

## Metatech (AP) Inc.

### Minutes for 2019 Annual Meeting of Shareholders

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

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

**Number of shares attended:** The total number of shares issued by the Company was 58,016,045, the total number of shares attended was 34,174,733 shares, the number of shares attended accounted for 58.91% of the total number of shares issued, has reached the statutory number of meeting shares.

**Attending directors:**

Director, Hu Li San,

Director, Tang Hung De,

Director, Qiu Jun Hua,

Director, Zhao Hong Zhang,

Independent Director, Wu Rong Yi,

Independent Director, Chen Rong Hua,

Independent Director, Wang Wen Zhu.

**Other in attendance:**

Accountant, Zhi Bing Jun of PricewaterhouseCoopers Taiwan

Lawyer, Chen Yi Fei of Tsanya Law Firm

Assistant General Manager, Wang Ze Xun of Medical Application Department

Assistant General Manager, Liu Heng Yu of Biomedicine Business Department

Assistant General Manager, Wang Shi Jun of Taiwan Operations Center of Electronic

Business

General Manager, Chan Chih Tsung of Finance/Management Department

Chairman: Director, Hu Li San

Statement by the Chairman: (omitted)

**I. Management Presentation:**

Report No. 1

Proposal: 2018 Annual Business Report, please check.

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

The case was received and known by the Chairman for consultation with all shareholders.

Report No. 2

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

Explanation: 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.

The case was received and known by the Chairman for consultation with all shareholders.

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 NTD 580,160,450.
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.

The case was received and known by the Chairman for consultation with all shareholders.

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 numbers of issued shares were 1,500, and each denomination was NTD 100,000. The issue price was issued at 100%~101% of the face value. The total amount of the raised amount was NTD 151,500,000. 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 IV of this handbook.

The case was received and known by the Chairman for consultation with all shareholders.

## **II. 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 Individual 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 Business Report, Individual 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. All Statements in this case please refer to page 11 to page 17 of Appendix I and page 19 to page 43 of Appendix III of this handbook.

Resolution: The case was approved as it after voting.

The result of the voting was as follows: the weight of the approval was 98.65% of the voting rights of the shareholders attended at the time of voting.

Item	Total votes	Approval	Disapproval votes	Invalid votes	Abstention votes/No votes
Weights	34,174,733	33,714,736	2,768	0	457,229
Proportion	100.00%	98.65%	0.01%	0	1.34%

Note: The above weights include the number of voting rights exercised by electronic voting.

Report No. 2

Proposal of the Board of Directors

Proposal: Proposal for 2018 Deficit Compensation, please check.

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

**Metatech (AP) Inc.**  
**2018 Deficit Compensation Statement**

Unit: NTD/\$

Item	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)

Resolution: The case was approved as it after voting.

The result of the voting was as follows: the weight of the approval was 98.65% of the voting rights of the shareholders attended at the time of voting.

Item	Total votes	Approval	Disapproval votes	Invalid votes	Abstention votes/No votes
Weights	34,174,733	33,714,725	2,778	0	457,230
Proportion	100.00%	98.65%	0.01%	0	1.34%

Note: The above weights include the number of voting rights exercised by electronic voting.

**III. Discussion Matters:**

Report No. 1

Proposal of the Board of Directors

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

Explanation: In order to meet the operational needs of the Company, it is proposed to amend Article 1, Article 2-1, Article 6, Article 13, Article 16 and Article 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.

Resolution: The case was approved as it after voting.

The result of the voting was as follows: the weight of the approval was 98.65% of the voting rights of the shareholders attended at the time of voting.

Item	Total votes	Approval	Disapproval votes	Invalid votes	Abstention votes/No votes
Weights	34,174,733	33,714,731	2,773	0	457,229
Proportion	100.00%	98.65%	0.01%	0	1.34%

Note: The above weights include the number of voting rights exercised by electronic voting.

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: 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.

Resolution: The case was approved as it after voting.

The result of the voting was as follows: the weight of the approval was 98.65% of the voting rights of the shareholders attended at the time of voting.

Item	Total votes	Approval	Disapproval votes	Invalid votes	Abstention votes/No votes
Weights	34,174,733	33,714,728	2,775	0	457,230
Proportion	100.00%	98.65%	0.01%	0	1.34%

Note: The above weights include the number of voting rights exercised by electronic voting.

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: 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.

Resolution: The case was approved as it after voting.

The result of the voting was as follows: the weight of the approval was 98.65% of the voting rights of the shareholders attended at the time of voting.

Item	Total votes	Approval	Disapproval votes	Invalid votes	Abstention votes/No votes
Weights	34,174,733	33,714,729	2,774	0	457,230
Proportion	100.00%	98.65%	0.01%	0	1.34%

Note: The above weights include the number of voting rights exercised by electronic voting.



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: 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.

Resolution: The case was approved as it after voting.

The result of the voting was as follows: the weight of the approval was 98.65% of the voting rights of the shareholders attended at the time of voting.

Item	Total votes	Approval	Disapproval votes	Invalid votes	Abstention votes/No votes
Weights	34,174,733	33,714,728	2,776	0	457,229
Proportion	100.00%	98.65%	0.01%	0	1.34%

Note: The above weights include the number of voting rights exercised by electronic voting.

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	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 Biotechnology Co., Ltd. Corporate Director of Mycenax Biotech Inc., MBI Corporate Director of TaiMed Biologics Corporate Director of EirGenix, Inc. Corporate Director of APEX Medical Corp.

Corporate Representative of Directors	National Development Fund, Executive Yuan Representative: He Hong Neng	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	Financial Corporation He Cao Philanthropy Foundation Representative
Corporate Representative of Directors	Bei De Bi XiulInvestment Co., Ltd Representative: Chen Rui Jie	Dean of the Hospital of Taipei Medical University Director of Qihangshen Entrepreneurial Capital Co., Ltd. (Corporate Representative of Taiwan Fertilizer Co., Ltd.)

Resolution: The case was approved as it after voting.

The result of the voting was as follows: the weight of the approval was 98.65% of the voting rights of the shareholders attended at the time of voting.

Item	Total votes	Approval	Disapproval votes	Invalid votes	Abstention votes/No votes
Weights	34,174,733	33,713,675	3,832	0	457,226
Proportion	100.00%	98.65%	0.01%	0	1.34%

Resolution: The case was approved as it after voting.

The result of the voting was as follows: the weight of the approval was 98.65% of the voting rights of the shareholders attended at the time of voting.

**IV. Other Matters and Questions and Motions: None.**

**V. Adjournment: After the Chairman inquired that there was no other provisional motion from the shareholders attended, the Chairman announced the adjournment of the meeting.**

**Chairman: Hu Li San**

**Recorder: Xie Xiu Min**

## 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

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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	%	
<b>Current Assets</b>						
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	<b>Total Current Assets</b>		<u>434,375</u>	<u>36</u>	<u>179,906</u>	<u>27</u>
<b>Non-Current Assets</b>						
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	<b>Total Non-Current Assets</b>		<u>771,818</u>	<u>64</u>	<u>488,818</u>	<u>73</u>
1XXX	<b>Total Assets</b>		<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	%
<b>Current Liabilities</b>					
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 <b>Total Current Liabilities</b>		<u>122,568</u>	<u>10</u>	<u>62,661</u>	<u>9</u>
<b>Non-Current Liabilities</b>					
2570 Deferred Income Tax Liabilities	6(18)	10,736	1	6,515	1
2600 Other Non-Current Assets		30	-	33	-
25XX <b>Total Non-Current Liabilities</b>		<u>10,766</u>	<u>1</u>	<u>6,548</u>	<u>1</u>
2XXX <b>Total Liabilities</b>		<u>133,334</u>	<u>11</u>	<u>69,209</u>	<u>10</u>
<b>Capital</b>	6(12)				
3110 Capital - Common Share		580,160	48	440,160	66
<b>Additional Paid-In Capital</b>	6(13)				
3200 Additional Paid-In Capital		618,263	51	234,624	35
<b>Retained Earnings</b>	6(14)				
3350 Deficit to be offset					
<b>Other Equity</b>		( 114,567 )	( 9 )	( 55,630 )	( 8 )
3400 Other Equity		( 10,997 )	( 1 )	( 19,639 )	( 3 )
3XXX <b>Total Equity</b>		<u>1,072,859</u>	<u>89</u>	<u>599,515</u>	<u>90</u>
<b>Significant Commitments and Contingent Liabilities</b>	9				
<b>Material Subsequent Events</b>	11				
3X2X <b>Total Liabilities and Equity</b>		<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					
	<b>Operating Revenue</b>	\$ 428,024	100	\$ 407,625	100
5000	<b>Operating Costs</b>	( 382,030 )	( 89 )	( 360,563 )	( 89 )
5950	<b>Net Gross Profit</b>	<u>45,994</u>	<u>11</u>	<u>47,062</u>	<u>11</u>
	<b>Operating Expenses</b>				
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	<b>Total Operating Expenses</b>	( 142,527 )	( 34 )	( 70,794 )	( 17 )
6900	<b>Operating Income</b>	( 96,533 )	( 23 )	( 23,732 )	( 6 )
	<b>Non-Operating Income and Expenses</b>				
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	<b>Total Non-Operating Income and Expenses</b>	<u>29,354</u>	<u>7</u>	<u>27,409</u>	<u>7</u>
7900	<b>Income Before Tax</b>	( 67,179 )	( 16 )	3,677	1
7950	Income(Expense) Tax Benefit	6(18) 9,435	2	1,512	-
8200	<b>Net Income</b>	<u>(\$ 57,744 )</u>	<u>( 14 )</u>	<u>\$ 5,189</u>	<u>1</u>
	<b>Other Comprehensive Income</b>				
	<b>Items that may be subsequently reclassified into profit or loss</b>				
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	<b>Total non-reclassified items</b>	( 1,193 )	-	48	-
	<b>Items that may be subsequently reclassified into profit or loss</b>				
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	<b>Total Items that may be subsequently reclassified into profit or loss</b>	<u>8,642</u>	<u>2</u>	<u>( 16,793 )</u>	<u>( 4 )</u>
8300	<b>Net Income (Loss) Of Other Comprehensive Income after Tax</b>	<u>\$ 7,449</u>	<u>2</u>	<u>(\$ 16,745 )</u>	<u>( 4 )</u>
8500	<b>Total Net Income (Loss) of Comprehensive Income</b>	<u>(\$ 50,295 )</u>	<u>( 12 )</u>	<u>(\$ 11,556 )</u>	<u>( 3 )</u>
	<b>Net loss attributable to :</b>				
9750	<b>Total Primary Profit (Loss) per Share</b>	6(19) (\$ 1.01 )		\$ 0.12	
	<b>Diluted Profit (Loss) per share</b>	6(19)			
9850	<b>Total diluted Profit (Loss) per share</b>	<u>(\$ 1.01 )</u>		<u>\$ 0.12</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 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
<u>2017</u>									
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>
<u>2018</u>									
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
<b>Cash Flows From Operating Activities</b>			
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
<b>Cash Flows from Investing Activities</b>		
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> )
<b>Net Cash Flow from Finance Activities</b>		
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	%	
<b>Current Assets</b>						
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	<b>Total Current Assets</b>		<u>910,355</u>	<u>69</u>	<u>638,435</u>	<u>82</u>
<b>Non-Current Assets</b>						
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	<b>Total Non-Current Assets</b>		<u>400,233</u>	<u>31</u>	<u>141,261</u>	<u>18</u>
1XXX	<b>Total Assets</b>		<u>\$ 1,310,588</u>	<u>100</u>	<u>\$ 779,696</u>	<u>100</u>
Liabilities and equity						
<b>Current Liabilities</b>						
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	<b>Total Current Liabilities</b>		<u>226,993</u>	<u>17</u>	<u>173,663</u>	<u>22</u>
<b>Non-Current Liabilities</b>						
2570	Deferred Income Tax Liabilities	6(17)	10,736	1	6,515	1
2600	Other Non-Current Assets		-	-	3	-
25XX	<b>Total Non-Current Liabilities</b>		<u>10,736</u>	<u>1</u>	<u>6,518</u>	<u>1</u>
2XXX	<b>Total Liabilities</b>		<u>237,729</u>	<u>18</u>	<u>180,181</u>	<u>23</u>
<b>Capital</b>						
3110	Capital - Common Share	6(11)	580,160	44	440,160	56
<b>Additional Paid-In Capital</b>						
3200	Additional Paid-In Capital	6(12)	618,263	48	234,624	30
<b>Retained Earnings</b>						
3350	Deficit to be offset	6(13)				
<b>Other Equity</b>						
3400	Other Equity		( 114,567 )	( 9 )	( 55,630 )	( 7 )
31XX	<b>Total Equity Attributable to the Owners of the Parent Company</b>		<u>1,072,859</u>	<u>82</u>	<u>599,515</u>	<u>77</u>
3XXX	<b>Total Equity</b>		<u>1,072,859</u>	<u>82</u>	<u>599,515</u>	<u>77</u>
<b>Significant Commitments and Contingent Liabilities</b>						
<b>Material Subsequent Events</b>						
3X2X	<b>Total Liabilities and Equity</b>		<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
<b>2017</b>									
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>
<b>2018</b>									
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
<b>Cash Flows From Operating Activities</b>		
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"> <li>1. Change the proposal for the company policy.</li> <li>2. Audit budget and final accounts.</li> <li>3. Proposal for dissolution or merger of the Company with other companies.</li> </ol>	<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"> <li>1. Change the company charter.</li> <li>2. Audit budget and final accounts.</li> <li>3. Proposal for dissolution or merger of the Company with other companies.</li> <li>4. Proposal for the appropriation of the surplus or the deficit compensated.</li> </ol>	<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:            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:            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:            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:            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 Article12.1 and Article12.2 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 Article12.1 and Article12.2 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>



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<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>