

Apex International Company Limited

Compliance with the Establishment of Board of Directors and the Board's Exercise of Powers

Chapter 1: General Principles

Article 1

Compliance with the Establishment of Board of Directors and the Board's Exercise of Powers (the "Regulations") have been determined in order to establish a corporate governance and make the board of directors effectively exercise its duties and functions, based on the first paragraph of Article 26 of Principle of Corporate Governance and Taiwan Stock Exchange Corporation Operation Directions for Compliance with the Establishment of Board of Directors by TWSE Listed Companies and the Board's Exercise of Powers.

Article 2

In addition to compliance with the Company Act, the Securities and Exchange Act and regulations of the competent authorities, the Company shall act in accordance with these Directions and other rules of the authorities when in its establishment of the board of directors and the board's exercise of powers.

Article 3

At least one independent director shall attend board meeting in person; the following matters shall be submitted to the board of directors for resolution and all of the independent directors shall attend such board meeting, and where any independent director is unable to attend such board meeting in person, he/she shall appoint another independent director to attend the meeting in his or her place. When an independent director objects to or expresses reservations about any of the matters, it shall be recorded in the board meeting minutes. If an independent director intends to express an objection or reservations is but unable to attend the board meeting in person, then unless there is a legitimate reason to do otherwise, the independent director shall issue a written opinion in advance, which shall be recorded in the board meeting minutes:

1. The Corporation's business plan.
2. Annual financial reports that signed or chopped by the chairman, manager and accounting supervisor and second quarter financial reports audited by a certified public accountant (CPA).
3. Adoption of or amendments to the internal control system of this Corporation and assessment of the effectiveness of the internal control system.
4. Adoption of or amendments to the procedures for handling material financial or business activities, such as acquisition or disposal of assets, derivatives trading, loans of funds to others, and endorsements or guarantees for others.
5. Matters in which a director is an interested party.

6. Asset transactions or derivatives trading of a material nature.
7. Loans of funds, endorsements, or provision of guarantees of a material nature.
8. The offering, issuance, or private placement of equity-type securities.
9. The hiring or dismissal of a certified public accountant and their compensation.
10. The appointment or discharge of a financial, accounting, or internal audit officer.
11. A donation to a related party or a major donation to a non-related party, provided that a public-interest donation for imperative disaster relief relating to a major natural disaster may be submitted to the following board meeting for retroactive recognition.
12. Other matters required by law, regulation, or the articles of incorporation to be approved by resolution at a shareholders meeting or a board meeting, or any matter of a material nature as prescribed by the competent authority.

The term "related party" in subparagraph 11 of the preceding paragraph means a related party as defined in the Regulations Governing the Preparation of Financial Reports by Securities Issuers. The term "major donation to a non-related party" means an individual donation, or cumulative donations within a 1-year period to a single recipient, in an amount of NTD100 million or more, or in an amount equal to or greater than 1 percent of net operating revenue or 5 percent of paid-in capital as stated in the CPA-attested financial report for the most recent year.

The term "within a 1-year period" in the preceding paragraph means a period of 1 year calculated retroactively from the date on which the current board meeting is convened. Amounts already submitted to and passed by a resolution of board of directors are exempted from inclusion in the calculation towards NTD100 million.

Chapter 2: Board of Directors

Article 4

The minimum number of members of the board of the Company is five, and the minimum number of independent directors is three, and furthermore not less than one-fifth of the board seats.

Article 5

The main agenda items, operational procedures, required content of meeting minutes, public announcements, and other compliance requirements for board meetings of the Company shall be handled in accordance with the Regulations Governing Procedure for Board of Directors Meetings of the Company and related law and regulations.

Article 6

The Company shall comply with the regulations of the competent authorities by specifying adoption of the candidate nomination system for election of directors in its articles of incorporation.

Article 7

The Company shall comply with the Securities and Exchange Act and the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies in its

appointment of independent directors and their exercise of powers.

Article 8

When the number of directors falls below five due to the dismissal of a director for any reason, the Company shall hold a director new election or by-election at the next following shareholders meeting. When the number of directors falls short by one-third of the total number prescribed by the articles of incorporation, the Company shall convene a special shareholders meeting within 60 days of the occurrence of that fact to hold a director by-election.

When the number of independent directors at the Company is lower than the requirement in Article 4 or its articles of incorporation, an independent director by-election shall be held at the next shareholders meeting. When all independent directors have been dismissed, the Company shall convene a special shareholders meeting to hold a by-election within 60 days from the date on which the fact occurred.

Chapter 3: Functional Committees

Article 9

The board of directors of the Company shall follow the requirements of the Securities and Exchange Act, regulations of the competent authorities, and other rules to establish committees such as the audit committee and remuneration committee, and may voluntarily establish other functional committees. A functional committee shall establish its regulations of organization, subject to approval by resolution at the board of directors meeting. The regulations of organization shall provide for matters including the number of the committee members, term of office, powers and authorities, rules of procedure, and resources provided by the Company to facilitate its exercise of powers.

Article 10

The audit committee shall be composed of the entire number of independent directors. It shall not be fewer than three persons in number, one of whom shall be convener, and at least one of whom shall have accounting or financial expertise.

Article 11

The Company shall comply with the organic regulations of audit committee by the Company, the Regulations Governing the Exercise of Powers by Audit Committees of Public Companies in its establishment of an audit committee and its exercise of powers.

Article 12

The member of the remuneration committee shall not be fewer than three persons in number, and a majority of its members shall be independent directors. The entire number of its members shall elect an independent director to act as convener and chairperson of a meeting.

When the number of members of the remuneration committee falls below three due to the dismissal of a member for any reason, the Company shall convene a board of directors meeting within three

months of the occurrence of that fact to hold a by-election for members. In the event, however, that an independent director is dismissed and there is no other independent director, the Company may appoint someone who is not qualified to act as independent director to be a member of the remuneration committee prior to appointment of independent director at a by-election in accordance with Article 8, who will be replaced by the independent director elected in the by-election.

Article 13

The Company shall comply with the Securities and Exchange Act and the Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Stock Exchange or Traded Over the Counter in its establishment of a remuneration committee and its exercise of powers.

Chapter 4: Directors' Responsibility

Article 14

Members of the board of directors shall faithfully conduct corporate affairs and perform the duty of care of a good administrator. In conducting the affairs of the Company, they shall exercise their powers with a high level of self-discipline and prudence. Unless matters are otherwise reserved by law or in the articles of incorporation for approval in shareholders meetings, they shall ensure that all matters are handled according to the resolutions of board of directors.

In the event of the resignation, or of the reassignment under Article 27, paragraph 3 of the Company Act, of a director of the Company, the resigning director or the corporate shareholder shall immediately notify the Company and the corporate governance officer.

Article 15

The Company may not impede, refuse, or evade the actions of independent directors in the performance of their duties. When need arises in the course of performing their duties, they may request that the board assign relevant personnel or hire specialist to provide assistance by themselves, the relevant expenses will be borne by the Company.

The Company shall adopt standard operating procedures for handling requests made by directors (covering issues including personnel resources and deadlines for handling requests), and shall handle directors' requests in accordance with such procedures.

When the Company or the corporate governance officer receives a notice under paragraph 2 of the preceding article, he or she shall take the measures required in accordance with relevant laws, regulations, rules, and bylaws.

Article 16

The Company shall take out directors and supervisors liability insurance with respect to liabilities resulting from exercising their duties during their term of office.

The Company shall report the insured amount, coverage, premium rate, and other important contents of the directors' liability insurance it has obtained or renewed for directors at the most recent board

meeting.

Article 17

The compensation of the independent directors shall be as specified in the Company's Articles of Incorporation or as determined by the shareholders meeting; when circumstances warrant, the compensation of the independent directors may be different from that of ordinary directors. The compensation of the independent directors could be fixed monthly payments, and not join the distribution of earning of the Company.

Article 18

The Company shall arrange for the continuing professional education of directors and the directors shall take at least 3 hours of professional education in each year of their term of office.

Chapter 5: Salary and Performance Assessment

Article 19

The Company shall disclose information on the remuneration paid to directors, general manager, vice general managers in the most recent year in accordance with the Regulations Governing Information to be Published in Annual Reports of Public Companies.

Article 20

The Company shall regularly evaluate the performance of the board of directors and conduct self-evaluation or peer review of individual board members, and conduct functional committee performance evaluation of the Audit Committee and the Remuneration Committee every year and report the results of performance evaluation to the authority.

Article 21

Performance evaluations of the board of directors should cover the following aspects and the criteria for evaluation should be established with the Company's needs being taken into consideration:

1. Degree of participation in the operation of the Company;
2. Improvement of the quality of the board of directors' decision making;
3. Composition and structure of the board of directors;
4. Election and continuing education of the directors; and
5. Internal control.

Performance evaluation of the board members (on themselves or peers) should cover the following aspects and is subject to appropriate adjustments with the Company's needs being taken into consideration:

1. Alignment of the goals and mission of the Company;
2. Awareness of the duties of a director;
3. Degree of participation in the operation of the Company;
4. Management of internal relationship and communication;

5. The director's professionalism and continuing education;
6. Internal control.

Functional committee performance evaluations shall cover the following aspects, with appropriate evaluation indicators being adopted in consideration of the Company's needs:

1. Degree of participation in the operation of the Company;
2. Awareness of the duties of the functional committees;
3. Improvement in the quality of decision making by the functional committee;
4. Composition of the functional committee and election/appointment of committee members;
5. Internal control.

Chapter 6: Corporate Governance Officer

Article 22

The board of directors of the Company shall appoint a unit to be in charge of meeting-related matters in accordance with the Regulations Governing Procedure for Board of Directors Meetings of Public Companies.

The Company shall have in place, according to its business size, business condition, management needs, and qualified corporate governance persons in an appropriate number and shall appoint one corporate governance officer as the most senior executive for corporate governance matters.

The Company shall comply with these Directions in appointing its corporate governance officer, unless otherwise provided under the regulations of the competent authorities.

Article 23

Corporate governance affairs described in the second paragraph of the preceding article shall cover, at a minimum, the following:

1. Handling of matters relating to board of directors meetings and shareholders meetings in compliance with law;
2. Preparation of minutes of the board of directors meetings and shareholders meetings;
3. Assistance in onboarding and continuing education of the directors;
4. Provision of information required for performance of duties by the directors;
5. Assistance in the directors' compliance of law;
6. Reporting to the board of directors the results of their review of whether the qualifications of the independent directors comply with relevant laws, regulations, rules, and bylaws at the time of their nomination, election, and during their term of office;
7. Handling matters related to director changes; and
8. Other matters described or established in the Articles of Association or under contract.

Article 24

A corporate governance officer is a manager of the Company and shall comply with sections governing managers of the Company Act and the Securities and Exchange Act.

Unless otherwise provided by law, the corporate governance officer may be someone who concurrently

holds another position in the Company.

In case of a corporate governance officer who concurrently holds a different position in the Company, it shall be ensured the officer is effectively performing the duties required in the capacity of both the corporate governance officer and the concurrent position, and there shall be no conflicts of interest or violations of the internal control system.

Article 25

A corporate governance officer shall be a qualified, practice-eligible lawyer or accountant or have been in a managerial position for at least three years in a securities, financial, or futures related institution or a public company in handling legal affairs, compliance, internal audit, financial affairs, accounting affairs, stock affairs, or corporate governance affairs as specified in Article 23.

The Group of the corporate governance officer, regarding relevant experience in a public company may be replaced by corresponding relevant experience in a foreign enterprise with paid-in capital equivalent to NT\$50 million or more.

Article 26

The Company shall arrange continuing professional education (CPE) for its corporate governance officer.

A newly appointed corporate governance officer shall complete a minimum of 18 CPE hours within the year from the person's appointment and a minimum of 12 CPE hours per year in each following year. The continuing education scope, continuing education system and other continuing education affairs shall be governed by the Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE Listed and TPEx Listed Companies.

Article 27

In case of resignation or dismissal of the corporate governance officer under the third paragraph of Article 21, the Company shall appoint another person as its corporate governance officer within one month of the occurrence of that fact.

Article 28

The Regulations shall take effect after approval by the Board of Directors; likewise in the case of revisions.