of the Group in Article 9.1.4 will be exempted from credit and rights setting.</p> |



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|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--|
| <p><u>9.1.4 The loan of funds between individual companies of the Group is exempt from credit and rights setting.</u></p> <p><u>9.2 Review evaluation:</u><br/>Where the loans of funds within the limit of Article 7 the borrower should fill in "Loans of Funds Application", the authority unit shall make a detailed review and appraisal report, which shall include the following items:</p> <p><u>9.2.1</u> The necessity of and reasonableness of extending loans to others.</p> <p><u>9.2.2</u> Borrower credit status and risk assessment.</p> <p><u>9.2.3</u> Impact on the company's business operations, financial condition, and shareholders' equity.</p> <p><u>9.2.4</u> Whether collateral must be obtained and appraisal of the value thereof.</p> <p><u>9.3 Loan approval:</u></p> <p><u>9.3.1</u> The funding of an enterprise shall show the "Funding Request" (or an official letter), the authority unit shall review its necessity and assess its use, purpose, benefits and whether the sign should be granted, then report to <u>general manager, chairman of the Company sign</u>, and submit to <u>the board of directors of the Company</u> for approval after the resolution.</p> <p><u>9.3.2</u> After the review and assessment, if the borrower's credit rating is not good or there are other reasons that should not be loaned, the authority unit should promptly reply to the reasons borrowers not loan.</p> <p><u>9.3.3</u> When <u>the individual companies of the Group</u> intend to loan funds to others, it shall all be handled after the resolution of the board of directors has been passed on by case by case and shall not be authorized by others.</p> | <p>5.4.2 Review evaluation:<br/>Where the loans of funds within the limit of Article 5.2. the borrower should fill in "Loans of Funds Application", the authority unit shall make a detailed review and appraisal report, which shall include the following items:</p> <p>5.4.2.1 The necessity of and reasonableness of extending loans to others.</p> <p>5.4.2.2 Borrower credit status and risk assessment.</p> <p>5.4.2.3 Impact on the company's business operations, financial condition, and shareholders' equity.</p> <p>5.4.2.4 Whether collateral must be obtained and appraisal of the value thereof.</p> <p>5.4.3 Loan approval:</p> <p>5.4.3.1 The funding of an enterprise shall show the "Funding Request" (or an official letter), the authority unit shall review its necessity and assess its use, purpose, benefits and whether the sign should be granted, then report to general manager, chairman of the board sign, and submit to the board of directors for approval after the resolution.</p> <p>5.4.3.2 After the review and assessment, if the borrower's credit rating is not good or there are other reasons that should not be loaned, the authority unit should promptly reply to the reasons borrowers not loan.</p> <p>5.4.3.3 When the Company intends to loan funds to others, it shall all be handled after the resolution of the board of directors has been passed on by case by case and shall not be authorized by others.</p> <p>5.4.3.4 The loans of funds between the Company and its subsidiaries or between subsidiaries, in addition to the provisions of the preceding paragraph, may authorize the chairman of the same loan with the object, the grants are apportioned or reused less than 10% of the net assets of the Company's latest audited (verified) financial statements by the</p> |  |
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9.3.4 The loans of funds between the individual companies of the Group, in addition to the Article 9.3.3, may authorize the chairman of the Company of the same loan with the object, the grants are apportioned or reused less than 10% of the net assets of the Company's latest audited (verified) financial statements by the accountants and not exceeding one year.

9.3.5 The Company has set up independent directors, when discussing the loan and matters, shall consider the opinions of each of the independent directors and the clear opinions of their consent or objections and the reasons for the objections should be included in the minutes of the board of directors.

9.4 To notify the borrower:

After the approval of the loan case, the authority unit shall promptly mail or call the borrower detailing the loan conditions, including the quota, term, interest rate, collateral and guarantor, ... etc. Please sign the borrower within the limit of time, the right to set the pledge or mortgage and the guarantor of the insurance policy, and then appropriate.

9.5 Signed on the confirmation

9.5.1 Loan cases should be drafted by the authority unit to draft the terms of the contract, after the verification of the authority of the people subject to verification, send to the legal staffs to confirm the correct, and then sign the contract.

9.5.2 The content of the contract shall be in accordance with the approved terms of borrowing. After the signature of the borrower and the joint guarantor on the basis of the contract, the authority unit shall complete the steps.

9.5.3 When signing the funding contract with

accountants and not exceeding one year.

5.4.3.5 The Company has set up independent directors to loan funds to others, shall consider the opinions of each of the independent directors and the clear opinions of their consent or objections and the reasons for the objections should be included in the minutes of the board of directors.

5.4.4 To notify the borrower:

After the approval of the loan case, the authority unit shall promptly mail or call the borrower detailing the loan conditions of the Company, including the quota, term, interest rate, collateral and guarantor, ... etc. Please sign the borrower within the limit of time, the right to set the pledge or mortgage and the guarantor of the insurance policy, and then appropriate.

5.4.5 Signed on the confirmation

5.4.5.1 Loan cases should be drafted by the authority unit to draft the terms of the contract, after the verification of the authority of the people subject to verification, send to the legal consultant to confirm the correct, and then sign the contract.

5.4.5.2 The content of the contract shall be in accordance with the approved terms of borrowing. After the signature of the borrower and the joint guarantor on the basis of the contract, the authority unit shall complete the steps.

5.4.5.3 When signing the funding contract with the funding object, it shall be handled by its legal person or group seal and the person in charge of the registration as the competent authority, and shall be handled by the authority for checking the debtor and the guarantor seal and the confirmation.

5.4.6 Collateral rights setting and insurance

5.4.6.1 If the Company loans money to others,

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| <p>the funding object, it shall be handled by its legal person or group seal and the person in charge of the registration as the competent authority, and shall be handled by the authority for checking the debtor and the guarantor seal and the confirmation.</p> <p><u>9.6 Collateral rights setting and insurance:</u></p> <p><u>9.6.1 If the individual companies of the Group loans money to others, the board of the directors of the Company shall require the borrower to provide a collateral equivalent to the loan amount if it is necessary, (Such as the equivalent value of real estate, securities, or signing guarantee notes), and set the pledge or mortgage to ensure the Company claims.</u></p> <p><u>9.6.2 The collaterals except land and securities should be covered by fire insurance, ship vehicles should be covered by insurance. The insurance amount is not less than the value of security pledged for the principle; the insurance statement should be added to the Company as the beneficiary. The name, quantity, storage location, insurance conditions and insurance approval slips contained in the policy should be consistent with the approved loan conditions, if the building has not yet been programmed in the set house number, its address should be located in the sectors and marks.</u></p> <p><u>9.6.3 The authority unit shall pay attention to inform the borrower to continue the insurance before the expiration of the insurance period.</u></p> <p><u>9.7 Appropriation:</u><br/><u>The loan case approved and in accordance with the provisions of this procedure is completed, the authority unit checks it if corrects, then can allocate funds.</u></p> | <p>the board of the directors shall require the borrower to provide a collateral equivalent to the loan amount if it is necessary, (Such as the equivalent value of real estate, securities, or signing guarantee notes), and set the pledge or mortgage to ensure the Company claims.</p> <p>5.4.6.2 The collaterals except land and securities should be covered by fire insurance, ship vehicles should be covered by insurance. The insurance amount is not less than the value of security pledged for the principle; the insurance statement should be added to the Company as the beneficiary. The name, quantity, storage location, insurance conditions and insurance approval slips contained in the policy should be consistent with the approved loan conditions of the Company, if the building has not yet been programmed in the set house number, its address should be located in the sectors and marks.</p> <p>5.4.6.3 The authority unit shall pay attention to inform the borrower to continue the insurance before the expiration of the insurance period.</p> <p>5.4.7 Appropriation<br/>The loan case approved and in accordance with the provisions of this procedure is completed, the authority unit checks it if corrects, you can allocate funds.</p> |                             |
| <p><u>10. Announcement reporting procedures:</u></p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | <p>5.5 Announcement reporting procedures</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | <p>The original Article</p> |

10.1 The Company shall, before the 10th of each month, announce the capital loan and balance of the Group and its subsidiaries last month by announcement of the authority unit.

10.2 The Group has one of the following standards for loan and balance of funds, and shall declare within 2 days upon the factual date:

10.2.1 The loans and balances of the Group to others reach over 20% of the net assets of the Company's latest audited (verified) financial statements by the accountants recently.

10.2.2 The loans and balances of the Group to a single enterprise reach over 10% of the net assets of the Company's latest audited (verified) financial statements by the accountants recently.

10.2.3 The individual companies of the Group increased its loan and amount to more than NT \$ 10 million and reached over 2% of the net assets of the Company's latest audited (verified) financial statements by the accountants recently.

10.3 A subsidiary of the Company is not a domestic public offering company and the subsidiary has Article 10.2.3 which should be declared for declaration and should be made by the Company.

5.5.1 The Company shall, before the 10th of each month, announce the capital loan and balance of the Company and its subsidiaries last month by announcement of the authority unit. The called "Notice Declaration" refers to the information website designated by the Financial Supervisory Commission.

5.5.2 The Company has one of the following standards for loan and balance of funds, and shall declare within 2 days upon the factual date:

5.5.2.1 Funding of the Company and its subsidiaries the balance of loans to others reaches over 20% of the net assets of the Company's latest audited (verified) financial statements by the accountants recently.

5.5.2.2 The loans and balances of the Company and its subsidiaries to a single enterprise amounted to over 10% of the net assets of the Company's latest audited (verified) financial statements by the accountants recently.

5.5.2.3 The Company or its subsidiaries increased its loan and amount to more than NT \$ 10 million and reached over 2% of the net assets of the Company's latest audited (verified) financial statements by the accountants recently.

5.5.3 A subsidiary of the Company is not a domestic public offering company and the subsidiary has Section 5.5.2.3 which should be declared for declaration and should be made by the Company.

5.5.4 The calculation of the ratio of loan to balance of net assets of the above subsidiaries takes the ratio of loan to balance of the subsidiary accounted for the Company's latest audited (verified) financial statements by the accountants recently.

5.5 was re-edited to the Article 10 and adjusted the content. The second half of the original Article 5.5.1 was moved to the Article 4.3. Deleted Article 5.5.4. The original Article 5.5.5 was moved to the Article 4.4.

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| <p><u>11. Loans and the amount of follow-up control measures, overdue claims processing:</u></p> <p><u>11.1</u> After the loan is appropriated, the authority unit should often pay attention to the financial, business and related credit conditions of the borrower and the guarantor, if there is provision of collateral, and should pay attention to whether there is any change in the value of the guarantee, in case of major changes, the chairman of the board shall be immediately informed and properly handled as instructed.</p> <p><u>11.2</u> <u>The individual companies of the Group</u> due to change of circumstances, loans and balances <u>not meet the requirements of the procedure or the amount exceeds the limit</u>; it should develop improvement plans, and the relevant improvement plan will be sent to <u>the audit committee of the Company, and the improvement will be completed according to the planning schedule.</u></p> <p><u>11.3</u> <u>When the borrower repays the loan before the maturity or maturity of the loan, the interest payable shall be calculated first by the authority unit</u> and then repayable together with the principal, then the collateral can be lifted debt or mortgage set.</p> <p><u>11.4</u> If the borrower applies for the cancellation of the mortgage or eliminate the establishment of authority, should first check the balance of the loan to decide whether to agree to handle.</p> <p><u>11.5</u> The borrower shall pay off the principal and interest as soon as the loan expires. <u>The funds of company shall, first in accordance with the law,</u> do disciplines and recoveries of loss on the collaterals which offenders mortgaged, and at the part of deficiencies,</p> | <p>5.6 Loans and the amount of follow-up control measures, overdue claims processing:</p> <p>5.6.1 After the loan is appropriated, the authority unit should often pay attention to the financial, business and related credit conditions of the borrower and the guarantor, if there is provision of collateral, and should pay attention to whether there is any change in the value of the guarantee, in case of major changes, the chairman of the board shall be immediately informed and properly handled as instructed.</p> <p>5.11.2 The Company due to change of circumstances, loans and balances overruns; it should develop improvement plans, and the improvement plan to the audit committee.</p> <p>5.6.2 When the borrower repays the loan before the maturity or maturity of the loan, the interest payable shall be calculated first and then repayable together with the principal, then the collateral can be lifted debt or mortgage set.</p> <p>5.6.3 If the borrower applies for the cancellation of the mortgage or eliminate the establishment of authority, should first check the balance of the loan to decide whether to agree to handle.</p> <p>5.6.4 The borrower shall pay off the principal and interest as soon as the loan expires. The Company shall, first in accordance with the law, do disciplines and recoveries of loss on the collaterals which offenders mortgaged, and at the part of deficiencies, shall make recourse to the guarantors.</p> | <p>The original Article 5.6 was re-edited to the Article 11 and adjusted the content. The original Article 5.11.2 was moved to Article 11.2 and adjusted the content.</p> |
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| <p>disclose the relevant information in the financial report as appropriate and provide the relevant information to the accountants to carry out the necessary checking procedures.</p> <p><u>15.2 This procedure unformulated matters, according to the relevant laws and regulations.</u></p> | <p>this procedure.</p> <p>5.11.3 The Company should assess the loan and the situation and provide an adequate provision for bad debts, disclose the relevant information in the financial report as appropriate and provide the relevant information to the accountants to carry out the necessary checking procedures.</p> | <p>to the Article 15.1.</p> <p>Added Article 15.2.</p>                                                                                                                        |
| <p><u>16. Implementation:</u></p> <p><u>This procedure shall be approved by the audit committee of the Company and approved by the board of directors</u> and submitted to the shareholders' meeting for approval. It is the same with the amendment.</p>                                       | <p>5.13 Implementation</p> <p>This procedure is approved by the board of directors and submitted to the shareholders after the consent of the implementation, it is the same with the amendment.</p>                                                                                                                        | <p>The original Article 5.13 was re-edited to the Article 15.6, and in accordance with the establishment of the audit committee to amend the regulations for supervisors.</p> |
| <p>17. Related documents and forms:</p> <p><u>17.1 Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies</u></p> <p><u>17.2 Loans and Matters Application</u></p> <p><u>17.3 Funds Registration Form</u></p>                                         | <p>6. Related documents and forms:</p> <p>6.1 Operational Procedures for Loaning Funds to Others</p> <p>6.2 Personnel Management Measures</p> <p>6.3 Loans and Matters Application</p> <p>6.4 Funds to Others Specification</p> <p>6.5 Loans to Corporation or Group Specification</p> <p>6.6 Funding Request</p>           | <p>The original Article 6 was re-edited to the Article 17, and adjusted the content. Article 6.4 and Article 6.5 were deleted.</p>                                            |

## Appendix VII : The Comparison Table of Amendments of Regulations Governing Endorsement Guarantee

### MetaTech Corporation Limited Company

#### The Comparison Table of Amendments of Regulations Governing Endorsement Guarantee

| Amended article                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | The original article                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | Description                                                                                                                                                                                                                                                                                                         |
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| <p>2. Scope:</p> <p>This procedure is applicable to the Company and <u>its subsidiaries (collectively referred to as the "Group")</u> handling of endorsements/guarantees to others.</p> <p><u>However, if the rules of procedure or the provisions of this operating procedure are different from the laws and regulations of the location of the subsidiary, the local laws and regulations shall be applied first.</u></p>                                                                                                                                                                                                                                                                            | <p>2. Scope: This procedure is applicable to the Company's handling of endorsements/guarantees.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | <p>Expanded the scope of application for the Group and words correction</p>                                                                                                                                                                                                                                         |
| <p>3. Power and responsibility: The Department of Finance and the Department of Management shall be responsible for the relevant work <u>of the Group</u> in their respective posts.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | <p>3. Power and responsibility: The Department of Finance and the Department of Management shall be responsible for the relevant work in their respective posts.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |                                                                                                                                                                                                                                                                                                                     |
| <p>4. Definition:</p> <p><u>4.1</u> "Subsidiary" and "parent company" as referred to in these Regulations shall be as determined under the Regulations Governing the Preparation of Financial Reports by Securities Issuers.</p> <p><u>4.2</u> The "net value" in these Regulations means the balance sheet equity attributable to the owners of the parent company under the Regulations Governing the Preparation of Financial Reports by Securities Issuers.</p> <p><u>4.3</u> The "announcement and reporting" in these Regulations refers to the information website designated by the FSC.</p> <p><u>4.4</u> The "Date of occurrence" in these Regulations means the date of contract signing,</p> | <p>4. Definition:</p> <p>5.1.6 "Subsidiary" and "parent company" as referred to in these Regulations shall be as determined under the Regulations Governing the Preparation of Financial Reports by Securities Issuers.</p> <p>Where a public company's financial reports are prepared according to the International Financial Reporting Standards, "net value" in these Regulations means the balance sheet equity attributable to the owners of the parent company under the Regulations Governing the Preparation of Financial Reports by Securities Issuers.</p> <p>5.6.1 The Company shall announce and report the previous month's balance of Endorsements/Guarantees of itself and its subsidiaries by the 10th day of each month from the Authority Unit. The called "announcement and reporting" refers to the information website designated by the FSC.</p> | <p>The original Article 4 was re-edited to the Article 5, and adjusted the content.</p> <p>The original Article 5.1.6 was re-edited to the Article 4.1 and Article 4.2.</p> <p>The original rear of Article 5.6.1 was moved to the Article 4.3.</p> <p>The original Article 5.6.5 was moved to the Article 4.4.</p> |



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| <p>date of payment, dates of boards of directors resolutions, or other date that can confirm the counterparty and monetary amount of the transaction, whichever date is earlier.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | <p>5.6.5 "Date of occurrence" in these Regulations means the date of contract signing, date of payment, dates of boards of directors resolutions, or other date that can confirm the counterparty and monetary amount of the transaction, whichever date is earlier.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |                                                                                                                                                                                              |
| <p><u>5. The Definition of Endorsements/Guarantees:</u><br/>The term "Endorsements/Guarantees" as used in <u>these Regulations</u> refers to the following:</p> <p>5.1 Financing Endorsements/Guarantees, including:</p> <p>5.1.1 Bill discount financing.</p> <p>5.1.2 Endorsement or guarantee made to meet the financing needs of another company. <u>However, it is not limited to the provision of pledges or mortgages for the guarantee of movable assets or real estate for the borrowing of the company.</u></p> <p><u>5.1.3</u> Issuance of a separate negotiable instrument to a non-financial enterprise as security to meet the financing needs of <u>the individual companies of the Group.</u></p> <p><u>5.2</u> Customs duty Endorsements/Guarantees, meaning an endorsement or guarantee for <u>the individual companies of the Group</u> or another company with respect to customs duty matters.</p> <p>5.3 Other Endorsements/Guarantees, meaning endorsement or guarantee beyond the scope of <u>Article 5.1 and Article 5.2.</u></p> | <p>4. Definition:<br/>The term "Endorsements/Guarantees" as used in these Regulations refers to the following:</p> <p>4.1 Financing Endorsements/Guarantees, including:</p> <p>4.1.1 Bill discount financing.</p> <p>4.1.2 Endorsement or guarantee made to meet the financing needs of another company.</p> <p>4.1.3 Issuance of a separate negotiable instrument to a non-financial enterprise as security to meet the financing needs of the company itself.</p> <p>4.2 Customs duty Endorsements/Guarantees, meaning an endorsement or guarantee for the company itself or another company with respect to customs duty matters.</p> <p>4.3 Other Endorsements/Guarantees, meaning endorsement or guarantee beyond the scope of the above two subparagraphs.</p> | <p>The original Article 4 was moved to the Article 5, and adjusted the content.</p>                                                                                                          |
| <p><u>6. Endorsement guarantee object:</u><br/><u>6.1 The individual companies of the Group</u> may make Endorsements/Guarantees for the following companies:</p> <p><u>6.1.1</u> A company with which it does business.</p> <p><u>6.1.2</u> A company in which the public company directly and indirectly holds more than 50 percent of the voting shares.</p> <p><u>6.1.3</u> A company that directly and indirectly holds more than 50 percent of the voting shares in the public company.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | <p>5.1 Endorsement guarantee object:</p> <p>5.1.1 The Company may make Endorsements/Guarantees for the following companies:</p> <p>5.1.1.1 A company with which it does business.</p> <p>5.1.1.2 A company in which the public company directly and indirectly holds more than 50 percent of the voting shares.</p> <p>5.1.1.3 A company that directly and indirectly holds more than 50 percent of the voting shares in the public company.</p> <p>5.1.1.4 The Company shall apply to</p>                                                                                                                                                                                                                                                                           | <p>The original Article 5.1 was re-edited to the Article 6, and adjusted the content.</p> <p>The original Article 5.1.4 was moved to the Article 15.1.</p> <p>The original Article 5.1.5</p> |

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| <p><u>6.2</u> The Company shall apply to Endorsements/Guarantees made between companies in which the public company holds, directly or indirectly, 100% of the voting shares.</p> <p><u>6.3</u> Where the individual companies of the Group fulfills its contractual obligations by providing mutual Endorsements/Guarantees for another company in the same industry or for joint builders for purposes of undertaking a construction project, or where all capital contributing shareholders make endorsement/ guarantee for their jointly invested company in proportion to their shareholding percentages, or where companies in the same industry provide among themselves joint and several security for a performance guarantee of a sales contract for pre-construction homes pursuant to the Consumer Protection Act for each other, such Endorsements/Guarantees may be made free of the restriction of <u>Article 6.1 and Article 6.2.</u></p> <p><u>6.4</u> Capital contribution referred to in the preceding paragraph shall mean capital contribution directly by the public company, or through a company in which the public company holds 100% of the voting shares.</p> | <p>Endorsements/Guarantees made between companies in which the public company holds, directly or indirectly, 100% of the voting shares.</p> <p>5.1.2 Where the Company fulfills its contractual obligations by providing mutual Endorsements/Guarantees for another company in the same industry or for joint builders for purposes of undertaking a construction project, or where all capital contributing shareholders make endorsement/ guarantee for their jointly invested company in proportion to their shareholding percentages, or where companies in the same industry provide among themselves joint and several security for a performance guarantee of a sales contract for pre-construction homes pursuant to the Consumer Protection Act for each other, such Endorsements/Guarantees may be made free of the restriction of the preceding two paragraphs.</p> <p>5.1.3 Capital contribution referred to in the preceding paragraph shall mean capital contribution directly by the public company, or through a company in which the public company holds 100% of the voting shares.</p> <p>5.1.4 If endorsement guarantee' net value of less than half of contributed capital of the subsidiary, it should be clearly defined the relevant control measures.</p> <p>5.1.5 "Subsidiary" and "parent company" as referred to in these Regulations shall be as determined under the Regulations Governing the Preparation of Financial Reports by Securities Issuers.</p> <p>Where a public company's financial reports are prepared according to the International Financial Reporting Standards, "net value" in these Regulations means the balance sheet equity attributable to the owners of the parent company under the Regulations Governing the Preparation of Financial Reports by Securities Issuers.</p> | <p>was moved to the Article 15.2. The original Article 5.1.6 was moved to the Article 4.1 and 4.2.</p> |
| <p><u>7. The amount of Endorsements/Guarantees:</u></p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | <p>5.2 The amount of Endorsements/Guarantees and the evaluation criteria:</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | <p>The original Article 5.2 was</p>                                                                    |

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| <p><u>7.1</u> The total aggregate amount of Endorsements/Guarantees:</p> <p><u>7.1.1</u> The total aggregate amount of Endorsements/Guarantees provided by <u>the individual companies of the Group</u> shall not exceed 100% of the net value <u>of the individual company</u> of the financial statements which is audited by the accountant recently.</p> <p><u>7.1.2</u> The total aggregate amount of Endorsements/Guarantees provided by <u>the Group</u> shall not exceed 100% of the net value of the financial statements which is audited by the accountant recently.</p> <p><u>7.2</u> The total aggregate amount of Endorsements/Guarantees for a single enterprise:</p> <p><u>7.2.1</u> The total aggregate amount of Endorsements/Guarantees for a single enterprise provided by <u>the individual companies of the Group</u> shall not exceed <u>50%</u> of the net value <u>of the individual company</u> of the financial statements which is audited by the accountant recently.</p> <p><u>7.2.2</u> The total aggregate amount of Endorsements/Guarantees for a single enterprise provided by <u>the Group</u> and its Subsidiaries shall not exceed <u>50%</u> of the net value of the financial statements which is audited by the accountant recently.</p> <p><u>7.3</u> <u>The Company directly and indirectly holds 100% of the voting shares of the Company endorsed by each other to guarantee, and it is possible to limit the net value of the latest financial statements of the individual company to 100%.</u></p> | <p>The total aggregate amount of Endorsements/Guarantees provided by the Company and the total aggregate amount of Endorsements/Guarantees for a single enterprise are subject to the following limits:</p> <p><u>5.2.1</u> The total aggregate amount of Endorsements/Guarantees:</p> <p><u>5.2.1.1</u> The total aggregate amount of Endorsements/Guarantees provided by the Company shall not exceed 100% of the net value of the financial statements which is audited by the accountant recently.</p> <p><u>5.2.1.2</u> The total aggregate amount of Endorsements/Guarantees provided by the Company and its Subsidiaries shall not exceed 100% of the net value of the financial statements which is audited by the accountant recently.</p> <p><u>5.2.2</u> The total aggregate amount of Endorsements/Guarantees for a single enterprise:</p> <p><u>5.2.2.1</u> The total aggregate amount of Endorsements/Guarantees for a single enterprise provided by the Company shall not exceed 100% of the net value of the financial statements which is audited by the accountant recently.</p> <p><u>5.2.2.2</u> The total aggregate amount of Endorsements/Guarantees for a single enterprise provided by the Company and its Subsidiaries shall not exceed 100% of the net value of the financial statements which is audited by the accountant recently.</p> | <p>re-edited to the Article 7, and adjusted the content.</p> <p>Cut to a single enterprise is 50 percent.</p> <p>Add Article 7.3 that 100% of the voting shares of the Company is limited to 100% of the net value.</p> |
| <p><u>8. Procedures for scrutinizing</u></p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | <p><u>5.4 Procedures for scrutinizing</u></p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | <p>The original</p>                                                                                                                                                                                                     |

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| <p><u>Endorsements/Guarantees and the evaluation criteria:</u></p> <p><u>8.1</u> Any Endorsements/Guarantees to be provided by <u>the individual companies of the Group</u> shall be examined, evaluated, with a comment made, by the Authority Unit. The evaluation items shall be included:</p> <p><u>8.1.1</u> The necessity and rationality of Endorsements/Guarantees.</p> <p><u>8.1.2</u> To evaluate the credit and risks of endorsed parties.</p> <p><u>8.1.3</u> To evaluate the impact on the Company's operation risks, financial condition and shareholders' equity.</p> <p><u>8.1.4</u> To evaluate the necessity to acquire collateral and appraisal of collateral.</p> <p><u>8.2</u> When <u>the individual companies of the Group</u> handles the Endorsements/Guarantees, it shall be submitted by the Authority Unit, narrate the object of Endorsements/Guarantees, type, reason and amount of such matters, and with the assessment report of the preceding paragraph, after being approved by the chairman, then submit it to the board of directors for approval after passing the resolution. However, for the business needs, <u>the chairman of the Company</u> may be subject to the provisions of <u>Article 7</u> of this procedure, and then reported to the recently meeting of the board of directors for ratification.</p> <p><u>8.3</u> When the endorsement guarantees are <u>handled between individual companies of the Group, the letter collection and rights are exempted.</u></p> <p><u>8.4</u> If the individual company of the Group <u>changes due to the circumstances and the object of the endorsement is not in compliance with the provisions of this procedure or the amount exceeds the limit, an improvement plan shall be formulated, and the relevant improvement plan shall be sent to the audit committee of the</u></p> | <p>Endorsements/Guarantees:</p> <p>5.4.1 Any Endorsements/Guarantees to be provided by the Company shall be examined, evaluated, with a comment made, by the Authority Unit. The evaluation items shall be included:</p> <p>5.4.1.1 The necessity and rationality of Endorsements/Guarantees.</p> <p>5.4.1.2 To evaluate the credit and risks of endorsed parties.</p> <p>5.4.1.3 To evaluate the impact on the Company's operation risks, financial condition and shareholders' equity.</p> <p>5.4.1.4 To evaluate the necessity to acquire collateral and appraisal of collateral.</p> <p>5.4.2 When the Company handles the Endorsements/Guarantees, it shall be submitted by the Authority Unit, narrate the object of Endorsements/Guarantees, type, reason and amount of such matters, and with the assessment report of the preceding paragraph, after being approved by the chairman, then submit it to the board of directors for approval after passing the resolution. However, for the business needs, the chairman of the board may be subject to the provisions of Article 5.2 of this procedure, and then reported to the recently meeting of the board of directors for ratification.</p> | <p>Article 5.4 was re-edited to the Article 8, and adjusted the content.</p> <p>Added Article 8.3 to guarantee endorsements between individual companies of the Group.</p> <p>Added Article 8.4 due to changes in circumstances, and the endorsement guarantees that the object does not match or exceeds the time limit.</p> |
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| <p><u>Company and the improvement shall be completed according to the planning schedule.</u></p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |                                                                                                                                  |
| <p><u>9. Procedures for use and custody of corporate chops:</u><br/> <u>9.1 The Company shall use the corporate chop registered with the Ministry of Economic Affairs as the dedicated chop for Endorsements/Guarantees. The chop shall be kept in the custody of a designated person approved by the board of directors and may be used to seal or issue negotiable instruments only in prescribed procedures.</u><br/> <u>9.2 When a foreign company or a foreign subsidiary is a guarantor, the guarantee letter issued shall be signed by the board of directors of the Company or the chairman or general manager of an individual company.</u></p>                                                                                                                                                                                                                                                                                                                                                   | <p>5.5 Procedures for use and custody of corporate chops:<br/> The Company shall use the corporate chop registered with the Ministry of Economic Affairs as the dedicated chop for Endorsements/Guarantees. The chop shall be kept in the custody of a designated person approved by the board of directors and may be used to seal or issue negotiable instruments only in prescribed procedures. Endorsement ensured that the custodian of the seal according to the Company seal management approach. If a foreign company is a guarantor, the guaranty letter issued by the Company shall be signed by the chairman authorized by the board of directors.</p>                                                                                                                                                                                                                                                                                                                      | <p>The original Article 5.5 was re-edited to the Article 9, and adjusted the content and signed authorization requirements.</p>  |
| <p><u>10. Hierarchy of decision-making authority and delegation thereof:</u><br/> <u>10.1 Before the individual companies of the Group make any Endorsements/Guarantees, the signing procedure shall be handled in accordance with the provisions of Article 8 of this procedure, and be passed by the audit committee and the board of directors of the Company. However, in order to comply with the statute of limitations, the board of directors of the Company can authorize the chairman of the Company to make a decision within the limits set by Article 7, and then submit it to the board of directors for the most recent period.</u><br/> <u>10.2 The individual companies of the Group handle for Endorsements/Guarantees as a result of business needs, the Article 7 limits have to be exceeded to accommodate business needs, a resolution of the board of directors should be obtained and over half of all the directors should jointly endorse the potential loss that may be</u></p> | <p>5.3 Hierarchy of decision-making authority and delegation thereof:<br/> 5.3.1 When the Company makes any Endorsements/Guarantees, the Finance Unit shall submit the evaluation results made in accordance with Article 5.4, along with comments and opinions provided by other related units, to the board of directors for approval. A pre-determined limit may be delegated to the Chairman by the board of directors to facilitate execution and such Endorsements/Guarantees shall be reported to the most coming board of directors' meeting for ratification. The limit shall not exceed the amount that set in Article 5.2 of endorsement/ guarantee provided by the Company.<br/> 5.3.2 In case the above limits have to be exceeded to accommodate business needs, a resolution of the board of directors should be obtained and over half of all the directors should jointly endorse the potential loss that may be brought about by the excess of limits. The board</p> | <p>The original Article 5.3 was re-edited to the Article 10, and adjusted the content and signed authorization requirements.</p> |

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| <p>brought about by the excess of limits. The board of directors <u>of the Company</u> should also revise the procedures and has it ratified at the shareholders' meeting <u>of the Company</u>. If the revised procedures are not ratified at the shareholders' meeting <u>of the Company</u>, the board of directors <u>of the Company</u> should furnish a plan containing a timetable to withdraw the excess portion.</p> <p><u>10.3 In</u> the discussion of the endorsement of the endorsement, the opinions of the independent directors should be fully considered and the reasons for their consent or objection and the reasons for objection should be included in the records of the board of directors.</p>                                                                                                                                                                                                                                                                                                                                                                                                                | <p>of directors should also revise the procedures and has it ratified at the shareholders' meeting. If the revised procedures are not ratified at the shareholders' meeting, the board of directors should furnish a plan containing a timetable to withdraw the excess portion.</p> <p>5.3.3 Where a public company has established the position of independent director, when it submits its Operational Procedures for Loaning Funds to others for discussion by the board of directors under the preceding paragraph, the board of directors shall take into full consideration each independent director's opinion.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |                                                                                                                                                                                                                                                                           |
| <p><u>11.</u> Announcement and reporting procedures:</p> <p><u>11.1</u> The Company shall announce and report the previous month's balance of Endorsements/Guarantees of <u>the Group</u> by the 10th day of each month from the Authority Unit.</p> <p><u>11.2</u> The <u>Group</u> whose balance of Endorsements/Guarantees reaches one of the following levels shall announce and report such an event within two days commencing immediately from the date of occurrence:</p> <p><u>11.2.1</u> The aggregate balance of Endorsements/Guarantees by <u>the Group</u> reaches 50% or more of the Company's net value as stated in its latest financial statement which is audited by the accountant recently.</p> <p><u>11.2.2</u> The balance of Endorsements/Guarantees by <u>the Group</u> for a single enterprise reaches 20% or more of the Company's net value as stated in its latest financial statement which is audited by the accountant recently.</p> <p><u>11.2.3</u> The balance of Endorsements/Guarantees by <u>the Group</u> for a single enterprise reaches NT\$10 million <u>more and</u> the aggregate amount</p> | <p>5.6 Announcement and reporting procedures</p> <p>5.6.1 The Company shall announce and report the previous month's balance of Endorsements/Guarantees of itself and its subsidiaries by the 10th day of each month from the Authority Unit. The called "announcement and reporting" refers to the information website designated by the FSC.</p> <p>5.6.2 The Company whose balance of Endorsements/Guarantees reaches one of the following levels shall announce and report such an event within two days commencing immediately from the date of occurrence:</p> <p>5.6.2.1 The aggregate balance of Endorsements/Guarantees by the Company and its subsidiaries reaches 50% or more of the Company's net value as stated in its latest financial statement which is audited by the accountant recently.</p> <p>5.6.2.2 The balance of Endorsements/Guarantees by the Company and its subsidiaries for a single enterprise reaches 20% or more of the Company's net value as stated in its latest financial statement which is audited by the accountant recently.</p> <p>5.6.2.3 The balance of Endorsements/Guarantees</p> | <p>The original Article 5.6 was re-edited to the Article 11, and adjusted the content.</p> <p>The original Article 5.6.1 was moved to the Article 4.3.</p> <p>The original Article 5.6.4 was deleted.</p> <p>The original Article 5.6.5 was moved to the Article 4.4.</p> |

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| <p>of all Endorsements/Guarantees for, long-term investment in, and balance of loans to, such enterprise reaches 30% or more of <u>the Company's</u> net value as stated in its latest financial statement which is audited by the accountant recently.</p> <p><u>11.2.4</u> The amount of new Endorsements/Guarantees made by <u>the individual companies of the Group</u> reaches NT\$30 million or more, and reaches 5% or more of the Company's net value as stated in its latest financial statement which is audited by the accountant recently.</p> <p><u>11.3</u> The subsidiary of the Company is not a domestic public company. The subsidiary has <u>Article 11.2.4</u> which should be announced and declared by the Company.</p> | <p>by the Company and its subsidiaries for a single enterprise reaches NT\$10 million or more and the aggregate amount of all Endorsements/Guarantees for, long-term investment in, and balance of loans to, such enterprise reaches 30% or more of Company's net value as stated in its latest financial statement which is audited by the accountant recently.</p> <p><u>5.6.2.4</u> The amount of new Endorsements/Guarantees made by the Company or its subsidiaries reaches NT\$30 million or more, and reaches 5% or more of the Company's net value as stated in its latest financial statement which is audited by the accountant recently.</p> <p><u>5.6.3</u> The public company shall announce and report on behalf of any subsidiary thereof that is not a public company of the Republic of China any matters that such subsidiary is required to announce and report pursuant to paragraph <u>5.6.2.4</u>.</p> <p><u>5.6.4</u> The calculation of the balance of Endorsements/Guarantees balances in net assets of the aforesaid subsidiaries is based on the proportion of Endorsements/Guarantees balances of the subsidiaries in the latest net book value of the financial statements which is audited by the accountant recently.</p> <p><u>5.6.5</u> "Date of occurrence" in these Regulations means the date of contract signing, date of payment, dates of boards of directors resolutions, or other date that can confirm the counterparty and monetary amount of the transaction, whichever date is earlier.</p> |                                                                                   |
| <p><u>12.</u> An establishment of <u>Endorsements/Guarantees Registration Form</u>: The Authority Unit shall establish and maintain <u>an Endorsements/Guarantees Registration Form</u> for its Endorsements/Guarantees activities and</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | <p><u>5.7</u> A preparation of a memorandum book The Authority Unit shall establish and maintain a memorandum book for its Endorsements/Guarantees activities and record in detail the following information for the record:</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | <p>The original Article 5.7 was re-edited to the Article 12, and adjusted the</p> |

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| <p>record in detail the following information for the record: the entity for which the Endorsements/Guarantees is made, the amount, the date of passage by <u>the board of directors of the Company</u> or of authorization by <u>the Chairman of the Company</u>, the date the Endorsements/Guarantees is made, and the matters to be carefully evaluated under <u>Article 7</u>.</p>                                                                                                                                                                                                           | <p>the entity for which the Endorsements/Guarantees is made, the amount, the date of passage by the board of directors or of authorization by the Chairperson of the board, the date the Endorsements/Guarantees is made, and the matters to be carefully evaluated under Article 5.2.</p>                                                                                                                                                                                                                                                                           | <p>content.</p>                                                                                                                                                                                                                        |
| <p><u>13. Internal audit</u><br/>The Company's internal auditors shall <u>be at least quarterly</u> perform auditing on the Procedures and the implementation of the Procedures regularly and produce written auditing reports. Should there be any violation found, a written report is needed to notify <u>every auditor</u> in writing.</p>                                                                                                                                                                                                                                                   | <p>5.8 Internal audit<br/>The Company's internal auditors shall perform auditing on the Procedures and the implementation of the Procedures regularly and produce written auditing reports. Should there be any violation found, a written report is needed to notify every auditor in writing.</p>                                                                                                                                                                                                                                                                  | <p>The original Article 5.8 was re-edited to the Article 13, and because there are only personnel management rules, the words were corrected.</p>                                                                                      |
| <p><u>14. Penalty:</u><br/>If <u>the Group's</u> relevant operators for endorsement/ guarantee violate the "Regulations Governing Loaning of Funds and Making of Endorsement" or the relevant provisions of the Procedures, it shall submit an assessment according to the personnel management rules and working rules of the Company, and shall punish the employees according to the seriousness of the circumstances.</p>                                                                                                                                                                    | <p>5.10 Penalty<br/>If the Company's relevant operators for endorsement/ guarantee violate the "Regulations Governing Loaning of Funds and Making of Endorsement" or the relevant provisions of the Procedures, it shall submit an assessment according to the personnel management rules and working rules of the Company, and shall punish the employees according to the seriousness of the circumstances.</p>                                                                                                                                                    | <p>The original Article 5.10 was re-edited to the Article 14, and because there are only personnel management rules, the words were corrected.</p>                                                                                     |
| <p><u>15. Other matters</u><br/><u>15.1</u> If endorsement guarantee' net value of less than half of contributed capital of the subsidiary, it should be clearly defined the relevant control measures.<br/><u>15.2</u> In the case of a subsidiary with shares having no par value or a par value other than NT\$10, for the paid-in capital in the calculation under <u>Article 15.1</u> The sum of the share capital plus paid-in capital in excess of par shall be substituted.<br/><u>15.3</u> When <u>the individual companies of the Group</u> handle Endorsements/Guarantees, should</p> | <p>5.1.4 If endorsement guarantee' net value of less than half of contributed capital of the subsidiary, it should be clearly defined the relevant control measures.<br/>5.1.5 In the case of a subsidiary with shares having no par value or a par value other than NT\$10, for the paid-in capital in the calculation under subparagraph 11 of the preceding paragraph, the sum of the share capital plus paid-in capital in excess of par shall be substituted.<br/>5.11 Other matters<br/>When the Company handles Endorsements/Guarantees, should assess or</p> | <p>The original Article 5.11 was re-edited to the Article 15.3, and adjusted the content.<br/>The original Article 5.1.4 was moved to the Article 15.1. The original Article 5.1.5 was moved to the Article 15.2, and adjusted the</p> |



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| <p>assess or recognize endorsement of the loss and in the financial report, the Endorsements/Guarantees of appropriate disclosure of information, and provide relevant information to the signature accountants to carry out the necessary checking procedures.</p> <p><u>15.4</u> If there are no matters mentioned in the Procedures, according to the relevant laws and regulations.</p> | <p>recognize endorsement of the loss and in the financial report, the Endorsements/Guarantees of appropriate disclosure of information, and provide relevant information to the signature accountants to carry out the necessary checking procedures.</p> | <p>content.</p>                                                                                                                                                           |
| <p><u>16.</u> Implementation:<br/>This procedure shall be approved by <u>the audit committee of the Company and approved by the board of directors,</u> and then submitted to the shareholders after the consent of the implementation, it is the same with the amendment.</p>                                                                                                              | <p>5.13 Implementation<br/>This procedure is approved by the board of directors and submitted to the shareholders after the consent of the implementation, it is the same with the amendment.</p>                                                         | <p>The original Article 5.13 was moved to the Article 16, and in accordance with the establishment of the audit committee, amended the supervisor's regulations</p>       |
| <p><u>17.</u> Related documents and forms:<br/><u>17.1</u> Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies<br/><u>17.2</u> Matters of Endorsements/Guarantees Application</p>                                                                                                                                                              | <p>6. Related documents and forms:<br/>6.1 Operational Procedures for Endorsements/Guarantees Implementation<br/>6.2 Endorsements/Guarantees Application<br/>6.3 Endorsements/Guarantees Registration Form</p>                                            | <p>The original Article 6 was re-edited to the Article 17, and adjusted the content.<br/>Deleted Article 6.1 Operational Procedures and Article 6.3 Registration Form</p> |

## Appendix VIII : The Comparison Table of Amendments of Regulations Governing the Acquisition and Disposal of Assets

### MetaTech Group (The Company and its subsidiaries)

#### The Comparison Table of Amendments of Regulations Governing the Acquisition and Disposal of Assets

| Amended article                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | The original article                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | Description                                        |
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| <p><u>1. Purpose:</u><br/>For the purposes of obtaining or disposing of the assets of the Company <u>and its subsidiaries (All collectively referred to as "the Group")</u>, in accordance with Article 36-1 of the Securities and Exchange Articles (hereinafter referred to as the "Articles") and the announcement of the Financial Supervisory Commission (hereinafter referred to as the FSC), this Procedure is set out in the "Regulations Governing the Acquisition and Disposal of Assets by Public Companies" (hereinafter referred to as the " Regulations").</p>                                                                        | <p>Art. 1<br/>For the purposes of obtaining or disposing of the assets of the Company and its subsidiaries (hereinafter referred to as the "Group"), in accordance with Article 36-1 of the Securities and Exchange Articles (hereinafter referred to as the "Articles") and the announcement of the Financial Supervisory Commission (hereinafter referred to as the FSC), this Procedure is set out in the "Regulations Governing the Acquisition and Disposal of Assets by Public Companies" (hereinafter referred to as the " Regulations").</p>         | Used the Arabic numerals and adjusted the content. |
| <p><u>2. Scope: The acquisition or disposal of assets by the individual companies of the Group shall be handled in accordance with the provisions of this procedure. However, if the provisions of this Code or the procedures are different from the laws and regulations of the location of the subsidiary, the local laws and regulations shall be applied first.</u></p>                                                                                                                                                                                                                                                                        | <p>Art. 2<br/>The acquisition or disposal of assets by the Group shall be handled in accordance with the provisions of these Procedures. But other laws and regulations are stipulated for others, follow its provisions.</p>                                                                                                                                                                                                                                                                                                                                | modified the content                               |
| <p><u>3. Scope of assets application:</u><br/><u>3.1</u> Investments in stocks, government bonds, corporate bonds, financial bonds, securities representing interest in a fund, depositary receipts, call (put) warrants, beneficial interest securities, and asset-backed securities.<br/><u>3.2</u> Real property (including land, houses and buildings, investment property, rights to use land, and construction enterprise inventory) and equipment.<br/><u>3.3</u> Memberships.<br/><u>3.4</u> Patents, copyrights, trademarks, franchise rights, and other intangible assets.<br/><u>3.5</u> Claims of financial institutions (including</p> | <p>Art. 3<br/>The term "assets" as used in the Regulations includes the following:<br/>1. Investments in stocks, government bonds, corporate bonds, financial bonds, securities representing interest in a fund, depositary receipts, call (put) warrants, beneficial interest securities, and asset-backed securities.<br/>2. Real property (including land, houses and buildings, investment property, rights to use land, and construction enterprise inventory) and equipment.<br/>3. Memberships.<br/>4. Patents, copyrights, trademarks, franchise</p> | adjusted the content                               |

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| <p>receivables, bills purchased and discounted, loans, and overdue receivables).</p> <p><u>3.6</u> Derivatives.</p> <p><u>3.7</u> Assets acquired or disposed of in connection with mergers, demergers, acquisitions, or transfer of shares in accordance with law.</p> <p><u>3.8</u> Other major assets.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | <p>rights, and other intangible assets.</p> <p>5. Claims of financial institutions (including receivables, bills purchased and discounted, loans, and overdue receivables).</p> <p>6. Derivatives.</p> <p>7. Assets acquired or disposed of in connection with mergers, demergers, acquisitions, or transfer of shares in accordance with law.</p> <p>8. Other major assets.</p>                                                                                                                                                                                                                                                                                                                                                                                             |                                                                                     |
| <p><u>4. Power and responsibility:</u></p> <p><u>4.1</u> The authority units for operations such as obtaining, recording, managing and disposing of securities, are the same with "Investment Cycles".</p> <p><u>4.2</u> For the fixed assets, immovable property rights, purchasing cycle and custody of cost assets and custody of idle assets, the authority units are required to "recycles of real estate, plant and equipment".</p> <p><u>4.3</u> The authority units of use and custody of seal and blank check shall be the same as "Seal Management Operation" and "Receipt Management Operation" respectively.</p> <p><u>4.4</u> The use of passbook management, passbook protection and storage: By the financial unit.</p> <p><u>4.5</u> About deposit management: By the accounting unit.</p> | <p>Art. 3-1</p> <p>This procedure is as follows:</p> <p>1. The authority units for operations such as obtaining, recording, managing and disposing of securities, are the same with "Investment Cycles".</p> <p>2. For the fixed assets, immovable property rights, purchasing cycle and custody of cost assets and custody of idle assets, the authority units are required to "recycles of real estate, plant and equipment".</p> <p>3. The authority units of use and custody of seal and blank check shall be the same as "Seal Management Operation" and "Receipt Management Operation" respectively.</p> <p>4. The use of passbook management, passbook protection and storage: By the financial unit.</p> <p>5. About deposit management: By the accounting unit.</p> | <p>The original Article 3-1 was moved to the Article 4</p>                          |
| <p><u>5. Definition:</u></p> <p><u>5.1</u> Derivatives:</p> <p>Forward contracts, options contracts, futures contracts, leverage contracts, and swap contracts, and compound contracts combining the above products, whose value is derived from assets, interest rates, foreign exchange rates, indexes or other interests. The term "forward contracts" does not include insurance contracts, performance contracts, after-sales service contracts, long-term leasing contracts, or long-term purchase (sales) agreements.</p> <p><u>5.2</u> Assets acquired or disposed through mergers, demergers, acquisitions, or transfer of shares in accordance with law:</p>                                                                                                                                     | <p>Art. 4</p> <p>Terms used in these Regulations are defined as follows:</p> <p>1. Derivatives:</p> <p>Forward contracts, options contracts, futures contracts, leverage contracts, and swap contracts, and compound contracts combining the above products, whose value is derived from assets, interest rates, foreign exchange rates, indexes or other interests. The term "forward contracts" does not include insurance contracts, performance contracts, after-sales service contracts, long-term leasing contracts, or long-term purchase (sales) agreements.</p> <p>2. Assets acquired or disposed through mergers,</p>                                                                                                                                              | <p>The original Article 4 was moved to the Article 5, and adjusted the content.</p> |

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| <p>Refers to assets acquired or disposed through mergers, demergers, or acquisitions conducted under the Business Mergers and Acquisitions Act, Financial Holding Company Act, Financial Institution Merger Act and other acts, or to transfer of shares from another company through issuance of new shares of its own as the consideration therefor (hereinafter "transfer of shares") under Article 156, paragraph 8 of the Company Act.</p> <p><u>5.3 Related party or subsidiary:</u><br/>Follow as defined in the Regulations Governing the Preparation of Financial Reports by Securities Issuers.</p> <p><u>5.4 Professional appraiser:</u><br/>Refer to a real property appraiser or other person duly authorized by law to engage in the value appraisal of real property or equipment.</p> <p><u>5.5 Date of occurrence:</u><br/>Refer to the date of contract signing, date of payment, date of consignment trade, date of transfer, dates of boards of directors resolutions, or other date that can confirm the counterpart and monetary amount of the transaction, whichever date is earlier; provided, for investment for which approval of the competent authority is required, the earlier of the above date or the date of receipt of approval by the competent authority shall apply.</p> <p><u>5.6 Mainland China area investment:</u><br/>Refer to investments in the mainland China area approved by the Ministry of Economic Affairs Investment Commission or conducted in accordance with the provisions of the Regulations Governing Permission for Investment or Technical Cooperation in the Mainland Area.</p> | <p>demergers, acquisitions, or transfer of shares in accordance with law:</p> <p>Refers to assets acquired or disposed through mergers, demergers, or acquisitions conducted under the Business Mergers and Acquisitions Act, Financial Holding Company Act, Financial Institution Merger Act and other acts, or to transfer of shares from another company through issuance of new shares of its own as the consideration therefor (hereinafter "transfer of shares") under Article 156, paragraph 8 of the Company Act.</p> <p>3. Related party or subsidiary:<br/>Follow as defined in the Regulations Governing the Preparation of Financial Reports by Securities Issuers.</p> <p>4. Professional appraiser:<br/>Refer to a real property appraiser or other person duly authorized by law to engage in the value appraisal of real property or equipment.</p> <p>5. Date of occurrence:<br/>Refer to the date of contract signing, date of payment, date of consignment trade, date of transfer, dates of boards of directors resolutions, or other date that can confirm the counterpart and monetary amount of the transaction, whichever date is earlier; provided, for investment for which approval of the competent authority is required, the earlier of the above date or the date of receipt of approval by the competent authority shall apply.</p> <p>6. Mainland China area investment:<br/>Refer to investments in the mainland China area approved by the Ministry of Economic Affairs Investment Commission or conducted in accordance with the provisions of the Regulations Governing Permission for Investment or Technical Cooperation in the Mainland Area.</p> |                             |
| <p>5. <u>The individual companies of the Group</u> obtained Professional appraisers and their officers; certified public accounts, attorneys, and securities underwriters that provide public</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | <p>Art. 5<br/>The Group obtained Professional appraisers and their officers; certified public accounts, attorneys, and securities underwriters that</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | <p>adjusted the content</p> |

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| <p>companies with appraisal reports, certified public accountant's opinions, attorney's opinions, or underwriter's opinions shall not be a related party of any party to the transaction.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | <p>provide public companies with appraisal reports, certified public accountant's opinions, attorney's opinions, or underwriter's opinions shall not be a related party of any party to the transaction.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |                                                                                                                                                                                                                                                   |
| <p><u>6. If the individual companies of the Group obtain or dispose of assets in accordance with the procedures or other laws that should be approved by the board of directors of the Company, it should fully consider the opinions of independent directors. If the independent directors have objections or reservations, they should be stated in the minutes of the board of directors. Major assets or derivative commodity transactions shall be approved by more than one-half of all members of the audit committee of the Company, and be decided by the board of directors. If more than one-half of the members of the audit committee agree, more than two-thirds of all directors may agree to do so, and the resolutions of the audit committee shall be stated in the minutes of the board meeting. All members of the Audit Committee and all directors are referred to as the actual incumbent.</u></p>                        | <p>Art. 8<br/>The Group acquires or disposes of assets in accordance with the prescribed procedures or other legal requirements and significant assets or derivatives transactions shall be approved by more than half of all audit committee members and submitted to the board of directors for a resolution, and submitted to the board of directors for a resolution, the board of directors shall take into full consideration each independent director's opinions. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the board of directors meeting.</p>                                                                                                                                                                                                                                                                            | <p>The original Article 8 was moved to the Article 6, and adjusted the content.</p>                                                                                                                                                               |
| <p><u>7. Acquisition or disposal of real property and equipment:</u><br/><u>7.1 The individual companies of the Group acquires or disposes of real property or equipment where the transaction amount reaches 20 percent of the individual company's paid-in capital or NT\$300 million or more, the individual company, unless transacting with a government agency, engaging others to build on its own land, engaging others to build on rented land, or acquiring or disposing of equipment for business use, shall obtain an appraisal report prior to the date of occurrence of the event from a professional appraiser and shall further comply with the following provisions:</u><br/><u>1. Where due to special circumstances it is necessary to give a limited price, specified price, or special price as a reference basis for the transaction price, the transaction shall be submitted for approval in advance by the board</u></p> | <p>Art. 9<br/>The Group acquires or disposes of real property or equipment where the transaction amount reaches 20 percent of the company's paid-in capital or NT\$300 million or more, the company, unless transacting with a government agency, engaging others to build on its own land, engaging others to build on rented land, or acquiring or disposing of equipment for business use, shall obtain an appraisal report prior to the date of occurrence of the event from a professional appraiser and shall further comply with the following provisions:<br/>1. Where due to special circumstances it is necessary to give a limited price, specified price, or special price as a reference basis for the transaction price, the transaction shall be submitted for approval in advance by the board of directors, and the same procedure shall be followed for any future changes to the terms and</p> | <p>The original Article 9 was moved to the Article 7, and adjusted the content.<br/><br/>The original Article 9-1 was moved to the Article 7.2, and adjusted the content.<br/><br/>The original Article 9-2 was moved to the Article 7.3, and</p> |

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| <p>of directors, and the same procedure shall be followed for any future changes to the terms and conditions of the transaction.</p> <p>2. Where the transaction amount is NT\$1 billion or more, appraisals from two or more professional appraisers shall be obtained.</p> <p>3. Where any one of the following circumstances applies with respect to the professional appraiser's appraisal results, unless all the appraisal results for the assets to be acquired are higher than the transaction amount, or all the appraisal results for the assets to be disposed of are lower than the transaction amount, a certified public accountant shall be engaged to perform the appraisal in accordance with the provisions of Statement of Auditing Standards No. 20 published by the ROC Accounting Research and Development Foundation (ARDF) and render a specific opinion regarding the reason for the discrepancy and the appropriateness of the transaction price:</p> <p>A. The discrepancy between the appraisal result and the transaction amount is 20 percent or more of the transaction amount.</p> <p>B. The discrepancy between the appraisal results of two or more professional appraisers is 10 percent or more of the transaction amount.</p> <p>4. No more than 3 months may elapse between the date of the appraisal report issued by a professional appraiser and the contract execution date; provided, where the publicly announced current value for the same period is used and not more than 6 months have elapsed, an opinion may still be issued by the original professional appraiser.</p> <p><u>7.2</u> When the individual companies of the Group acquire or dispose of real estate, plant and equipment with the transaction amount below NT \$ 30 million (inclusive), it shall be approved by the chairman of the board of directors and checked against the latest board of directors; Exceed NT \$ 30 million, after passing by the</p> | <p>conditions of the transaction.</p> <p>2. Where the transaction amount is NT\$1 billion or more, appraisals from two or more professional appraisers shall be obtained.</p> <p>3. Where any one of the following circumstances applies with respect to the professional appraiser's appraisal results, unless all the appraisal results for the assets to be acquired are higher than the transaction amount, or all the appraisal results for the assets to be disposed of are lower than the transaction amount, a certified public accountant shall be engaged to perform the appraisal in accordance with the provisions of Statement of Auditing Standards No. 20 published by the ROC Accounting Research and Development Foundation (ARDF) and render a specific opinion regarding the reason for the discrepancy and the appropriateness of the transaction price:</p> <p>A. The discrepancy between the appraisal result and the transaction amount is 20 percent or more of the transaction amount.</p> <p>B. The discrepancy between the appraisal results of two or more professional appraisers is 10 percent or more of the transaction amount.</p> <p>4. No more than 3 months may elapse between the date of the appraisal report issued by a professional appraiser and the contract execution date; provided, where the publicly announced current value for the same period is used and not more than 6 months have elapsed, an opinion may still be issued by the original professional appraiser.</p> <p>Art. 9-1 Authorization amount and level<br/>When the Group acquires or disposes of real estate, plant and equipment with the transaction amount below NT \$ 30 million (inclusive), it shall be approved by the chairman of the board of directors and checked against the latest board of directors; Exceed NT \$ 30 million, after passing by the resolution of the board of directors, start it.</p> | <p>adjusted the content.</p> |
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| <p>resolution of the board of directors, start it.</p> <p><u>7.3 The individual companies of the Group</u> acquires or disposes of real estate, plant and equipment in accordance with the relevant provisions of the Group's internal control system for the real estate, plant and equipment recycling.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | <p>Art. 9-2 Transaction process</p> <p>The Group acquires or disposes of real estate, plant and equipment in accordance with the relevant provisions of the Group's internal control system for the real estate, plant and equipment recycling.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |                                                                                                                                                                                                                                                               |
| <p><u>8. Acquisition or disposal of securities:</u></p> <p><u>8.1 The individual companies of the Group</u> acquiring or disposing of securities shall, prior to the date of occurrence of the event, obtain financial statements of the issuing company for the most recent period, certified or reviewed by a certified public accountant, for reference in appraising the transaction price, and if the dollar amount of the transaction is 20 percent of the company's paid-in capital or NT\$300 million or more, the company shall additionally engage a certified public accountant prior to the date of occurrence of the event to provide an opinion regarding the reasonableness of the transaction price. If the CPA needs to use the report of an expert as evidence, the CPA shall do so in accordance with the provisions of Statement of Auditing Standards No. 20 published by the ARDF. This requirement does not apply, however, to publicly quoted prices of securities that have an active market, or where otherwise provided by regulations of the Financial Supervisory Commission (FSC).</p> <p><u>8.2 Authorization amount and level</u></p> <p><u>8.2.1</u> Obtain or dispose of securities that are traded on a market place of centralized exchange or a place of business of a securities firm, if the transaction amount is less than NT \$ 30 million (inclusive), it shall be approved by the chairman of <u>the Company</u> and be submitted to the latest board of directors of <u>the Company</u> for verification afterwards;</p> <p>Exceed NT \$ 30 million, after passing by the resolution of <u>the Company</u>, start it.</p> | <p>Art. 10</p> <p>The Group acquiring or disposing of securities shall, prior to the date of occurrence of the event, obtain financial statements of the issuing company for the most recent period, certified or reviewed by a certified public accountant, for reference in appraising the transaction price, and if the dollar amount of the transaction is 20 percent of the company's paid-in capital or NT\$300 million or more, the company shall additionally engage a certified public accountant prior to the date of occurrence of the event to provide an opinion regarding the reasonableness of the transaction price. If the CPA needs to use the report of an expert as evidence, the CPA shall do so in accordance with the provisions of Statement of Auditing Standards No. 20 published by the ARDF. This requirement does not apply, however, to publicly quoted prices of securities that have an active market, or where otherwise provided by regulations of the Financial Supervisory Commission (FSC).</p> <p>Art. 10-1 Authorization amount and level</p> <p>1. Obtain or dispose of securities that are traded on a market place of centralized exchange or a place of business of a securities firm, if the transaction amount is less than NT \$ 30 million (inclusive), it shall be approved by the chairman of the board of directors and be submitted to the latest board of directors for verification afterwards;</p> <p>Exceed NT \$ 30 million, after passing by the resolution of the board of directors, start it.</p> <p>2. Obtain or dispose of securities that are traded</p> | <p>The original Article 10 was moved to the Article 8, and adjusted the content.</p> <p>The original Article 10-1 was moved to the Article 8.2, and adjusted the content.</p> <p>The original Article 10-2 was moved to the Article 8.3, and adjusted the</p> |

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| <p><u>8.2.2</u> Obtain or dispose of securities that are traded on a market place of centralized exchange or a place of business of a securities firm, if the transaction amount is less than NT \$ 20 million (inclusive), it shall be approved by the chairman of <u>the Company</u> and be submitted to the latest board of directors of <u>the Company</u> for verification afterwards;<br/>Exceed NT \$ 20 million, after passing by the resolution of <u>the Company</u>, start it.</p> <p><u>8.3</u> Transaction process<br/><u>The individual companies of the Group</u> acquire or dispose of securities in accordance with the relevant provisions of the Group's internal control system for the investment recycling.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | <p>on a market place of centralized exchange or a place of business of a securities firm, if the transaction amount is less than NT \$ 20 million (inclusive), it shall be approved by the chairman of the board of directors and be submitted to the latest board of directors for verification afterwards;<br/>Exceed NT \$ 20 million, after passing by the resolution of the board of directors, start it.</p> <p>Art. 10-2 Transaction process<br/>The Group acquires or disposes of securities in accordance with the relevant provisions of the Group's internal control system for the investment recycling.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | <p>content.</p>                                                                                                                                                                                                                 |
| <p><u>9.</u> Acquisition or disposition of membership card or intangible assets:<br/><u>9.1</u> The individual companies of the Group acquire or dispose of memberships or intangible assets and the transaction amount reaches 20 percent or more of paid-in capital or NT\$300 million or more of <u>the individual company</u>, except in transactions with a government agency, the company shall engage a certified public accountant prior to the date of occurrence of the event to render an opinion on the reasonableness of the transaction price; the CPA shall comply with the provisions of Statement of Auditing Standards No. 20 published by the ARDF.</p> <p><u>9.2</u> Authorization amount and level<br/><u>9.2.1</u> Obtain or dispose of membership card, if the transaction amount is less than NT \$ 3 million (inclusive), it shall be approved by the chairman of the board of directors and be submitted to the latest board of directors for verification afterwards; Exceed NT \$ 3 million, after passing by the resolution of the board of directors, start it.<br/><u>9.2.2</u> Obtain or dispose of intangible assets, if the transaction amount is less than NT \$ 30</p> | <p>Art. 11<br/>The Group acquires or disposes of memberships or intangible assets and the transaction amount reaches 20 percent or more of paid-in capital or NT\$300 million or more, except in transactions with a government agency, the company shall engage a certified public accountant prior to the date of occurrence of the event to render an opinion on the reasonableness of the transaction price; the CPA shall comply with the provisions of Statement of Auditing Standards No. 20 published by the ARDF.</p> <p>Art. 11-2 Authorization amount and level<br/>1. Obtain or dispose of membership card, if the transaction amount is less than NT \$ 3 million (inclusive), it shall be approved by the chairman of the board of directors and be submitted to the latest board of directors for verification afterwards; Exceed NT \$ 3 million, after passing by the resolution of the board of directors, start it.<br/>2. Obtain or dispose of intangible assets, if the transaction amount is less than NT \$ 30 million (inclusive), it shall be approved by the chairman of the board of directors and be submitted to the latest board of directors for verification</p> | <p>The original Article 11 was moved to the Article 9, and adjusted the content.</p> <p>The original Article 11-2 was moved to the Article 9.2, and adjusted the content.</p> <p>The original Article 11-3 was moved to the</p> |



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| <p>million (inclusive), it shall be approved by the chairman of the board of directors and be submitted to the latest board of directors for verification afterwards; Exceed NT \$ 30 million, after passing by the resolution of the board of directors, start it.</p> <p><u>9.3 The individual companies of the Group</u> acquire or dispose of membership card or intangible assets in accordance with the relevant provisions of the Group.</p> <p><u>9.4 Article 7.1, Article 8.1, Article 9.1</u> calculation of the amount of the transaction shall be handled in accordance with the provisions of <u>Article 16.1.7</u> and the said one year is retroactively estimated on the basis of the date of occurrence of this transaction for one year and a valuation report issued by a professional appraiser in accordance with the Principles has been obtained or the part of the accountant's opinion is not re-enrolled.</p> | <p>afterwards; Exceed NT \$ 30 million, after passing by the resolution of the board of directors, start it.</p> <p>Art. 11-3 Transaction process<br/>The Group acquires or disposes of membership card or intangible assets in accordance with the relevant provisions of the Group.</p> <p>Art. 11-1<br/>Article 9, Article 10, Article 11 calculation of the amount of the transaction shall be handled in accordance with the provisions of Paragraph 2 of Article 30 and the said one year is retroactively estimated on the basis of the date of occurrence of this transaction for one year and a valuation report issued by a professional appraiser in accordance with the Principles has been obtained or the part of the accountant's opinion is not re-enrolled.</p> | <p>Article 9.3, and adjusted the content.</p> <p>The original Article 11-1 was moved to the Article 9.4, and adjusted the content.</p>                    |
| <p><u>10. The individual companies of the Group</u> acquires or disposes of assets through court auction procedures, the evidentiary documentation issued by the court may be substituted for the appraisal report or CPA opinion.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | <p>Art. 12<br/>The Group acquires or disposes of assets through court auction procedures, the evidentiary documentation issued by the court may be substituted for the appraisal report or CPA opinion.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | <p>The original Article 12 was moved to the Article 10, and adjusted the content.</p>                                                                     |
| <p><u>11. Relationship transaction evaluation and operating procedures:</u></p> <p><u>11.1</u> When <u>the individual companies of the Group</u> engages in any acquisition or disposal of assets from or to a related party, in addition to ensuring that the necessary resolutions of <u>Article 7- Article 12</u> are adopted and the reasonableness of the transaction terms is appraised, if the transaction amount reaches 10 percent or more of the <u>individual company's</u> total assets, the company shall also obtain an appraisal report from a professional appraiser or a CPA's opinion in compliance with the provisions of the preceding Section and this Section.</p>                                                                                                                                                                                                                                                | <p>Art. 13<br/>When the Group engages in any acquisition or disposal of assets from or to a related party, in addition to ensuring that the necessary resolutions are adopted and the reasonableness of the transaction terms is appraised, if the transaction amount reaches 10 percent or more of the company's total assets, the company shall also obtain an appraisal report from a professional appraiser or a CPA's opinion in compliance with the provisions of the preceding Section and this Section.</p> <p>The calculation of the transaction amount referred to in the preceding paragraph shall be made in accordance with Article 11-1 herein.</p>                                                                                                                | <p>The original Article 13 was moved to the Article 11, and adjusted the content.</p> <p>The original Article 14-1 was moved to the Article 11.2, and</p> |

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| <p>The calculation of the transaction amount referred to in the preceding paragraph shall be made in accordance with Article 11-1 herein.</p> <p>When judging whether a trading counterparty is a related party, in addition to legal formalities, the substance of the relationship shall also be considered.</p> <p><u>11.2 The individual companies of the Group</u> intend to acquire or dispose of real property from or to a related party, or when they intend to acquire or dispose of assets other than real property from or to a related party and the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the <u>individual company's</u> total assets, or NT\$300 million or more, except in trading of government bonds or bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises, the company may not proceed to enter into a transaction contract or make a payment until the following matters have been approved by the board of directors and recognized by the supervisors:</p> <p><u>11.2.1</u> The purpose, necessity and anticipated benefit of the acquisition or disposal of assets.</p> <p><u>11.2.2</u> The reason for choosing the related party as a trading counterparty.</p> <p><u>11.2.3</u> With respect to the acquisition of real property from a related party, information regarding appraisal of the reasonableness of the preliminary transaction terms in accordance with <u>Article 12.1 - Article 12.5.</u></p> <p><u>11.2.4</u> The date and price at which the related party originally acquired the real property, the original trading counterparty, and that trading counterparty's relationship to <u>the individual company</u> and the related party.</p> <p><u>11.2.5</u> Monthly cash flow forecasts for the year commencing from the anticipated month of signing of the contract, and evaluation of the necessity of the transaction, and reasonableness</p> | <p>When judging whether a trading counterparty is a related party, in addition to legal formalities, the substance of the relationship shall also be considered.</p> <p>Art. 14</p> <p>The Group intends to acquire or dispose of real property from or to a related party, or when it intends to acquire or dispose of assets other than real property from or to a related party and the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the company's total assets, or NT\$300 million or more, except in trading of government bonds or bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises, the company may not proceed to enter into a transaction contract or make a payment until the following matters have been approved by the board of directors and recognized by the supervisors:</p> <ol style="list-style-type: none"> <li>1. The purpose, necessity and anticipated benefit of the acquisition or disposal of assets.</li> <li>2. The reason for choosing the related party as a trading counterparty.</li> <li>3. With respect to the acquisition of real property from a related party, information regarding appraisal of the reasonableness of the preliminary transaction terms in accordance with Article 15 and Article 16.</li> <li>4. The date and price at which the related party originally acquired the real property, the original trading counterparty, and that trading counterparty's relationship to the company and the related party.</li> <li>5. Monthly cash flow forecasts for the year commencing from the anticipated month of signing of the contract, and evaluation of the necessity of the transaction, and reasonableness of the funds utilization.</li> <li>6. An appraisal report from a professional appraiser or a CPA's opinion obtained in</li> </ol> | <p>adjusted the content.</p> <p>The original Article 14-3 was moved to the Article 11.4, and adjusted the content.</p> <p>The original Article 14-5 was moved to the Article 11.5, and adjusted the</p> |
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| <p>of the funds utilization.</p> <p><u>11.2.6</u> An appraisal report from a professional appraiser or a CPA's opinion obtained in compliance with the <u>Article 11.1</u>.</p> <p><u>11.2.7</u> The restrictions and other important matters of this transaction.</p> <p><u>11.3</u> The calculation of the transaction amounts referred to in the <u>Article 11.2</u> shall be made in accordance with <u>Article 16.1.7</u>, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items that have been approved by the board of directors of <u>the Company</u> and recognized by the supervisors need not be counted toward the transaction amount.</p> <p><u>11.4</u> With respect to the acquisition or disposal of business-use equipment between <u>the individual companies of the Group</u>, the board of directors may pursuant to <u>Article 7.2, Article 8.2, Article 9.2</u> delegate the board chairman of <u>the Company</u> to decide such matters when the transaction is within a certain amount and have the decisions subsequently submitted to and ratified by the next board of directors meeting.</p> <p><u>11.5</u> <u>When reporting to the Audit Committee of the Company in accordance with Article 11.2, if more than one-half of the members of the Audit Committee have not agreed, more than two-thirds of all directors may agree to do so.</u><br/> <u>The resolutions of the Audit Committee shall be stated in the proceedings of the Board of Directors.</u></p> | <p>compliance with the preceding article.</p> <p>7. Restrictive covenants and other important stipulations associated with the transaction. The calculation of the transaction amounts referred to in the preceding paragraph shall be made in accordance with Article 30, paragraph 2 herein, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items that have been approved by the board of directors and recognized by the supervisors need not be counted toward the transaction amount.</p> <p>With respect to the acquisition or disposal of business-use equipment between the Group and its parent or subsidiaries, the board of directors may pursuant to Article 7, paragraph 1, subparagraph 3 delegate the board chairman to decide such matters when the transaction is within a certain amount and have the decisions subsequently submitted to and ratified by the next board of directors meeting.</p> <p>Where the position of independent director has been created in accordance with the provisions of the Act, when a matter is submitted for discussion by the board of directors pursuant to paragraph 1, the board of directors shall take into full consideration each independent director's opinions. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the board of directors meeting.</p> | <p>content.</p>                                                                           |
| <p><u>12. Evaluating the reasonableness of transaction costs of related parties:</u></p> <p><u>12.1</u> The individual companies of the Group acquires real property from a related party shall evaluate the reasonableness of the transaction costs by the following means:</p> <p><u>12.1.1</u> Based upon the related party's transaction</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | <p>Art. 15</p> <p>The Group acquires real property from a related party shall evaluate the reasonableness of the transaction costs by the following means:</p> <p>1. Based upon the related party's transaction price plus necessary interest on funding and the</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | <p>The original Article 15-1 was moved to the Article 12.1, and adjusted the content.</p> |

price plus necessary interest on funding and the costs to be duly borne by the buyer. "Necessary interest on funding" is imputed as the weighted average interest rate on borrowing in the year the company purchases the property; provided, it may not be higher than the maximum non-financial industry lending rate announced by the Ministry of Finance.

12.1.2 Total loan value appraisal from a financial institution where the related party has previously created a mortgage on the property as security for a loan; provided, the actual cumulative amount loaned by the financial institution shall have been 70 percent or more of the financial institution's appraised loan value of the property and the period of the loan shall have been 1 year or more. However, this shall not apply where the financial institution is a related party of one of the trading counterparties.

12.2 Where land and structures thereupon are combined as a single property purchased in one transaction; the transaction costs for the land and the structures may be separately appraised in accordance with either of the means listed in the Article 12.1.

12.3 The individual companies of the Group acquire real property from a related party and appraise the cost of the real property in accordance with Article 12.1 and Article 12.2 shall also engage a CPA to check the appraisal and render a specific opinion.

12.4 Where the individual companies of the Group acquire real property from a related party and one of the following circumstances exists, the acquisition shall be conducted in accordance with the Article 11.2-Article 11.5 but the Article 12.1- Article 12.3 do not apply:

12.4.1 The related party acquired the real property through inheritance or as a gift.

12.4.2 More than 5 years will have elapsed from the time the related party signed the contract to

costs to be duly borne by the buyer. "Necessary interest on funding" is imputed as the weighted average interest rate on borrowing in the year the company purchases the property; provided, it may not be higher than the maximum non-financial industry lending rate announced by the Ministry of Finance.

2. Total loan value appraisal from a financial institution where the related party has previously created a mortgage on the property as security for a loan; provided, the actual cumulative amount loaned by the financial institution shall have been 70 percent or more of the financial institution's appraised loan value of the property and the period of the loan shall have been 1 year or more. However, this shall not apply where the financial institution is a related party of one of the trading counterparties.

Where land and structures thereupon are combined as a single property purchased in one transaction; the transaction costs for the land and the structures may be separately appraised in accordance with either of the means listed in the preceding paragraph.

The Group acquires real property from a related party and appraises the cost of the real property in accordance with paragraph 1 and paragraph 2 shall also engage a CPA to check the appraisal and render a specific opinion.

Where the Group acquires real property from a related party and one of the following circumstances exists, the acquisition shall be conducted in accordance with Article 14 and the preceding three paragraphs do not apply:

1. The related party acquired the real property through inheritance or as a gift.

2. More than 5 years will have elapsed from the time the related party signed the contract to obtain the real property to the signing date for the current transaction.

The original Article 15-2 was moved to the Article 12.2, and adjusted the content.

The original Article 15-3 was moved to the Article 12.3, and adjusted the content.

The original Article 15-4 was moved to the Article 12.4, and adjusted the content.

The original Article 16 was moved to the Article 12.5, and adjusted the content.

obtain the real property to the signing date for the current transaction.

12.4.3 The real property is acquired through signing of a joint development contract with the related party, or through engaging a related party to build real property, either on the Company's own land or on rented land.

12.5 When the results of the individual companies of the Group's appraisal conducted in accordance with the Article 12.1 and Article 12.2 are uniformly lower than the transaction price, the matter shall be handled in compliance with Article 12.6. However, where the following circumstances exist, objective evidence has been submitted and specific opinions on reasonableness have been obtained from a professional real property appraiser and a CPA have been obtained, this restriction shall not apply:

12.5.1 Where the related party acquired undeveloped land or leased land for development, it may submit proof of compliance with one of the following conditions:

12.5.1.1 Where undeveloped land is appraised in accordance with the means in the preceding Article 12.1, and structures according to the related party's construction cost plus reasonable construction profit are valued in excess of the actual transaction price. The "Reasonable construction profit" shall be deemed the average gross operating profit margin of the related party's construction division over the most recent 3 years or the gross profit margin for the construction industry for the most recent period as announced by the Ministry of Finance, whichever is lower.

12.5.1.2 Completed transactions by unrelated parties within the preceding year involving other floors of the same property or neighboring or closely valued parcels of land, where the land area and transaction terms are similar after

3. The real property is acquired through signing of a joint development contract with the related party, or through engaging a related party to build real property, either on the company's own land or on rented land.

Art. 16

When the results of the Group's appraisal conducted in accordance with paragraph 1 and paragraph 2 of the preceding Article are uniformly lower than the transaction price, the matter shall be handled in compliance with Article 17. However, where the following circumstances exist, objective evidence has been submitted and specific opinions on reasonableness have been obtained from a professional real property appraiser and a CPA have been obtained, this restriction shall not apply:

1. Where the related party acquired undeveloped land or leased land for development, it may submit proof of compliance with one of the following conditions:

A. Where undeveloped land is appraised in accordance with the means in the preceding Article, and structures according to the related party's construction cost plus reasonable construction profit are valued in excess of the actual transaction price. The "Reasonable construction profit" shall be deemed the average gross operating profit margin of the related party's construction division over the most recent 3 years or the gross profit margin for the construction industry for the most recent period as announced by the Ministry of Finance, whichever is lower.

B. Completed transactions by unrelated parties within the preceding year involving other floors of the same property or neighboring or closely valued parcels of land, where the land area and transaction terms are similar after calculation of reasonable price discrepancies in floor or area land prices in accordance with standard property

The original Article 17 was moved to the Article 12.6, and adjusted the content.

calculation of reasonable price discrepancies in floor or area land prices in accordance with standard property market practices.

12.5.1.3 Completed leasing transactions by unrelated parties for other floors of the same property from within the preceding year, where the transaction terms are similar after calculation of reasonable price discrepancies among floors in accordance with standard property leasing market practices.

12.5.2 Where an individual company acquiring real property from a related party provides evidence that the terms of the transaction are similar to the terms of transactions completed for the acquisition of neighboring or closely valued parcels of land of a similar size by unrelated parties within the preceding year.

12.5.3 Completed transactions for neighboring or closely valued parcels of land in the Article 12.5.1 and Article 12.5.2 in principle refers to parcels on the same or an adjacent block and within a distance of no more than 500 meters or parcels close in publicly announced current value; transaction for similarly sized parcels in principle refers to transactions completed by unrelated parties for parcels with a land area of no less than 50 percent of the property in the planned transaction; within the preceding year refers to the year preceding the date of occurrence of the acquisition of the real property.

12.6 Where the individual companies of the Group acquire real property from a related party and the results of appraisals conducted in accordance with Article 12.1 - Article 12.5 are uniformly lower than the transaction price, the following steps shall be taken:

12.6.1 A special reserve shall be set aside in accordance with Article 41, paragraph 1 of the Act against the difference between the real property transaction price and the appraised cost, and may not be distributed or used for capital increase or issuance of bonus shares.

market practices.

C. Completed leasing transactions by unrelated parties for other floors of the same property from within the preceding year, where the transaction terms are similar after calculation of reasonable price discrepancies among floors in accordance with standard property leasing market practices.

2. Where a public company acquiring real property from a related party provides evidence that the terms of the transaction are similar to the terms of transactions completed for the acquisition of neighboring or closely valued parcels of land of a similar size by unrelated parties within the preceding year.

Completed transactions for neighboring or closely valued parcels of land in the preceding paragraph in principle refers to parcels on the same or an adjacent block and within a distance of no more than 500 meters or parcels close in publicly announced current value; transaction for similarly sized parcels in principle refers to transactions completed by unrelated parties for parcels with a land area of no less than 50 percent of the property in the planned transaction; within the preceding year refers to the year preceding the date of occurrence of the acquisition of the real property.

Art. 17

Where the Group acquires real property from a related party and the results of appraisals conducted in accordance with Article 15 and Article 16 are uniformly lower than the transaction price, the following steps shall be taken:

1. A special reserve shall be set aside in accordance with Article 41, paragraph 1 of the Act against the difference between the real property transaction price and the appraised cost, and may not be distributed or used for capital increase or issuance of bonus shares.

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| <p>Where a public company uses the equity method to account for its investment in another company, then the special reserve called for under Article 41, paragraph of the Act shall be set aside pro rata in a proportion consistent with the share of public company's equity stake in the other company.</p> <p>12.6.2 Supervisors shall comply with Article 218 of the Company Act.</p> <p>12.6.3 Actions taken pursuant to <u>Article 12.6.1 and Article 12.6.2</u> shall be reported to a shareholders meeting, and the details of the transaction shall be disclosed in the annual report and any investment prospectus.</p> <p><u>12.7</u> The <u>individual companies of the Group</u> that have set aside a special reserve under the <u>Article 12.6</u> may not utilize the special reserve until it has recognized a loss on decline in market value of the assets it purchased at a premium, or they have been disposed of, or adequate compensation has been made, or the status quo ante has been restored, or there is other evidence confirming that there was nothing unreasonable about the transaction, and the FSC has given its consent.</p> <p><u>12.8</u> When the <u>individual companies of the Group</u> obtain real property from a related party, it shall also comply with the <u>Article 12.6 and Article 12.7</u> if there is other evidence indicating that the acquisition was not an arm's length transaction.</p> | <p>Where a public company uses the equity method to account for its investment in another company, then the special reserve called for under Article 41, paragraph of the Act shall be set aside pro rata in a proportion consistent with the share of public company's equity stake in the other company.</p> <p>2. Supervisors shall comply with Article 218 of the Company Act.</p> <p>3. Actions taken pursuant to subparagraph 1 and subparagraph 2 shall be reported to a shareholders meeting, and the details of the transaction shall be disclosed in the annual report and any investment prospectus.</p> <p>The Group that has set aside a special reserve under the preceding paragraph may not utilize the special reserve until it has recognized a loss on decline in market value of the assets it purchased at a premium, or they have been disposed of, or adequate compensation has been made, or the status quo ante has been restored, or there is other evidence confirming that there was nothing unreasonable about the transaction, and the FSC has given its consent.</p> <p>When the Company obtains real property from a related party, it shall also comply with the preceding two paragraphs if there is other evidence indicating that the acquisition was not an arm's length transaction.</p> |                                                                                         |
| <p>13. Engaged in derivative commodity trading:</p> <p><u>13.1</u> The <u>individual companies of the Group</u> engaging in derivatives trading shall pay strict attention to control of the following important risk management and auditing matters, and incorporate them into their Procedures:</p> <p><u>13.1.1</u> Trading principles and strategies: Shall include the types of derivatives that may be traded, operating or hedging strategies, segregation of duties, essentials of performance evaluation, total amount of derivatives contracts that may be traded, and the maximum loss limit</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | <p>Art. 18</p> <p>The Group engaging in derivatives trading shall pay strict attention to control of the following important risk management and auditing matters, and incorporate them into their Procedures:</p> <p>1. Trading principles and strategies: Shall include the types of derivatives that may be traded, operating or hedging strategies, segregation of duties, essentials of performance evaluation, total amount of derivatives contracts that may be traded, and the maximum loss limit</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | <p>The original Article 18 was moved to the Article 13.1, and adjusted the content.</p> |

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| <p>on total trading and for individual contracts.</p> <p><u>13.1.2</u> Risk management measures.</p> <p><u>13.1.3</u> Internal audit system.</p> <p><u>13.1.4</u> Regular evaluation methods and the handling of irregular circumstances.</p> <p><u>13.2</u> The <u>individual companies of the Group</u> engaging in derivatives trading shall adopt the following risk management measures:</p> <p><u>13.2.1</u> Risk management shall address credit, market, liquidity, cash flow, operational, and legal risks.</p> <p><u>13.2.2</u> Personnel engaged in derivatives trading may not serve concurrently in other operations such as confirmation and settlement.</p> <p><u>13.2.3</u> Risk measurement, monitoring, and control personnel shall be assigned to a different department that the personnel in the preceding subparagraph and shall report to the board of directors or senior management personnel with no responsibility for trading or position decision-making.</p> <p><u>13.2.4</u> Derivatives trading positions held shall be evaluated at least once per week; however, positions for hedge trades required by business shall be evaluated at least twice per month. Evaluation reports shall be submitted to senior management personnel authorized by the board of directors <u>of the Company</u>.</p> <p><u>13.2.5</u> Other important risk management measures.</p> <p><u>13.3</u> The <u>individual companies of the Group</u> engaging in derivatives trading, its board of directors shall faithfully supervise and manage such trading in accordance with the following principles:</p> <p><u>13.3.1</u> Designate senior management personnel to pay continuous attention to monitoring and controlling derivatives trading risk.</p> <p><u>13.3.2</u> Periodically evaluate whether derivatives trading performance is consistent with established operational strategy and whether the</p> | <p>on total trading and for individual contracts.</p> <p>2. Risk management measures.</p> <p>3. Internal audit system.</p> <p>4. Regular evaluation methods and the handling of irregular circumstances.</p> <p>Art. 19</p> <p>The Group engaging in derivatives trading shall adopt the following risk management measures:</p> <p>1. Risk management shall address credit, market, liquidity, cash flow, operational, and legal risks.</p> <p>2. Personnel engaged in derivatives trading may not serve concurrently in other operations such as confirmation and settlement.</p> <p>3. Risk measurement, monitoring, and control personnel shall be assigned to a different department that the personnel in the preceding subparagraph and shall report to the board of directors or senior management personnel with no responsibility for trading or position decision-making.</p> <p>4. Derivatives trading positions held shall be evaluated at least once per week; however, positions for hedge trades required by business shall be evaluated at least twice per month. Evaluation reports shall be submitted to senior management personnel authorized by the board of directors.</p> <p>5. Other important risk management measures.</p> <p>Art. 20</p> <p>The Group engaging in derivatives trading, its board of directors shall faithfully supervise and manage such trading in accordance with the following principles:</p> <p>1. Designate senior management personnel to pay continuous attention to monitoring and controlling derivatives trading risk.</p> <p>2. Periodically evaluate whether derivatives trading performance is consistent with established operational strategy and whether the risk undertaken is within the company's</p> | <p>The original Article 19 was moved to the Article 13.2, and adjusted the content.</p> <p>The original Article 20 was moved to the Article 13.3, and adjusted the content.</p> <p>The original Article 20-2 was moved to the Article 13.4, and adjusted the content.</p> <p>The original Article 20-3 was moved to the Article 13.5, and adjusted the content.</p> |
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risk undertaken is within the company's permitted scope of tolerance.

13.4 Senior management personnel authorized by the board of directors of the Company shall manage derivatives trading in accordance with the following principles:

13.4.1 Periodically evaluate the risk management measures currently employed are appropriate and are faithfully conducted in accordance with these Regulations and the procedures for engaging in derivatives trading formulated by the company.

13.4.2 When irregular circumstances are found in the course of supervising trading and profit-loss circumstances, appropriate measures shall be adopted and a report immediately made to the board of directors of the Company; where a company has independent directors, an independent director shall be present at the meeting and express an opinion.

13.5 The individual companies of the Group shall report to the soonest meeting of the board of directors of the Company after it authorizes the relevant personnel to handle derivatives trading in accordance with its Procedures for Engaging in Derivatives Trading.

13.6 The individual companies of the Group engaging in derivatives trading shall establish a log book in which details of the types and amounts of derivatives trading engaged in, board of directors approval dates, and the matters required to be carefully evaluated under Article 13.2.4, Article 13.3.2 and Article 13.4.1 shall be recorded in detail in the log book.

13.7 The Company's internal audit personnel shall periodically make a determination of the suitability of internal controls on derivatives and conduct a monthly audit of how faithfully derivatives' trading by the trading department adheres to the procedures for engaging in derivatives trading, and prepare an audit report.

permitted scope of tolerance.

Senior management personnel authorized by the board of directors shall manage derivatives trading in accordance with the following principles:

A. Periodically evaluate the risk management measures currently employed are appropriate and are faithfully conducted in accordance with these Regulations and the procedures for engaging in derivatives trading formulated by the company.

B. When irregular circumstances are found in the course of supervising trading and profit-loss circumstances, appropriate measures shall be adopted and a report immediately made to the board of directors; where a company has independent directors, an independent director shall be present at the meeting and express an opinion. The Company shall report to the soonest meeting of the board of directors after it authorizes the relevant personnel to handle derivatives trading in accordance with its Procedures for Engaging in Derivatives Trading.

Art. 21

The Group engaging in derivatives trading shall establish a log book in which details of the types and amounts of derivatives trading engaged in, board of directors approval dates, and the matters required to be carefully evaluated under subparagraph 4 of Article 19 and subparagraph 2 of paragraph 1, and subparagraph 1 of paragraph 2, of Article 20 shall be recorded in detail in the log book.

The Group's internal audit personnel shall periodically make a determination of the suitability of internal controls on derivatives and conduct a monthly audit of how faithfully derivatives trading by the trading department adheres to the procedures for engaging in derivatives trading, and prepare an audit report. If any material violation is discovered, all

The original Article 21-1 was moved to the Article 13.6, and adjusted the content.

The original Article 21-2 was moved to the Article 13.7, and adjusted the content.

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| <p>If any material violation is discovered, all supervisors shall be notified in writing.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | <p>supervisors shall be notified in writing.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |                                                                                         |
| <p><u>14. Commodity derivatives trading principles and guidelines:</u></p> <p><u>14.1 Transaction type</u></p> <p><u>14.1.1</u> Derivative financial commodities that the <u>individual companies of the Group</u> engage in are those contracts whose value is derived from commodities such as assets, interest rates, exchange rates, indices or other benefits (such as forward contracts, options, futures, interests or exchange rates).</p> <p><u>14.1.2</u> The <u>individual companies of the Group</u> have to engage in derivative product categories. At present, it is mainly for the purpose of avoiding the exchange rate and interest rate risk arising from the business operations of the Company. For the remaining derivative products, if the transaction requires, shall be approved by the board of directors.</p> <p><u>14.2 Business or hedging strategy:</u></p> <p><u>14.2.1</u> The <u>individual companies of the Group</u> engage in the trading of derivative products. For the purpose of avoiding risks, the trading commodities should be chosen to avoid the risks arising from the business operation of the Company.</p> <p><u>14.2.2</u> The <u>individual companies of the Group</u> engage in derivatives transactions with trading partners should choose financial institutions with better selection conditions based on the operational needs of the Company to avoid generating credit risk.</p> <p><u>14.3 Division of authority:</u></p> <p><u>14.3.1 Financial unit:</u></p> <p><u>14.3.1.1</u> Responsible for the operation of commodity futures trading strategy.</p> <p><u>14.3.1.2</u> Traders should regularly calculate the site every two weeks, collect market information, make trend judgments and risk</p> | <p>Art. 21-1</p> <p>The Group obtains or disposes of the evaluation and operating procedures of derivative products. The trading principles and guidelines</p> <p>1. Transaction type</p> <p>A. Derivative financial commodities that the Group engages in are those contracts whose value is derived from commodities such as assets, interest rates, exchange rates, indices or other benefits (such as forward contracts, options, futures, interests or exchange rates).</p> <p>B. The Group has to engage in derivative product categories. At present, it is mainly for the purpose of avoiding the exchange rate and interest rate risk arising from the business operations of the Company. For the remaining derivative products, if the transaction requires, shall be approved by the board of directors.</p> <p>2. Business or hedging strategy</p> <p>A. The Group engages in the trading of derivative products. For the purpose of avoiding risks, the trading commodities should be chosen to avoid the risks arising from the business operation of the Company.</p> <p>B. The Group engages in derivatives transactions with trading partners should choose financial institutions with better selection conditions based on the operational needs of the Company to avoid generating credit risk.</p> <p>3. Division of authority</p> <p>A. Financial unit</p> <p>(1) Responsible for the operation of commodity futures trading strategy.</p> <p>(2) Traders should regularly calculate the site every two weeks, collect market information, make trend judgments and risk assessment, and formulate operational strategies, which are subject to the transaction after being approved by the authority unit.</p> <p>(3) According to the authorization limit and the</p> | <p>The original Article 21-1 was moved to the Article 14, and adjusted the content.</p> |

assessment, and formulate operational strategies, which are subject to the transaction after being approved by the authority unit.

14.3.1.3 According to the authorization limit and the fixed strategy to execute the transaction.

14.3.2 Accounting unit:

Be responsible for derivative transactions of goods accounting, accounting statements, and regular information summary and other matters.

14.3.3 Audit unit:

Be responsible for understanding the separation of duties, operational procedures and other internal control of the legitimacy, and check the transaction unit of the handling Procedures for compliance.

14.3.4 The authority limit of derivative financial products:

14.3.4.1 The approval of the hedging transaction:

| Level    | The amount of each contract |
|----------|-----------------------------|
| Chairman | Over USD \$ 2,000,000↑      |
| Director | USD \$ 2,000,000↓           |

14.3.4.2 It needs to be submitted to the board of directors' resolution passed for other special-purpose transactions.

14.4 Grade evaluation:

14.4.1 The hedging transaction:

14.4.1.1 The basis of the performance evaluation is the profit and loss between the exchange rate cost on the book of the company and the transaction in the derivative financial products.

14.4.1.2 In order to know and express the evaluation risk of the transaction fully, the individual companies of the Group adopt the monthly evaluation method to evaluate the profit and loss.

14.4.1.3 The financial unit should provide the evaluation of the foreign exchange position and the trend of the foreign exchange market and market analysis to the competent authority and

fixed strategy to execute the transaction.

B. Accounting unit

Be responsible for derivative transactions of goods accounting, accounting statements, and regular information summary and other matters.

C. Audit unit

Be responsible for understanding the separation of duties, operational procedures and other internal control of the legitimacy, and check the transaction unit of the handling Procedures for compliance.

D. The authority limit of derivative financial products

(1) The approval of the hedging transaction

| Level    | The amount of each contract |
|----------|-----------------------------|
| Chairman | Over USD \$ 2,000,000↑      |
| Director | USD \$ 2,000,000↓           |

(2) It needs to be submitted to the board of directors' resolution passed for other special-purpose transactions.

4. Grade evaluation

A. The hedging transaction

(1) The basis of the performance evaluation is the profit and loss between the exchange rate cost on the book of the company and the transaction in the derivative financial products.

(2) In order to know and express the evaluation risk of the transaction fully, the Company adopts the monthly evaluation method to evaluate the profit and loss.

(3) The financial unit should provide the evaluation of the foreign exchange position and the trend of the foreign exchange market and market analysis to the competent authority and responsibility as a reference for management and resolution.

B. The actual profits and losses generated by the performance evaluation basis, and the

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| <p>responsibility as a reference for management and resolution.</p> <p><u>14.4.2</u> Specific purpose transactions:<br/>The actual profits and losses generated by the performance evaluation basis, and the accounting unit must be regularly prepared parts of the report to provide management information.</p> <p><u>14.5</u> Total amounts of contracts:<br/><u>14.5.1</u> The hedging transaction<br/>The hedging transactions accumulated outstanding total contract balance is limited to 100% of the then net share of the <u>individual companies of the Group</u>.</p> <p><u>14.5.2</u> Specific purpose transactions<br/>For the purpose-specific transactions of the <u>individual companies of the Group</u>, the total amount of the contracts shall be limited to 10% of the net value of the Company.</p> <p><u>14.6</u> Loss limit:<br/><u>14.6.1</u> About the hedging transaction is to avoid the risk, in order to avoid the risk of hedging transactions from expanding, when the total amount of contracts demanded should be 8%, shall report to the competent authority, take the necessary response measures, and immediately report to the board of directors, the board of directors of the <u>Company</u> should have independent directors to attend and express their opinions.</p> <p><u>14.6.2</u> If it belongs to a specific purpose of the transaction, and the site established, shall set to prevent excessive losses, the stop loss point is set up to a maximum of 3% of the transaction contract amount; If the amount of the loss exceeds 3% of the transaction amount, shall report to the leader of authority and take necessary countermeasures and report immediately to the board of directors. The board of directors shall attend the meeting with independent directors and express their</p> | <p>accounting unit must be regularly prepared parts of the report to provide management information.</p> <p>5. Total amounts of contracts<br/>A. The hedging transaction<br/>The hedging transactions accumulated outstanding total contract balance is limited to 50% of the then net share of the Company.<br/>B. Specific purpose transactions<br/>For the purpose-specific transactions of the Company, the total amount of the contracts shall be limited to 10% of the net value of the Company.</p> <p>6. Loss limit<br/>A. About the hedging transaction is to avoid the risk, in order to avoid the risk of hedging transactions from expanding, when the total amount of contracts demanded should be 8%, shall report to the competent authority, take the necessary response measures, and immediately report to the board of directors, the board of directors should have independent directors to attend and express their opinions.<br/>B. If it belongs to a specific purpose of the transaction, and the site established, shall set to prevent excessive losses, the stop loss point is set up to a maximum of 3% of the transaction contract amount; If the amount of the loss exceeds 3% of the transaction amount, shall report to the leader of authority and take necessary countermeasures and report immediately to the board of directors. The board of directors shall attend the meeting with independent directors and express their opinions.<br/>C. The ceiling of the annual loss of the Company's specific purpose of the transaction of derivative products of the operation is USD \$ 300 thousand.</p> |  |
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| <p>opinions.</p> <p><u>14.6.3 The ceiling of the annual loss of the individual companies of the Group's specific purpose of the transaction of derivative products of the operation is USD \$ 300 thousand.</u></p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |                                                                                                                                                                                                                                                                                                                                                              |
| <p><u>15. Mergers and Consolidations, Splits, Acquisitions, and Assignment of Shares:</u></p> <p><u>15.1 The individual companies of the Group conduct a merger, demerger, acquisition, or transfer of shares, prior to convening the board of directors of the Company to resolve on the matter, shall engage a CPA, attorney, or securities underwriter to give an opinion on the reasonableness of the share exchange ratio, acquisition price, or distribution of cash or other property to shareholders, and submit it to the board of directors for deliberation and passage. However, the requirement of obtaining an aforesaid opinion on reasonableness issued by an expert may be exempted in the case of a merger by a public company of a subsidiary in which it directly or indirectly holds 100 percent of the issued shares or authorized capital, and in the case of a merger between subsidiaries in which the individual companies of the Group directly or indirectly holds 100 percent of the respective subsidiaries' issued shares or authorized capital.</u></p> <p><u>15.2 The individual companies of the Group participating in a merger, demerger, acquisition, or transfer of shares shall prepare a public report to shareholders detailing important contractual content and matters relevant to the merger, demerger, or acquisition prior to the shareholders meeting of the Company and include it along with the expert opinion referred to in Article 15.1 when sending shareholders notification of the shareholders meeting for reference in deciding whether to approve the merger, demerger, or acquisition.</u></p> <p><u>Provided, where a provision of another act</u></p> | <p>Section V Mergers and Consolidations, Splits, Acquisitions, and Assignment of Shares</p> <p>Art. 22</p> <p>The Group conducts a merger, demerger, acquisition, or transfer of shares, prior to convening the board of directors to resolve on the matter, shall engage a CPA, attorney, or securities underwriter to give an opinion on the reasonableness of the share exchange ratio, acquisition price, or distribution of cash or other property to shareholders, and submit it to the board of directors for deliberation and passage. However, the requirement of obtaining an aforesaid opinion on reasonableness issued by an expert may be exempted in the case of a merger by a public company of a subsidiary in which it directly or indirectly holds 100 percent of the issued shares or authorized capital, and in the case of a merger between subsidiaries in which the public company directly or indirectly holds 100 percent of the respective subsidiaries' issued shares or authorized capital.</p> <p>Art. 23</p> <p>The Group participating in a merger, demerger, acquisition, or transfer of shares shall prepare a public report to shareholders detailing important contractual content and matters relevant to the merger, demerger, or acquisition prior to the shareholders meeting and include it along with the expert opinion referred to in paragraph 1 of the preceding Article when sending shareholders notification of the shareholders meeting for reference in deciding whether to approve the merger, demerger, or acquisition.</p> <p>Provided, where a provision of another act exempts a company from convening a shareholders meeting to approve the merger, demerger, or acquisition, this restriction shall</p> | <p>The original Article 22 was moved to the Article 15.1, and adjusted the content.</p> <p>The original Article 23-1 was moved to the Article 15.2, and adjusted the content.</p> <p>The original Article 23-2 was moved to the Article 15.3, and adjusted the content.</p> <p>The original Article 24-1 was moved to the Article 15.4, and adjusted the</p> |

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| <p><u>exempts a company from convening a shareholders meeting to approve the merger, demerger, or acquisition, this restriction shall not apply.</u></p> <p>–</p> <p><u>15.3 Where the shareholders meeting of any one of the companies participating in a merger, demerger, or acquisition fails to convene or pass a resolution due to lack of a quorum, insufficient votes, or other legal restriction, or the proposal is rejected by the shareholders meeting, the companies participating in the merger, demerger or acquisition shall immediately publicly explain the reason, the follow-up measures, and the preliminary date of the next shareholders meeting.</u></p> <p><u>15.4 A company participating in a merger, demerger, or acquisition shall convene a board of directors meeting and shareholders meeting on the day of the transaction to resolve matters relevant to the merger, demerger, or acquisition, unless another act provides otherwise or the FSC is notified in advance of extraordinary circumstances and grants consent.</u></p> <p><u>15.5 A company participating in a transfer of shares shall call a board of directors meeting on the day of the transaction, unless another act provides otherwise or the FSC is notified in advance of extraordinary circumstances and grants consent.</u></p> <p><u>15.6 The Group participating in a merger, demerger, acquisition, or transfer of another company's shares, a company that is listed on an exchange or has its shares traded on an OTC market shall prepare a full written record of the following information and retain it for 5 years for reference:</u></p> <p><u>15.6.1 Basic identification data for personnel: Including the occupational titles, names, and national ID numbers (or passport numbers in the case of foreign nationals) of all persons involved</u></p> | <p>not apply.</p> <p>Where the shareholders meeting of any one of the companies participating in a merger, demerger, or acquisition fails to convene or pass a resolution due to lack of a quorum, insufficient votes, or other legal restriction, or the proposal is rejected by the shareholders meeting, the companies participating in the merger, demerger or acquisition shall immediately publicly explain the reason, the follow-up measures, and the preliminary date of the next shareholders meeting.</p> <p>Art. 24</p> <p>A company participating in a merger, demerger, or acquisition shall convene a board of directors meeting and shareholders meeting on the day of the transaction to resolve matters relevant to the merger, demerger, or acquisition, unless another act provides otherwise or the FSC is notified in advance of extraordinary circumstances and grants consent.</p> <p>A company participating in a transfer of shares shall call a board of directors meeting on the day of the transaction, unless another act provides otherwise or the FSC is notified in advance of extraordinary circumstances and grants consent.</p> <p>The Group participating in a merger, demerger, acquisition, or transfer of another company's shares, a company that is listed on an exchange or has its shares traded on an OTC market shall prepare a full written record of the following information and retain it for 5 years for reference:</p> <p>A. Basic identification data for personnel:<br/>Including the occupational titles, names, and national ID numbers (or passport numbers in the case of foreign nationals) of all persons involved in the planning or implementation of any merger, demerger, acquisition, or transfer of another company's shares prior to disclosure of the information.</p> <p>B. Dates of material events: Including the</p> | <p>content.</p> <p>The original Article 24-2 was moved to the Article 15.5, and adjusted the content.</p> <p>The original Article 24-3 was moved to the Article 15.6, and adjusted the content.</p> <p>The original Article 24-4 was moved to the Article 15.7, and adjusted the content.</p> <p>The original Article 24-5 was moved to the Article 15.8, and adjusted the content.</p> <p>The original Article 25 was moved to the Article 15.9, and adjusted the content.</p> |
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| <p><u>in the planning or implementation of any merger, demerger, acquisition, or transfer of another company's shares prior to disclosure of the information.</u></p> <p><u>15.6.2 Dates of material events: Including the signing of any letter of intent or memorandum of understanding, the hiring of a financial or legal advisor, the execution of a contract, and the convening of a board of directors meeting.</u></p> <p><u>15.6.3 Important documents and minutes: Including merger, demerger, acquisition, and share transfer plans, any letter of intent or memorandum of understanding, material contracts, and minutes of board of directors meetings.</u></p> <p><u>15.7 The Company participating in a merger, demerger, acquisition, or transfer of another company's shares, a company that is listed on an exchange or has its shares traded on an OTC market shall, within 2 days counting inclusively from the date of passage of a resolution by the board of directors, report (in the prescribed format and via the Internet-based information system) the information set out in Article 15.6.1 and Article 15.6.2 to the FSC for recordation.</u></p> <p><u>15.8 Where the Company participating in a merger, demerger, acquisition, or transfer of another company's shares is neither listed on an exchange nor has its shares traded on an OTC market, the Group so listed or traded shall sign an agreement with such company whereby the latter is required to abide by the Article 15.6 and Article 15.7.</u></p> <p><u>15.9 Every person participating in or privy to the plan for merger, demerger, acquisition, or transfer of shares shall issue a written undertaking of confidentiality and may not disclose the content of the plan prior to public disclosure of the information and may not trade, in their own name or under the name of another person, in any stock or other equity security of</u></p> | <p>signing of any letter of intent or memorandum of understanding, the hiring of a financial or legal advisor, the execution of a contract, and the convening of a board of directors meeting.</p> <p>C. Important documents and minutes: Including merger, demerger, acquisition, and share transfer plans, any letter of intent or memorandum of understanding, material contracts, and minutes of board of directors meetings.</p> <p>The Group participating in a merger, demerger, acquisition, or transfer of another company's shares, a company that is listed on an exchange or has its shares traded on an OTC market shall, within 2 days counting inclusively from the date of passage of a resolution by the board of directors, report (in the prescribed format and via the Internet-based information system) the information set out in subparagraphs 1 and 2 of the preceding paragraph to the FSC for recordation.</p> <p>Where any of the companies participating in a merger, demerger, acquisition, or transfer of another company's shares is neither listed on an exchange nor has its shares traded on an OTC market, the Group so listed or traded shall sign an agreement with such company whereby the latter is required to abide by the provisions of paragraphs 3 and 4.</p> <p>Art. 25</p> <p>Every person participating in or privy to the plan for merger, demerger, acquisition, or transfer of shares shall issue a written undertaking of confidentiality and may not disclose the content of the plan prior to public disclosure of the information and may not trade, in their own name or under the name of another person, in any stock or other equity security of any company related to the plan for merger, demerger, acquisition, or transfer of shares.</p> <p>Art. 26</p> <p>The Group participating in a merger, demerger, acquisition, or transfer of shares may not</p> | <p>The original Article 26 was moved to the Article 15.10, and adjusted the content.</p> <p>The original Article 27 was moved to the Article 15.11, and adjusted the content.</p> <p>The original Article 28 was moved to the Article 15.12, and adjusted the content.</p> |
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| <p><u>any company related to the plan for merger, demerger, acquisition, or transfer of shares.</u></p> <p><u>15.10 The individual companies of the Group participating in a merger, demerger, acquisition, or transfer of shares may not arbitrarily alter the share exchange ratio or acquisition price unless under the below-listed circumstances, and shall stipulate the circumstances permitting alteration in the contract for the merger, demerger, acquisition, or transfer of shares:</u></p> <p><u>15.10.1 Cash capital increase, issuance of convertible corporate bonds, or the issuance of bonus shares, issuance of corporate bonds with warrants, preferred shares with warrants, stock warrants, or other equity based securities.</u></p> <p><u>15.10.2 An action, such as a disposal of major assets, which affects the company's financial operations.</u></p> <p><u>15.10.3 An event, such as a major disaster or major change in technology, which affects shareholder equity or share price.</u></p> <p><u>15.10.4 An adjustment where any of the companies participating in the merger, demerger, acquisition, or transfer of shares from another company, buys back treasury stock.</u></p> <p><u>15.10.5 An increase or decrease in the number of entities or companies participating in the merger, demerger, acquisition, or transfer of shares.</u></p> <p><u>15.10.6 Other terms/conditions that the contract stipulates may be altered and that have been publicly disclosed.</u></p> <p><u>15.11 The contract for participation by the individual companies of the Group in a merger, demerger, acquisition, or of shares shall record the rights and obligations of the companies participating in the merger, demerger, acquisition, or transfer of shares, and shall also record the following:</u></p> <p><u>15.11.1 Handling of breach of contract,</u></p> | <p>arbitrarily alter the share exchange ratio or acquisition price unless under the below-listed circumstances, and shall stipulate the circumstances permitting alteration in the contract for the merger, demerger, acquisition, or transfer of shares:</p> <p>A. Cash capital increase, issuance of convertible corporate bonds, or the issuance of bonus shares, issuance of corporate bonds with warrants, preferred shares with warrants, stock warrants, or other equity based securities.</p> <p>B. An action, such as a disposal of major assets, which affects the company's financial operations.</p> <p>C. An event, such as a major disaster or major change in technology, which affects shareholder equity or share price.</p> <p>D. An adjustment where any of the companies participating in the merger, demerger, acquisition, or transfer of shares from another company, buys back treasury stock.</p> <p>E. An increase or decrease in the number of entities or companies participating in the merger, demerger, acquisition, or transfer of shares.</p> <p>F. Other terms/conditions that the contract stipulates may be altered and that have been publicly disclosed.</p> <p>Art. 27</p> <p>The contract for participation by the Company in a merger, demerger, acquisition, or of shares shall record the rights and obligations of the companies participating in the merger, demerger, acquisition, or transfer of shares, and shall also record the following:</p> <p>A. Handling of breach of contract.</p> <p>B. Principles for the handling of equity-type securities previously issued or treasury stock previously bought back by any company that is extinguished in a merger or that is demerged.</p> <p>C. The amount of treasury stock participating companies are permitted under law to buy back after the record date of calculation of the share</p> | <p>The original Article 28 was moved to the Article 15.12, and adjusted the content.</p> <p>The original Article 29 was moved to the Article 15.13, and adjusted the content.</p> |
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15.11.2 Principles for the handling of equity-type securities previously issued or treasury stock previously bought back by any company that is extinguished in a merger or that is demerged.

15.11.3 The amount of treasury stock participating companies are permitted under law to buy back after the record date of calculation of the share exchange ratio, and the principles for handling thereof.

15.11.4 The manner of handling changes in the number of participating entities or companies.

15.11.5 Preliminary progress schedule for plan execution, and anticipated completion date.

15.11.6 Scheduled date for convening the legally mandated shareholders meeting if the plan exceeds the deadline without completion, and relevant procedures.

15.12 After public disclosure of the information, if any company participating in the merger, demerger, acquisition, or share transfer intends further to carry out a merger, demerger, acquisition, or share transfer with another company, all of the participating companies shall carry out anew the procedures or legal actions that had originally been completed toward the merger, demerger, acquisition, or share transfer; except that where the number of participating companies is decreased and a participating company's shareholders meeting has adopted a resolution authorizing the board of directors to alter the limits of authority, such participating company may be exempted from calling another shareholders meeting to resolve on the matter anew.

15.13 Where any of the companies participating in a merger, demerger, acquisition, or transfer of shares is not a public company, the Group shall sign an agreement with the non-public company whereby the latter is required to abide by the provisions of Article 15.4- Article 15.9 and

exchange ratio, and the principles for handling thereof.

D. The manner of handling changes in the number of participating entities or companies.

E. Preliminary progress schedule for plan execution, and anticipated completion date.

F. Scheduled date for convening the legally mandated shareholders meeting if the plan exceeds the deadline without completion, and relevant procedures.

Art. 28

After public disclosure of the information, if any company participating in the merger, demerger, acquisition, or share transfer intends further to carry out a merger, demerger, acquisition, or share transfer with another company, all of the participating companies shall carry out anew the procedures or legal actions that had originally been completed toward the merger, demerger, acquisition, or share transfer; except that where the number of participating companies is decreased and a participating company's shareholders meeting has adopted a resolution authorizing the board of directors to alter the limits of authority, such participating company may be exempted from calling another shareholders meeting to resolve on the matter anew.

Art. 29

Where any of the companies participating in a merger, demerger, acquisition, or transfer of shares is not a public company, the Group shall sign an agreement with the non-public company whereby the latter is required to abide by the provisions of Article 24, Article 25, and Article 28.

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| <p><u>Article 15.12.</u></p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |                                                                                         |
| <p><u>16. Announcement of application procedure:</u></p> <p><u>16.1</u> Under any of the following circumstances, the <u>individual companies of the Group</u> acquire or dispose of assets shall publicly announce and report the relevant information on the FSC's designated website in the appropriate format as prescribed by regulations within 2 days counting inclusively from the date of occurrence of the event:</p> <p><u>16.1.1</u> Acquisition or disposal of real property from or to a related party, or acquisition or disposal of assets other than real property from or to a related party where the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the company's total assets, or NT\$300 million or more; provided, this shall not apply to trading of government bonds or bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises.</p> <p><u>16.1.2</u> Merger, demerger, acquisition, or transfer of shares.</p> <p><u>16.1.3</u> Losses from derivatives trading reaching the limits on aggregate losses or losses on individual contracts set out in the procedures adopted by the company.</p> <p><u>16.1.4</u> Where the type of asset acquired or disposed is equipment for business use, the trading counterparty is not a related party, and the transaction amount meets any of the following criteria:</p> <p><u>16.1.4.1</u> For a public company whose paid-in capital is less than NT\$10 billion, the transaction amount reaches NT\$500 million or more.</p> <p><u>16.1.4.2</u> For a public company whose paid-in capital is NT\$10 billion or more, the transaction amount reaches NT\$1 billion or more.</p> <p><u>16.1.5</u> Where land is acquired under an</p> | <p>Art. 30</p> <p>Under any of the following circumstances, the Group acquires or disposes of assets shall publicly announce and report the relevant information on the FSC's designated website in the appropriate format as prescribed by regulations within 2 days counting inclusively from the date of occurrence of the event:</p> <p>A. Acquisition or disposal of real property from or to a related party, or acquisition or disposal of assets other than real property from or to a related party where the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the company's total assets, or NT\$300 million or more; provided, this shall not apply to trading of government bonds or bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises.</p> <p>B. Merger, demerger, acquisition, or transfer of shares.</p> <p>C. Losses from derivatives trading reaching the limits on aggregate losses or losses on individual contracts set out in the procedures adopted by the company.</p> <p>D. Where the type of asset acquired or disposed is equipment for business use, the trading counterparty is not a related party, and the transaction amount meets any of the following criteria:</p> <p>(1) For a public company whose paid-in capital is less than NT\$10 billion, the transaction amount reaches NT\$500 million or more.</p> <p>(2) For a public company whose paid-in capital is NT\$10 billion or more, the transaction amount reaches NT\$1 billion or more.</p> <p>E. Where land is acquired under an arrangement on engaging others to build on the company's own land, engaging others to build on rented land, joint construction and allocation of</p> | <p>The original Article 30 was moved to the Article 16.1, and adjusted the content.</p> |

arrangement on engaging others to build on the company's own land, engaging others to build on rented land, joint construction and allocation of housing units, joint construction and allocation of ownership percentages, or joint construction and separate sale, and the amount the individual company expects to invest in the transaction reaches NT\$500 million.

16.1.6 Where an asset transaction other than any of those referred to in the Article 16.1.1- Article 16.1.5, a disposal of receivables by a financial institution, or an investment in the mainland China area reaches 20 percent or more of paid-in capital or NT\$300 million of the individual company; provided, this shall not apply to the following circumstances:

16.1.6.1 Trading of government bonds.

16.1.6.2 Securities trading by investment professionals on foreign or domestic securities exchanges or over-the-counter markets, or subscription by investment professionals of ordinary corporate bonds or of general bank debentures without equity characteristics that are offered and issued in the domestic primary market, or subscription by a securities firm of securities as necessitated by its undertaking business or as an advisory recommending securities firm for an emerging stock company, in accordance with the rules of the Taipei Exchange.

16.1.6.3 Trading of bonds under repurchase/resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises.

16.1.7 The amount of transactions of the Article 16.1.1-Article 16.1.6 shall be calculated as follows:

16.1.7.1 The amount of any individual transaction.

16.1.7.2 The cumulative transaction amount of acquisitions and disposals of the same type of

housing units, joint construction and allocation of ownership percentages, or joint construction and separate sale, and the amount the company expects to invest in the transaction reaches NT\$500 million.

F. Where an asset transaction other than any of those referred to in the preceding six subparagraphs, a disposal of receivables by a financial institution, or an investment in the mainland China area reaches 20 percent or more of paid-in capital or NT\$300 million; provided, this shall not apply to the following circumstances:

(1) Trading of government bonds.

(2) Securities trading by investment professionals on foreign or domestic securities exchanges or over-the-counter markets, or subscription by investment professionals of ordinary corporate bonds or of general bank debentures without equity characteristics that are offered and issued in the domestic primary market, or subscription by a securities firm of securities as necessitated by its undertaking business or as an advisory recommending securities firm for an emerging stock company, in accordance with the rules of the Taipei Exchange.

(3) Trading of bonds under repurchase/resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises.

The amount of transactions above shall be calculated as follows:

A. The amount of any individual transaction.

B. The cumulative transaction amount of acquisitions and disposals of the same type of underlying asset with the same trading counterparty within the preceding year.

C. The cumulative transaction amount of real property acquisitions and disposals (cumulative acquisitions and disposals, respectively) within the same development project within the

The original Article 31 was moved to the Article 16.2, and adjusted the content.

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| <p>underlying asset with the same trading counterparty within the preceding year.</p> <p><u>16.1.7.3</u> The cumulative transaction amount of real property acquisitions and disposals (cumulative acquisitions and disposals, respectively) within the same development project within the preceding year.</p> <p><u>16.1.7.4</u> The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of the same security within the preceding year.</p> <p><u>16.1.8</u> "Within the preceding year" as used in the <u>Article 16.1.7</u> refers to the year preceding the date of occurrence of the current transaction. Items duly announced in accordance with these Regulations need not be counted toward the transaction amount.</p> <p><u>16.1.9</u> The Company shall compile monthly reports on the status of derivatives trading engaged in up to the end of the preceding month by the Group that are not domestic public companies and enter the information in the prescribed format into the information reporting website designated by the FSC by the 10th day of each month.</p> <p><u>16.1.10</u> The Company at the time of public announcement makes an error or omission in an item required by regulations to be publicly announced and so is required to correct it, all the items shall be again publicly announced and reported in their entirety within two days counting inclusively from the date of knowing of such error or omission.</p> <p><u>16.1.11</u> The Company acquires or disposes of assets shall keep all relevant contracts, meeting minutes, log books, appraisal reports and CPA, attorney, and securities underwriter opinions at the company headquarters, where they shall be retained for 5 years except where another act provides otherwise.</p> <p><u>16.2</u> Where any of the following circumstances</p> | <p>preceding year.</p> <p>D. The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of the same security within the preceding year. "Within the preceding year" as used in the preceding paragraph refers to the year preceding the date of occurrence of the current transaction. Items duly announced in accordance with these Regulations need not be counted toward the transaction amount.</p> <p>The Company shall compile monthly reports on the status of derivatives trading engaged in up to the end of the preceding month by itself and any subsidiaries that are not domestic public companies and enter the information in the prescribed format into the information reporting website designated by the FSC by the 10th day of each month.</p> <p>The Company at the time of public announcement makes an error or omission in an item required by regulations to be publicly announced and so is required to correct it, all the items shall be again publicly announced and reported in their entirety within two days counting inclusively from the date of knowing of such error or omission.</p> <p>The Company acquires or disposes of assets shall keep all relevant contracts, meeting minutes, log books, appraisal reports and CPA, attorney, and securities underwriter opinions at the company headquarters, where they shall be retained for 5 years except where another act provides otherwise.</p> <p>Art. 31</p> <p>Where any of the following circumstances occurs with respect to a transaction that the Company has already publicly announced and reported in accordance with the preceding article, a public report of relevant information shall be made on the information reporting website designated by the FSC within 2 days</p> |  |
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occurs with respect to a transaction that the Company has already publicly announced and reported in accordance with the preceding Article 16.1, a public report of relevant information shall be made on the information reporting website designated by the FSC within 2 days counting inclusively from the date of occurrence of the event:

16.2.1 Change, termination, or rescission of a contract signed in regard to the original transaction.

16.2.2 The merger, demerger, acquisition, or transfer of shares is not completed by the scheduled date set forth in the contract.

16.2.3 Change to the originally publicly announced and reported information.

counting inclusively from the date of occurrence of the event:

1. Change, termination, or rescission of a contract signed in regard to the original transaction.
2. The merger, demerger, acquisition, or transfer of shares is not completed by the scheduled date set forth in the contract.
3. Change to the originally publicly announced and reported information.

Art. 32

The Group acquires or disposes of assets are required to carry out information disclosure in compliance with the provisions of Chapter III. Article 30 of the preceding paragraph applies to the first paragraph of the declaration criteria should be announced about the real capital gains of 20% or 10% of the total assets of the provisions. Subsidiaries formulate procedures for "Regulations Governing the Acquisition and Disposal of Assets" in accordance with the "Regulations Governing the Acquisition and Disposal of Assets by Public Companies" issued by the Financial Supervisory Commission, after the approval of the audit committee of the parent company and the board of directors, it will be submitted to the shareholders' meeting of the parent company for approval and amendment.

Art. 32-1

For the calculation of 10% of total assets under the Regulations, the total assets stated in the most recent parent company only financial report or individual financial report prepared under the Regulations Governing the Preparation of Financial Reports by Securities Issuers shall be used.

In the case of the Company whose shares have no par value or a par value other than NT\$10, for the calculation of transaction amounts of 20% of paid-in capital under the Regulations, 10% of equity attributable to owners of the parent shall be substituted.

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| <p><u>17. Penalty:</u></p> <p>Relevant personnel of the <u>individual companies of the Group</u> who handle the acquisition or disposal of assets, if in violation of the "Regulations Governing the Acquisition and Disposal of Assets by Public Companies " or the Procedures, submit an assessment according to the <u>personnel management rules</u> of the Group, and punish them according to their severity.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | <p>Art. 33</p> <p>Relevant personnel of the Group who handle the acquisition or disposal of assets, if in violation of the "Regulations Governing the Acquisition and Disposal of Assets by Public Companies " or the Procedures, submit an assessment according to the personnel management rules and working rules of the Group, and punish them according to their severity.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | <p>The original Article 33 was moved to the Article 17, and adjusted the content. Because there are only personnel management rules, the words were corrected.</p>                                                                                                                |
| <p><u>18. Other matters:</u></p> <p><u>18.1 If the subsidiary of the company is not a domestic public issuance company, the company that obtains or disposes of the assets has Article 16 stipulates that it should be announced, and the company shall do so. The subsidiaries of the Company shall apply the reporting requirements of Article 16.1.1~Article 16.1.6 to the 20% of the paid-up capital or 10% of the total assets, and the Company's paid-in capital or total assets shall prevail.</u></p> <p>—</p> <p><u>18.2 Article 6, Article 11.2-Article 11.5, Article 13.7 and Article 19 are applicable to the audit committee in accordance with the provisions of this Law. The audit committee has been set up in accordance with the provisions of this Law. Article 12.6.2 stipulates that it is applicable to the independent board members of the audit committee.</u></p> <p><u>18.3</u> For the calculation of 10% of total assets under the Regulations, the total assets stated in the most recent parent company only financial report or individual financial report prepared under the Regulations Governing the Preparation of Financial Reports by Securities Issuers shall be used.</p> <p><u>18.4</u> In the case of the <u>individual companies of the Group</u> whose shares have no par value or a par value other than NT\$10, for the calculation</p> | <p>Art. 32</p> <p>The Group acquires or disposes of assets are required to carry out information disclosure in compliance with the provisions of Chapter III. Article 30 of the preceding paragraph applies to the first paragraph of the declaration criteria should be announced about the real capital gains of 20% or 10% of the total assets of the provisions. Subsidiaries formulate procedures for "Regulations Governing the Acquisition and Disposal of Assets" in accordance with the "Regulations Governing the Acquisition and Disposal of Assets by Public Companies" issued by the Financial Supervisory Commission, after the approval of the audit committee of the parent company and the board of directors, it will be submitted to the shareholders' meeting of the parent company for approval and amendment.</p> <p>Art. 32-1</p> <p>For the calculation of 10% of total assets under the Regulations, the total assets stated in the most recent parent company only financial report or individual financial report prepared under the Regulations Governing the Preparation of Financial Reports by Securities Issuers shall be used.</p> <p>In the case of the Company whose shares have no par value or a par value other than NT\$10, for the calculation of transaction amounts of 20% of paid-in capital under the Regulations,</p> | <p>The original Article 32 was moved to the Article 18.1 and Article 18.2, and adjusted the content.</p> <p>The original Article 32-1 was moved to the Article 18.3 and Article 18.4, and adjusted the content.</p> <p>The original Article 34 was moved to the Article 18.5.</p> |

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| <p>of transaction amounts of 20% of paid-in capital under the Regulations, 10% of equity attributable to owners of the parent shall be substituted.</p> <p><u>18.5</u> This procedure unformulated matters, according to the relevant laws and regulations.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                      | <p>10% of equity attributable to owners of the parent shall be substituted.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |                                                                                      |
| <p><u>19. Implementation:</u></p> <p>Where an audit committee <u>of the Company</u> has been established in accordance with the provisions of the Act, when the procedures for the acquisition and disposal of assets are adopted or amended they shall be approved by more than half of all audit committee members and submitted to the board of directors for a resolution. <u>If</u> approval of more than half of all audit committee members as required in the preceding paragraph is not obtained, the procedures may be implemented if approved by more than two-thirds of all directors, and the resolution of the audit committee shall be recorded in the minutes of the board of directors meeting.</p> | <p>Art. 6</p> <p>Where an audit committee has been established in accordance with the provisions of the Act, when the procedures for the acquisition and disposal of assets are adopted or amended they shall be approved by more than half of all audit committee members and submitted to the board of directors for a resolution. If approval of more than half of all audit committee members as required in the preceding paragraph is not obtained, the procedures may be implemented if approved by more than two-thirds of all directors, and the resolution of the audit committee shall be recorded in the minutes of the board of directors meeting.</p> <p>The terms of "all audit committee members" and "all directors" shall be counted as the actual number of persons currently holding those positions.</p> | <p>The original Article 6 was moved to the Article 19, and adjusted the content.</p> |

**Appendix IX : The Company Policy (Before amendment)**

**MetaTech Corporation Limited Company  
The Company Policy**

Chapter I General Principle

Art. 1 : In accordance with the provisions of the Company Law, we organized MetaTech Co., Ltd.

Art. 2 : MetaTech Co., Ltd engaged in the following businesses:

- (1) CC01080 Electronic components manufacturing industry.
- (2) F119010 Electronic materials wholesale industry.
- (3) F219010 Electronic materials retailing industry.
- (4) I301010 Information software services industry.
- (5) I301020 Data processing services industry.
- (6) IG01010 Biotechnology services industry.
- (7) IG02010 Research and development services industry.
- (8) F108040 Cosmetics wholesale industry.
- (9) F208040 Cosmetics retailing industry
- (10) F102040 Beverage wholesale industry.
- (11) F102170 Food goods wholesale industry.
- (12) F203010 Food goods beverage retailing industry.
- (13) F401010 International trade industry.
- (14) I199990 Consultation services industry.
- (15) IZ99990 Business services industry.
- (16) I103060 Management consultant industry.
- (17) CF01011 Medical equipment manufacturing industry.
- (18) F108031 Medical equipment wholesale industry.
- (19) F208031 Medical equipment retailing industry.
- (20) C802100 Cosmetics manufacturing industry.
- (21) C802110 Cosmetics pigment manufacturing industry.
- (22) JE01010 Renting and leasing industry.
- (23) F113030 Precision instruments wholesale industry.
- (24) F208050 The second type patent medicine retailing industry.
- (25) F213040 Precision instruments retailing industry.
- (26) F399040 No shop retailing industry.



- (27) F601010 Intellectual property rights industry.
- (28) I301030 Electronic information supply services industry.
- (29) IC01010 Drug inspection industry.
- (30) F108021 Medicine wholesale industry
- (31) F208021 Medicine retail industry
- (32) ZZ99999 Except for permitting business, operating business which is not prohibited or restricted by Law.

Art. 2.1 : For the business relationship, we are approved by the Board of Directors, the Company is a guarantee and an endorser, and the operation shall be handled in accordance with the endorsement and guarantee works of The Company.

Art. 2.2 : When the Company needs to invest in other businesses due to its business needs, it will not be restricted by the over-40% of the paid in capital which is stipulated in Article 13 of the Company Law.

Art. 3 : The Company set up its main office in New Taipei City, and set up branches both at domestic and abroad through the resolution of the board of directors if necessary.

#### Chapter II Shares

Art. 4 : The total capital of the Company is NT\$ 1 billion, divided into 100 million shares, and NT\$ 1 per share, among the total capital NT\$ 150 million is for the exercise of employee stock option certificates, unissued shares, the board of directors is authorized to issue by time.

The employee stock options vouchers of the issue price of the Company's shares which is lower than the closing price of the ordinary shares of the Company on the issue date, shall hold a general meeting of shareholders representing more than half of the total number of issued shares, and after the shareholders present at least two-thirds of the voting rights have agreed to issue.

Art. 5 : The shares shall be registered and shall be signed or sealed by three or more of the directors and shall be issued upon approval by Law. In order to facilitate works of stock transactions shall merge to replace large denominated stocks from the request of Taiwan Depository & Clearing Corporation.

After the public offering of the Company's shares, the shares issued shall be exempted from printing of stocks by Law, but the stocks shall be registered in the

institution of securities centralized depository business.

Art. 6 : Stock renamed transfer must be suspended within 30 days before the ordinary meeting of the shareholders, 15 days before the temporary meeting of shareholders or within 5 days before the date on which the Company decides to distribute dividends and bonus or other benefits.

After the public offering of stock renamed transfer must be suspended within 60 days prior to the ordinary meeting of the shareholders, 30 days before the temporary meeting of shareholders or within 5 days before the date on which the Company decides to distribute dividends and bonus or other benefits.

### Chapter III Shareholders meeting

Art. 7 : Shareholders' meetings are two kinds, one is the ordinary meeting of the shareholders, and another is the temporary meeting of shareholders:

1. Shareholders' meeting is held once a year, and shall be convened by the board of directors legally within 6 months after the end of each fiscal year.
2. The temporary meeting of shareholders will be convened in necessary in accordance with relevant laws and ordinances.

Art. 8 : When shareholders cannot attend the shareholders' meeting for some reasons, shall show the letter of authorization issued by the Company and indicate the scope of the authorization, signature or stamp to assign the agent to attend.

Art. 9 : Each shareholder of the Company has one voting right, but matters of the provisions of Article 179 of the Company Law occur, the shares of the Company shall have no voting rights.

Art. 9.1 : The Company convened a shareholders' meeting to adopt electronic voting as one of the ways in which shareholders of the Company exercised their voting rights, shareholders who exercise their voting rights electronically are deemed to be in person, so the relevant matters shall be handled in accordance with the provisions of the competent authority.

Art. 10 : The resolution of the shareholders meeting, except other rules provided by the Company Law, the majority of the total number of issued shares of the Company shall be represented by the consent of the shareholders present at the meeting.

## Chapter IV Directors

Art. 11 : The Company set 9 to 11 directors, three years, the number of directors in the preceding paragraph, the number of independent directors shall not be less than 2, and shall not be less than one-fifth of the number of directors, the election of directors adopts the nomination system of candidates according to Article 192-1 of the Company Law.

To be elected by the shareholders on the list of directors' candidates, and be eligible for re-election and must set a vice chairman. About the professional qualifications of independent directors, the shareholding and the part-time restrictions, the identification of independence, the nomination and other matters to be followed in accordance with the relevant provisions of the securities authority.

Art. 12 : The Company set up the audit committee; it consists of all independent directors and supersedes supervisors. The number of audit committee, the term of office, the authority, the rules of procedure and resources the company should provide when exercising its powers, in accordance with the organization of the audit committee to make provisions.

Art. 13 : About resolutions on major issues of the Company should be agreed and be implemented by more than two-thirds of the directors attend and more than half of the attended directors.

The following are the major issues to be specifically resolved in accordance with this Article:

1. Change the company charter.
2. Audit budget and final accounts.
3. Proposal for dissolution or merger of the Company with other companies.
4. Proposal for the appropriation of the surplus or the deficit compensated.
5. The approvals of endorsement on the behalf of the Company, acceptance, assurance and commitment.
6. The approvals of applying for financial institutions, guarantees, acceptance and other external advances and debt approval.
7. The approvals and revisions of contracts for the acquisition, transfer, grant and technical cooperation of special technologies and patents of his company or related institutions.
8. The proposal and approvals for capital increase or capital reduction of the

Company.

9. The powers of according to the Company Law Article 202.

The resolution of the board of directors on significant matters, its affiliation should be subjected to the resolution of the shareholders; the resolution of the board of directors shall be submitted to the shareholders and be implemented.

Art. 14 : When the chairman of the board asks for leave or for any reason cannot exercise their powers, acting in accordance with Article 208 of the Company Law.

Art. 15 : The remuneration of the directors is agreed upon by the board of directors at the usual level among peers.

Art. 15.1 : The Company executes the business scope of its directors and managers within its term of office shall be responsible for the liability to purchase insurance of liability according to the Law.

#### Chapter V Managers

Art. 16 : According to the resolution of the board of directors, the Company may set up the president, general manager, general manager of business department, vice general manager, assistant manager and several managers, the appointment, dismissal and remuneration shall be governed by the provisions of Article 29 of the Company Law.

#### Chapter VI Accounting

Art. 17 : The Company should in the end of each fiscal year make the followings by the board of directors:

1. Business report.
2. Financial Statements.
3. Proposal for the appropriation of the surplus or the deficit compensated.

The tables will be held on the 30 day before the shareholders' ordinary meeting, and after sending the audit committee to check, submit shareholders' ordinary meeting and request recognition according to law.

Art. 18 : If the Company's annual accounts are profitable, staff remuneration should be set

at 1% to 5%, but when the Company still has accumulated losses, it should reserve the amount of compensation in advance.

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

Art. 18.1 : The Company's total final accounts if for any surplus, taxes should be first made up for the past losses, next making up 10 percent for the statutory surplus public reserve. The remaining balances, together with the undistributed earnings of prior years, will be reserved or distributed by the board of directors for resolution of the shareholders' meeting; to distribute among shareholders dividends in another way, the proportion of cash dividend paid is not less than 30%, and the rest is distributed in the form of stock dividend. When the company distributes surplus, except for statutory surplus reserve according to law, should be in accordance with the first paragraph of Article 41 of the Securities and Exchange Act, in the current year, the amount of debts deducted from the shareholders' equity occurred (If the long-term equity investment has not realized the loss of the impairment loss, the cumulative conversion adjustment and so on) no special surplus reserve from the same amount as the previous year's after-tax surplus for the purpose of distribution of earnings shall not be distributed. When the amount of the shareholder's equity deduction is reversed, should be another surplus on the revolving part.

#### Chapter VII Supplementary Articles

Art. 19 : If the articles of association are not made, be handled according to the Company Law.

Art. 20 : The constitution was entered into on September 3, 1998.

The first amendment was on September 16, 1998.

The second amendment was on November 28, 2001.

The third amendment was on June 28, 2002.

The fourth amendment was on June 10, 2003.

The fifth amendment was on April 19, 2004

The sixth amendment was on June 9, 2006.

The seventh amendment was on June 13, 2007.

The eighth amendment was on June 13, 2008.

The ninth amendment was on June 19, 2009.

The tenth amendment was on June 21, 2013.

The eleventh amendment was on September 30, 2013.

The twelfth amendment was on June 27, 2014.

The thirteenth amendment was on June 30, 2015.

The fourteenth amendment was on June 29, 2016.

The fifteenth amendment was on June 20, 2017.

The sixteenth amendment was on June 25, 2018.

## **Appendix X : Regulations Governing Loans (Before amendment)**

### **MetaTech Corporation Limited Company Regulations Governing Loans**

1. Purpose: To operate in coordination the actual needs of the business, and follow to the provisions of Article 15 of the Company Law, this procedure is set out in the "Regulations Governing Loaning of Funds and Making of Endorsement" issued by the Financial Supervisory Commission (SEF).

2. Scope: This procedure is applicable to the Company and its subsidiaries' handling of loans of funds to others.

3. Power and responsibility: The Department of Finance and the Department of Management shall be responsible for the relevant work in their respective posts.

#### 4. Definition:

The Company shall not loan funds to any of its shareholders or any other person except under the following circumstances:

4.1 Where an inter-company or inter-firm business transaction calls for a loan arrangement.

4.2 Where an inter-company or inter-firm short-term financing facility is necessary, provided that such financing amount shall not exceed 40 percent of the lender's net value.

The term "short-term" as used in the preceding paragraph means one year, or where the company's operating cycle exceeds one year or one operating cycle.

#### 5. Contents of Works:

##### 5.1 The evaluation criteria of objects for loans of funds:

5.1.1 Between the Company and his company or others, the board of directors recognized the need for short-term financing funds engaged in financing facility, the following circumstances:

5.1.1.1 Necessary to have short-term financing facilities for the business relationship with the parent-child companies of the Company.

5.1.1.2 Necessary for the short-term financing of the company or others based on the equity method of investment as a result of the need of material purchase or operation and turnover.

5.1.2 "Subsidiary" and "parent company" as referred to in these Regulations shall be as determined under the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Where a public company's financial reports are prepared according to the International Financial Reporting Standards, "net value" in these Regulations means the balance sheet equity attributable to the owners of the parent company under the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

5.2 The aggregate amount of loans and the maximum amount permitted to a single borrower

5.2.1 The total loan amount of funds of the Company and the and total loan amount of funds to a single enterprise shall be limited to not exceeding 40% and 20% of the net value of the Company's latest audited (verified) financial statements by the accountants respectively, and should be handled according to the resolution of the board of directors.

5.2.2 The total loan amount of the Company to a Company of an inter-firm business transaction shall not exceed the limit of 40% of the net value of the Company's latest audited (verified) financial statements by the accountants. The total loan amounts of the Company to a single corporation not exceed the amount of business transactions between the two sides. The alleged amount of business dealings means the higher of the purchase or sale amount between the two parties.

5.2.3 When an inter-company or inter-firm short-term financing facility is necessary for short-term financing funds shall not exceed the limit of 40% of the net value of the financial statements of the Company which have been audited (verified) by the Company's latest auditors. For single-enterprise loans and the total amount is limited to 20% of the net value of the Company's latest audited (verified) financial statements by the accountants.

5.2.4 For foreign companies that directly or indirectly hold 100% of the voting shares, the total loan amount shall not exceed 100% of the net value of the Company's latest audited (verified) financial statements by the accountants; For a single corporation the total loan amount shall not exceed 80% of the net value of the Company's latest audited (verified) financial statements by the accountants recently.

5.3 Duration of loans and calculation of interest.

Limited by one year, the interest rate shall not be less than the average interest rate of the Company's short-term funds borrowed from financial institutions at that time and shall bear interest on a monthly basis.

5.4 Procedures for handling loans of funds

5.4.1 Credit Investigation: For all companies or others to fund for loan application, should



conduct a detailed credit investigation, the principle is as follows:

5.4.1.1 The primary borrowers, borrowers should provide basic information and financial information, in order to handle the credit.

5.4.1.2 Continuing borrowers should handle credit collection once a year in principle. In major cases, credit investigation should be conducted on a regular basis according to actual needs.

5.4.1.3 If the financial and creditworthiness of the borrower is good and the financial statements of the borrower have been checked and signed by the accountants, the survey report of more than one year and less than two years should be followed and see also the financial statements of the Company (verified) as audited by the accountants recently.

#### 5.4.2 Review evaluation

Where the loans of funds within the limit of Article 5.2, the borrower should fill in "Loans of Funds Application", the authority unit shall make a detailed review and appraisal report, which shall include the following items:

5.4.2.1 The necessity of and reasonableness of extending loans to others.

5.4.2.2 Borrower credit status and risk assessment.

5.4.2.3 Impact on the company's business operations, financial condition, and shareholders' equity.

5.4.2.4 Whether collateral must be obtained and appraisal of the value thereof.

#### 5.4.3 Loan approval

5.4.3.1 The funding of an enterprise shall show the "Funding Request" (or an official letter), the authority unit shall review its necessity and assess its use, purpose, benefits and whether the sign should be granted, then report to general manager, chairman of the board sign, and submit to the board of directors for approval after the resolution.

5.4.3.2 After the review and assessment, if the borrower's credit rating is not good or there are other reasons that should not be loaned, the authority unit should promptly reply to the reasons borrowers not loan.

5.4.3.3 When the Company intends to loan funds to others, it shall all be handled after the resolution of the board of directors has been passed on by case by case and shall not be authorized by others.

5.4.3.4 The loans of funds between the Company and its subsidiaries or between subsidiaries, in addition to the provisions of the preceding paragraph, may authorize the chairman of the same loan with the object, the grants are apportioned or reused

less than 10% of the net assets of the Company's latest audited (verified) financial statements by the accountants and not exceeding one year.

5.4.3.5 The Company has set up independent directors to loan funds to others, shall consider the opinions of each of the independent directors and the clear opinions of their consent or objections and the reasons for the objections should be included in the minutes of the board of directors.

#### 5.4.4 To notify the borrower

After the approval of the loan case, the authority unit shall promptly mail or call the borrower detailing the loan conditions of the Company, including the quota, term, interest rate, collateral and guarantor, ...etc. Please sign the borrower within the limit of time, the right to set the pledge or mortgage and the guarantor of the insurance policy, and then appropriate.

#### 5.4.5 Signed on the confirmation

5.4.5.1 Loan cases should be drafted by the authority unit to draft the terms of the contract, after the verification of the authority of the people subject to verification, send to the legal consultant to confirm the correct, and then sign the contract.

5.4.5.2 The content of the contract shall be in accordance with the approved terms of borrowing. After the signature of the borrower and the joint guarantor on the basis of the contract, the authority unit shall complete the steps.

5.4.5.3 When signing the funding contract with the funding object, it shall be handled by its legal person or group seal and the person in charge of the registration as the competent authority, and shall be handled by the authority for checking the debtor and the guarantor seal and the confirmation.

#### 5.4.6 Collateral rights setting and insurance

5.4.6.1 If the Company loans money to others, the board of the directors shall require the borrower to provide a collateral equivalent to the loan amount if it is necessary, (Such as the equivalent value of real estate, securities, or signing guarantee notes), and set the pledge or mortgage to ensure the Company claims.

5.4.6.2 The collaterals except land and securities should be covered by fire insurance, ship vehicles should be covered by insurance. The insurance amount is not less than the value of security pledged for the principle; the insurance statement should be added to the Company as the beneficiary. The name, quantity, storage location, insurance conditions and insurance approval slips contained in the policy should

be consistent with the original nuclear credit conditions of the Company, if the building has not yet been programmed in the set house number, its address should be located in the sectors and marks.

5.4.6.3 The authority unit shall pay attention to inform the borrower to continue the insurance before the expiration of the insurance period.

#### 5.4.7 Appropriation

The loan case approved and in accordance with the provisions of this procedure is completed, the authority unit checks it if corrects, you can allocate funds.

#### 5.5 Announcement reporting procedures

5.5.1 The Company shall, before the 10th of each month, announce the capital loan and balance of the Company and its subsidiaries last month by announcement of the authority unit. The called "Notice Declaration" refers to the information website designated by the Financial Supervisory Commission.

5.5.2 The Company has one of the following standards for loan and balance of funds, and shall declare within 2 days upon the factual date:

5.5.2.1 Funding of the Company and its subsidiaries the balance of loans to others reaches over 20% of the net assets of the Company's latest audited (verified) financial statements by the accountants recently.

5.5.2.2 The loans and balances of the Company and its subsidiaries to a single enterprise amounted to over 10% of the net assets of the Company's latest audited (verified) financial statements by the accountants recently.

5.5.2.3 The Company or its subsidiaries increased its loan and amount to more than NT \$ 10 million and reached over 2% of the net assets of the Company's latest audited (verified) financial statements by the accountants recently.

5.5.3 A subsidiary of the Company is not a domestic public offering company and the subsidiary has Section 5.5.2.3 which should be declared for declaration and should be made by the Company.

5.5.4 The calculation of the ratio of loan to balance of net assets of the above subsidiaries takes the ratio of loan to balance of the subsidiary accounted for the Company's latest audited (verified) financial statements by the accountants recently.

5.5.5 The "factual date" in this procedure refers to the former date of the transaction signing date, payment date, the board resolution day or other sufficient funds to determine the transaction object and the transaction amount.

## 5.6 Loans and the amount of follow-up control measures, overdue claims processing

5.6.1 After the loan is appropriated, the authority unit should often pay attention to the financial, business and related credit conditions of the borrower and the guarantor, if there is provision of collateral, and should pay attention to whether there is any change in the value of the guarantee, in case of major changes, the chairman of the board shall be immediately informed and properly handled as instructed.

5.6.2 When the borrower repays the loan before the maturity or maturity of the loan, the interest payable shall be calculated first and then repayable together with the principal, then the collateral can be lifted debt or mortgage set.

5.6.3 If the borrower applies for the cancellation of the mortgage or eliminate the establishment of authority, should first check the balance of the loan to decide whether to agree to handle.

5.6.4 The borrower shall pay off the principal and interest as soon as the loan expires. The Company shall, first in accordance with the law, do disciplines and recoveries of loss on the collaterals which offenders mortgaged, and at the part of deficiencies, shall make recourses to the guarantors.

## 5.7 Reference book to establish

The Company's authority units should establish a reference book of loans of funds and matters. Details of the objects and amounts of loans and advances, the date of approval of the board of directors, the date of loan repayment, and the matters to be carefully evaluated in accordance with the provisions shall be announced for details.

## 5.8 Internal audit

The Company's internal auditors should regularly check the loan and others operating procedures and their implementation, and make a written record. If any major violation is found, it shall notify the audit committee in writing.

## 5.9 Loan control of subsidiaries and other people's control procedures

5.9.1 Loans to subsidiaries, in addition to exemption credit and the right to set, should be handled in accordance with the procedures.

5.9.2 Subsidiaries who wish to handle loans and other loans should set up a "Operational Procedures for Loaning Funds to Others", and submitted to the board of directors of the Company after the resolution was passed. The operating procedures set by it shall be formulated in accordance with the relevant provisions of this procedure.

#### 5.10 Penalty

If any violation of the "Regulations Governing Loaning of Funds and Making of Endorsement" or the relevant provisions of the Procedures is handled by the Company in connection with the handling of loans by funds and others, in accordance with the Company's personnel management practices and working rules to submit assessment, according to the severity of punishment.

#### 5.11 Other matters

5.11.1 The board of directors of the Company shall, upon investigation and assessment of the units that have already borrowed and other funds not implemented prior to the implementation of the Procedures, report to the board of directors for ratification. If there is a limit exceeding the amount approved for loan, the authority unit shall notify the borrower to pay back the excess loan within 6 months from the date of implementation of this procedure.

5.11.2 The Company due to change of circumstances, loans and balances overruns; it should develop improvement plans, and the improvement plan to the audit committee.

5.11.3 The Company should assess the loan and the situation and provide an adequate provision for bad debts, disclose the relevant information in the financial report as appropriate and provide the relevant information to the accountants to carry out the necessary checking procedures.

#### 5.12 About supplement to the law

This procedure unformulated matters, according to the relevant laws and regulations.

#### 5.13 Implementation

This procedure is approved by the board of directors and submitted to the shareholders after the consent of the implementation, it is the same with the amendment.

### 6. Related documents and forms:

6.1 Operational Procedures for Loaning Funds to Others

6.2 Personnel Management Measures

6.3 Loans and Matters Application

6.4 Funds to Others Specification

6.5 Loans to Corporation or Group Specification

6.6 Funding Request

**Appendix XI : Regulations Governing Endorsement Guarantee (Before amendment)**

**MetaTech Corporation Limited Company  
Regulations Governing Endorsement Guarantee**

1. Purpose: To protect the shareholders' rights and profits, and to be sturdy the financial management for endorsement guarantee and reduce the operating risk, this procedure is set out in the "Regulations Governing Loaning of Funds and Making of Endorsement" issued by the Financial Supervisory Commission (SEF).
2. Scope: This procedure is applicable to the Company's handling of endorsements/guarantees.
3. Power and responsibility: The Ministry of Finance and the Department of Management shall be responsible for the relevant work in their respective posts.
4. Definition:

The term "Endorsements/Guarantees" as used in these Regulations refers to the following:

  - 4.1 Financing Endorsements/Guarantees, including:
    - 4.1.1 Bill discount financing.
    - 4.1.2 Endorsement or guarantee made to meet the financing needs of another company.
    - 4.1.3 Issuance of a separate negotiable instrument to a non-financial enterprise as security to meet the financing needs of the company itself.
  - 4.2 Customs duty Endorsements/Guarantees, meaning an endorsement or guarantee for the company itself or another company with respect to customs duty matters.
  - 4.3 Other Endorsements/Guarantees, meaning endorsement or guarantee beyond the scope of the above two subparagraphs. If the Company provides movable or immovable property for the security of his company to set the pledge, mortgagee should also be handled according to the procedures.
5. Contents of Works:
  - 5.1 Endorsement guarantee object:
    - 5.1.1 The Company may make Endorsements/Guarantees for the following companies:
      - 5.1.1.1 A company with which it does business.
      - 5.1.1.2 A company in which the public company directly and indirectly holds more than 50 percent of the voting shares.

5.1.1.3 A company that directly and indirectly holds more than 50 percent of the voting shares in the public company.

5.1.1.4 The Company shall apply to Endorsements/Guarantees made between companies in which the public company holds, directly or indirectly, 100% of the voting shares.

5.1.2 Where the Company fulfills its contractual obligations by providing mutual Endorsements/Guarantees for another company in the same industry or for joint builders for purposes of undertaking a construction project, or where all capital contributing shareholders make endorsement/ guarantee for their jointly invested company in proportion to their shareholding percentages, or where companies in the same industry provide among themselves joint and several security for a performance guarantee of a sales contract for pre-construction homes pursuant to the Consumer Protection Act for each other, such Endorsements/Guarantees may be made free of the restriction of the preceding two paragraphs.

5.1.3 Capital contribution referred to in the preceding paragraph shall mean capital contribution directly by the public company, or through a company in which the public company holds 100% of the voting shares.

5.1.4 If endorsement guarantee' net value of less than half of contributed capital of the subsidiary, it should be clearly defined the relevant control measures.

5.1.5 In the case of a subsidiary with shares having no par value or a par value other than NT\$10, for the paid-in capital in the calculation under subparagraph 11 of the preceding paragraph, the sum of the share capital plus paid-in capital in excess of par shall be substituted.

5.1.6 "Subsidiary" and "parent company" as referred to in these Regulations shall be as determined under the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Where a public company's financial reports are prepared according to the International Financial Reporting Standards, "net value" in these Regulations means the balance sheet equity attributable to the owners of the parent company under the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

5.2 The amount of Endorsements/Guarantees and the evaluation criteria:

The total aggregate amount of Endorsements/Guarantees provided by the Company and the total aggregate amount of Endorsements/Guarantees for a single enterprise are subject to the following limits:

5.2.1 The total aggregate amount of Endorsements/Guarantees

5.2.1.1 The total aggregate amount of Endorsements/Guarantees provided by the Company shall not exceed 100% of the net value of the financial statements which is audited by the accountant recently.

5.2.1.2 The total aggregate amount of Endorsements/Guarantees provided by the Company and its Subsidiaries shall not exceed 100% of the net value of the financial statements which is audited by the accountant recently.

5.2.2 The total aggregate amount of Endorsements/Guarantees for a single enterprise :

5.2.2.1 The total aggregate amount of Endorsements/Guarantees for a single enterprise provided by the Company shall not exceed 100% of the net value of the financial statements which is audited by the accountant recently.

5.2.2.2 The total aggregate amount of Endorsements/Guarantees for a single enterprise provided by the Company and its Subsidiaries shall not exceed 100% of the net value of the financial statements which is audited by the accountant recently.

5.3 Hierarchy of decision-making authority and delegation thereof

5.3.1 When the Company makes any Endorsements/Guarantees, the Finance Unit shall submit the evaluation results made in accordance with Article 5.4, along with comments and opinions provided by other related units, to the board of directors for approval. A pre-determined limit may be delegated to the Chairman by the board of directors to facilitate execution and such Endorsements/Guarantees shall be reported to the most coming board of directors' meeting for ratification. The limit shall not exceed the amount that set in Article 5.2 of endorsement/ guarantee provided by the Company.

5.3.2 In case the above limits have to be exceeded to accommodate business needs, a resolution of the board of directors should be obtained and over half of all the directors should jointly endorse the potential loss that may be brought about by the excess of limits. The board of directors should also revise the procedures and has it ratified at the shareholders' meeting. If the revised procedures are not ratified at the shareholders' meeting, the board of directors should furnish a plan containing a timetable to withdraw the excess portion.

5.3.3 Where a public company has established the position of independent director, when it submits its Operational Procedures for Loaning Funds to others for discussion by the board of directors under the preceding paragraph, the board of directors shall take into full consideration each independent director's opinion.



#### 5.4 Procedures for scrutinizing Endorsements/Guarantees

5.4.1 Any Endorsements/Guarantees to be provided by the Company shall be examined, evaluated, with a comment made, by the Authority Unit. The evaluation items shall be included:

5.4.1.1 The necessity and rationality of Endorsements/Guarantees.

5.4.1.2 To evaluate the credit and risks of endorsed parties.

5.4.1.3 To evaluate the impact on the Company's operation risks, financial condition and shareholders' equity.

5.4.1.4 To evaluate the necessity to acquire collateral and appraisal of collateral.

5.4.2 When the Company handles the Endorsements/Guarantees, it shall be submitted by the Authority Unit, narrate the object of Endorsements/Guarantees, type, reason and amount of such matters, and with the assessment report of the preceding paragraph, after being approved by the chairman, then submit it to the board of directors for approval after passing the resolution. However, for the business needs, the chairman of the board may be subject to the provisions of Article 5.2 of this procedure, and then reported to the recently meeting of the board of directors for ratification.

#### 5.5 Procedures for use and custody of corporate chops.

5.5.1 The Company shall use the corporate chop registered with the Ministry of Economic Affairs as the dedicated chop for Endorsements/Guarantees. The chop shall be kept in the custody of a designated person approved by the board of directors and may be used to seal or issue negotiable instruments only in prescribed procedures. Endorsement ensured that the custodian of the seal according to the Company seal management approach. If a foreign company is a guarantor, the guaranty letter issued by the Company shall be signed by the chairman authorized by the board of directors.

#### 5.6 Announcement and reporting procedures.

5.6.1 The Company shall announce and report the previous month's balance of Endorsements/Guarantees of itself and its subsidiaries by the 10th day of each month from the Authority Unit. The called "announcement and reporting" refers to the information website designated by the FSC.

5.6.2 The Company whose balance of Endorsements/Guarantees reaches one of the following levels shall announce and report such an event within two days commencing immediately from the date of occurrence:

5.6.2.1 The aggregate balance of Endorsements/Guarantees by the Company and its subsidiaries reaches 50% or more of the Company's net value as stated in its

latest financial statement which is audited by the accountant recently.

5.6.2.2 The balance of Endorsements/Guarantees by the Company and its subsidiaries for a single enterprise reaches 20% or more of the Company's net value as stated in its latest financial statement which is audited by the accountant recently.

5.6.2.3 The balance of Endorsements/Guarantees by the Company and its subsidiaries for a single enterprise reaches NT\$10 million or more and the aggregate amount of all Endorsements/Guarantees for, long-term investment in, and balance of loans to, such enterprise reaches 30% or more of Company's net value as stated in its latest financial statement which is audited by the accountant recently.

5.6.2.4 The amount of new Endorsements/Guarantees made by the Company or its subsidiaries reaches NT\$30 million or more, and reaches 5% or more of the Company's net value as stated in its latest financial statement which is audited by the accountant recently.

5.6.3 The public company shall announce and report on behalf of any subsidiary thereof that is not a public company of the Republic of China any matters that such subsidiary is required to announce and report pursuant to paragraph 5.6.2.4.

5.6.4 The calculation of the balance of Endorsements/Guarantees balances in net assets of the aforesaid subsidiaries is based on the proportion of Endorsements/Guarantees balances of the subsidiaries in the latest net book value of the financial statements which is audited by the accountant recently.

5.6.5 "Date of occurrence" in these Regulations means the date of contract signing, date of payment, dates of boards of directors resolutions, or other date that can confirm the counterparty and monetary amount of the transaction, whichever date is earlier.

#### 5.7 A preparation of a memorandum book

The Authority Unit shall establish and maintain a memorandum book for its Endorsements/Guarantees activities and record in detail the following information for the record: the entity for which the Endorsements/Guarantees is made, the amount, the date of passage by the board of directors or of authorization by the Chairperson of the board, the date the Endorsements/Guarantees is made, and the matters to be carefully evaluated under Article 5.2.

#### 5.8 Internal audit

The Company's internal auditors shall perform auditing on the Procedures and the implementation of the Procedures regularly and produce written auditing reports. Should there be any violation found, a written report is needed to notify every auditor in writing.

#### 5.9 Procedures for managing Endorsements/Guarantees by subsidiaries

Subsidiaries of the Company may not do Endorsements/Guarantees business for others.

#### 5.10 Penalty

If the Company's relevant operators for endorsement/ guarantee violate the "Regulations Governing Loaning of Funds and Making of Endorsement" or the relevant provisions of the Procedures, it shall submit an assessment according to the personnel management rules and working rules of the Company, and shall punish the employees according to the seriousness of the circumstances.

#### 5.11 Other matters

When the Company handles Endorsements/Guarantees, should assess or recognize endorsement of the loss and in the financial report, the Endorsements/Guarantees of appropriate disclosure of information, and provide relevant information to the signature accountants to carry out the necessary checking procedures.

#### 5.12 About the complements of the Articles.

If there are no matters mentioned in the Procedures, according to the relevant laws and regulations.

#### 5.13 Implementation

This procedure is approved by the board of directors and submitted to the shareholders after the consent of the implementation, it is the same with the amendment.

### 6. Related documents and forms:

6.1 Operational Procedures for Endorsements/Guarantees Implementation

6.2 Endorsements/Guarantees Application

6.3 Endorsements/Guarantees Registration Form

**Appendix XII : Regulations Governing the Acquisition and Disposal of Assets (Before amendment)**

**MetaTech Group** (The Company and its subsidiaries)  
**Regulations Governing the Acquisition and Disposal of Assets**

Chapter I

Art. 1

For the purposes of obtaining or disposing of the assets of the Company and its subsidiaries (hereinafter referred to as the "Group"), in accordance with Article 36-1 of the Securities and Exchange Articles (hereinafter referred to as the "Articles") and the announcement of the Financial Supervisory Commission (hereinafter referred to as the FSC), this Procedure is set out in the "Regulations Governing the Acquisition and Disposal of Assets by Public Companies" (hereinafter referred to as the "Regulations").

Art. 2

The acquisition or disposal of assets by the Group shall be handled in accordance with the provisions of these Procedures. But other laws and regulations are stipulated for others, follow its provisions.

Art. 3

The term "assets" as used in the Regulations includes the following:

1. Investments in stocks, government bonds, corporate bonds, financial bonds, securities representing interest in a fund, depository receipts, call (put) warrants, beneficial interest securities, and asset-backed securities.
2. Real property (including land, houses and buildings, investment property, rights to use land, and construction enterprise inventory) and equipment.
3. Memberships.
4. Patents, copyrights, trademarks, franchise rights, and other intangible assets.
5. Claims of financial institutions (including receivables, bills purchased and discounted, loans, and overdue receivables).
6. Derivatives.
7. Assets acquired or disposed of in connection with mergers, demergers, acquisitions, or transfer of shares in accordance with law.
8. Other major assets.

Art. 3-1

This procedure is as follows:

1. The authority units for operations such as obtaining, recording, managing and disposing of securities, are the same with "Investment Cycles".
2. For the fixed assets, immovable property rights, purchasing cycle and custody of cost assets and custody of idle assets, the authority units are required to "recycles of real estate, plant and equipment".
3. The authority units of use and custody of seal and blank check shall be the same as "Seal Management Operation" and "Receipt Management Operation" respectively.
4. The use of passbook management, passbook protection and storage: By the financial unit.
5. About deposit management: By the accounting unit.

Art. 4

Terms used in these Regulations are defined as follows:

1. Derivatives: Forward contracts, options contracts, futures contracts, leverage contracts, and swap contracts, and compound contracts combining the above products, whose value is derived from assets, interest rates, foreign exchange rates, indexes or other interests. The term "forward contracts" does not include insurance contracts, performance contracts, after-sales service contracts, long-term leasing contracts, or long-term purchase (sales) agreements.
2. Assets acquired or disposed through mergers, demergers, acquisitions, or transfer of shares in accordance with law: Refers to assets acquired or disposed through mergers, demergers, or acquisitions conducted under the Business Mergers and Acquisitions Act, Financial Holding Company Act, Financial Institution Merger Act and other acts, or to transfer of shares from another company through issuance of new shares of its own as the consideration therefor (hereinafter "transfer of shares") under Article 156, paragraph 8 of the Company Act.
3. Related party or subsidiary: Follow as defined in the Regulations Governing the Preparation of Financial Reports by Securities Issuers.
4. Professional appraiser: Refer to a real property appraiser or other person duly authorized by law to engage in the value appraisal of real property or equipment.
5. Date of occurrence: Refer to the date of contract signing, date of payment, date of consignment trade, date of transfer, dates of boards of directors resolutions, or other date that can confirm the counterpart and monetary amount of the transaction, whichever date is earlier; provided, for investment for which approval of the competent authority is required, the earlier of the above date or the date of receipt of approval by the competent authority shall apply.
6. Mainland China area investment: Refer to investments in the mainland China area approved by

the Ministry of Economic Affairs Investment Commission or conducted in accordance with the provisions of the Regulations Governing Permission for Investment or Technical Cooperation in the Mainland Area.

Art. 5

The Group obtained Professional appraisers and their officers, certified public accounts, attorneys, and securities underwriters that provide public companies with appraisal reports, certified public accountant's opinions, attorney's opinions, or underwriter's opinions shall not be a related party of any party to the transaction.

Chapter II Disposition Procedures

Section I Establishment of Disposition Procedures

Art. 6

Where an audit committee has been established in accordance with the provisions of the Act, when the procedures for the acquisition and disposal of assets are adopted or amended they shall be approved by more than half of all audit committee members and submitted to the board of directors for a resolution. If approval of more than half of all audit committee members as required in the preceding paragraph is not obtained, the procedures may be implemented if approved by more than two-thirds of all directors, and the resolution of the audit committee shall be recorded in the minutes of the board of directors meeting.

The terms of "all audit committee members" and "all directors" shall be counted as the actual number of persons currently holding those positions.

Art. 7

The Procedures shall specify the following items in its procedures for the acquisition or disposal of assets, and handle the acquisition or disposal matters in compliance with the procedures:

1. The scope of assets.
2. Appraisal procedures: Shall include the means of price determination and supporting reference materials.
3. Operating procedures: Shall include the degree of authority delegated, the levels to which authority is delegated, the units responsible for implementation, and transaction process.
4. Public announcement and regulatory filing procedures.
5. Total amounts of real property and securities acquired by the Group and each subsidiary for business use, and limits on individual securities.

6. Control procedures for the acquisition and disposal of assets by subsidiaries.
7. Penalties for personnel violating these Regulations or the procedures for the acquisition or disposal of assets.
8. Other important matters.

The Group that engages in any related party transaction, engages in derivatives trading, or conducts a merger, demerger, acquisition, or transfer of shares of enterprises shall, in addition to conducting such matters in compliance with the provisions of the preceding paragraph, shall also establish related procedures in accordance with the provisions of Section III through Section V of this Chapter. The Company shall see to it that its subsidiaries adopt and implement the procedures for the acquisition or disposal of assets in compliance with these Regulations.

#### Art. 8

The Group acquires or disposes of assets in accordance with the prescribed procedures or other legal requirements and significant assets or derivatives transactions shall be approved by more than half of all audit committee members and submitted to the board of directors for a resolution, and submitted to the board of directors for a resolution, the board of directors shall take into full consideration each independent director's opinions. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the board of directors meeting.

### Section II Acquisition or Disposal of Assets

#### Art. 9

The Group acquires or disposes of real property or equipment where the transaction amount reaches 20 percent of the company's paid-in capital or NT\$300 million or more, the company, unless transacting with a government agency, engaging others to build on its own land, engaging others to build on rented land, or acquiring or disposing of equipment for business use, shall obtain an appraisal report prior to the date of occurrence of the event from a professional appraiser and shall further comply with the following provisions:

1. Where due to special circumstances it is necessary to give a limited price, specified price, or special price as a reference basis for the transaction price, the transaction shall be submitted for approval in advance by the board of directors, and the same procedure shall be followed for any future changes to the terms and conditions of the transaction.
2. Where the transaction amount is NT\$1 billion or more, appraisals from two or more professional appraisers shall be obtained.

3. Where any one of the following circumstances applies with respect to the professional appraiser's appraisal results, unless all the appraisal results for the assets to be acquired are higher than the transaction amount, or all the appraisal results for the assets to be disposed of are lower than the transaction amount, a certified public accountant shall be engaged to perform the appraisal in accordance with the provisions of Statement of Auditing Standards No. 20 published by the ROC Accounting Research and Development Foundation (ARDF) and render a specific opinion regarding the reason for the discrepancy and the appropriateness of the transaction price:
  - A. The discrepancy between the appraisal result and the transaction amount is 20 percent or more of the transaction amount.
  - B. The discrepancy between the appraisal results of two or more professional appraisers is 10 percent or more of the transaction amount.
4. No more than 3 months may elapse between the date of the appraisal report issued by a professional appraiser and the contract execution date; provided, where the publicly announced current value for the same period is used and not more than 6 months have elapsed, an opinion may still be issued by the original professional appraiser.

Art. 9-1 Authorization amount and level

When the Group acquires or disposes of real estate, plant and equipment with the transaction amount below NT \$ 30 million (inclusive), it shall be approved by the chairman of the board of directors and checked against the latest board of directors; Exceed NT \$ 30 million, after passing by the resolution of the board of directors, start it.

Art. 9-2 Transaction process

The Group acquires or disposes of real estate, plant and equipment in accordance with the relevant provisions of the Group's internal control system for the real estate, plant and equipment recycling.

Art. 10

The Group acquiring or disposing of securities shall, prior to the date of occurrence of the event, obtain financial statements of the issuing company for the most recent period, certified or reviewed by a certified public accountant, for reference in appraising the transaction price, and if the dollar amount of the transaction is 20 percent of the company's paid-in capital or NT\$300 million or more, the company shall additionally engage a certified public accountant prior to the date of occurrence of the event to provide an opinion regarding the reasonableness of the transaction price. If the CPA needs to use the report of an expert as evidence, the CPA shall do so in accordance with the provisions of Statement of Auditing Standards No. 20 published by the ARDF. This requirement



does not apply, however, to publicly quoted prices of securities that have an active market, or where otherwise provided by regulations of the Financial Supervisory Commission (FSC).

Art. 10-1 Authorization amount and level

1. Obtain or dispose of securities that are traded on a market place of centralized exchange or a place of business of a securities firm, if the transaction amount is less than NT \$ 30 million (inclusive), it shall be approved by the chairman of the board of directors and be submitted to the latest board of directors for verification afterwards; Exceed NT \$ 30 million, after passing by the resolution of the board of directors, start it.
2. Obtain or dispose of securities that are traded on a market place of centralized exchange or a place of business of a securities firm, if the transaction amount is less than NT \$ 20 million (inclusive), it shall be approved by the chairman of the board of directors and be submitted to the latest board of directors for verification afterwards; Exceed NT \$ 20 million, after passing by the resolution of the board of directors, start it.

Art. 10-1 Transaction process

The Group acquires or disposes of securities in accordance with the relevant provisions of the Group's internal control system for the investment recycling.

Art. 11

The Group acquires or disposes of memberships or intangible assets and the transaction amount reaches 20 percent or more of paid-in capital or NT\$300 million or more, except in transactions with a government agency, the company shall engage a certified public accountant prior to the date of occurrence of the event to render an opinion on the reasonableness of the transaction price; the CPA shall comply with the provisions of Statement of Auditing Standards No. 20 published by the ARDF.

Art. 11-1

Article 9, Article 10, Article 11 calculation of the amount of the transaction shall be handled in accordance with the provisions of Paragraph 2 of Article 30 and the said one year is retroactively estimated on the basis of the date of occurrence of this transaction for one year and a valuation report issued by a professional appraiser in accordance with the Principles has been obtained or the part of the accountant's opinion is not re-enrolled.

Art. 11-2 Authorization amount and level

1. Obtain or dispose of membership card, if the transaction amount is less than NT \$ 3 million

(inclusive), it shall be approved by the chairman of the board of directors and be submitted to the latest board of directors for verification afterwards; Exceed NT \$ 3 million, after passing by the resolution of the board of directors, start it.

2. Obtain or dispose of intangible assets, if the transaction amount is less than NT \$ 30 million (inclusive), it shall be approved by the chairman of the board of directors and be submitted to the latest board of directors for verification afterwards; Exceed NT \$ 30 million, after passing by the resolution of the board of directors, start it.

#### Art. 11-3 Transaction process

The Group acquires or disposes of membership card or intangible assets in accordance with the relevant provisions of the Group.

#### Art. 12

The Group acquires or disposes of assets through court auction procedures, the evidentiary documentation issued by the court may be substituted for the appraisal report or CPA opinion.

### Section III Related Party Transactions

#### Art. 13

When the Group engages in any acquisition or disposal of assets from or to a related party, in addition to ensuring that the necessary resolutions are adopted and the reasonableness of the transaction terms is appraised, if the transaction amount reaches 10 percent or more of the company's total assets, the company shall also obtain an appraisal report from a professional appraiser or a CPA's opinion in compliance with the provisions of the preceding Section and this Section. The calculation of the transaction amount referred to in the preceding paragraph shall be made in accordance with Article 11-1 herein. When judging whether a trading counterparty is a related party, in addition to legal formalities, the substance of the relationship shall also be considered.

#### Art. 14

The Group intends to acquire or dispose of real property from or to a related party, or when it intends to acquire or dispose of assets other than real property from or to a related party and the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the company's total assets, or NT\$300 million or more, except in trading of government bonds or bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises, the company may not proceed to enter into a

transaction contract or make a payment until the following matters have been approved by the board of directors and recognized by the supervisors:

1. The purpose, necessity and anticipated benefit of the acquisition or disposal of assets.
2. The reason for choosing the related party as a trading counterparty.
3. With respect to the acquisition of real property from a related party, information regarding appraisal of the reasonableness of the preliminary transaction terms in accordance with Article 15 and Article 16.
4. The date and price at which the related party originally acquired the real property, the original trading counterparty, and that trading counterparty's relationship to the company and the related party.
5. Monthly cash flow forecasts for the year commencing from the anticipated month of signing of the contract, and evaluation of the necessity of the transaction, and reasonableness of the funds utilization.
6. An appraisal report from a professional appraiser or a CPA's opinion obtained in compliance with the preceding article.
7. Restrictive covenants and other important stipulations associated with the transaction.

The calculation of the transaction amounts referred to in the preceding paragraph shall be made in accordance with Article 30, paragraph 2 herein, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items that have been approved by the board of directors and recognized by the supervisors need not be counted toward the transaction amount.

With respect to the acquisition or disposal of business-use equipment between the Group and its parent or subsidiaries, the board of directors may pursuant to Article 7, paragraph 1, subparagraph 3 delegate the board chairman to decide such matters when the transaction is within a certain amount and have the decisions subsequently submitted to and ratified by the next board of directors meeting. Where the position of independent director has been created in accordance with the provisions of the Act, when a matter is submitted for discussion by the board of directors pursuant to paragraph 1, the board of directors shall take into full consideration each independent director's opinions. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the board of directors meeting.

#### Art. 15

The Group acquires real property from a related party shall evaluate the reasonableness of the transaction costs by the following means:

1. Based upon the related party's transaction price plus necessary interest on funding and the costs

to be duly borne by the buyer. "Necessary interest on funding" is imputed as the weighted average interest rate on borrowing in the year the company purchases the property; provided, it may not be higher than the maximum non-financial industry lending rate announced by the Ministry of Finance.

2. Total loan value appraisal from a financial institution where the related party has previously created a mortgage on the property as security for a loan; provided, the actual cumulative amount loaned by the financial institution shall have been 70 percent or more of the financial institution's appraised loan value of the property and the period of the loan shall have been 1 year or more. However, this shall not apply where the financial institution is a related party of one of the trading counterparties.

Where land and structures thereupon are combined as a single property purchased in one transaction; the transaction costs for the land and the structures may be separately appraised in accordance with either of the means listed in the preceding paragraph. The Group acquires real property from a related party and appraises the cost of the real property in accordance with paragraph 1 and paragraph 2 shall also engage a CPA to check the appraisal and render a specific opinion.

Where the Group acquires real property from a related party and one of the following circumstances exists, the acquisition shall be conducted in accordance with Article 14 and the preceding three paragraphs do not apply:

- A. The related party acquired the real property through inheritance or as a gift.
- B. More than 5 years will have elapsed from the time the related party signed the contract to obtain the real property to the signing date for the current transaction.
- C. The real property is acquired through signing of a joint development contract with the related party, or through engaging a related party to build real property, either on the company's own land or on rented land.

#### Art. 16

When the results of the Group's appraisal conducted in accordance with paragraph 1 and paragraph 2 of the preceding Article are uniformly lower than the transaction price, the matter shall be handled in compliance with Article 17. However, where the following circumstances exist, objective evidence has been submitted and specific opinions on reasonableness have been obtained from a professional real property appraiser and a CPA have been obtained, this restriction shall not apply:

1. Where the related party acquired undeveloped land or leased land for development, it may submit proof of compliance with one of the following conditions:
  - A. Where undeveloped land is appraised in accordance with the means in the preceding Article, and structures according to the related party's construction cost plus reasonable construction

profit are valued in excess of the actual transaction price. The "Reasonable construction profit" shall be deemed the average gross operating profit margin of the related party's construction division over the most recent 3 years or the gross profit margin for the construction industry for the most recent period as announced by the Ministry of Finance, whichever is lower.

B. Completed transactions by unrelated parties within the preceding year involving other floors of the same property or neighboring or closely valued parcels of land, where the land area and transaction terms are similar after calculation of reasonable price discrepancies in floor or area land prices in accordance with standard property market practices.

C. Completed leasing transactions by unrelated parties for other floors of the same property from within the preceding year, where the transaction terms are similar after calculation of reasonable price discrepancies among floors in accordance with standard property leasing market practices.

2. Where a public company acquiring real property from a related party provides evidence that the terms of the transaction are similar to the terms of transactions completed for the acquisition of neighboring or closely valued parcels of land of a similar size by unrelated parties within the preceding year.

Completed transactions for neighboring or closely valued parcels of land in the preceding paragraph in principle refers to parcels on the same or an adjacent block and within a distance of no more than 500 meters or parcels close in publicly announced current value; transaction for similarly sized parcels in principle refers to transactions completed by unrelated parties for parcels with a land area of no less than 50 percent of the property in the planned transaction; within the preceding year refers to the year preceding the date of occurrence of the acquisition of the real property.

#### Art. 17

Where the Group acquires real property from a related party and the results of appraisals conducted in accordance with Article 15 and Article 16 are uniformly lower than the transaction price, the following steps shall be taken:

1. A special reserve shall be set aside in accordance with Article 41, paragraph 1 of the Act against the difference between the real property transaction price and the appraised cost, and may not be distributed or used for capital increase or issuance of bonus shares. Where a public company uses the equity method to account for its investment in another company, then the special reserve called for under Article 41, paragraph of the Act shall be set aside pro rata in a proportion consistent with the share of public company's equity stake in the other company.
2. Supervisors shall comply with Article 218 of the Company Act.
3. Actions taken pursuant to subparagraph 1 and subparagraph 2 shall be reported to a shareholders

meeting, and the details of the transaction shall be disclosed in the annual report and any investment prospectus.

The Group that has set aside a special reserve under the preceding paragraph may not utilize the special reserve until it has recognized a loss on decline in market value of the assets it purchased at a premium, or they have been disposed of, or adequate compensation has been made, or the status quo ante has been restored, or there is other evidence confirming that there was nothing unreasonable about the transaction, and the FSC has given its consent.

When the Company obtains real property from a related party, it shall also comply with the preceding two paragraphs if there is other evidence indicating that the acquisition was not an arm's length transaction.

#### Section IV Engaging in Derivatives Trading

##### Art. 18

The Group engaging in derivatives trading shall pay strict attention to control of the following important risk management and auditing matters, and incorporate them into their Procedures:

1. Trading principles and strategies: Shall include the types of derivatives that may be traded, operating or hedging strategies, segregation of duties, essentials of performance evaluation, total amount of derivatives contracts that may be traded, and the maximum loss limit on total trading and for individual contracts.
2. Risk management measures.
3. Internal audit system.
4. Regular evaluation methods and the handling of irregular circumstances.

##### Art. 19

The Group engaging in derivatives trading shall adopt the following risk management measures:

1. Risk management shall address credit, market, liquidity, cash flow, operational, and legal risks.
2. Personnel engaged in derivatives trading may not serve concurrently in other operations such as confirmation and settlement.
3. Risk measurement, monitoring, and control personnel shall be assigned to a different department than the personnel in the preceding subparagraph and shall report to the board of directors or senior management personnel with no responsibility for trading or position decision-making.
4. Derivatives trading positions held shall be evaluated at least once per week; however, positions for hedge trades required by business shall be evaluated at least twice per month. Evaluation reports shall be submitted to senior management personnel authorized by the board of directors.

5. Other important risk management measures.

Art. 20

The Group engaging in derivatives trading, its board of directors shall faithfully supervise and manage such trading in accordance with the following principles:

1. Designate senior management personnel to pay continuous attention to monitoring and controlling derivatives trading risk.
2. Periodically evaluate whether derivatives trading performance is consistent with established operational strategy and whether the risk undertaken is within the company's permitted scope of tolerance.

Senior management personnel authorized by the board of directors shall manage derivatives trading in accordance with the following principles:

1. Periodically evaluate the risk management measures currently employed are appropriate and are faithfully conducted in accordance with these Regulations and the procedures for engaging in derivatives trading formulated by the company.
2. When irregular circumstances are found in the course of supervising trading and profit-loss circumstances, appropriate measures shall be adopted and a report immediately made to the board of directors; where a company has independent directors, an independent director shall be present at the meeting and express an opinion. The Company shall report to the soonest meeting of the board of directors after it authorizes the relevant personnel to handle derivatives trading in accordance with its Procedures for Engaging in Derivatives Trading.

Art. 21

The Group engaging in derivatives trading shall establish a log book in which details of the types and amounts of derivatives trading engaged in, board of directors approval dates, and the matters required to be carefully evaluated under subparagraph 4 of Article 19 and subparagraph 2 of paragraph 1, and subparagraph 1 of paragraph 2, of Article 20 shall be recorded in detail in the log book.

The Group's internal audit personnel shall periodically make a determination of the suitability of internal controls on derivatives and conduct a monthly audit of how faithfully derivatives trading by the trading department adheres to the procedures for engaging in derivatives trading, and prepare an audit report. If any material violation is discovered, all supervisors shall be notified in writing.

Art. 21-1

The Group obtains or disposes of the evaluation and operating procedures of derivative products.

## The trading principles and guidelines

### 1. Transaction type

- A. Derivative financial commodities that the Group engages in are those contracts whose value is derived from commodities such as assets, interest rates, exchange rates, indices or other benefits (such as forward contracts, options, futures, interests or exchange rates).
- B. The Group has to engage in derivative product categories. At present, it is mainly for the purpose of avoiding the exchange rate and interest rate risk arising from the business operations of the Company. For the remaining derivative products, if the transaction requires, shall be approved by the board of directors.

### 2. Business or hedging strategy

- A. The Group engages in the trading of derivative products. For the purpose of avoiding risks, the trading commodities should be chosen to avoid the risks arising from the business operation of the Company.
- B. The Group engages in derivatives transactions with trading partners should choose financial institutions with better selection conditions based on the operational needs of the Company to avoid generating credit risk.

### 3. Division of authority

#### A. Financial unit

- (1). Responsible for the operation of commodity futures trading strategy.
- (2). Traders should regularly calculate the site every two weeks, collect market information, make trend judgments and risk assessment, and formulate operational strategies, which are subject to the transaction after being approved by the authority unit.
- (3). According to the authorization limit and the fixed strategy to execute the transaction.

#### B. Accounting unit

Be responsible for derivative transactions of goods accounting, accounting statements, and regular information summary and other matters.

#### C. Audit unit

Be responsible for understanding the separation of duties, operational procedures and other internal control of the legitimacy, and check the transaction unit of the handling Procedures for compliance.



D. The authority limit of derivative financial products

(1). The approval of the hedging transaction

| Level    | The amount of each contract |
|----------|-----------------------------|
| Chairman | Over USD \$ 2,000,000↑      |
| Director | USD \$ 2,000,000↓           |

(2). It needs to be submitted to the board of directors' resolution passed for other special-purpose transactions.

4. Grade evaluation

A. The hedging transaction

(1) The basis of the performance evaluation is the profit and loss between the exchange rate cost on the book of the company and the transaction in the derivative financial products.

(2) In order to know and express the evaluation risk of the transaction fully, the Company adopts the monthly evaluation method to evaluate the profit and loss.

(3) The financial unit should provide the evaluation of the foreign exchange position and the trend of the foreign exchange market and market analysis to the competent authority and responsibility as a reference for management and resolution.

B. The actual profits and losses generated by the performance evaluation basis, and the accounting unit must be regularly prepared parts of the report to provide management information.

5. Total amounts of contracts

A. The hedging transaction

The hedging transactions accumulated outstanding total contract balance is limited to 50% of the then net share of the Company.

B. Specific purpose transactions

For the purpose-specific transactions of the Company, the total amount of the contracts shall be limited to 10% of the net value of the Company.

6. Loss limit

A. About the hedging transaction is to avoid the risk, in order to avoid the risk of hedging transactions from expanding, when the total amount of contracts demanded should be 8%, shall report to the competent authority, take the necessary response measures, and immediately report to the board of directors, the board of directors should have independent directors to attend and express their opinions.

B. If it belongs to a specific purpose of the transaction, and the site established, shall set to

prevent excessive losses, the stop loss point is set up to a maximum of 3% of the transaction contract amount; If the amount of the loss exceeds 3% of the transaction amount, shall report to the leader of authority and take necessary countermeasures and report immediately to the board of directors. The board of directors shall attend the meeting with independent directors and express their opinions.

- C. The ceiling of the annual loss of the Company's specific purpose of the transaction of derivative products of the operation is USD \$ 300 thousand.

## Section V Mergers and Consolidations, Splits, Acquisitions, and Assignment of Shares

### Art. 22

The Group conducts a merger, demerger, acquisition, or transfer of shares, prior to convening the board of directors to resolve on the matter, shall engage a CPA, attorney, or securities underwriter to give an opinion on the reasonableness of the share exchange ratio, acquisition price, or distribution of cash or other property to shareholders, and submit it to the board of directors for deliberation and passage. However, the requirement of obtaining an aforesaid opinion on reasonableness issued by an expert may be exempted in the case of a merger by a public company of a subsidiary in which it directly or indirectly holds 100 percent of the issued shares or authorized capital, and in the case of a merger between subsidiaries in which the public company directly or indirectly holds 100 percent of the respective subsidiaries' issued shares or authorized capital.

### Art. 23

The Group participating in a merger, demerger, acquisition, or transfer of shares shall prepare a public report to shareholders detailing important contractual content and matters relevant to the merger, demerger, or acquisition prior to the shareholders meeting and include it along with the expert opinion referred to in paragraph 1 of the preceding Article when sending shareholders notification of the shareholders meeting for reference in deciding whether to approve the merger, demerger, or acquisition.

Provided, where a provision of another act exempts a company from convening a shareholders meeting to approve the merger, demerger, or acquisition, this restriction shall not apply.

Where the shareholders meeting of any one of the companies participating in a merger, demerger, or acquisition fails to convene or pass a resolution due to lack of a quorum, insufficient votes, or other legal restriction, or the proposal is rejected by the shareholders meeting, the companies participating in the merger, demerger or acquisition shall immediately publicly explain the reason, the follow-up measures, and the preliminary date of the next shareholders meeting.

Art. 24

A company participating in a merger, demerger, or acquisition shall convene a board of directors meeting and shareholders meeting on the day of the transaction to resolve matters relevant to the merger, demerger, or acquisition, unless another act provides otherwise or the FSC is notified in advance of extraordinary circumstances and grants consent.

A company participating in a transfer of shares shall call a board of directors meeting on the day of the transaction, unless another act provides otherwise or the FSC is notified in advance of extraordinary circumstances and grants consent.

The Group participating in a merger, demerger, acquisition, or transfer of another company's shares, a company that is listed on an exchange or has its shares traded on an OTC market shall prepare a full written record of the following information and retain it for 5 years for reference:

1. Basic identification data for personnel: Including the occupational titles, names, and national ID numbers (or passport numbers in the case of foreign nationals) of all persons involved in the planning or implementation of any merger, demerger, acquisition, or transfer of another company's shares prior to disclosure of the information.
2. Dates of material events: Including the signing of any letter of intent or memorandum of understanding, the hiring of a financial or legal advisor, the execution of a contract, and the convening of a board of directors meeting.
3. Important documents and minutes: Including merger, demerger, acquisition, and share transfer plans, any letter of intent or memorandum of understanding, material contracts, and minutes of board of directors meetings.

The Group participating in a merger, demerger, acquisition, or transfer of another company's shares, a company that is listed on an exchange or has its shares traded on an OTC market shall, within 2 days counting inclusively from the date of passage of a resolution by the board of directors, report (in the prescribed format and via the Internet-based information system) the information set out in subparagraphs 1 and 2 of the preceding paragraph to the FSC for recordation.

Where any of the companies participating in a merger, demerger, acquisition, or transfer of another company's shares is neither listed on an exchange nor has its shares traded on an OTC market, the Group so listed or traded shall sign an agreement with such company whereby the latter is required to abide by the provisions of paragraphs 3 and 4.

Art. 25

Every person participating in or privy to the plan for merger, demerger, acquisition, or transfer of shares shall issue a written undertaking of confidentiality and may not disclose the content of the plan prior to public disclosure of the information and may not trade, in their own name or under the

name of another person, in any stock or other equity security of any company related to the plan for merger, demerger, acquisition, or transfer of shares.

Art. 26

The Group participating in a merger, demerger, acquisition, or transfer of shares may not arbitrarily alter the share exchange ratio or acquisition price unless under the below-listed circumstances, and shall stipulate the circumstances permitting alteration in the contract for the merger, demerger, acquisition, or transfer of shares:

1. Cash capital increase, issuance of convertible corporate bonds, or the issuance of bonus shares, issuance of corporate bonds with warrants, preferred shares with warrants, stock warrants, or other equity based securities.
2. An action, such as a disposal of major assets, which affects the company's financial operations.
3. An event, such as a major disaster or major change in technology, which affects shareholder equity or share price.
4. An adjustment where any of the companies participating in the merger, demerger, acquisition, or transfer of shares from another company, buys back treasury stock.
5. An increase or decrease in the number of entities or companies participating in the merger, demerger, acquisition, or transfer of shares.
6. Other terms/conditions that the contract stipulates may be altered and that have been publicly disclosed.

Art. 27

The contract for participation by the Company in a merger, demerger, acquisition, or of shares shall record the rights and obligations of the companies participating in the merger, demerger, acquisition, or transfer of shares, and shall also record the following:

1. Handling of breach of contract.
2. Principles for the handling of equity-type securities previously issued or treasury stock previously bought back by any company that is extinguished in a merger or that is demerged.
3. The amount of treasury stock participating companies are permitted under law to buy back after the record date of calculation of the share exchange ratio, and the principles for handling thereof.
4. The manner of handling changes in the number of participating entities or companies.
5. Preliminary progress schedule for plan execution, and anticipated completion date.
6. Scheduled date for convening the legally mandated shareholders meeting if the plan exceeds the deadline without completion, and relevant procedures.

Art. 28

After public disclosure of the information, if any company participating in the merger, demerger, acquisition, or share transfer intends further to carry out a merger, demerger, acquisition, or share transfer with another company, all of the participating companies shall carry out anew the procedures or legal actions that had originally been completed toward the merger, demerger, acquisition, or share transfer; except that where the number of participating companies is decreased and a participating company's shareholders meeting has adopted a resolution authorizing the board of directors to alter the limits of authority, such participating company may be exempted from calling another shareholders meeting to resolve on the matter anew.

Art. 29

Where any of the companies participating in a merger, demerger, acquisition, or transfer of shares is not a public company, the Group shall sign an agreement with the non-public company whereby the latter is required to abide by the provisions of Article 24, Article 25, and Article 28.

Chapter III Public Disclosure of Information

Art. 30

Under any of the following circumstances, the Group acquires or disposes of assets shall publicly announce and report the relevant information on the FSC's designated website in the appropriate format as prescribed by regulations within 2 days counting inclusively from the date of occurrence of the event:

1. Acquisition or disposal of real property from or to a related party, or acquisition or disposal of assets other than real property from or to a related party where the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the company's total assets, or NT\$300 million or more; provided, this shall not apply to trading of government bonds or bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises.
2. Merger, demerger, acquisition, or transfer of shares.
3. Losses from derivatives trading reaching the limits on aggregate losses or losses on individual contracts set out in the procedures adopted by the company.
4. Where the type of asset acquired or disposed is equipment for business use, the trading counterparty is not a related party, and the transaction amount meets any of the following criteria:
  - (1) For a public company whose paid-in capital is less than NT\$10 billion, the transaction amount reaches NT\$500 million or more.

(2) For a public company whose paid-in capital is NT\$10 billion or more, the transaction amount reaches NT\$1 billion or more.

5. Where land is acquired under an arrangement on engaging others to build on the company's own land, engaging others to build on rented land, joint construction and allocation of housing units, joint construction and allocation of ownership percentages, or joint construction and separate sale, and the amount the company expects to invest in the transaction reaches NT\$500 million.

6. Where an asset transaction other than any of those referred to in the preceding six subparagraphs, a disposal of receivables by a financial institution, or an investment in the mainland China area reaches 20 percent or more of paid-in capital or NT\$300 million; provided, this shall not apply to the following circumstances:

(1) Trading of government bonds.

(2) Securities trading by investment professionals on foreign or domestic securities exchanges or over-the-counter markets, or subscription by investment professionals of ordinary corporate bonds or of general bank debentures without equity characteristics that are offered and issued in the domestic primary market, or subscription by a securities firm of securities as necessitated by its undertaking business or as an advisory recommending securities firm for an emerging stock company, in accordance with the rules of the Taipei Exchange.

(3) Trading of bonds under repurchase/resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises.

The amount of transactions above shall be calculated as follows:

1. The amount of any individual transaction.

2. The cumulative transaction amount of acquisitions and disposals of the same type of underlying asset with the same trading counterparty within the preceding year.

3. The cumulative transaction amount of real property acquisitions and disposals (cumulative acquisitions and disposals, respectively) within the same development project within the preceding year.

4. The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of the same security within the preceding year.

"Within the preceding year" as used in the preceding paragraph refers to the year preceding the date of occurrence of the current transaction. Items duly announced in accordance with these Regulations need not be counted toward the transaction amount.

The Company shall compile monthly reports on the status of derivatives trading engaged in up to the end of the preceding month by itself and any subsidiaries that are not domestic public companies

and enter the information in the prescribed format into the information reporting website designated by the FSC by the 10th day of each month.

The Company at the time of public announcement makes an error or omission in an item required by regulations to be publicly announced and so is required to correct it, all the items shall be again publicly announced and reported in their entirety within two days counting inclusively from the date of knowing of such error or omission.

The Company acquires or disposes of assets shall keep all relevant contracts, meeting minutes, log books, appraisal reports and CPA, attorney, and securities underwriter opinions at the company headquarters, where they shall be retained for 5 years except where another act provides otherwise.

#### Art. 31

Where any of the following circumstances occurs with respect to a transaction that the Company has already publicly announced and reported in accordance with the preceding article, a public report of relevant information shall be made on the information reporting website designated by the FSC within 2 days counting inclusively from the date of occurrence of the event:

1. Change, termination, or rescission of a contract signed in regard to the original transaction.
2. The merger, demerger, acquisition, or transfer of shares is not completed by the scheduled date set forth in the contract.
3. Change to the originally publicly announced and reported information.

#### Chapter IV Additional Provisions

#### Art. 32

The Group acquires or disposes of assets are required to carry out information disclosure in compliance with the provisions of Chapter III. Article 30 of the preceding paragraph applies to the first paragraph of the declaration criteria should be announced about the real capital gains of 20% or 10% of the total assets of the provisions. Subsidiaries formulate procedures for "Regulations Governing the Acquisition and Disposal of Assets" in accordance with the "Regulations Governing the Acquisition and Disposal of Assets by Public Companies" issued by the Financial Supervisory Commission, after the approval of the audit committee of the parent company and the board of directors, it will be submitted to the shareholders' meeting of the parent company for approval and amendment.

#### Art. 32-1

For the calculation of 10% of total assets under the Regulations, the total assets stated in the most

recent parent company only financial report or individual financial report prepared under the Regulations Governing the Preparation of Financial Reports by Securities Issuers shall be used.

In the case of the Company whose shares have no par value or a par value other than NT\$10, for the calculation of transaction amounts of 20% of paid-in capital under the Regulations, 10% of equity attributable to owners of the parent shall be substituted.

Art. 33

Relevant personnel of the Group who handle the acquisition or disposal of assets, if in violation of the "Regulations Governing the Acquisition and Disposal of Assets by Public Companies " or the Procedures, submit an assessment according to the personnel management rules and working rules of the Group, and punish them according to their severity.

Art. 34

This procedure unformulated matters, according to the relevant laws and regulations.



## **Appendix XIII : The Rules of Procedure in Shareholders' Meeting**

### **MetaTech Corporation Limited Company The rules of procedure in shareholders' meeting**

- I. Except rules are stipulated by law in addition, the shareholders' meeting of the Company shall be run by these Rules.
- II. Shareholders (or agents) attend the meeting should do check-in, check-in card to sign in place of attendance in accordance with the number of sign-in card, amount the number of votes in writing or by way of electronic transmission for calculating shareholders' rights of the attendance.
- III. On behalf of shareholders of more than half of the total number of issued shares attend; the chairman announces the meeting started. If the meeting time is still less than the quorum, the chairman may declare the extension, extended by two times and the total extension may not exceed a minimum of one hour. When the number of shareholders present does not constitute the quorum prescribed in the preceding article, but those present represent one-third or more of the total number of issued shares, they shall be regulated by Article 175 of the Company Law (a tentative resolution may be passed by a majority of those present). Before the meeting is completed, if the number of shares represented by the shareholders present at the meeting is sufficient, the chairman will have to make a tentative resolution. In accordance with Article 174 of the Company Law, it shall be re-submitted to the meeting for voting.
- IV. The agenda of the shareholders' meeting is set by the board of directors and distributed to the attending shareholders or shareholders' representatives. The meeting was processed in accordance with the procedures laid down by the agenda.

Except for the list of agenda, other proposals put forward by the shareholders or amendments or replacement to the original bill should be seconded by other shareholders, the proposer and seconders shall have more than 1% (inclusive) shares of the total number of issued ordinary shares. Not a bill, not to discuss or vote it.

Before the scheduled agenda (including the provisional bill) is not yet finished, the chairman shall not declare a meeting to be over directly.

If the chairman violated of the rules of procedure and declared the meeting to be over, to be able to attend more than half of the voting rights of shareholders agreed to elect a person as chairman, continue meeting. After the meeting is over, shareholders may not elect a chairman to resume their meeting at the original location or at another place.

- V. The break time of the meeting will be fixed at the discretion of the chairman.

VI. When attending shareholders want to speak, they should fill in the statement of shareholders' account number and their names first, then the chairman will set the priority.

VII. When discussing a bill, it should be discussed in the order in which it is scheduled. If there is a violation of the procedure, the chairman should stop speaking.

VIII. The attending shareholders shall not speak for more than five minutes at a time, but may be prolonged by three minutes for the permission of the chairman. Speaking out of time or over the scope of the bill, the chairman shall cease them from speaking.

IX. In the same bill, each shareholder or corporation shall speak only by one representative (the corporation shall assign a multi-member representative to attend the shareholders meeting simultaneously, and only one representative shall speak), and his speech shall not exceed two times.

X. In discussing the bill, the chairman may declare the conclusion of the discussion at the discretion of the chairman, if necessary, end the discussion.

XI. The vote of the bill shall be approved by a majority of the shareholders who present the voting right, except special resolutions need to be followed in the Company Law.

When shareholders' meeting is held, the Company shall exercise its voting rights in writing or by way of electronic transmission (according to Article 177 of the Company Law, the first paragraph of the proviso shall be exercised to electronic transmission: The voting power at a shareholders' meeting may be exercised in writing or by way of electronic transmission.).

The method for exercising the voting right shall be described in the notice of shareholders' meeting to be given to the shareholders.

Shareholders who exercise their voting rights in writing or by way of electronic transmission shall be deemed to attend the shareholders' meeting in person. However, the incidental motion of this meeting and the amendment to the original motion shall be deemed as abstention. Therefore, the Company should avoid making any provisional motion and any amendment to the original motion. In the preceding paragraph, a written or electronic exercise of voting rights shall mean that the company should be delivered to the company before two days of the starting of the shareholders' meeting. If there is any duplication of meaning, the first delivery shall be accepted. But the statement for a withdrawal of the meaning is not.

After shareholders exercise their voting rights in writing or by way of electronic transmission, if shareholders who hope to attend the shareholders' meeting in person, before two days of the starting of the shareholders' meeting ,they have to cancel the exercise of the voting rights in the preceding paragraph in the same manner as the exercise of voting rights. Those overdue withdrew of voting rights exercised in writing or by way of electronic transmission shall be accepted.

If voting rights are exercised in writing or by way of electronic transmission and the agents are represented at the shareholders' meeting by power of attorney, the agents will exercise the voting rights.

At the time of voting, shareholders shall vote by case on a case-by-case basis and after the total number of voting rights present at the shareholders' meeting, shall be announced by the chairman or his designated officer on a case-by-case basis. On the day after the shareholders' meeting, the result of shareholder's consent, opposition and abdication shall be entered into the Market Observation Post System (MOPS).

When there is an amendment or replacement to the same bill, the chairman shall fix the order of voting on the original bill. If one of the cases has been passed, the other bills will be dismissed and not be voted again.

The scrutineers and counting officers of the voting bill are to be assigned by the chairman, but the scrutineers shall have the identity of the shareholder. Shareholders have one vote for each share.

When shareholders entrust an agent to attend the shareholders' meeting, except for the trust business or the stock agency approved by the securities authority, when one person is entrusted by more than two shareholders at the same time, the voting rights of its agents shall not exceed 3% of the total voting shares in issue, if more than its voting rights, the voting rights over it are not counted.

The works of voting of shareholders' meeting or the election of the bill of counting votes shall be processed in the shareholders' meeting place openly. And should be announced the voting results after the completion of counting votes, including statistic weights, and make a record.

XII. The resolutions of the shareholders' meeting shall be made the journal, signed or sealed by the chairman, and shall be distributed to the shareholders within 20 days after the meeting. The production and distribution of the previous proceedings are made by the electronic transmission.

XIII. In case of force majeure during the meeting, the meeting shall be suspended and another meeting shall be held on another date.

XIII. The contents which are not stipulated in our methods must be processed with the Company Law and regulations of relevant laws.

XV. The methods shall be implemented after the approval of the shareholders meeting and the same shall apply when modifying.

## Appendix IXV : The Method for the Board of Directors' Election

### MetaTech Corporation Limited Company The method for the Board of Directors election

Approved by shareholders meeting on the date of amendment: 2017.06.20

- I. The election of the directors shall be handled in accordance with the method.
- II. The election of directors of the Company, adopts registered and cumulative voting method. The voter's name is replaced by the card number printed on the ballot paper. Electoral votes are prepared by the board of directors, numbered according to the number of the attendance card and added to their numbers of the voting right. Each share shall have the same number of votes as the number of directors who should be elected. There should be one person to be elected centralized, or several persons should be allotted for election. Independent directors and non-independent directors should be elected together, to calculate the number of places respectively.
- III. The director of the Company, according to the number of places stipulated in the articles of association of the Company, win on the basis of obtaining most votes. If two or more persons have the same right to vote and the number of votes cast exceeds the prescribed number, they shall be determined by lot. Not attendees, draw lots by the chairman. The election of directors of the Company shall be managed in accordance with the procedures for the nomination of candidates as stipulated in Article 192-1 of the Company Law. Shareholders shall be elected from a list of candidates for directorship.
- IV. At the beginning of the election, the chairman assigns various members of scrutineers and counting officers to implement various tasks.
- V. During the election, a voter shall fill in the name of the elector on the election ballot and add the shareholder number of the elector, then put it into the ballot box. If the non-shareholder identities should be the name of the elector, fill in the name of the elector and the ID number. When the government or corporation shareholders are elected persons, the column of the elector of the ballot paper shall include the name of the government or corporation shareholders and fill in the name of the representative of the government or corporation shareholder's name.
- VI. Election vote is invalid in any of the following situations:
  1. Do not use the method of these electoral votes.
  2. In addition to the elector's name and its shareholder number or ID number, write other words.

3. Blurring, unrecognizable.
  4. Fill in the name of the elector and the account number does not match with shareholders list or its name and ID number unverified.
  5. The name of the elector to be filled in is the same as the name of any other person but the ID number has not been filled in to identify the person.
  6. The number of filled candidates exceeds the required number of candidates.
  7. Votes that have not been put into a ballot box or blank ballots without written.
- VII. After all the votes have been taken into the ballot box; the ballot box will be opened by scrutineers and counting officers jointly.
- VIII. If there is any problem about the election, the scrutineers shall check whether the vote is invalid or not. The vote canceled shall be placed in another place separately.
- After counting votes completely, check out the number of votes and the right of voting then be approved and signed by scrutineers.
- IX. After counting the ballots, the sum of valid votes and invalid votes has been verified by the scrutineers without wrong, fill in the record form the number of valid votes and the number of their vote rights; the number of their invalid votes and the number of their vote rights respectively, and hand over to the chairman for declaration of the names of the persons elected and shareholder's account number or ID number.
- X. The contents which are not stipulated in our methods must be processed with the Company Law and regulations of relevant laws.
- XI. The methods shall be implemented after the approval of the shareholders meeting and the same shall apply when modifying.

## Appendix XV : The Condition of Directors Holding Shares

### MetaTech Corporation Limited Company The Condition of Directors Holding Shares

1. All directors should hold the minimum number of shares

All directors should hold a minimum number of shares of 3,600,000 shares.

2. As of this shareholders' meeting will be held shareholders list of the number of shares on the transfer date:

Stop transferring on the transfer date: April 27, 2018

| Title                     | Name                                | Stop the holdings of shares recorded in the shareholders' register on the transfer date |                        |
|---------------------------|-------------------------------------|-----------------------------------------------------------------------------------------|------------------------|
|                           |                                     | Number of sharesholding                                                                 | % Holding into several |
| Chairman                  | Hu Li San                           | 2,065,495                                                                               | 3.56%                  |
| Director                  | Li Zheng                            | 338,000                                                                                 | 0.58%                  |
| Director                  | Tang Hong De                        | 705,000                                                                                 | 1.22%                  |
| Director                  | Qiu Jun Hua                         | 373,000                                                                                 | 0.64%                  |
| Director                  | Ou Geng Liang                       | 106,000                                                                                 | 0.18%                  |
| Director                  | Boîte À Bijoux Investment Co., Ltd. | 1,077,000                                                                               | 1.86%                  |
| Independent director      | Chen Rong Hua                       | -                                                                                       | -                      |
| Independent director      | Yang Liang You                      | -                                                                                       | -                      |
| Independent director      | Wang Wen Zhu                        | -                                                                                       | -                      |
| All directors hold shares |                                     | 4,664,495                                                                               | 8.04%                  |

## Appendix XVI : Other Instructions

The impact of the Company's issuance of bonus shares on the Company's business performance, earnings per share and shareholder return:

The Company did not allot out the issuance of bonus shares during the year and therefore does not apply.

Information on employee dividends and directors' compensation received by the board of directors:

1. The Company's 2017 profit and loss provision case was approved by the board of directors on March 27, 2018. The proposed employee bonus and director's compensation are as follows:
  - a. Cash dividends for employees and stock dividends of NT\$0.
  - b. The directors and supervisors have paid NT\$0.
2. If the board of directors proposes to distribute the employee's cash dividend, stock dividend and the amount of the director's compensation to the annual estimated amount of the recognized expenses, the difference, reason and treatment shall be disclosed:

The board of directors' proposes to distribute the employee's cash dividend, stock dividend and director's compensation amount to NT\$ 0 and the recognition expense annual estimated amount to NT\$ 0, there is no difference.