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Meeting Handbook

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三顧股份有限公司
METATECH (AP) INC.

Stock Code
3224

Handbook for the 2019 Annual Meeting of Shareholders

Meeting Time:

9:00 A.M. (Monday) June 17, 2019

Address:

4F, No. 128, Sec. 1, DaTong Rd., Xizhi Dist., New Taipei City 221, Taiwan (R.O.C.)
(4F HuaMei Hall, FuShin Hotel)

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I. Meeting Procedure

MetaTech (AP) Inc.
Procedure for the 2019 Annual Meeting of Shareholders

- 1 . Call the Meeting to Order
- 2 . Chairperson Remarks
- 3 . Management Presentation
- 4 . Proposals Matters
- 5 . Discussion Matters
- 6 . Other Matters and Questions and Motions
- 7 . Adjournment

II. Meeting Agenda

Meeting time : 9:00 A.M. (Monday) June 17, 2019

Address : 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) . 2018 Annual Business Report.
- (B) . The Audit Committee reviewed the 2018 final accounts report.
- (C) . 2017 cash capital increase implementation situation of the Company.
- (D) . 2018 Report for the Company issued the third domestic secured convertible corporate bonds.

2 . Proposals Matters :

- (A) . Recognize the 2018 Business Report, Individual Financial Statements and Consolidated Financial Statements.
- (B) . 2018 Statements of Deficit Compensated.

3 . Discussion Matters :

- (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.
- (E) . Release the Prohibition on Directors of the Company from Participation in Competitive Business.

4 . Other Matters and Questions and Motions

5 . Adjournment

III. Management Presentation (The Company Report)

【Report No. 1】

Proposal: 2018 Annual Business Report, please check.

Explanation: 1 . For the Company's 2018 Annual Business Report, please refer to page 11 to page 17 of Appendix I of this handbook.
2 . Please check.

【Report No. 2】

Proposal: Audit Committee's Review Report on the 2018 Financial Statements, please check.

Explanation: 1 . The Company's 2018 annual financial statements and consolidated financial statements have been verified by the certified public accountant and issued by the Audit Committee. Please refer to page 18 of Appendix II and page 19 to page 43 of Appendix III of this handbook.
2 . Please check.

【Report No. 3】

Proposal: The Status of Cash Injection of the Company in 2017, please check.

Explanation: 1 . The proposal for a cash injection of the Company in 2017 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 NTD 36 per share, 14,000,000 new shares were issued in cash injection, and a total of NTD 504,000,000 was raised. The full amount of the shares was collected on January 16, 2018, and they were listed on the counter trading market on January 19, 2018. On the other hand, on January 29, 2018, the letter of certificate was approved by the letter No. 107010110990, and the amount of paid-up capital after the change was NTD580,160,450.
2 . According to the relevant correspondence of the competent authority, report the status of cash injection of the Company in 2017 to the shareholders' meeting. As of the first quarter of 2019, the status of cash injection of the Company in 2017, please refer to page 44 to page 45 of Appendix IV of this handbook.
3 . Please check.

【Report No. 4】

Proposal: The Status of Issue of the third Domestic Secured Convertible Corporate Bonds in 2018, please check.

Explanation: 1 . The Company has issued the third domestic secured convertible corporate bond in 2018. The letter of the certificate which was issued by the Financial Supervisory Committee No. 1070345294 has been approved on December 14, 2018, was effective on the case. The number of issued shares is 1,500, and each denomination is NTD 100,000. The issue price is issued at 100%~101% of the face value. The total amount of the raised amount is NTD151,500,000. The full amount of the shares was collected on January 7, 2019, and was listed on the counter market on January 9, 2019.
2 . According to the relevant correspondence requirements of the competent authority, the status of the third domestic secured convertible corporate bonds issued in 2018 has to be reported to the shareholders' meeting.
As of the first quarter of 2019, the status of issue of the third domestic secured convertible corporate bonds in 2018, please refer to page 46 of Appendix V of this handbook.
3 . Please check.

IV. Proposals Matters

【Report No. 1】

Proposal of the board of directors

Proposal: The Company's 2018 Business Report, Individual Financial Statements and Consolidated Financial Statements have been submitted for confirmation.

Explanation: 1 . The Company's 2018 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 2018 Financial Statements and Consolidated Financial Statements have been approved by the Board of Directors and reviewed by the Audit Committee and issued the Review Report. They were submitted for recognition in accordance with the law.

3 . Please refer to page 11 to page 17 of Appendix I and page 19 to page 43 of Appendix III of this handbook.

4 . Please approve.

Resolution:

【Report No. 2】

Proposal of the board of directors

Proposal: Proposal for 2018 Deficit Compensation, please check.

Explanation: 1 . The Company's net profit after tax of 2018 was NTD 57,743,839, accumulated loss was NTD 114,567,429 and Statements of Deficit Compensated was as below:

MetaTech (AP) Inc.
2018 Deficit Compensation Statement

Entry	Amount
The beginning of accumulated profit or loss	(55,630,214)
Net profit after tax of 2018	(57,743,839)
Other comprehensive profit and loss for the current period	(1,193,376)
Accumulated loss at the end of period	(114,567,429)

Chairman: Hu Li San

Manager: Tang Hung Te

Account Manager: Chan Chih Tsung

2 . Please approve.

Resolution:

V. Discussion Matters

【Report No. 1】 Proposal of the board of directors

Proposal: Amendment to the Company's Policy, please proceed to discuss.

Explanation: 1 . In order to meet the operational needs of the Company, it is proposed to amend one of the Articles 1, 2, 6, 3, 16 and 18-1 of the Articles of Association of the Company. Please refer to the comparison table of amendment to the Company Policy from page 47 to page 50 of the Appendix VI of this handbook.

2 . Please check.

Resolution:

【Report No. 2】 Proposal of the board of directors

Proposal: Amendment to the Operational Procedures for Regulations Governing Loans of the Group, please proceed to discuss.

Explanation: 1 . In order to meet the needs of the Company's actual operations, the Company hereby proposes to amend the operational procedures for the "Regulations Governing Loans" of the Group in accordance with the "Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies". Please refer to the comparison table of amendment for Regulations Governing Loans from page 51 to page 53 of the Appendix VII of this handbook.

2 . Please check.

Resolution:

【Report No. 3】 Proposal of the board of directors

Proposal: Amendment to the Operational Procedures for Regulations Governing Endorsement Guarantee of the Group, please proceed to discuss.

Explanation: 1 . In order to meet the needs of the Company's actual operations, the Company hereby proposes to amend the operational procedures for the "Regulations Governing Endorsement Guarantee" of the Group in accordance with the "Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies". Please refer to the comparison table of amendment for Regulations Governing Endorsement Guarantee from page 54 to page 56 of the Appendix VIII of this handbook.

2 . Please check.

Resolution:

【Report No. 4】 Proposal of the board of directors

Proposal: Amendment to the Operational Procedures for Regulations Governing the Acquisition and Disposal of Assets of the Group, please proceed to discuss.

Explanation: 1 . In order to meet the needs of the Company's actual operations, the Company hereby proposes to amend the operational procedures for the "Regulations Governing the Acquisition and Disposal of Assets" of the Group in accordance with the "Regulations Governing the Acquisition and Disposal of Assets by Public Companies". Please refer to the comparison table of amendment for Regulations Governing Endorsement Guarantee from page 57 to page 71 of the Appendix IX of this handbook.

2 . Please check.

Resolution:

【Report No. 5】

Proposal of the board of directors

Proposal: Proposal of Release the Prohibition on Directors of the Company from Participation in Competitive Business, please proceed to discuss.

- Explanation: 1 . In accordance with Article 209 of the Company Law, "A director who does anything for himself or on behalf of another person that is within the scope of the company's business, shall explain to the meeting of shareholders the essential contents of such an act and secure its approval".
- 2 . Due consideration of the directors of the investment company or other business conduct and management of the same or similar to the Company's business scope of the company, to be proposed to the shareholders can agree to release the prohibition on individual directors of the Company from participation in competitive business until the expiration of the eighth term.
- 3 . For the directors of the Company, the details of the proposal of release the prohibition on directors of the Company from participation in competitive business are as follows:

Elected title	Name	Company of part-time position/Position
Corporate Directors	National Development Fund, Executive Yuan	<ul style="list-style-type: none"> • Corporate Director of Genovate Biotechnology Co., Ltd. • Corporate Director of Taiwan Biotech Co., Ltd. • Corporate Director of ScinoPharm Taiwan, Ltd. • Corporate Director of Taiwan Flower Biotechnology Co., Ltd. • Corporate Director of United Biomedical Inc., Asia • Corporate Director of ADIMMUNE Corporation • Corporate Director of TaiGen Biopharmaceuticals Holdings Limited • Corporate Director of PharmaEssentia Corp. • Corporate Director of PharmaEngine, Inc. • Corporate Director of TaiAn Technologies Corp. • Corporate Director of Mycenax Biotech Inc., MBI • Corporate Director of TaiMed Biologics Inc. • Corporate Director of EirGenix, Inc. • Corporate Director of APEX Medical Corp.

Elected title	Name	Company of part-time position/Position
Corporate Representative of Directors	National Development Fund, Executive Yuan Representative: He Hong Neng	<ul style="list-style-type: none"> • General Counsel of Taipei Medical University and Affiliated System • Honorary Director of Taiwan Reproductive Medicine Association • Supervisor of Society for Stem Cell Research • Supervisor of Taiwan Association For Cellular Therapy • Chairman of Taiwan Society for Biopreservation and Biobanking
Corporate Representative of Directors	Jimmore International Co., Ltd. Representative: Wu Zhen Long	<ul style="list-style-type: none"> • Representative of Financial Corporation He Cao Philanthropy Foundation
Corporate Representative of Directors	Bei De Bi XiuInvestment Co., Ltd Representative: Chen Rui Jie	<ul style="list-style-type: none"> • Dean of Taipei Medical University Hospital • Director of Eminent II Venture Capital Corporation

4 . Please approve.

Resolution:

VI. Other Matters and Questions and Motions

VII. Appendix

- 1 . 2018 Business Report
- 2 . 2018 Audit Committee's Review Report
- 3 . 2018 Accountants' Review Report and Financial Statements
- 4 . 2017 Cash Injection Implementation Situation
- 5 . 2018 The Implementation of the third Domestic Secured Convertible Corporate Bonds
- 6 . The Comparison Table of Amendment to the Company Policy
- 7 . The Comparison Table of Amendment to Regulations Governing Loans
- 8 . The Comparison Table of Amendment to Regulations Governing Endorsement Guarantee
- 9 . The Comparison Table of Amendment to Regulations Governing the Acquisition and Disposal of Assets
- 10 . The Company Policy (Before amendment)
- 11 . Regulations Governing Loans (Before amendment)
- 12 . Regulations Governing Endorsement Guarantee (Before amendment)
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Appendix I : 2018 Business Report

2018 Operating status report

I . 2018 business results

(A) 2018 Business Plan Implementation Results

In 2018, the total consolidated revenue was NTD 1,460,290 thousand, a increase of NTD 31,057 thousand compared with the year of 2017 NTD 1,429,233 thousand, growth of 2.17%; the net profit after tax for 2018 is NTD 57,744 thousand, compared with the net loss after tax of NTD 5,189 thousand in 2017, and the net loss increased by NTD 62,933 thousand. The loss per share after tax was \$1.01.

(B) Financial revenue and expenditure and profitability analysis

1 . In 2018, the total revenue was NTD1,460,290,000. Compared with the increase in the same period last year, the main business was affected by the China–United States trade war, resulting in the transfer of the existing customers Yingying ○ and Yuan ○; The increase in operating expenses in 2018 compared with the same period of last year mainly affected the recognition of employee stock option expenses and the development of regenerative medicine to increase operating expenses in the current period, which increased the current loss.

2 . The relevant financial ratios are as follows:

Entry	2018	2017
Current Ratio%	401.05	367.63
Quick Ratio%	340.23	298.39
Interest Coverage Ratio%	(1487.91)	11.89
Liabilities to Assets Ratio%	18.14	23.11
Fixed Assets to Permanent Capital %	612.15	721.20
ROE %	(6.91)	0.98
Paid-up Capital to Business Interests %	(14.07)	2.60
Paid-up Capital to Income Before Tax %	(11.29)	1.80
Net Profit (Loss) Ratio %	(3.95)	0.36
Earnings Per Share (NT\$) after retrospect	(1.01)	0.12

The analysis and calculation formula of the financial ratio should be disclosed in the paragraph "Financial Analysis" of the 2018 Annual Report.

(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) Introduction to technology sources: Since 2017, Metatech has been working with CellSeed, a leading Japanese cell therapy company, to develop "regenerative medicine". Because of "regenerative medicine" escape traditional Western medicine "cure the symptoms, not the disease" in question, from the "treat the symptoms" breakthrough "tissue / organ of repair," become the mainstream of medical care in recent years, in particular, Japan's R&D experience in the field of regenerative medicine is leading the world. Among them, the part of cell therapy has benefited from the law for more than 20 years, and Japanese domestic industries have already contended, meanwhile the "cell layer" technology that CellSeed specializes can be seen as a leap from "single cell repair" to "organizational reconstruction"; in contrast, Taiwan's cell therapy market is still stagnant in the lower-order single-cell injections that develop the technology threshold, and there are no cell layer products on the market. Newton once said: "If I have seen further, it is by standing on the shoulders of giants". For this reason, Metatech selected the first "regeneration medicine" technology transfer in Taiwan, in cooperation with CellSeed, the pioneer of Japanese regenerative medicine, in the critical period of the growth and development of the biomedical industry and lead in "cell layer" culture technology to develop "ecological and cartilage regenerative medical technology". After signing the technology with the Japanese CellSeed company in April 2017, it was like planting the seeds of Taiwan's regenerative medical development; in the same year, Metatech Company won the "Industrial Innovation Transformation Fund" of the National Development Fund, and got the approval for the cash injection of 14,000,000 shares from the Securities and Futures Bureau, FSC, and timely inject Metatech Company cell layer in Taiwan clinical trials required for development, but also make Taiwan's development of regenerative medicine begin to plant the root down.
- (2) Elite team together: The Company was re-elected in 2018. The new directors Chen Rui Jie (President of the Taipei Medical University Hospital), He Hong Neng (former Dean of the National Taiwan University Hospital) and Yang Zhi Hui (Deputy Dean of the Medical College of I-Shou University) are the most authoritative professional and advanced in the medical and biotechnology field, it must lead the development of the Company's regenerative medicine, so that various research and development and clinical research will proceed smoothly. The future development of the biomedical department is just around the corner, which will provide Metatech with more powerful growth momentum.

- (3) Construction of the process center: Metatech Company believes that strategic alliances, together with industry, government, academic, research, and medicine, are the two major axes that accelerate the advancement of Taiwan's biomedical industry into the international arena. First of all, based on Taiwan's Metatech Company, in addition to the introduction of foreign technology, it is necessary to establish a cell processing center that meets the requirements of the International Pharmaceutical Inspection and Consultation Organization (PIC/S GMP) standard, in order to facilitate the development, manufacture and production of subsequent products. At present, the largest cell layer operation room in domestic has been built in Oriental Science Park. In addition to more capacity, it also has enough support space to optimize the process to save development time and provide more capacity for regenerative medicine products. The center also has the only quality control laboratory in the industry, which is responsible for the cell layer quality control process, which can effectively master time and cost control. In addition to internal use, the Quality Control Center will also promote quality control related business in the future to enhance the company's revenue. At present, the cell processing center has completed the environmental and instrumental validation in October 2018. The product trial production began in November 2018.

It can be used as a production site for clinical trial products of esophagus and knee cartilage, and has completed the esophagus and cartilage. Trial production of other products. In addition, in response to the foreseeable capacity expansion, the company was approved by the Audit Committee of the Ministry of Science and Technology Audit in 2018, and approved to invest in Hsinchu Biomedical Science Park, and The production capacity in the future is expected to exceed the existing scale by more than 20 times, and the target is introduced into the automated cell culture process, and are on the same page with European, American and Japanese manufacturers.

- (4) Description of R&D: The Company has signed a regenerative medicine cooperation contract with CellSeed Inc. of Japan on April 24, 2017, and plans to develop and produce autologous layers, which are autologous and special tissue engineering regenerative medicine products and the effect is to repair tissue damage and autologous tissue regeneration. The application of Esophageal cell sheet to the repair of patients with esophageal cancer after endoscopic submucosal dissection (ESD) can reduce the healing of tissue and maintain the space of esophageal lumen compared with traditional medicine and balloon dilatation treatment, it can effectively avoid the symptoms of esophageal stricture; The second is to use the Cartilaginous cell sheet to induce autologous chondrocyte regeneration, which can restore the damaged articular cartilage tissue, which can significantly improve the quality of life of patients compared with traditional medical technology. At present, the Company has successfully transferred the technology of cell layer culture. In the development section of "Esophagus Layer", the CDE pre-examination was completed in 2018, and the third phase of the clinical trial submitted in early 2019 has been approved by the Ministry of Health and Welfare. In the future, clinical trials will be conducted in cooperation with National Taiwan University Hospital and E-Da Hospital. The key to the success or failure of clinical trials is the progress of the case and the patient's efficacy. With the academic and clinical status of the two hospitals and the executive physicians have extensive experience in the treatment of esophageal cancer, which can be said to be the authority of Taiwan's esophageal cancer,

which will facilitate the rapid completion of future clinical trials, and appear on the market as soon as possible. The development of the "articular cartilage layer" will be carried out jointly with 14 physicians from 10 medical centers at home. According to statistics, the number of knee replacements at home is more than 40,000 per year, which is relatively large. Therefore, the Company plans to simultaneously collect cases with several medical centers to make products and appear on the market as soon as possible; Another founder of the knee cartilage layer - Tōkai University Tokyo Hospital, Japan, PD. Masato Sato, has been approved by the Health Policy Bureau, Ministry of Health, Labour and Welfare (MLHW) Japan on October 18, 2018 for the advanced medical technology review of body and articular cartilage cell regeneration therapy, It has been possible to treat cartilage defects in patients in Japan and charge for treatment. It also confirms the safety and feasibility of knee cartilage layer technology. In addition, this technology is currently only owned by Japan and Metatech Company. It is believed that the future product launch of this knee cartilage layer will definitely benefit the people of Taiwan from replacing the artificial knee joint.

II . 2019 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 Asian 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.
- (7) In 2019, it is expected to add two to three product lines to enhance the integrity of the line products and replace them with each other to further strengthen the product line strength.

2 . Biomedical Department: At the beginning of the operation, Metatech Company has introduced the core layer culture technology of CellSeed Corporation of Japan to develop the main products, but Metatech Company is not satisfied with the current situation and does not set limits on itself. In order to imitate the innovation (Simulating Innovation) strategy, it insists on the development and marketization of cell layer culture technology, and based on the original technology, we will continue to introduce and learn the world's advanced scientific and technological achievements by breaking through key core technologies.

Metatech Company sets a milestone for future growth:

- (1) Due to the loosening of Taiwan's regulations, Taiwan's Ministry of Health and Welfare followed the Ministry of Health, Labour and Welfare, Japan, and constructed and loosened regulations related to regenerative medicine. Compared with the above-mentioned "three methods of regenerative medicine" in Japan, there are three methods for regenerative medicine at home: "Accounts for The Development Of Biotech And New Pharmaceuticals Industry", "Regulations Governing the Application of Specific Medical Examination Technique and Medical Device", and "Regulatory Regulations for Regenerative Medical Preparations", the government hopes to ensure the safety and effectiveness of regenerative medical technology and products through the relaxation of regulations and supervision by the competent authorities, thereby driving and accelerating the development of the regenerative medical industry. In particular, in September 2018, the Ministry of

Health and Welfare passed the "Regulations Governing the Application of Specific Medical Examination Technique and Medical Device" (referred to as "Regulations for Specific Management") and the "Regulatory Regulations for Regenerative Medical Preparations" to give a strong shot for the Taiwanese regenerative medicine industry. The Regulations for Specific Management specifically opened six cell therapy projects:

they are autologous CD34+ selection peripheral blood stem cell transplantation, autoimmune cell therapy, autologous adipose stem cell transplantation, autologous fibroblast transplantation, autologous bone marrow mesenchymal stem cell transplantation, and autologous chondrocyte transplantation; among them, autologous adipose stem cells, autologous fibroblasts, and autologous chondrocytes belong to the project to be applied for by the Company in 2019. The Company will work with major medical research institutions to apply for the application of autologous fibroblasts in skin regeneration, including wound healing, wrinkle removal, and scar repair, meanwhile, the application of autologous chondrocytes to articular cartilage regeneration, including repair and regeneration of cartilage defects. It is expected that if the application for the Regulations for Specific Management is passed, it will help the Company's biomedical division's revenue and technology development.

- (2) Clinically, the current common cell products are as single cells in injectable form, there are no tissue or cell cultures of 3D products available; it is obvious that cell layer tablets have their product innovation, market exclusivity, technical difference and clinical applicability. The cell layers have their own special standards and specifications in terms of product specifications, and have unique market and demand in clinical applications. In addition to the development of cell layers that replace animal experiments in the future, Metatech Company will be applicable to the open cell and stem cell therapy programs including the above Regulations for Specific Management, as well as cell therapy products and tissue engineering products of the Regulatory Regulations for Regenerative Medical Preparations, hope to break through the limitations of regenerative medical preparations and cell therapy regulations, develop diversified products and technologies, and promote the application of cell layer products to increase production value. And plans to set up a research and development center in the Hsinchu Biomedical Science Park - set up a research and development center in the National Biomedical Science Park, cooperating with CellSeed in Japan to develop new technologies for cell layer production, and even discussing with the Hitach Group of Japan, the introduction of automation systems is conducive to rapid mass production in the future, saving labor costs and time. The center will also collaborate with major medical research institutions to develop new tissue culture techniques and perform clinical trials in addition to esophagus, skin and articular cartilage. Metatech Company aims to establish Taiwan's human cell layer bank, regenerative medicine research and development center and regenerative medicine startup incubator. With the establishment of these units, product education, high-level talent cultivation and product promotion can be carried out, at the same time, it is also possible to develop new enterprise channel, technology transfer or authorization technology to new enterprises, and to collect a royalty.

(B) Important sales policy

- 1 .Electronic 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 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

Manager: Tang Hung Te

Account Manager: Chan Chih Tsung

Appendix II : 2018 Audit Committee's Review Report

MetaTech (AP) Inc.
Audit Committee's Review Report

The board of directors prepared the 2018 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 (AP) Inc.
2019 Annual Meeting of Shareholders
Audit Committee convener : Wu Rong Yi

March 26, 2019



PricewaterhouseCoopers Taiwan

Appendix III: 2018 Accountants' Review Report and Financial Statements

Accountants' Review Report

(108) Financial Audit Report
No. 18004202

Dear MetaTech (AP) Inc.:

Opinion:

Individual Balance Sheet of MetaTech (AP) Inc., for the year of 2018 and December 31, 2017, Individual Comprehensive Income Statement, Individual Statement of Shareholders Equity and Individual Statement of Cash Flows for the year of 2018 and for a period from January 1 to December 31, 2017 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 (AP) Inc. for the year of 2018 and December 31, 2017 and cash flows and the financial performance for the year of 2018 and for the period from January 1, 2017 to December 31, 2017.

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 (AP) Inc. 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 for the 2018 annual individual financial statements of Metatech (AP) Inc. 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. For the description of the operating income accounting subjects, please refer to Note VI (15) of the individual financial statements.

MetaTech (AP) Inc. sales model is divided into factory direct shipments and shipping warehouse two types. According to the IFRS 15 "Revenue from Contracts with Customers" approved by the Financial Supervisory Commission, assets are transferred when the client obtains control over the asset, and the company recognizes the sales revenue when the promised goods are transferred to the customer to meet the performance obligation. Since the delivery warehouse is located in Shanghai, the picker has obtained control over the asset when picking up the goods, but the asset transfer point is not fixed, and the management hierarchy relies on the statement prepared by the custodian of the shipment warehouse in accordance with the inventory movement as the basis for recognition income. Since the processing, recording and maintenance of report information involve manual work, it is easy to cause the income recognition time to be inappropriate or the inventory custody entity does not match the quantity on account book and the transaction amount before and after the end of the financial statements has a significant impact on the individual financial statements. Therefore, the accountant listed the appropriateness of the closing of the sales revenue of the warehouse as one of the important audit matters for the year.

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 (18) to the individual financial statements.

Deferred income tax assets of MetaTech (AP) Inc. as of December 31, 2018 amounted to \$ 42,943 thousand. In assessing the achievability of deferred income tax assets, whether the management proposes to generate sufficient taxable income for future operating plans, including assumptions such as expected future market demand, economic conditions, income growth rate and cost estimates, the decision of the above assumptions often involves the subjective judgment of the management and is highly uncertain, therefore, the accountant has listed the achievable nature of the deferred income tax assets as one of the important audit matters 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 (3) of the individual financial statements for the explanation of the accounting subjects for the loss of provision for inventories.

The inventory and allowance for impairment losses of MetaTech (AP) Inc. as of December 31, 2018 were \$ 33,971 thousand and \$ 1,479 thousand, respectively. MetaTech (AP) Inc. 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 (AP) Inc. 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 (AP) Inc. 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 re-calculate 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 (AP) Inc. 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 (AP) Inc. 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 (AP) Inc.
- 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 (AP) Inc. 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 (AP) Inc. 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 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 2016 Individual Financial Statements of MetaTech (AP) Inc. 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. 16120
March 26, 2019

PricewaterhouseCoopers, Taiwan PricewaterhouseCoopers, Taiwan

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MetaTech (AP) Inc.
Individual Balance Sheet
2018 and December 31, 2017

Unit: NT \$ thousand

Assets	Reference	December 31, 2018		December 31, 2017		
		Amount	%	Amount	%	
Current Assets						
1100	Cash and cash equivalents	6(1)	\$ 278,446	23	\$ 34,445	5
1150	Notes Receivable	6(2)	1,427	-	2,861	-
1170	Net Accounts Receivable	6(2)	96,265	8	85,056	13
1180	Accounts Receivable - Net related parties	7	182	-	349	-
1200	Other Receivables		2,430	-	12,867	2
1210	Accounts Receivable - related parties	7	8,095	1	3,531	1
1220	Current Income Tax Assets		22	-	-	-
130X	Inventories	6(3)	32,492	3	30,488	5
1410	Prepayment		4,556	-	2,355	-
1470	Other Current Assets	6(1)&8	10,460	1	7,954	1
11XX	Total Current Assets		<u>434,375</u>	<u>36</u>	<u>179,906</u>	<u>27</u>
Non-Current Assets						
1550	Investment in equity method	6(4)	375,399	31	351,442	53
1600	Property, Plant And Equipment	6(5) · 7&8	175,887	15	82,886	12
1780	Intangible assets	6(7)	136,975	11	13,860	2
1840	Deferred Income Tax Assets	6(18)	42,943	4	30,209	4
1900	Other Non-Current Assets	6(6)(9)	40,614	3	10,421	2
15XX	Total Non-Current Assets		<u>771,818</u>	<u>64</u>	<u>488,818</u>	<u>73</u>
1XXX	Total Assets		<u>\$ 1,206,193</u>	<u>100</u>	<u>\$ 688,724</u>	<u>100</u>

(Continued)



MetaTech (AP) Inc.
Individual Balance Sheet
2018 and December 31, 2017

Unit: NT \$ thousand

Liabilities and equity	Reference	December 31, 2018		December 31, 2017	
		Amount	%	Amount	%
Current Liabilities					
2100 Short-Term Debt		\$ 20,000	2	\$ -	-
2130 Contract liability-Current	6(15)	156	-	-	-
2150 Notes Payable		1,377	-	-	-
2170 Accounts Payable		70,475	6	48,925	7
2180 Accounts Payable-related parties	7	415	-	648	-
2200 Other Payables		25,158	2	7,745	1
2220 Other Payables-related parties	7	124	-	622	-
2250 Current Tax Liabilities		4,433	-	4,433	1
2300 Debt reserves - Current		430	-	288	-
21XX Total Current Liabilities		<u>122,568</u>	<u>10</u>	<u>62,661</u>	<u>9</u>
Non-Current Liabilities					
2570 Deferred Income Tax Liabilities	6(18)	10,736	1	6,515	1
2600 Other Non-Current Assets		30	-	33	-
25XX Total Non-Current Liabilities		<u>10,766</u>	<u>1</u>	<u>6,548</u>	<u>1</u>
2XXX Total Liabilities		<u>133,334</u>	<u>11</u>	<u>69,209</u>	<u>10</u>
Capital	6(12)				
3110 Capital - Common Share		580,160	48	440,160	66
Additional Paid-In Capital	6(13)				
3200 Additional Paid-In Capital		618,263	51	234,624	35
Retained Earnings	6(14)				
3350 Deficit to be offset					
Other Equity		(114,567)	(9)	(55,630)	(8)
3400 Other Equity		(10,997)	(1)	(19,639)	(3)
3XXX Total Equity		<u>1,072,859</u>	<u>89</u>	<u>599,515</u>	<u>90</u>
Significant Commitments and Contingent Liabilities	9				
Material Subsequent Events	11				
3X2X Total Liabilities and Equity		<u>\$ 1,206,193</u>	<u>100</u>	<u>\$ 668,724</u>	<u>100</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 Hung Te

Account Manager: Chan Chih Tsung



MetaTech (AP) Inc.
Individual Comprehensive Income Statement
 2018, and From January 1, 2017 to December 31, 2017

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

Entry	Reference	2018		2017	
		Amount	%	Amount	%
4000					
	Operating Revenue	\$ 428,024	100	\$ 407,625	100
5000	Operating Costs	(382,030)	(89)	(360,563)	(89)
5950	Net Gross Profit	<u>45,994</u>	<u>11</u>	<u>47,062</u>	<u>11</u>
	Operating Expenses				
6100	Selling Expenses	(53,942)	(13)	(48,604)	(12)
6200	General Expenses	(52,087)	(12)	(17,763)	(4)
6300	Research and Development Expenses	(38,143)	(9)	(4,427)	(1)
6450	Expected credit impairment loss (or gain)	12(2) 1,645	-	-	-
6000	Total Operating Expenses	(142,527)	(34)	(70,794)	(17)
6900	Operating Income	(96,533)	(23)	(23,732)	(6)
	Non-Operating Income and Expenses				
7010	Other Income	10,380	2	2,705	1
7020	Other Gains & Losses	6(16) 7,103	2	(6,196)	(2)
7050	Financial Costs	(44)	-	(729)	-
7070	Share of Profit or Loss of Associates & Joint Ventures Accounted for Using Equity Method	11,915	3	31,629	8
7000	Total Non-Operating Income and Expenses	<u>29,354</u>	<u>7</u>	<u>27,409</u>	<u>7</u>
7900	Income Before Tax	(67,179)	(16)	3,677	1
7950	Income(Expense) Tax Benefit	6(18) 9,435	2	1,512	-
8200	Net Income	<u>(\$ 57,744)</u>	<u>(14)</u>	<u>\$ 5,189</u>	<u>1</u>
	Other Comprehensive Income				
	Items that may be subsequently reclassified into profit or loss				
8311	Re-measured of defined benefit plan	6(9) (\$ 1,671	-	\$ 52	-
8349	Income tax related to non-reclassified items	6(18) 478	-	(4)	-
8310	Total non-reclassified items	(1,193)	-	48	-
	Items that may be subsequently reclassified into profit or loss				
8361	Exchange Differences on Translation of Foreign Financial Statements	10,042	2	(20,233)	(5)
8399	Income Tax Relating to Components of items that may be reclassified	6(18) (1,400)	-	3,440	1
8360	Total Items that may be subsequently reclassified into profit or loss	<u>8,642</u>	<u>2</u>	<u>(16,793)</u>	<u>(4)</u>
8300	Net Income (Loss) Of Other Comprehensive Income after Tax	<u>\$ 7,449</u>	<u>2</u>	<u>(\$ 16,745)</u>	<u>(4)</u>
8500	Total Net Income (Loss) of Comprehensive Income	<u>(\$ 50,295)</u>	<u>(12)</u>	<u>(\$ 11,556)</u>	<u>(3)</u>
	Net loss attributable to :				
9750	Total Primary Profit (Loss) per Share	6(19) (\$ 1.01)		\$ 0.12	
	Diluted Profit (Loss) per share	6(19)			
9850	Total diluted Profit (Loss) per share	(\$ 1.01)		\$ 0.12	

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 Hung Te

Account Manager: Chan Chih Tsung



MetaTech (AP) Inc.
Individual Statement of Shareholders Equity
 2018 and from January 1, 2017 to December 31, 2017

Equity attributable to owners of parent

		Capital reserve						Unit: NT \$ thousand	
	Reference	Common Stock	Issue Premium	Employee Stock Option	Stock Option	Expired Stock Option	Deficit to be Offset	Exchange Differences on Translation of Foreign Financial Statements	Total equity
2017									
Balance on January 1, 2017		\$ 400,000	\$ 120,716	\$ -	\$ 5,205	\$ 84	(\$ 60,867)	(\$ 400,000)	\$ 462,292
Net profit		-	-	-	-	-	5,189	-	5,189
Other Comprehensive Net Income		-	-	-	-	-	48	(16,793)	(16,745)
Total Comprehensive Income		-	-	-	-	-	5,237	(16,793)	(11,556)
Convertible Corporate Bonds Convert to Common Stocks	6(8)(12)	40,160	113,824	-	(5,205)	-	-	-	148,779
Balance on December 31, 2017		<u>\$ 440,160</u>	<u>\$ 234,540</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 84</u>	<u>(\$ 55,630)</u>	<u>(\$ 19,639)</u>	<u>\$ 599,515</u>
2018									
Balance on January 1, 2018		\$ 440,160	\$ 234,540	\$ -	\$ -	\$ 84	(\$ 55,630)	(\$ 19,639)	\$ 599,515
Net loss	6(7)	-	-	-	-	-	(57,744)	-	(57,744)
Other Comprehensive Net Income		-	-	-	-	-	(1,193)	8,642	7,449
Total Comprehensive Income		-	-	-	-	-	(58,937)	8,642	50,295
Cash increase		140,000	364,000	-	-	-	-	-	(504,000)
Compensation Payable of Share-Based Payment		-	2,665	16,974	-	-	-	-	19,639
Balance on December 31, 2018		<u>\$ 580,160</u>	<u>\$ 601,205</u>	<u>\$ 16,974</u>	<u>\$ -</u>	<u>\$ 84</u>	<u>(\$ 114,567)</u>	<u>(\$ 10,997)</u>	<u>\$ 1,072,859</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 Hung Te

Account Manager: Chan Chih Tsung

MetaTech (AP) Inc.
Individual Statement of Cash Flows
2018 and from January 1, 2017 to December 31, 2017

Unit: NT \$ thousand

	Reference	from January 1, to December 31, 2018	from January 1, to December 31, 2017
Cash Flows From Operating Activities			
Individual net (loss) profit before tax		(\$ 67,179)	\$ 3,677
Adjustments			
Income Charges (Credits)			
Depreciation Expense	6(5)(17)	5,842	4,798
Amortization Expense	6(17)	552	589
Allowance for Bad Debts Accounts (Turn to Income)	6(2) · 12(4) (	1,645)	(2,503)
Net profit on financial assets and liabilities measured at fair value through profit or loss	6(16)&12(4)	-	308
Interest Expense		44	67
Amortization of corporate bonds payable		-	662
Interest Income	(	489)	(280)
Share of Profit or Loss of Associates Accounted for Using Equity Method	(	11,915)	(31,629)
Compensation Payable of stock-based payment	6(11)	19,639	-
Loss (Gain) on disposal of Real Estate, Plant and Equipment	6(5)	24	-
Unrealized exchange gains and losses	(	2,811)	4,438
Changes In Operating Assets And Liabilities			
Net Changes in Operating Assets			
Financial asset or liability held for trading		-	4,780
Notes Receivable		1,434	1,329
Accounts Receivable	(	9,564)	14,377
Accounts Receivable-Related parties		167	298
Other Receivables		10,437	(12,104)
Other Receivables-Related parties	(	4,564)	(3,496)
Inventories	(	2,004)	4,768
Prepayments	(	2,201)	(1,113)
Other Current Assets	(	398)	1
Net defined benefit assets	6(9) (	47)	(61)
Net change in liability related to operating activities			
Contract liability		72	-
Notes Payable		1,377	-
Accounts Payable		21,550	(15,355)
Accounts Payable- related parties	(	233)	(620)
Other Payables		12,176	(1,385)
Other Payables- related parties	(	498)	(683)
Other Current Liabilities		226	(304)
Other Non-Current Liabilities	(	3)	30
Cash Inflows (Outflows) From Operations	(	30,011)	(29,411)
Interest Charged Incomes		489	280
Interest Paid Expenses	(	44)	(67)
Income Tax Refund		-	14
Income Tax Paid	(	22)	-
Net Cash Inflows (Outflows) from Operating Activities	(	29,588)	(29,184)



MetaTech (AP) Inc.
Individual Statement of Cash Flows
 2016 and From January 1, 2015 to December 31, 2015

Unit: NT \$ thousand

Reference	from January 1, to December 31, 2018	from January 1, to December 31, 2017
Cash Flows from Investing Activities		
Increase (Decrease) in restricted assets	(2,108)	260
Purchase of Real Estate, Plant and Equipment	6(5)(21) (93,630)	(29,311)
Decrease (Increase) In Refundable Deposits	(232)	11,129
Other non-current assets increase (decrease)	(32,137)	(1,709)
Purchase of intangible assets	6(7) (123,115)	(13,860)
Investments accounted for using equity method	(2,000)	-
Cash flows from investing activities	(<u>253,222</u>)	(<u>33,491</u>)
Net Cash Flow from Finance Activities		
Current Borrowing of Short-Term Loans	40,000	65,000
Current Repayments of Short-Term Loans	(20,000)	(65,000)
Cash increase	6(12) <u>504,000</u>	-
Net Cash Inflows (Outflows) From Finance activities	<u>524,000</u>	-
Effect of Exchange Rate Changes for cash and cash equivalents	<u>2,811</u>	<u>4,438</u>
Net Increase In Cash and Cash Equivalents	<u>244,001</u>	(<u>67,113</u>)
Cash and Cash Equivalents at Beginning of Year	6(1) <u>34,445</u>	<u>101,558</u>
Cash and Cash Equivalents at End of Year	6(1) \$ <u><u>278,446</u></u>	\$ <u><u>34,445</u></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 Hung Te

Account Manager: Chan Chih Tsung

MetaTech (AP) Inc. and Subsidiaries Relationship Business Consolidated Statement of Financial Statements

The 2018 annual report of the Company (from January 1, 2018 to December 31, 2018) 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 (AP) Inc.
Chairman: Hu Li San
March 26, 2019

Accountants' Review Report

(108) Financial Audit Report
No. 18003999

Dear MetaTech (AP) Inc. and Subsidiaries:

Opinion:

Consolidated Balance Sheet of MetaTech (AP) Inc. and Subsidiaries, (hereinafter referred to as "Metatech Group"), for the year of 2018 and December 31, 2018, Consolidated Comprehensive Income Statement, Consolidated Statement of Shareholders Equity, Consolidated Statement of Cash Flows for the year of 2018 and for a period from January 1 to December 31, 2017 and notes to the Consolidated Financial Statements (including summary of major accounting policies) 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 consolidated financial situation of Metatech Company Group for the year of 2018 and December 31, 2017 and consolidated cash flows and the consolidated financial performance for the year of 2018 and for the period from January 1, 2017 to December 31, 2017.

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 (AP) Inc. 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 significant 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 for the 2018 annual consolidated financial statements of Metatech Group 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 consolidated financial statements.

The significant judgments adopted in the accounting policies for revenue recognition are detailed in Note V (1) to the financial statements. For the description of the operating income accounting subjects, please refer to Note VI (14) of the consolidated financial statements.

Metatech Group sales model is divided into factory direct shipments and shipping warehouse two types. According to the IFRS 15 "Revenue from Contracts with Customers" approved by the Financial Supervisory Commission, assets are transferred when the client obtains control over the asset, and the company recognizes the sales revenue when the promised goods are transferred to the customer to meet the performance obligation. Since the delivery warehouse is located in Shanghai, the picker has obtained control over the asset when picking up the goods, but the asset transfer point is not fixed, and the management hierarchy relies on the statement prepared by the custodian of the shipment warehouse in accordance with the inventory movement as the basis for recognition income. Since the processing, recording and maintenance of report information involve manual work, it is easy to cause the income recognition time to be inappropriate or the inventory custody entity does not match the quantity on account book and the transaction amount before and after the end of the financial statements has a significant impact on the consolidated financial statements. Therefore, the accountant listed the appropriateness of the closing of the sales revenue of the warehouse as one of the important audit matters for the year.

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 (23) 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 (17) to the consolidated financial statements.

Deferred income tax assets of Metatech Group as of December 31, 2018 amounted to \$ 42,943. In assessing the achievability of deferred income tax assets, whether the management proposes to generate sufficient taxable income for future operating plans, including assumptions such as expected future market demand, economic conditions, income growth rate and cost estimates, the decision of the above assumptions often involves the subjective judgment of the management and is highly uncertain, therefore, the accountant has listed the achievable nature of the deferred income tax assets as one of the important audit matters 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 (3) of the consolidated financial statements for the explanation of the accounting subjects for the loss of provision for inventories.

The inventory and allowance for impairment losses of Metatech Group as of December 31, 2018 were \$ 132,983 thousand and \$ 16,214 thousand, respectively.

MetaTech Group 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 Group 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 Group 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 consolidatedly 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 (AP) Inc. has prepared the individual financial statements for 2018 and 2017, and has issued an unqualified audit report by the accountant 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 Group 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 Group 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 (AP) Inc.
- 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 (AP) Inc. 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 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 2016 Individual Financial Statements of MetaTech (AP) Inc. 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

Accountants
Xu Ming Chuan
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. 16120
March 26, 2019

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Metatech (AP) Inc. and Subsidiaries
Consolidated Balance Sheet
2018 and December 31, 2017

Unit: NT \$ thousand

Assets	Reference	December 31, 2018		December 31, 2017		
		Amount	%	Amount	%	
Current Assets						
1100	Cash and cash equivalents	6(1)	\$ 494,329	38	\$ 203,163	26
1150	Notes Receivable	6(2)	3,587	-	3,874	1
1170	Net Accounts Receivable	6(2)	276,160	21	301,818	39
1200	Other Receivables		2,470	-	12,867	2
1220	Current Income Tax Assets		1,016	-	1	-
130X	Inventories	6(3)	116,769	9	105,216	13
1410	Prepayment		5,085	-	2,737	-
1470	Other Current Assets	6(1)	10,939	1	8,759	1
11XX	Total Current Assets		<u>910,355</u>	<u>69</u>	<u>638,435</u>	<u>82</u>
Non-Current Assets						
1600	Property, Plant And Equipment	6(4) 、 7&8	177,016	14	84,031	11
1780	Intangible assets	6(6)	136,975	11	13,860	2
1840	Deferred Income Tax Assets	6(17)	42,943	3	30,209	4
1900	Other Non-Current Assets	6(5)(8)	43,299	3	13,161	1
15XX	Total Non-Current Assets		<u>400,233</u>	<u>31</u>	<u>141,261</u>	<u>18</u>
1XXX	Total Assets		<u>\$ 1,310,588</u>	<u>100</u>	<u>\$ 779,696</u>	<u>100</u>
Liabilities and equity						
Current Liabilities						
2100	Short-term debt		\$ 20,000	2	\$ -	-
2130	Contract liability-Current	6(14)	\$ 3,461	-	\$ -	-
2150	Notes Payable		2,022	-	422	-
2170	Accounts Payable		162,441	12	145,025	19
2200	Other Payables		33,989	3	14,295	2
2230	Current Tax Liabilities	6(17)	-	-	2,541	-
2250	Current Tax Liabilities	6(9)	4,433	-	4,433	-
2300	Debt reserves - Current		647	-	6,947	1
21XX	Total Current Liabilities		<u>226,993</u>	<u>17</u>	<u>173,663</u>	<u>22</u>
Non-Current Liabilities						
2570	Deferred Income Tax Liabilities	6(17)	10,736	1	6,515	1
2600	Other Non-Current Assets		-	-	3	-
25XX	Total Non-Current Liabilities		<u>10,736</u>	<u>1</u>	<u>6,518</u>	<u>1</u>
2XXX	Total Liabilities		<u>237,729</u>	<u>18</u>	<u>180,181</u>	<u>23</u>
Capital						
3110	Capital - Common Share	6(11)	580,160	44	440,160	56
Additional Paid-In Capital						
3200	Additional Paid-In Capital	6(12)	618,263	48	234,624	30
Retained Earnings						
3350	Deficit to be offset	6(13)				
Other Equity						
3400	Other Equity		(114,567)	(9)	(55,630)	(7)
31XX	Total Equity Attributable to the Owners of the Parent Company		<u>1,072,859</u>	<u>82</u>	<u>599,515</u>	<u>77</u>
3XXX	Total Equity		<u>1,072,859</u>	<u>82</u>	<u>599,515</u>	<u>77</u>
Significant Commitments and Contingent Liabilities						
Material Subsequent Events						
3X2X	Total Liabilities and Equity		<u>\$ 1,310,588</u>	<u>100</u>	<u>\$ 779,696</u>	<u>100</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 Hung Te

Account Manager: Chan Chih Tsung



Metatech (AP) Inc. and Subsidiaries

Consolidated Comprehensive Income Statement

2018, and From January 1, 2017 to December 31, 2017

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

Entry	Reference	2018		2017	
		Amount	%	Amount	%
4000					
4000					
5000					
5950					
6100					
6200					
6300					
6450					
6000					
6900					
7010					
7020					
7050					
7000					
7900					
7950					
8200					
8311					
8349					
8310					
8361					
8399					
8360					
8300					
8500					
8610					
8710					
9750					
9850					

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

Chairman: Hu Li San

Manager: Tang Hung Te

Account Manager: Chan Chih Tsung



MetaTech (AP) Inc.
Consolidated Statement of Shareholders Equity
2018 and from January 1, 2017 to December 31, 2017

Equity attributable to owners of parent

		Capital reserve						Unit: NT \$ thousand	
	Reference	Common Share	Issue Premium	Employee Stock Option	Stock Option	Expired Stock Option	Deficit to be Offset	Exchange Differences on Translation of Foreign Financial Statements	Total equity
<u>2017</u>									
Balance on January 1, 2017		\$ 400,000	\$ 120,716	\$ -	\$ 5,205	\$ 84	(\$ 60,867)	(\$ 400,000)	\$ 462,292
Consolidated net profit		-	-	-	-	-	5,189	-	5,189
Other comprehensive net income		-	-	-	-	-	48	(16,793)	(16,745)
Total Comprehensive Income		-	-	-	-	-	5,237	(16,793)	(11,556)
Convertible Corporate Bonds Convert to Common Stocks	6(7)(11)	40,160	113,824	-	(5,205)	-	-	-	148,779
Balance on December 31, 2017		<u>\$ 440,160</u>	<u>\$ 234,540</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 84</u>	<u>(\$ 55,630)</u>	<u>(\$ 19,639)</u>	<u>\$ 599,515</u>
<u>2018</u>									
Balance on January 1, 2018		\$ 440,160	\$ 234,540	\$ -	\$ -	\$ 84	(\$ 55,630)	(\$ 19,639)	\$ 599,515
Consolidated net loss		-	-	-	-	-	(57,744)	-	(57,744)
Other comprehensive net income		-	-	-	-	-	(1,193)	8,642	7,449
Total Comprehensive Income		-	-	-	-	-	(58,937)	8,642	50,295
Cash increase	6(11)	140,000	364,000	-	-	-	-	-	(504,000)
Compensation Payable of Share-Based Payment	6(10)	-	2,665	16,974	-	-	-	-	19,639
Balance on December 31, 2018		<u>\$ 580,160</u>	<u>\$ 601,205</u>	<u>\$ 16,974</u>	<u>\$ -</u>	<u>\$ 84</u>	<u>(\$ 114,567)</u>	<u>(\$ 10,997)</u>	<u>\$ 1,072,859</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 Hung Te

Account Manager: Chan Chih Tsung



Metatech (AP) Inc. and Subsidiaries
Consolidated Statement of Cash Flows
2018 and From January 1, 2017 to December 31, 2017

Unit: NT \$ thousand

Reference	from January 1, to December 31, 2018	from January 1, to December 31, 2017
Cash Flows From Operating Activities		
Individual net (loss) profit before tax	(\$ 65,512)	\$ 7,936
Adjustments		
Income Charges (Credits)		
Depreciation Expense	6(4)(16) 6,324	5,659
Amortization Expense	6(16) 601	674
Allowance for Bad Debts Accounts (Turn to Income)	6(2)&12(4) (1,009)	(2,588)
Net profit on financial assets and liabilities measured at fair value through profit or loss	6(15)&12(4) -	308
Interest Expense	44	67
Amortization of corporate bonds payable	-	662
Interest Income	(760)	(527)
Compensation Payable of stock-based payment	6(10) 19,639	-
Loss (Gain) on disposal of Real Estate, Plant and Equipment	6(4) 24	-
Unrealized exchange gains and losses	(2,811)	4,438
Changes In Operating Assets And Liabilities		
Net Changes in Operating Assets		
Financial asset or liability held for trading	-	4,780
Notes Receivable	287	1,622
Accounts Receivable	26,654	(57,878)
Other Receivables	10,397	(10,845)
Prepayments	(2,348)	322
Inventories	(11,553)	1,742
Other Current Assets	(72)	(647)
Net defined benefit assets	6(8) (47)	(61)
Net change in liability related to operating activities		
Contract liability	(946)	-
Notes Payable	1,600	152
Accounts Payable	17,416	(5,198)
Other Payables	14,457	(17,160)
Other Current Liabilities	(1,893)	(2,181)
Cash Inflows (Outflows) From Operations	<u>10,492</u>	<u>(68,723)</u>
Interest Charged Incomes	760	527
Interest Paid Expenses	(44)	(67)
Income Tax Paid	(5,230)	(530)
Net Cash Inflows (Outflows) from Operating Activities	<u>5,978</u>	<u>(68,793)</u>

(Continued)



MetaTech (AP) Inc.
Individual Statement of Cash Flows
 2016 and From January 1, 2015 to December 31, 2015

Unit: NT \$ thousand

Reference	from January 1, to December 31, 2018	from January 1, to December 31, 2017
<u>Cash Flows from Investing Activities</u>		
Increase (Decrease) in restricted assets	(2,108)	260
Purchase of Real Estate, Plant and Equipment	6(4)(20) (94,076)	(29,713)
Decrease (Increase) In Refundable Deposits	(226)	11,274
Other non-current assets increase (decrease)	(32,137)	(1,709)
Purchase of intangible assets	6(6) (123,115)	(13,860)
Cash flows from investing activities	(251,662)	(33,748)
<u>Net Cash Flow from Finance Activates</u>		
Current Borrowing of Short-Term Loans	40,000	65,000
Current Repayments of Short-Term Loans	(20,000)	(65,000)
Cash increase	6(11) 504,000	-
Other non-current liabilities decrease	(3)	-
Net Cash Inflows (Outflows) From Finance activities	523,997	-
Effect of Exchange Rate Changes for cash and cash equivalents	12,853	(25,762)
Net Increase In Cash and Cash Equivalents	291,166	(128,303)
Cash and Cash Equivalents at Beginning of Year	6(1) 203,163	331,446
Cash and Cash Equivalents at End of Year	6(1) \$ 494,329	\$ 203,163

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 Hung Te

Account Manager: Chan Chih Tsung

Appendix IV : 2017 Cash Injection Implementation Situation

Metatech (AP) Inc.
2017 Cash Injection Implementation Situation

Project	Implementation Situation		As of the first quarter of 2019	Reasons for advance or backward progress and improvement plans
CellSeed Premium	Amount expended	Expected	310,850	<p>Mainly because it takes time to prepare the information required by the competent authority, the completion time of the project is behind schedule.</p> <p>In the esophageal remediation plan section, the company submitted an IND application to TFDA on December 28, 2018, and has gotten the TFDA reply letter on February 13, 2019, in principle, agreeing to conduct the test, pending additional information and technical documentation revision. After the Ministry of Health and Welfare issues a permit, the third phase of the clinical trial can begin.</p> <p>In addition to the knee cartilage plan, the company has also submitted pre-audit documents to CDE on December 20, 2018, and there should be no major changes in the plan.</p>
		Actual	284,364	
	Execution progress (%)	Expected	86.93%	
		Actual	79.52%	
Laboratory construction	Amount expended	Expected	35,000	<p>Mainly because the project was originally planned to be built at the Company's current site (Far East World Center) to build a cell layer process center laboratory. However, the Company's assessment of future operational growth may not be sufficient due to the construction and utilization of the building. Therefore, on February 5, 2018, the board of directors rented the building of the FarEast U-TOWN factory-office building and moved the laboratory construction to the new site. It is expected to increase the budget of NTD 9,350,000 after the relocation. The main reason is that the new site area is about 306 pings, which is an increase of 62 pings (25.41%) from the original site area of about 244 pings. This part is expected to be paid by own funds, and there is no major abnormality.</p>
		Actual	39,950	
	Execution progress (%)	Expected	100.00%	
		Actual	114.14%	
Equipment	Amount expended	Expected	55,000	<p>The cumulative actual implementation progress as of the first quarter of 2019 was 79.40%, mainly due to the slight delay in the progress of the laboratory construction. Therefore, the procurement laboratory equipment was also slightly deferred, but there were no changes involving the project.</p>
		Actual	43,672	
	Execution progress (%)	Expected	100.00%	
		Actual	79.40%	

Project	Implementation Situation		As of the first quarter of 2019	Reasons for advance or backward progress and improvement plans
Clinical trial expense	Amount expended	Expected	41,238	The cumulative actual implementation progress of the project as of the first quarter of 2019 was 7.67%, mainly due to the fact that the review progress of the competent authority was longer than expected, and the original progress was expected to be behind, but there were no plans to change the situation.
		Actual	5,082	
	Execution progress (%)	Expected	62.21%	
		Actual	7.67%	
Laboratory maintenance expense	Amount expended	Expected	19,660	The cumulative actual implementation progress for the first quarter of 2019 was 9.74%, mainly due to a slight delay in the progress of laboratory construction, so the maintenance fee for the payment of laboratories was also slightly deferred. Although the progress is backward, there is no major abnormality.
		Actual	3,183	
	Execution progress (%)	Expected	60.19%	
		Actual	9.74%	
Total	Amount expended	Expected	461,748	The implementation of the 2018 cash injection as of the first quarter of 2019, the reason for the backwardness is not affected by the overall progress, and there is no major abnormality after the assessment.
		Actual	376,251	
	Execution progress (%)	Expected	84.48%	
		Actual	68.84%	

Appendix V : 2018 The Implementation of the third Domestic Secured Convertible Corporate Bonds

Metatech (AP) Inc.

2018 The Implementation of the third Domestic Secured Convertible Corporate Bonds

Total	Amount expended	Expected	151,500	The fundraising plan is expected to be used to enrich working capital with a total amount of NTD 151,500,000, and it is expected to be fully implemented in the first quarter of 2019. As of the first quarter of 2019, it has already spent NTD 102,754,000, and the fund utilization progress is 67.82%, because the funds are only used for the purchase and freight expenses of the electronic department, the actual implementation progress is delayed compared with expectations, and the reason for the evaluation is reasonable.
		Actual	102,754	
	Execution progress (%)	Expected	100.00%	
		Actual	67.82%	

Appendix VI : The Comparison Table of Amendment to the Company Policy

Metatech (AP) Inc.
The Comparison Table of Amendment to the Company Policy

Amended article	The original article	Description
<p>Art. 1: The Company is named as Metatech (AP) Inc. in accordance with the provisions of the Company Law. The English name is named as "METATECH (AP) INC."</p>	<p>Art. 1: In accordance with the provisions of the Company Law, we organized MetaTech Co., Ltd.</p>	<p>New English name</p>
<p>Art. 2-1 : Due to the business relationship, the Company is approved by the Board of Directors for the "Endorsements/Guarantees", and the operation shall be conducted in accordance with the operating procedures of the Company's endorsement guarantees.</p>	<p>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.</p>	<p>There are only the wordings "endorsement guarantee", so corrected the wordings.</p>
<p>Art. 6: Changes in the register of shareholders' names shall 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.</p>	<p>Art. 6: Stock renamed transfers 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.</p>	<p>Deleted the previous paragraph that was a non-public offering company wordings, and adjusted the wordings to match the current situation.</p>
<p>Art. 13: About resolutions on major issues of the Company should be agreed 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:</p> <ol style="list-style-type: none"> 1. Change the proposal for the company policy. 2. Audit budget and final accounts. 3. Proposal for dissolution or merger of the Company with other companies. 	<p>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:</p> <ol style="list-style-type: none"> 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. 	<p>The right of the shareholders' meeting shall be approved by the shareholders' meeting, so the relevant wordings shall be corrected.</p>

Amended article	The original article	Description
<p>4. Proposal for the appropriation of the surplus or the deficit compensated.</p> <p>5. The approvals of endorsement on the behalf of the Company, acceptance, assurance and commitment.</p> <p>6. The approvals of applying for financial institutions, guarantees, acceptance and other external advances and debt approval.</p> <p>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.</p> <p>8. The proposal for capital increase or capital reduction of the Company.</p> <p>9. The powers of according to the Company Law Article 202.</p> <p>10. According to the provisions of Article 245, paragraph 5, of the Company Law and the first paragraph of Article 241.</p> <p>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 approved then be implemented.</p>	<p>5. The approvals of endorsement on the behalf of the Company, acceptance, assurance and commitment.</p> <p>6. The approvals of applying for financial institutions, guarantees, acceptance and other external advances and debt approval.</p> <p>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.</p> <p>8. The proposal and approvals for capital increase or capital reduction of the Company.</p> <p>9. The powers of according to the Company Law Article 202.</p> <p>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.</p>	<p>New terms of reference for the tenth subparagraph of the second paragraph in accordance with the provisions of the fifth paragraph of Article 240 and the first paragraph of Article 241 of the Company Law.</p>
<p>Art. 16: According to the resolution of the board of directors, the Company may set up the president, general manager, general manager of business unit, vice general manager, and assistant manager, the appointment, dismissal and remuneration shall be governed by the provisions of Article 29 of the Company Law.</p>	<p>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.</p>	<p>In accordance with the adjustment of the Company's supervisors and personnel, amended the definition of the managers. The business department was changed to the business unit.</p>

Amended article	The original article	Description
<p>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.</p> <p>In the absence of accumulated losses, the Company shall distribute all or one of the dividends and dividends in accordance with the provisions of paragraph 5 of Article 245 of the Company Law, in the form of cash disbursement.</p> <p>The cash disbursement is authorized by the board of directors with special resolutions and report to the shareholders meeting.</p>	<p>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.</p>	<p>The second paragraph was added, according to the provisions of paragraph 5 of Article 240 of the Company Law as amended on August 1, 2018 that "A public company may explicitly stipulate in the Articles of Incorporation to authorize the distributable dividends and bonuses in whole or in part may be paid in cash after a resolution has been adopted by a majority vote at a meeting of the</p>

Amended article	The original article	Description
		<p>board of directors attended by two-thirds of the total number of directors; and in addition thereto a report of such distribution shall be submitted to the shareholders' meeting."</p> <p>The article shall be amended as appropriate.</p> <p>The third paragraph was added for the same reasons as the preceding, according to Article 241 of the Company Law, the provisions of paragraph 4 and paragraph 5 of Articles 240 the Company Law are permitted. The statutory surplus reserve and capital</p>

Appendix VII : The Comparison Table of Amendment to Regulations Governing Loans

Metatech (AP) Inc.

The Comparison Table of Amendment to Regulations Governing Loans

Amended article	The original article	Description
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 operating procedure is set out in the "Regulations Governing Loaning of Funds and Making of Endorsement" issued by the Financial Supervisory Commission (SEF).	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).	The wordings adjustment is consistent with the name of the operating procedure.
2. Scope: This procedure is applicable to the Company and its subsidiaries (collectively referred to as the "Group")' handling of loans of funds to others. However, other laws or regulations are different or different from the laws of the place where the subsidiary is located, the local laws and its regulations shall be applied first.	2. Scope: This procedure is applicable to the Company and its subsidiaries (collectively referred to as the "Group")' handling of loans of funds to others. 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.	Corrected the wordings
3. Power and responsibility: The department of Finance and the department of Management of the Company shall be responsible for the relevant work of the Group in their respective posts, and shall be conducted according to the specified operating procedures.	3. Power and responsibility: The department of Finance and the department of Management of the Company shall be responsible for the relevant work of the Group in their respective posts.	Clearly stipulates that engaging in loans to others shall be conducted according to the specified operating procedures.
4. Definition: 4.4 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 loans object and the loans amount.	4. Definition: 4.4 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.	Loans to other parties that are not yet belong to the nature of the transaction, so the article shall be amended as appropriate.
7. The aggregate amount of loans and the maximum amount permitted to a single borrower: 7.4 A public company for foreign companies that directly or indirectly hold 100% of the voting shares or a foreign company that directly and indirectly holds 100% of the voting shares of a public company is engaged in the loan to the public company is not restricted to the provisions of 7.3.	7. The aggregate amount of loans and the maximum amount permitted to a single borrower: 7.4 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 individual 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 individual company's latest audited (verified) 'financial statements by the accountants recently.	The provisions of 7.4 provides for the relaxed restrictions of foreign companies that directly and indirectly hold 100% of the voting shares of

Amended article	The original article	Description
<p>However, the total loan amount shall not exceed 100% of the net value of the individual 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 individual company's latest audited (verified) financial statements by the accountants recently.</p> <p>7.5 A public company paid-up capital amounted to NT\$ 1 billion and has joined the leasing of commercial trade and the statement following the regulations, which have been handled by and in accordance with the provisions of 9, which is engaged in short-term financing, not subject to the limit of the amount of the 7.3. However, the loan and amount must not exceed 100% of its net value.</p> <p>7.6 The responsible person of a company who has violated the provisions of the provisions of 5 and 7.5 shall be liable, jointly and severally with the borrower, for the repayment of the loan at issue and for the damages, if any, to company resulted there-from.</p> <p>7.7 A public company engaged in short-term financing were under the provisions of 7.5 provides that, except to be in accordance with operating procedures set out to handle it, and separately for non-collateral, the same industry and the same affiliated enterprises or group enterprises to strengthen risk assessment and provide for loans and limits.</p>		<p>a public company to engage in the loan to the public company, and it is also not restricted to a net value of 40% and a one-year period. Corrected the wordings.</p> <p>Added the provisions of 7.5 to lighten the provision of short-term financial loans and limits. Refer to Paragraph 2 of Article 15 of the Company Law. The provisions of 7.6 stipulate when the loan to a responsible person of a company exceeds the limits of this provision shall be held jointly and repayment of damages. The provisions of 7.7 shall strengthen the risk assessment and set limits for unsecured products, industry limits, the same industry and the same affiliated enterprises or group enterprises.</p>

Amended article	The original article	Description
<p>9.3 Loan approval:</p> <p>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 if an independent director has objections or reservations, it should be stated in the proceedings of the board of directors.</p> <p>9.3.6 The Company shall fix or amend the fund loan and other people's operating procedures, and shall be approved by more than one-half of all members of the Audit Committee of the Company, and shall submit the resolutions of the board of directors of the Company, and the provision of 9.3.5 shall not apply.</p> <p>9.3.7 If the provision of 9.3.6 is not approved by more than one-half of the members of the audit committee of the company, more than two-thirds of all directors of the company may agree to do so, and the resolutions of the audit committee shall be stated in the proceedings of the board of directors.</p> <p>9.3.8 All members of the Audit Committee as referred to the provision of 9.3.6 and all directors referred to the provision of 9.3.7 are counted as actual incumbents.</p>	<p>9.3 Loan approval:</p> <p>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.</p>	<p>With reference to Article 14-3 of the Securities Exchange Act, the text of the provision of 9.3.5 shall be amended as appropriate.</p> <p>In accordance with Article 14-5 of the Securities Exchange Act, the Audit Committee's powers include the procedures for determining or amending the financial operations of the financial loan and others and the provisions of Article 6 of the Regulations Governing the Acquisition and Disposal of Assets by Public Companies, and added the provisions of 9.3.6, 9.3.7, 9.3.8.</p>
<p>16. Implementation:</p> <p>This procedure shall be approved by the audit committee of the Company and approved by the board of directors, and then submitted to the shareholders after the consent of the implementation, it is the same with the amendment. If a director expresses objection and has a record or written statement, the company shall send its objection to the Audit Committee and report it to the shareholders meeting for discussion.</p>	<p>16. Implementation:</p> <p>This procedure shall be approved by the audit committee of the Company and approved by the board of directors, and then submitted to the shareholders after the consent of the implementation, it is the same with the amendment.</p>	<p>Added the new paragraph, the director's objection record or written statement shall be sent to the Audit Committee and reported to the shareholders' meeting.</p>

Appendix VIII : The Comparison Table of Amendment to Regulations Governing Endorsement Guarantee

Metatech (AP) Inc.

The Comparison Table of Amendment to Regulations Governing Endorsement Guarantee

Amended article	The original article	Description
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 operating procedure is set out in the "Regulations Governing Loaning of Funds and Making of Endorsement" issued by the Financial Supervisory Commission (SEF) (hereinafter referred to as this "Procedure").	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).	The wordings adjustment is consistent with the name of the operating procedures.
2. Scope: This procedure is applicable to the Company and its subsidiaries (collectively referred to as the "Group") handling of endorsements/guarantees to others. However, when other laws or regulations are different or different from the laws of the place where the subsidiary is located, the provisions of the regulations or local laws and regulations shall be applied first.	2. Scope: This procedure is applicable to the Company and its subsidiaries (collectively referred to as the "Group") handling of endorsements/guarantees to others. 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.	Amended other regulations
3. Power and responsibility: The Department of Finance and the Department of Management shall be responsible for the relevant work of the Group in their respective posts, and shall be conducted according to the specified operating procedures.	3. Power and responsibility: The Department of Finance and the Department of Management shall be responsible for the relevant work of the Group in their respective posts.	Established clearly an endorsement guarantee shall be handled in accordance with the prescribed operating procedures.
4. Definition: 4.4 The "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 endorsement guarantee party and monetary amount of the transaction, whichever date is earlier.	4. Definition: 4.4 The "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.	Considering that the endorsement is not a transactional nature, corrected the wordings as appropriate

Amended article	The original article	Description
<p>10. Hierarchy of decision-making authority and delegation thereof:</p> <p>10.3 In 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, 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>10.4 The Company shall fix or amend the endorsement guarantee operation procedures, and shall be approved by more than one-half of all members of the Audit Committee of the Company, and shall submit the resolutions of the Board of Directors of the Company, and the provisions of 10.3 shall not apply.</p> <p>10.5 If the provisions of 10.4 are not approved by more than one-half of the members of the audit committee of the Company, more than two-thirds of all directors of the Company may agree to do so, and the resolutions of the Audit Committee shall be stated in the proceedings of the board of directors.</p> <p>10.6 All members of the Audit Committee referred to in the provisions of 10.4 and all directors referred to in the provisions of 10.5 shall be counted as actual incumbents.</p>	<p>10. Hierarchy of decision-making authority and delegation thereof:</p> <p>10.3 In 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>In accordance with Article 14-3 of the Securities Exchange Act, corrected the wordings of the provisions of 10.3 as appropriate.</p> <p>In addition, the Audit Committee's powers include the establishment or amendment of the major financial operating procedures for the endorsement of others, and the provisions of Article 8 of the Regulations Governing the Acquisition and Disposal of Assets by Public Companies, and added the provisions of 4, 5 and 6.</p>
<p>11. Announcement and reporting procedures:</p> <p>11.2.3 The balance of Endorsements/Guarantees by the Group for a single enterprise reaches NTD10 million more and the aggregate amount of all Endorsements/Guarantees for, the carrying amount of the investment using the equity method, and balance of loans to, such enterprise reaches 30% or more of the Company's net value as stated in its latest financial statement which is audited by the accountant recently.</p>	<p>11. Announcement and reporting procedures:</p> <p>11.2.3 The balance of Endorsements/Guarantees by the Group for a single enterprise reaches NTD10 million 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 the Company's net value as stated in its latest financial statement which is audited by the accountant recently.</p>	<p>Amendment to he provisions of 11.2.3 to clarify the definition of long-term investment.</p>

Amended article	The original article	Description
<p>16. Implementation: 16.1 This procedure shall be approved by the audit committee of the Company and approved by the board of directors, and then submitted to the shareholders after the consent of the implementation, it is the same with the amendment. If a director expresses objection and has a record or written statement, the Company shall send its objection to the Audit Committee and report it to the shareholders' meeting.</p>	<p>16. Implementation: This procedure shall be approved by the audit committee of the Company and approved by the board of directors, and then submitted to the shareholders after the consent of the implementation, it is the same with the amendment.</p>	<p>New paragraph behind, the director's objection record or written statement shall be sent to the audit committee and reported to the shareholders' meeting.</p>

Appendix IX : The Comparison Table of Amendment to Regulations Governing the Acquisition and Disposal of Assets

MetaTech Group (The Company and its subsidiaries)

The Comparison Table of Amendment to Regulations Governing the Acquisition and Disposal of Assets

Amended article	The original article	Description
<p>2. Scope:</p> <p>2.1 Scope of application: 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, when other laws or regulations are different or different from the laws of the place where the subsidiary is located, the provisions of the regulations or local laws and regulations shall be applied first.</p> <p>2.2 Scope of assets application:</p> <p>2.2.1 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.</p> <p>2.2.2 Real property (including land, houses and buildings, investment property, rights to use land, and construction enterprise inventory) and equipment.</p> <p>2.2.3 Memberships.</p> <p>2.2.4 Patents, copyrights, trademarks, franchise rights, and other intangible assets.</p> <p>2.2.5 Right-of-use asset.</p> <p>2.2.6 Claims of financial institutions (including receivables, bills purchased and discounted, loans, and overdue receivables).</p> <p>2.2.7 Derivatives.</p> <p>2.2.8 Assets acquired or disposed of in connection with mergers, demergers, acquisitions, or transfer of shares in accordance with law.</p> <p>2.2.9 Other major assets.</p>	<p>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.</p> <p>3. Scope of assets application:</p> <p>3.1 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.</p> <p>3.2 Real property (including land, houses and buildings, investment property, rights to use land, and construction enterprise inventory) and equipment.</p> <p>3.3 Memberships.</p> <p>3.4 Patents, copyrights, trademarks, franchise rights, and other intangible assets.</p> <p>3.5 Claims of financial institutions (including receivables, bills purchased and discounted, loans, and overdue receivables).</p> <p>3.6 Derivatives.</p> <p>3.7 Assets acquired or disposed of in connection with mergers, demergers, acquisitions, or transfer of shares in accordance with law.</p> <p>3.8 Other major assets.</p>	<p>The original Articles 2 and 3 shall be merged, and other laws and regulations shall be stipulated otherwise.</p> <p>2.2.2 Delete land use rights. In accordance with the provisions of the applicable International Financial Reporting Bulletin, the new 2.2.5 points will be added to expand the scope of the right to use assets.</p> <p>The current 5th to 8th points are moved to points 6 to 9.</p>

Amended article	The original article	Description
<p>3. Power and responsibility:</p> <p>3.1 The authority units for operations such as obtaining, recording, managing and disposing of securities, are the same with "Investment Cycles".</p> <p>3.2 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>3.3 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>3.4 The use of passbook management, passbook protection and storage: By the financial unit.</p> <p>3.5 About deposit management: By the accounting unit.</p>	<p>4. Power and responsibility:</p> <p>4.1 The authority units for operations such as obtaining, recording, managing and disposing of securities, are the same with "Investment Cycles".</p> <p>4.2 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>4.3 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>4.4 The use of passbook management, passbook protection and storage: By the financial unit.</p> <p>4.5 About deposit management: By the accounting unit.</p>	<p>The original article 4 was moved to article 3.</p>
<p>4. Definition:</p> <p>4.1 Derivatives: Forward contracts, options contracts, futures contracts, leverage contracts, and swap contracts, and compound contracts combining the above products, or a combination contract or structured product in which a derivative product is embedded whose value is derived from specific interest rate, financial instrument price, commodity price, interest rates, price or rate index, credit rating, or credit index, or other variables.</p> <p>4.2 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 referred to as "transfer of shares") under Article 156-3 of the Company Act.</p>	<p>5. Definition:</p> <p>5.1 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.</p> <p>5.2 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.</p>	<p>The first item of Article 5 was moved to Article 4. Amend paragraph 1 in accordance with the definition of financial instrument No. 9 of the International Financial Reporting Standards, and amend the text as appropriate.</p> <p>Amended in accordance with Article 156-3 of the Company Law.</p>

Amended article	The original article	Description
<p>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 follow the provisions:</p> <p>5.1 May not have previously received a final and unappealable sentence to imprisonment for 1 year or longer for a violation of the Act, the Company Act, the Banking Act of The Republic of China, the Insurance Act, the Financial Holding Company Act, or the Business Entity Accounting Act, or for fraud, breach of trust, embezzlement, forgery of documents, or occupational crime. However, this provision does not apply if 3 years have already passed since completion of service of the sentence, since expiration of the period of a suspended sentence, or since a pardon was received.</p> <p>5.2 May not be a related party or de facto related party of any party to the transaction.</p> <p>5.3 If the company is required to obtain appraisal reports from two or more professional appraisers, the different professional appraisers or appraisal officers may not be related parties or de facto related parties of each other.</p> <p>5.4 When issuing an appraisal report or opinion, the personnel referred to in the preceding paragraph shall comply with the following:</p> <p>5.4.1 Prior to accepting a case, they shall prudently assess their own professional capabilities, practical experience, and independence.</p> <p>5.4.2 When examining a case, they shall appropriately plan and execute adequate working procedures, in order to produce a conclusion and use the conclusion as the basis for issuing the report or opinion.</p>	<p>5-1 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.</p>	<p>The original Article 5-1 was amended and adjusted to Article 5. At the same time, add subparagraph 1 to subparagraph 3 of paragraph 1 to specify the negative qualifications of relevant experts.</p> <p>Add the fourth item to determine the evaluation, check and declaration of the valuation report or opinion of the relevant experts of this procedure.</p>

Amended article	The original article	Description
<p>The related working procedures, data collected, and conclusion shall be fully and accurately specified in the case working papers.</p> <p>5.4.3 They shall undertake an item-by-item evaluation of the comprehensiveness, accuracy, and reasonableness of the sources of data used the parameters, and the information, as the basis for issuance of the appraisal report or the opinion.</p> <p>5.4.4 They shall issue a statement attesting to the professional competence and independence of the personnel who prepared the report or opinion, and that they have evaluated and found that the information used is reasonable and accurate, and that they have complied with applicable laws and regulations.</p>		
<p>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 each independent director. 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.</p>	<p>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.</p>	<p>Corrected the wrong wordings</p>

Amended article	The original article	Description
<p>7. Acquisition or disposal of real property, equipment and its right-of-use assets: In acquiring or disposing of real property, equipment or its right-of-use assets where the transaction amount reaches twenty percent (20%) of the Company's paid-in capital or NTD three hundred million (NTD 300,000,000) or more, the Company, unless transacting with a domestic government agency, engaging others to build on its own land, engaging others to build on rented land, acquiring or disposing of equipment for business use or its right-of-use assets, 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:</p> <p>7.1.1 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; the same procedure shall also be followed whenever there is any subsequent change to the terms and conditions of the transaction.</p> <p>7.2 When the individual companies of the Group acquire or dispose of real property, equipment and its right-of-use assets with the transaction amount below NT\$ 30 million (inclusive), the transaction amount is less than NTD15 million and is authorized by the general manager of the company for approval. The transaction amount exceeds NTD15 million to 30 million, authorizing the approval of the chairman of the company.</p> <p>However, if the transaction amount is greater than NTD10,000, it shall be reported to the latest board of directors of the Company for review afterwards; Exceed NT\$ 30 million, after passing by the resolution of the board of directors, start it.</p>	<p>7. Acquisition or disposal of real property and equipment:</p> <p>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 NTD300 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:</p> <p>7.1.1. 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.</p> <p>7.2 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 resolution of the board of directors, start it.</p>	<p>In accordance with the provisions of the International Financial Reporting Standards No. 16 Lease Bulletin, Amendment of paragraph 7.1 and its subparagraph 1 shall include the right to use real property not for business use in this Article and amended the wordings.</p> <p>The provisions of Add the fourth item to determine the evaluation, check and declaration of the valuation report or opinion of the relevant experts of this procedure.</p>

Amended article	The original article	Description
<p>8.2 Authorization amount and level</p> <p>8.2.1 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), the transaction amount is less than NTD15 million and is authorized by the general manager of the company for approval. The transaction amount exceeds NTD15 million to 30 million, authorizing the approval of the chairman of the company. However, if the transaction amount is greater than NTD10,000, it shall be reported to the latest board of directors of the Company for review afterwards; Exceed NT\$ 30 million, after passing by the resolution of the board of directors, start it.</p> <p>8.2.2 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), the transaction amount is less than NTD10 million and is authorized by the general manager of the company for approval. The transaction amount exceeds NTD 10 million to NTD 20 million, authorizing the approval of the chairman of the company, but the transaction amount is greater than NTD 3 million. It shall be reported to the Board of Directors of the Company for the most recent period after the event; if the transaction amount exceeds NTD 20 million, it shall be obtained after the resolution of the board of directors of the Company is passed.</p>	<p>8.2 Authorization amount and level</p> <p>8.2.1 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 Company and be submitted to the latest board of directors of the Company for verification afterwards; Exceed NT\$ 30 million, after passing by the resolution of the Company, start it.</p> <p>8.2.2 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 Company and be submitted to the latest board of directors of the Company for verification afterwards; Exceed NT\$ 20 million, after passing by the resolution of the Company, start it.</p>	<p>Add the general manager of the company authorized. In addition, the adjustment of the authorization of the chairman of the company and the transaction amount greater than NT\$5 million shall be reported to the Board of Directors of the Company for the most recent period.</p> <p>The provisions of 8.2.2 add the authorization of Add the fourth item to determine the evaluation, check and declaration of the valuation report or opinion of the relevant experts of this procedure.</p>
<p>9. Acquisition or disposition of membership card or intangible assets:</p> <p>9.1 Where the Company acquires or disposes of memberships, intangible assets or its right-of-use assets and the transaction price reaches twenty percent (20%) or more of the paid-in capital of the Company or reaches NTD three hundred million (NTD 300,000,000) or more, unless transacting with a domestic government agency,</p>	<p>9. Acquisition or disposition of membership card or intangible assets:</p> <p>9.1 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 NTD300 million or more of the individual company, except in transactions with a government agency,</p>	<p>In the same paragraph as before, the amendments to Article 9.1 are amended to increase the right to use asset specifications,</p>

Amended article	The original article	Description
<p>the Company shall engage a CPA 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 No. 20 of Statement of Auditing Standards by the Accounting Research and Development Foundation.</p> <p>9.2 Authorization amount and level</p> <p>9.2.1 Obtain or dispose of membership card, if the transaction amount is less than NT\$ 3 million (inclusive), the transaction amount is less than NT\$1.5 million, and the general manager of the company is authorized to approve the transaction amount exceeding NT\$1.5 million to NT\$3 million, authorizing the approval of the chairman of the company.</p> <p>However, if the transaction amount is greater than NT\$500,000, it should be reported to the latest board of directors of the Company after the event. Exceed NT\$ 30 million, after passing by the resolution of the board of directors, start it.</p> <p>9.2.2 Obtain or dispose of intangible assets, if the transaction amount is less than NT\$ 30 million (inclusive), the transaction amount is less than NT\$15 million, and the general manager of the company is authorized to approve the transaction amount exceeding NT\$15 million to NT\$30 million, authorizing the approval of the chairman of the company.</p> <p>However, if the transaction amount is greater than NT\$5 million, it should be reported to the latest board of directors of the company after the event. Exceed NT\$ 30 million, after passing by the resolution of the board of directors, start it.</p>	<p>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>9.2 Authorization amount and level</p> <p>9.2.1 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.</p> <p>9.2.2 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.</p>	<p>and it is clear that government agencies are limited to domestic government agencies.</p> <p>Article 9.2.1 increases the authorization of the general manager of the company. In addition, the company's chairman's authorization is adjusted. If the transaction amount is greater than NT\$500,000, it should be reported to the company's most recent board of directors for verification.</p> <p>The provisions of 9.2.2 add the authorization of the general manager of the company. In addition, the authority of the chairman of the board of directors shall be adjusted. If the transaction amount is greater than Wuyi, the amount of the transaction shall be reported to the board of directors of the company for the most recent period.</p>

Amended article	The original article	Description
<p>11. Relationship transaction evaluation and operating procedures:</p> <p>11.2 When the Company intends to acquire or dispose of real property or its right-of-use assets to a related party, or when it intends to acquire or dispose of assets other than real property or its right-of-use assets from or to a related party and the transaction amount reaches twenty percent (20%) or more of paid-in capital, ten percent (10%) or more of the company's total assets, or NTD three hundred million (NTD 300,000,000) or more, Except for the purchase and sale of the bonds, repurchase/reverse repurchase bonds, and requisition or repurchase of money market funds issued by the domestic security investment and trust industry, the unit responsible for implementation may not proceed to enter into a transaction contract or make a payment until the following matters have been submitted to the Audit Committee and obtain the consent of more than one-half of all members and proposed to the Board of Directors for a resolution:</p> <p>11.2.3 With respect to the acquisition of real property or its right-of-use assets from a related party, information regarding appraisal of the reasonableness of the preliminary transaction terms in accordance with Article 12.1 and Article 12.5.</p> <p>11.3 The calculation of the transaction amounts referred to in the preceding paragraph shall be made in accordance with Article 16.1.7 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 adopted by the board of directors and recognized by the audit committee in accordance with the Procedures need not be counted toward the transaction amount.</p> <p>11.4 The individual companies of the Group engage the following transactions may be handled in accordance with the provisions of 7.2, 8.2 and 9.2.</p>	<p>11. Relationship transaction evaluation and operating procedures:</p> <p>11.2 The individual companies of the Group 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 individual company's total assets, or NTD300 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>11.2.3 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 12.1 - Article 12.5.</p> <p>11.3 The calculation of the transaction amounts referred to in the Article 11.2 shall be made in accordance with Article 16.1.7, 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 the Company and recognized by the supervisors need not be counted toward the transaction amount.</p> <p>11.4 With respect to the acquisition or disposal of business-use equipment between the individual companies of the Group, the board of directors may pursuant to Article 7.2, Article 8.2, Article 9.2 delegate the board chairman of the Company 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>In the same paragraph as before, the amendments to paragraphs 2 and 2, paragraph 3, increase the right to use asset specifications, the public debt is limited to domestic public debt.</p> <p>Corrected the wordings. To relax the equipment use right assets or real estate use right assets obtained or disposed of between the enterprises for business use, the authorized chairman shall be authorized to handle the matter first, and amended the wordings as appropriate.</p>

Amended article	The original article	Description
<p>11.4.1 For the acquisition or disposal of equipment for business use or its right-of-use assets</p> <p>11.4.2 For the acquisition or disposal of real property for business use or its right-of-use assets</p>		
<p>12. Evaluating the reasonableness of transaction costs of related parties:</p> <p>12.1 When the individual companies of the Group acquires real property or its right-of-use assets from a related party, the reasonableness of the transaction costs shall be evaluated by the following means:</p> <p>12.2 Where land and structures thereupon are combined as a single property purchased or rented 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.</p> <p>12.3 The individual companies of the Group acquire real property from a related party and appraise the cost of the real property and its right-of-use assets in accordance with Article 12.1 and Article 12.2 shall also engage a CPA to check the appraisal and render a specific opinion.</p> <p>12.4 Where the individual companies of the Group acquire real property and its right-of-use assets 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:</p> <p>12.4.1 The related party acquired the real property and its right-of-use assets through inheritance or as a gift.</p> <p>12.4.2 More than 5 years will have elapsed from the time the related party signed the contract to obtain the real property and its right-of-use assets to the signing date for the current transaction.</p>	<p>12. Evaluating the reasonableness of transaction costs of related parties:</p> <p>12.1 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>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.</p> <p>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.</p> <p>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:</p> <p>12.4.1 The related party acquired the real property through inheritance or as a gift.</p> <p>12.4.2 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.</p>	<p>Amend the same reason as in the previous Article 7, and amend the rules for the increase of the right to use assets and leases, and amended the wordings as appropriate.</p>

Amended article	The original article	Description
<p>12.4.4 The real property right-of-use assets for business use are acquired by the Company with its parent or subsidiaries, or by its subsidiaries in which it directly or indirectly holds 100 percent of the issued shares or authorized capital.</p> <p>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:</p> <p>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 calculation of reasonable price discrepancies in floor or area land prices in accordance with standard property market practices.</p> <p>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 or renting market practices.</p> <p>12.5.2 Where an individual company acquiring real property or its right-of-use assets 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.</p>	<p>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:</p> <p>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 calculation of reasonable price discrepancies in floor or area land prices in accordance with standard property market practices.</p> <p>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.</p> <p>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.</p>	<p>The addition of 12.4.4 to exclude such transactions should be based on this article to assess transaction costs.</p> <p>Amendment to Articles 12.5.1.2 and 12.5.2 and 12.5.3, etc., the assets of the real estate use right leased to the related parties shall be included in the requirements for the assessment of the cost when the cost is lower than the transaction price. Also delete the provisions of 12.5.1.3.</p>

Amended article	The original article	Description
<p>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 or its right-of-use assets.</p> <p>12.6 Where the individual companies of the Group acquire real property or its right-of-use assets 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:</p> <p>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 or its right-of-use assets 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.</p> <p>12.6.2 Supervisors shall comply with Article 218 of the Company Act. The audit committee has been set up in accordance with the provisions of this Law. The previous paragraph of this provision is applicable to the independent board members of the audit committee.</p>	<p>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 or its right-of-use assets.</p> <p>12.6 Where the individual companies of the Group acquire real property or its right-of-use assets 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:</p> <p>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 or its right-of-use assets 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.</p> <p>12.6.2 Supervisors shall comply with Article 218 of the Company Act. The audit committee has been set up in accordance with the provisions of this Law. The previous paragraph of this provision is applicable to the independent board members of the audit committee.</p>	<p>Add 12.6.2, when the audit committee has been set up, the former paragraph of the paragraph will be used by the independent board members of the audit committee.</p>

Amended article	The original article	Description
<p>12.7 The individual companies of the Group who have made a special surplus reserve in accordance with the provisions of Article 12.6 shall recognize the loss of the price or dispose of the lease or terminate the lease at the high price or properly compensate or restore the original condition, or there is other evidence to determine that there is no unreasonable, and the special surplus reserve is used after the approval of the FSC.</p> <p>12.8 When the individual companies of the Group obtain real property or its right-of-use assets from a related party, it shall also comply with the Article 12.6 and Article 12.7 if there is other evidence indicating that the acquisition was not an arm's length transaction.</p>	<p>12.7 The individual companies of the Group that have set aside a special reserve under the Article 12.6 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>12.8 When the individual companies of the Group obtain real property from a related party, it shall also comply with the Article 12.6 and Article 12.7 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>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. If any material violation is discovered, all supervisors shall be notified in writing.</p>	<p>13. Engaged in derivative commodity trading:</p> <p>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. If any material violation is discovered, all supervisors shall be notified in writing.</p>	Adjusted the content of the provisions of 13.7.
<p>15.7 The Company participating in a merger, demerger, acquisition, or a company whose shares are transferred or whose shares are traded in the securities firm's business premises, 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.</p>	<p>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.</p>	Corrected the content

Amended article	The original article	Description
<p>16. Announcement of application procedure:</p> <p>16.1 Under any of the following circumstances, the individual companies of the Group 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>16.1.1 Acquisition or disposal of real property or its right-of-use assets from or to a related party, or acquisition or disposal of assets other than real property or its right-of-use assets 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 NTD300 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>16.1.4 Where the type of asset acquired or disposed is equipment or its right-of-use assets for business use, the trading counterparty is not a related party, and the transaction amount meets any of the following criteria:</p> <p>16.1.5 Where land is acquired and the transaction object is not a related person 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 individual company expects to invest in the transaction reaches NTD500 million.</p>	<p>16. Announcement of application procedure:</p> <p>16.1 Under any of the following circumstances, the individual companies of the Group 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>16.1.1 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 NTD300 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>16.1.4 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:</p> <p>16.1.5 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 individual company expects to invest in the transaction reaches NTD500 million.</p>	<p>Amend the same reason as before the 7th, amend the increase in the right to use assets and lease specifications, and specify domestic bonds. And corrected the wordings as appropriate.</p>

Amended article	The original article	Description
<p>16.1.6 Where an asset transaction other than any of those referred to in the Article 16.1.1- Article16.1.5, 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 NTD300 million of the individual company; provided, this shall not apply to the following circumstances:</p> <p>16.1.6.1 Trading of domestic government bonds.</p> <p>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 (excluding subordinated bonds), or purchase or buy back securities investment trusts or futures trusts 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.</p> <p>16.1.7.3 The cumulative transaction amount of real property or its right-of-use assets acquisitions and disposals (cumulative acquisitions and disposals, respectively) within the same development project within the preceding year.</p>	<p>16.1.6 Where an asset transaction other than any of those referred to in the Article 16.1.1- Article16.1.5, 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 NTD300 million of the individual company; provided, this shall not apply to the following circumstances:</p> <p>16.1.6.1 Trading of government bonds.</p> <p>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.</p> <p>16.1.7.3 The cumulative transaction amount of real property acquisitions and disposals (cumulative acquisitions and disposals, respectively) within the same development project within the preceding year.</p>	<p>16.1.6.2 Amend the waiver of the exemption from the investment of the professional to open the securities before the sale and purchase, and also specify the general corporate bonds and the general financial bonds without equity, excluding the subordinated bonds.</p>
<p>18. Other matters:</p> <p>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.</p>	<p>18. Other matters:</p> <p>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.</p> <p>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.</p>	<p>A public offering company that has set up an audit committee in accordance with this Law shall be exercised by the independent directors of the audit committee or the audit committee to exercise the supervisor's authority</p>

Amended article	The original article	Description
<p>18.2 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>18.3 In the case of the individual companies of the Group whose shares have no par value or a par value other than NTD10, 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.</p> <p>18.4 This procedure unformulated matters, according to the relevant laws and regulations.</p>	<p>Article 12.6.2 stipulates that it is applicable to the independent board members of the audit committee.</p> <p>18.3 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>18.4 In the case of the individual companies of the Group whose shares have no par value or a par value other than NTD10, 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.</p> <p>18.5 This procedure unformulated matters, according to the relevant laws and regulations.</p>	<p>and delete paragraph 18.2.</p> <p>Current subparagraph 3 to 5 are moved to subparagraph 2 to 4</p>

Appendix X : The Company Policy (Before amendment)

Metatech (AP) Inc.
The Company Policy

Chapter I General Principle

Art. 1: In accordance with the provisions of the Company Law, we organized MetaTech (AP) Inc.

Art. 2: MetaTech (AP) Inc. 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 NTD 1 billion, divided into 100 million shares, and NTD 1 per share, among the total capital NTD 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 XI: Regulations Governing Loans (Before amendment)

Metatech (AP) Inc.
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 (collectively referred to as the "Group") handling of loans of funds to others. 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.

3. Powers and responsibilities:

The department of Finance and the department of Management of the Company shall be responsible for the relevant work of the Group in their respective posts.

4. Definitions:

- 4.1 "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.
- 4.2 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.
- 4.3 The Procedure called "Notice Declaration" refers to the information website designated by the Financial Supervisory Commission.
- 4.4 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. The scope of loan:

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

- 5.1 Where an inter-company or inter-firm business transaction calls for a loan arrangement.
- 5.2 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 individual lender's net value.
- 5.3 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. But the business cycle is longer than one year, subject to the business cycle.
- 5.4 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.

6. The evaluation criteria of objects for loans of funds:

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

- 6.1 Necessary to have short-term financing facilities for the business relationship with the individual companies of the Group.
- 6.2 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.

7. The aggregate amount of loans and the maximum amount permitted to a single borrower:

- 7.1 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.
- 7.2 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.
- 7.3 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.
- 7.4 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 individual 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 individual company's latest audited (verified) financial statements by the accountants recently.

8. Duration of loans and calculation of interest:

Limited by one year for a duration of loans, the interest rate shall not be less than the average interest rate of the Company or the individual company's short-term funds borrowed from financial institutions at that time and shall bear interest on a yearly or monthly basis, or pay off the principal and interest once at the time of liquidation.

9. Procedures for handling loans of funds, review procedures and evaluation criteria:

- 9.1 Credit Investigation: For all companies or others to fund for loan application, should conduct a detailed credit investigation, the principle is as follows:
 - 9.1.1 The primary borrowers, borrowers should provide basic information and financial information, in order to handle the credit.
 - 9.1.2 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.
 - 9.1.3 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.
 - 9.1.4 The loan of funds between individual companies of the Group is exempt from credit and rights setting.
- 9.2 Review evaluation:

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:

 - 9.2.1 The necessity of and reasonableness of extending loans to others.
 - 9.2.2 Borrower credit status and risk assessment.
 - 9.2.3 Impact on the company's business operations, financial condition, and shareholders' equity.
 - 9.2.4 Whether collateral must be obtained and appraisal of the value thereof.

- 9.3 Loan approval:
- 9.3.1 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 Company sign, and submit to the board of directors of the Company for approval after the resolution.
- 9.3.2 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.
- 9.3.3 When the individual companies of the Group 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.
- 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 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.
- 9.6 Collateral rights setting and insurance:
- 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.
- 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.
- 9.6.3 The authority unit shall pay attention to inform the borrower to continue the insurance before the expiration of the insurance period.
- 9.7 Appropriation:
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.

10. Announcement reporting procedures:

- 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.

11. Loans and the amount of follow-up control measures, overdue claims processing:

- 11.1 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.
- 11.2 The individual companies of the Group due to change of circumstances, loans and balances not meet the requirements of the procedure or the amount exceeds the limit; it should develop improvement plans, and the relevant improvement plan will be sent to the audit committee of the Company, and the improvement will be completed according to the planning schedule.
- 11.3 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 and then repayable together with the principal, then the collateral can be lifted debt or mortgage set.
- 11.4 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.
- 11.5 The borrower shall pay off the principal and interest as soon as the loan expires. The funds of 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.

12. Establishment of funds registration form:

The Company's authority units should establish funds registration form 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 of the Company, the date of loan repayment, and the matters to be carefully evaluated in accordance with the provisions shall be announced for details.

13. Internal audit:

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

14. 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 Group in connection with the handling of loans by funds and others, in accordance with the personnel management rules to submit assessment, according to the severity of punishment.

15. Other matters:

- 15.1 The individual companies of the Group 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.
- 15.2 This procedure unformulated matters, according to the relevant laws and regulations.

16. Implementation:

This procedure shall be approved by the audit committee of the Company and approved by the board of directors, and then submitted to the shareholders after the consent of the implementation, it is the same with the amendment.

17. Related documents and forms:

- 17.1 Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies
- 17.2 Loans and Matters Application
- 17.3 Funds Registration Form

Appendix XII: Regulations Governing Endorsement Guarantee (Before amendment)

Metatech (AP) Inc. 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 (FSC).

2. Scope:

This procedure is applicable to the Company and its subsidiaries (collectively referred to as the "Group")' handling of endorsements/guarantees to others.

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.

3. Powers and responsibilities:

The Department of Finance and the Department of Management shall be responsible for the relevant work of the Group in their respective posts.

4. Definitions:

4.1 "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.

4.2 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.

4.3 The "announcement and reporting" in these Regulations refers to the information website designated by the FSC.

4.4 The "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. The Definition of Endorsements/Guarantees:

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

5.1 Financing Endorsements/Guarantees, including:

5.1.1 Bill discount financing.

5.1.2 Endorsement or guarantee made to meet the financing needs of another company. 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.

5.1.3 Issuance of a separate negotiable instrument to a non-financial enterprise as security to meet the financing needs of the individual companies of the Group.

5.2 Customs duty Endorsements/Guarantees, meaning an endorsement or guarantee for the individual companies of the Group or another company with respect to customs duty matters.

5.3 Other Endorsements/Guarantees, meaning endorsement or guarantee beyond the scope of Article 5.1 and Article 5.2.

6. Endorsement guarantee object:

- 6.1 The individual companies of the Group may make Endorsements/Guarantees for the following
 - 6.1.1 A company with which it does business.
 - 6.1.2 A company in which the public company directly and indirectly holds more than 50 percent of the voting shares.
 - 6.1.3 A company that directly and indirectly holds more than 50 percent of the voting shares in the public company.
- 6.2 The Company shall apply to Endorsements/Guarantees made between companies in which the public company holds, directly or indirectly, 100% of the voting shares.
- 6.3 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 Article 6.1 and Article 6.2.
- 6.4 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.

7. The amount of Endorsements/Guarantees:

- 7.1 The total aggregate amount of Endorsements/Guarantees:
 - 7.1.1 The total aggregate amount of Endorsements/Guarantees provided by the individual companies of the Group shall not exceed 100% of the net value of the individual company of the financial statements which is audited by the accountant recently.
 - 7.1.2 The total aggregate amount of Endorsements/Guarantees provided by the Group shall not exceed 100% of the net value of the financial statements which is audited by the accountant recently.
- 7.2 The total aggregate amount of Endorsements/Guarantees for a single enterprise:
 - 7.2.1 The total aggregate amount of Endorsements/Guarantees for a single enterprise provided by the individual companies of the Group shall not exceed 50% of the net value of the individual company of the financial statements which is audited by the accountant recently.
 - 7.2.2 The total aggregate amount of Endorsements/Guarantees for a single enterprise provided by the Group and its Subsidiaries shall not exceed 50% of the net value of the financial statements which is audited by the accountant recently.
- 7.3 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%.

8. Procedures for scrutinizing Endorsements/Guarantees and the evaluation criteria:

- 8.1 Any Endorsements/Guarantees to be provided by the individual companies of the Group shall be examined, evaluated, with a comment made, by the Authority Unit. The evaluation items shall be included:
 - 8.1.1 The necessity and rationality of Endorsements/Guarantees.
 - 8.1.2 To evaluate the credit and risks of endorsed parties.
 - 8.1.3 To evaluate the impact on the Company's operation risks, financial condition and shareholders' equity.
 - 8.1.4 To evaluate the necessity to acquire collateral and appraisal of collateral.

- 8.2 When the individual companies of the Group 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 Company may be subject to the provisions of Article 7 of this procedure, and then reported to the recently meeting of the board of directors for ratification.
- 8.3 When the endorsement guarantees are handled between individual companies of the Group, the letter collection and rights are exempted.
- 8.4 If the individual company of the Group 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 Company and the improvement shall be completed according to the planning schedule.
9. Procedures for use and custody of corporate chops:
- 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.
- 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.
10. Hierarchy of decision-making authority and delegation thereof:
- 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.
- 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 brought about by the excess of limits. The board of directors of the Company should also revise the procedures and has it ratified at the shareholders' meeting of the Company. If the revised procedures are not ratified at the shareholders' meeting of the Company, the board of directors of the Company should furnish a plan containing a timetable to withdraw the excess portion.
- 10.3 In 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.
11. Announcement and reporting procedures:
- 11.1 The Company shall announce and report the previous month's balance of Endorsements/Guarantees of the Group by the 10th day of each month from the Authority Unit.
- 11.2 The Group 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:
- 11.2.1 The aggregate balance of Endorsements/Guarantees by the Group reaches 50% or more of the Company's net value as stated in its latest financial statement which is audited by the accountant recently.

11.2.2 The balance of Endorsements/Guarantees by the Group 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.

11.2.3 The balance of Endorsements/Guarantees by the Group for a single enterprise reaches NT\$10 million 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 the Company's net value as stated in its latest financial statement which is audited by the accountant recently.

11.2.4 The amount of new Endorsements/Guarantees made by the individual companies of the Group 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.

11.3 The subsidiary of the Company is not a domestic public company. The subsidiary has Article 11.2.4 which should be announced and declared by the Company.

12. An establishment of Endorsements/Guarantees Registration Form:

The Authority Unit shall establish and maintain an Endorsements/Guarantees Registration Form 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 of the Company or of authorization by the Chairman of the Company, the date the Endorsements/Guarantees is made, and the matters to be carefully evaluated under Article 7.

13. Internal audit:

The Company's internal auditors shall be at least quarterly 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.

14. Penalty:

If the Group'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.

15. Other matters:

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

15.2 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 Article 15.1 The sum of the share capital plus paid-in capital in excess of par shall be substituted.

15.3 When the individual companies of the Group handle 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.

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

16. Implementation:

This procedure shall be approved by the audit committee of the Company and approved by the board of directors, and then submitted to the shareholders after the consent of the implementation, it is the same with the amendment.

17. Related documents and forms:

17.1 Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies

17.2 Matters of Endorsements/Guarantees Application

17.3 Endorsements/Guarantees Registration Form

Appendix XIII: 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

1. Purpose:

For the purposes of obtaining or disposing of the assets of the Company and its subsidiaries (All collectively 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").(Article 1)

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. (Article 2)

3. Scope of assets application: (Article 3)

- 3.1 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.
- 3.2 Real property (including land, houses and buildings, investment property, rights to use land, and construction enterprise inventory) and equipment.
- 3.3 Memberships.
- 3.4 Patents, copyrights, trademarks, franchise rights, and other intangible assets.
- 3.5 Claims of financial institutions (including receivables, bills purchased and discounted, loans, and overdue receivables).
- 3.6 Derivatives.
- 3.7 Assets acquired or disposed of in connection with mergers, demergers, acquisitions, or transfer of shares in accordance with law.
- 3.8 Other major assets.

4. Power and responsibility: (Article 4-1)

- 4.1 The authority units for operations such as obtaining, recording, managing and disposing of securities, are the same with "Investment Cycles".
- 4.2 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".
- 4.3 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.
- 4.4 The use of passbook management, passbook protection and storage: By the financial unit.
- 4.5 About deposit management: By the accounting unit.

5. Definition: (Article 4)

- 5.1 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.

- 5.2 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.
- 5.3 Related party or subsidiary:
Follow as defined in the Regulations Governing the Preparation of Financial Reports by Securities Issuers.
- 5.4 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.
- 5.5 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.
- 5.6 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.
5. The individual companies of 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.(Article 5)
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.(Article 8)
7. Acquisition or disposal of real property and equipment:
- 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: (Article 9)
- 7.1.1 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.
- 7.1.2 Where the transaction amount is NT\$1 billion or more, appraisals from two or more professional appraisers shall be obtained.

7.1.3 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:

7.1.3.1. The discrepancy between the appraisal result and the transaction amount is 20 percent or more of the transaction amount.

7.1.3.2. The discrepancy between the appraisal results of two or more professional appraisers is 10 percent or more of the transaction amount.

7.1.4 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.

7.2 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.

7.3 The individual companies of 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. (Article 9-2)

8. Acquisition or disposal of securities: (Article 10)

8.1 The individual companies of 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).

8.2 Authorization amount and level (Article 10-1)

8.2.1 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 Company and be submitted to the latest board of directors of the Company for verification afterwards; Exceed NT \$ 30 million, after passing by the resolution of the Company, start it.

8.2.2 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 Company and be submitted to the latest board of directors of the Company for verification afterwards; Exceed NT \$ 20 million, after passing by the resolution of the Company, start it.

8.3 Transaction process

The individual companies of the Group acquire or dispose of securities in accordance with the relevant provisions of the Group's internal control system for the investment recycling. (Article 10-2)

9. Acquisition or disposition of membership card or intangible assets: (Article 11)

- 9.1 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 the individual company, 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.
- 9.2 Authorization amount and level (Article 11-2)
- 9.2.1 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.
- 9.2.2 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.
- 9.3 The individual companies of the Group acquire or dispose of membership card or intangible assets in accordance with the relevant provisions of the Group. (Article 11-3)
- 9.4 Article 7.1, Article 8.1, Article 9.1 calculation of the amount of the transaction shall be handled in accordance with the provisions of Article 16.1.7 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. (Article 11-1)

10. The individual companies of 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. (Article 12)

11. Relationship transaction evaluation and operating procedures:

- 11.1 When the individual companies of the Group engages in any acquisition or disposal of assets from or to a related party, in addition to ensuring that the necessary resolutions of Article 7- Article 12 are adopted and the reasonableness of the transaction terms is appraised, if the transaction amount reaches 10 percent or more of the individual 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. (Article 13)
- 11.2 The individual companies of the Group intend to acquire or dispose of real property from or to a related party, or when the 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 individual 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: (Paragraph 1of Article 14)

- 11.2.1 The purpose, necessity and anticipated benefit of the acquisition or disposal of assets.
 - 11.2.2 The reason for choosing the related party as a trading counterparty.
 - 11.2.3 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 12.1 - Article 12.5.
 - 11.2.4 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 individual company and the related party.
 - 11.2.5 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.
 - 11.2.6 An appraisal report from a professional appraiser or a CPA's opinion obtained in compliance with the Article 11.1.
 - 11.2.7 The restrictions and other important matters of this transaction.
 - 11.3 The calculation of the transaction amounts referred to in the Article 11.2 shall be made in accordance with Article 16.1.7, 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 the Company and recognized by the supervisors need not be counted toward the transaction amount. (Paragraph 2 of Article 14)
 - 11.4 With respect to the acquisition or disposal of business-use equipment between the individual companies of the Group, the board of directors may pursuant to Article 7.2, Article 8.2, Article 9.2 delegate the board chairman of the Company 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. (Paragraph 3 of Article 14)
 - 11.5 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. The resolutions of the Audit Committee shall be stated in the proceedings of the Board of Directors. (Paragraph 5 of Article 14)
12. Evaluating the reasonableness of transaction costs of related parties:
- 12.1 The individual companies of the Group acquire real property from a related party shall evaluate the reasonableness of the transaction costs by the following means: (Paragraph 1 of Article 15)
 - 12.1.1 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.
 - 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. (Paragraph 2 of Article 15)
 - 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. (Paragraph 3 of Article 15)

- 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: (Paragraph 4 of Article 15)
- 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 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 has been obtained, this restriction shall not apply: (Article 16)
- 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 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: (Article 17)

- 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. 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.
- 12.6.2 Supervisors shall comply with Article 218 of the Company Act.
- 12.6.3 Actions taken pursuant to Article 12.6.1 and Article 12.6.2 shall be reported to a shareholders meeting, and the details of the transaction shall be disclosed in the annual report and any investment prospectus.
- 12.7 The individual companies of the Group that have set aside a special reserve under the Article 12.6 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.
- 12.8 When the individual companies of the Group obtain real property from a related party, it shall also comply with the Article 12.6 and Article 12.7 if there is other evidence indicating that the acquisition was not an arm's length transaction.
13. Engaged in derivative commodity trading:
- 13.1 The individual companies of 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: (Article 18)
- 13.1.1 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.
- 13.1.2 Risk management measures.
- 13.1.3 Internal audit system.
- 13.1.4 Regular evaluation methods and the handling of irregular circumstances.
- 13.2 The individual companies of the Group engaging in derivatives trading shall adopt the following risk management measures: (Article 19)
- 13.2.1 Risk management shall address credit, market, liquidity, cash flow, operational, and legal risks.
- 13.2.2 Personnel engaged in derivatives trading may not serve concurrently in other operations such as confirmation and settlement.
- 13.2.3 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.
- 13.2.4 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 of the Company.
- 13.2.5 Other important risk management measures.
- 13.3 The individual companies of the Group engaging in derivatives trading, its board of directors shall faithfully supervise and manage such trading in accordance with the following principles: (Paragraph 1 of Article 20)
- 13.3.1 Designate senior management personnel to pay continuous attention to monitoring and controlling derivatives trading risk.
- 13.3.2 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.

- 13.4 Senior management personnel authorized by the board of directors of the Company shall manage derivatives trading in accordance with the following principles: (Paragraph 2 of Article 20)
- 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. (Paragraph 3 of Article 20)
- 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. (Paragraph 1 of Article 21)
- 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. If any material violation is discovered, all supervisors shall be notified in writing. (Paragraph 2 of Article 21)

14. Commodity derivatives trading principles and guidelines:

- 14.1 Transaction type
- 14.1.1 Derivative financial commodities that the individual companies of the Group 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).
- 14.1.2 The individual companies of the Group 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.
- 14.2 Business or hedging strategy:
- 14.2.1 The individual companies of the Group 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.
- 14.2.2 The individual companies of the Group 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.
- 14.3 Division of authority:
- 14.3.1 Financial unit:
- 14.3.1.1 Responsible for the operation of commodity futures trading strategy.
- 14.3.1.2 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.
- 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
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 responsibility as a reference for management and resolution.

14.4.2 Specific purpose transactions:

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.

14.5 Total amounts of contracts:

14.5.1 The hedging transaction

The hedging transactions accumulated outstanding total contract balance is limited to 100% of the then net share of the individual companies of the Group.

14.5.2 Specific purpose transactions

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

14.6 Loss limit:

14.6.1 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 Company should have independent directors to attend and express their opinions.

14.6.2 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.

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.

15. Mergers and Consolidations, Splits, Acquisitions, and Assignment of Shares:

- 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. (Article 22)
- 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.
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. (Paragraph 1 of Article 23)
- 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. (Paragraph 2 of Article 23)
- 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. (Paragraph 1 of Article 24)
- 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. (Paragraph 2 of Article 24)
- 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: (Paragraph 3 of Article 24)
 - 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 in the planning or implementation of any merger, demerger, acquisition, or transfer of another company's shares prior to disclosure of the information.
 - 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.
 - 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.
- 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. (Paragraph 4 of Article 24)

- 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. (Paragraph 5 of Article 24)
- 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 any company related to the plan for merger, demerger, acquisition, or transfer of shares. (Article 25)
- 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: (Article 26)
- 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.
- 15.10.2 An action, such as a disposal of major assets, which affects the company's financial operations.
- 15.10.3 An event, such as a major disaster or major change in technology, which affects shareholder equity or share price.
- 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.
- 15.10.5 Other terms/conditions that the contract stipulates may be altered and that have been publicly disclosed.
- 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: (Article 27)
- 15.11.1 Handling of breach of contract.
- 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. (Article 28)
- 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 Article 15.12. (Article 29)

16. Announcement of application procedure:

16.1 Under any of the following circumstances, the individual companies of the Group 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: (Article 30)

16.1.1 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.

16.1.2 Merger, demerger, acquisition, or transfer of shares.

16.1.3 Losses from derivatives trading reaching the limits on aggregate losses or losses on individual contracts set out in the procedures adopted by the company.

16.1.4 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:

16.1.4.1 For a public company whose paid-in capital is less than NT\$10 billion, the transaction amount reaches NT\$500 million or more.

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

16.1.5 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 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 underlying asset with the same trading counterparty within the preceding year.

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

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

- 16.1.8 "Within the preceding year" as used in the Article 16.1.7 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.
- 16.1.9 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.
- 16.1.10 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.
- 16.1.11 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.
- 16.2 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 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: (Article 31)
- 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.

17. Penalty:

Relevant personnel of the individual companies 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 of the Group, and punish them according to their severity.

18. Other matters:

- 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. (Article 33)
- 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. (Article 33-1)
- 18.3 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. (Article 33-2)
- 18.4 In the case of the individual companies of the Group 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. (Article 33-2)
- 18.5 This procedure unformulated matters, according to the relevant laws and regulations. (Article 33-2)

19. Implementation:

Where an audit committee of the Company 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. (Article 6)

Appendix XIV: The Rules of Procedure in Shareholders' Meeting

Metatech (AP) Inc.

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.
- XIV. 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 XV : The Condition of Directors Holding Shares

Metatech (AP) Inc.
The Condition of Directors Holding Shares

- The minimum number of shares that all directors should hold
The minimum number of shares that all directors should hold is 4,641,283 shares.
- As of this shareholders' meeting will be held shareholders list of the number of shares on the transfer date

Title	Name	Stop the holdings of shares recorded in the shareholders' register on the transfer date	
		Number of sharesholding	% Holding into several
Chairman	Be De Bi Xiu Investment Co., Ltd. Representative: Hu Li San	3,141,924	5.42%
Director	Be De Bi Xiu Investment Co., Ltd. Representative: Tang Hong De Representative: Qiu Jun Hua Representative: Chen Rui Jie	3,141,924	5.42%
Director	National Development Fund, Executive Yuan Representative: He Hong Neng	2,777,000	4.79%
Director	Jimmore International Co., Ltd. Representative: Wu Zhen Long	3,270,000	5.64%
Director	Dajun Investment Co., Ltd. Representative: ang Zhi Hui Representative: Zhao Hong Zhang	197,000	0.34%
Independent director	Wu Rong Yi	-	-
Independent director	Chen Rong Hua	-	-
Independent director	Wang Wen Zhu	-	-
All directors hold shares		9,385,924	16.18%

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 2018 profit and loss provision case was approved by the board of directors on March 26, 2019. The proposed employee bonus and director's compensation are as follows:
 - a. Cash dividends for employees and stock dividends of NTD0.
 - b. The directors and supervisors have paid NTD0.
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 NTD 0 and the recognition expense annual estimated amount to NTD 0, there is no difference.