

Stock Code: 4927



APEX INTERNATIONAL CO., LTD.

2014
Annual Report

This annual report is accessible at: <http://newmops.twse.com.tw>
Apex URL: <http://www.apex-intl.com.tw>

Printed on: 21, May, 2015

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7. List of Board of directors and nationality and experience of independent directors with Taiwanese household registration

Title	Name	Nationality	Experience
Chairman	Wang, Shu Mu	Taiwan, R.O.C.	Chairman of Apex Circuit(Thailand) Co., Ltd.(herinafter referred to as APT)
Director	Chou, Jui Hsiang	Taiwan, R.O.C.	General Manager of Procurement of Taiwan, Hong Kong Kayue Group Vice Chairman of Thailand Plants, Hong Kong Kayue Group Vice General Manager of R&D and Marketing, Kaohsiung Captronics Technology Co., Ltd.
Director	Lan, Chia Chen	Taiwan, R.O.C.	Vice General Manager, Thinking Electronic Industrial Co., Ltd. Vice General Manager of Manufacturing, Foxlink Image Technology Co., Ltd. Vice General Manager of Manufacturing, Caen Technology Co., Ltd.
Director	Cheng, Yung Yuan	Taiwan, R.O.C.	Vice General Manager of Sales, Captronics Group (Thailand) Vice Genral Manager of Procurement and Manager of R&D, Captronics Group R&D Specialist, Digital Equipment Corporation
Director	Maliwan Chinvorakijkul	Thailand	Financial Controller, B. Grimm J.V. Holding Ltd. Finance Director, Captronic International (Thailand) PCL. Auditor, Ernst & Young Office Ltd.
Director	Shohara Masashi	Japan	Humanities Faculty English Literature Department, Shibaura Electronics Co., Ltd. Volex Cable Assembly (Shenzhen) Co.,Ltd.
Director	Tsai Jui Hung	Taiwan, R.O.C.	Chairman, Yong Han Forestry Products Co., Ltd.
Independent Director	Lin Chin Miao	Taiwan, R.O.C.	General Manager of Asset Management System, Taiwan Life Insurance Co., Ltd. Vice General Manager, Department of Investment, Long Bon International Co., Ltd. Chief Account, Tah Tong Textile Group Affiliates
Independent Director	Chang Chung Chiu	Taiwan, R.O.C.	Senior Asistance General Manager, China Development Industrial Bank Vice General Manager, Top Taiwan Venture Capital
Independent	Jesadavat Priebjrivat	Thailand	Chief Investment Officer and Senior Assistant General Manager, MFC Asset

Title	Name	Nationality	Experience
Director			Management PLC Executive Vice General Manager, KGI Securities (Thailand) Small and Medium Enterprise Financing Strategy Special Project Consultant, Asian Development Bank Vice General Manager, Thai Fuji Finance and Securities Co., Ltd.

8. Name, title, telephone number and Email address of designated agent in Taiwan

Name of representative: Wang, Shu Mu

Title: Chairman

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I. Letter to Shareholders

Dear Shareholders,

The Senior Management Team is pleased to report the operating result of 2014 by this report. In 2014, the APEX new plant (APEX 2-1) was successfully ramped up and contributed to support additional demand from customers. As such, we again broke our sales record with 16% growth year-on-year. Net income in 2014 was 22% higher than that in 2013.

With our continuing effort to maintain product quality as well as improving our capability to meet tighter quality requirements from customers, the Group achieved success with customers' audit allowing APEX to gain customers' confidence and definitely senior management can foresee additional demand coming in 2015. The APEX 2-2 capacity expansion was planned to start in 2015Q2 in order to support the increase of demand.

On behalf of Management, we would like to thank employees, shareholders, trade partners and financial institutions for your support and trust in APEX, making us able to work through the obstacles and challenges and maintain the Company in good shape. We are expecting to have your continuing support for our future growth and success and we are committed to create more value for all our stakeholders.

1. 2014 Business Report

(1) Results of Business Plans Implemented

Amount unit: NT\$million	2014		2013		Change %
	Amount	% to sales	Amount	% to sales	
Net Sales	7,341	100%	6,308	100%	16%
Total income	7,367	100%	6,341	100%	16%
Cost of goods sold	6,045	82%	5,096	80%	19%
Gross Profit	1,322	18%	1,245	20%	6%
Operating income	540	7%	532	9%	2%
Interest Expenses	103	1%	57	1%	81%
Income before tax	463	6%	391	7%	18%
Net income	430	6%	353	6%	22%

The Group achieved an overall sales growth of 16% in 2014 as compared with 2013. Set top box, entertainment product and LCD TV were major contribution of sales growth. The revenue from set-top boxes remained 37% of the total revenue in 2014 whereas the revenue from audio-video entertainment products went up by a large margin to 10%.

As new technologies and designs from our end customers require more layer count, the demand of multi-layers again increased. In 2014, multi-layers percentage was 82% while it was 77% in 2013. The increase was from 6 and 8 layers, separately at 15% and 8% in 2014 compare to 12% and 0% in 2013.

In the aspect of gross profit, there was a slight decline from 20% in 2013 to 18% in 2014, mainly as a consequence of the higher rate of fixed asset depreciation when the new plants started production and the short-term influence of the learning curve on the yield rate. The yield rate of the new plants was brought under control and recovered to the normal standard by the end of Q2 in 2014. Meanwhile, with the increase of new orders for the second phase production, the fixed cost ratio of the new plants would also start to decrease gradually. However, due to the influence of the gross profit rate, the operating profit margin slid down from 9% in 2013 to 7% in 2014.

As for the non-operating revenue, compared to the exchange losses in consequence of Thai baht depreciation in 2013, exchange gains were recorded in 2014. In the meantime, increase of interest cost appeared because capitalization was not recognized after the first phase production of the new plants was launched.

Due to revenue growth and exchange gains, the after-tax net profit in 2014 achieved around NT\$430 million, going up 22% compared to the NT\$353 million in 2013.

(2) Budget Implementation

The actual revenue in 2014 was NT\$7.367 billion, making the accomplishment rate reach 95%. Compared to the accomplishment rate, the after-tax net profit was 86% since the first-phase production capacity of the new plants only reached 50%. However, the after-tax net profit in 2014 still achieved 22% and stayed within the range projected by the board of directors and the management team.

(3) Financial Structure

Financial Ratio	2014	2013
Debt ratio (%)	58.14%	67.10%
Ratio of long-term capital to fixed assets (%)	98.78%	85.73%
Current ratio (%)	96.76%	77.44%
Receivables turnover ratio (time)	4.03	4.24
Inventory turnover ratio (time)	6.42	4.65
Return on assets ratio (%)	5.76%	5.56%
Return on equity ratio (%)	12.77%	13.72%
Earnings per share (NT dollar)	4.06	3.70

The financial structure and debt-paying ability showed improvement in 2014 compared to 2013. As a result of Apex's issuance of common stock for cash and convertible bonds in 2014 to pay back bank loans and procure machine equipment, the debt ratio, current ratio and the ratio of long-term capital to fixed assets were all obviously improved.

In management capability, the receivables turnover ratio dropped slightly as a consequence of receipt of new orders. The inventory turnover ratio, however, increased by a large margin to 6.42 because of successful control of inventory clearance after the management team took balancing the capital needed for plant expansion and the financial structure into consideration.

(4) Research and Development

As a PCB manufacturer, Apex focuses on improvement of production and processing capacity in the hope that the output efficiency and quality can meet the demand of customers.

The achievements Apex accomplished with regard to equipment, materials, process and design in 2014 are as follows:

- Developed and implemented higher density circuit (3 mil / 3 mil) manufacture process. This would be support high end product.
- Developed ultra stable dimension PCB manufacture process for TFT application to service TFT source board demand.
- To implemented automatic marking process line to enhance efficiency and quality.
- Implemented process traceability production follow with printing MO / quality control information on every panels.
- Implement express sample process to reduce sample lead time.
- Upgrade solder mask pretreatment performance in order to meet customer assembly process.

In 2015, Apex will carry out the following plans:

- Develop modular product production process
- Improve plating thickness uniformity
- Develop new small hole (less than diameter 0.25mm) clean mechanism
- Develop overall consistency scaling production process
- Design automatic carbon printing line (included pre treatment >> screen printing >> baking)
- Evaluation / implement new chemistry material included OSP / Copper Plating / ENIG in order to meet automobile product requirement

2. 2015 Business Plan Outline

(1) Business Policy

- A. Concentration on the traditional multi-layers rigid PCB from 4~12 layers.
- B. Increase major customers allocation to APEX, increase market share.
- C. Continue to develop new customer and its product.
- D. Reduce quality defective parts (DPPM) and ensure total customer satisfaction
- E. Avoid price erosion by locking in price by half yearly instead of quarterly from price cuts by customers
- F. Flexible and immediate reaction to market movements

(2) Projected Sales and Basis of Projection

Despite that the global economic growth was not as strong as expected and the recession in Europe continued to linger, Apex, while facing challenges in the economic environment, was still able to execute its forward-looking annual production-marketing balance strategy in 2014 and maintain high utilization rates throughout the year. At the same time, the company also expanded the new plants in Thailand in phases as planned to accommodate new customers and deployment of new products.

The production costs in China continue to rise and customers are turning to Southeast Asia for new suppliers as a result. This tendency will give Apex more advantages in acquiring orders.

In the meantime, Apex has worked with key customers to make strategic plans for the production capacity of the new plants. Using equipment with more advanced processing capability, Apex will introduce new products of higher added value, such as automobile audio-video, entertainment, memory module products and this will be the main drive to propel revenue growth in 2015. After the first phase production of the new plants was launched smoothly in 2013, we made cautious moves to conduct the preliminary operations for the second phase production and were confident that, after going through a short-term learning curve, the second phase production of the new plant could begin in 2014.

With the production lines of the old plants continuing to be fully booked and the added revenue from the new plants, the management team is optimistic about the business performance of Apex in 2015.

(3) Production and Marketing Policy

After the new plants started production, Apex's outer layer production increased to 335 thousand square meters and inner layer production to 330 thousand square meters each month.

Our production policy is as follows:

- A. Maintain production at full capacity to help reducing fixed overhead and maximize profit
- B. Setting the standard usage to control high unit price materials
- C. Continue improving production capability including reduction of down time and increase output
- D. Production plan according to customers' order or firm plan
- E. Setting standard period to control work in process outstanding in each process not over 1 day
- F. Continue investigate and analysis defect mode then provide corrective action in order reduce scrap ratio
- G. Disciplined, safety and 5S management over the long process of manufacturing
- H. Shorten sample lead time to support customer new product development lead time
- I. Set up real time key condition / quality yield rate / output monitoring system. In order to solve out process issue quickly
- J. Enhance PQC real time feedback system with defect trigger alarm signal for monitor process quality and stable process condition.

3. Future Company Development Strategy

In the future, Apex will continue to focus on the following key areas:

- (1) Diversify the high-end product application on the Apex 2 due to the upgraded machineries being invested
- (2) Speed up the learning curve on Apex-2-1 so as to generate the revenues to reduce the burden of high depreciation
- (3) Expand the strategic Korean business from the Home-Appliance Division in addition to what Apex has on the LCD-TV/STB today
- (4) Set up the in-house laboratory for future enhancement and assurance on the Apex PCB

reliability

- (5) Keep factory with the constantly high loading rate of 90-95% on both Apex 1 and Apex-2-1/2-2 for best use of the layout capacity
- (6) Establish Product traceability system in order to provide better quality improvement information and risk management
- (7) Develop automatic process to provide consistence quality and reduce handling issued

4. Impacts from the External Competitive Environment, Legal Environment and Overall Management Environment

(1) External Competitive Environment

Competition in the electronic industry has remained fierce and challenges from Chinese suppliers are especially tough. However, due to Apex' objective advantage of being located in Southeast Asia and China's increasingly disadvantageous policies for low-end PCB businesses, Apex's competitive edges will grow more obvious as time passes. Besides the objective advantage from the geographic location, strict cost and quality control has also created subjective advantages and enabled Apex to meet the demand and expectations of customers.

By keeping a close watch on market developments and competition situations, Apex is able to make various strategic plans in advance, continue to exhibit its strong execution capacity, make precise estimates of customers' orders, and implement its procurement tactics and production-marketing plans in the most efficient way. Looking at 2015, Apex is confident that it will be able to continue to provide customers with high quality service, punctual deliveries and best quotations.

(2) The legal Environment

Every country continues to adopt new regulations. Apex is aware of its social responsibility and will make every necessary effort to comply with such new regulations.

The regulations on the governance of listed companies set by the competent authority in Taiwan are growing more and more comprehensive. Apex will adhere to the spirit of corporate governance, manage its business with integrity, strengthen the capacity of the board of directors, perfect the channels for communication with stakeholders, make company information transparent, keep shareholder equity in balance, and fulfill its corporate social responsibility.

(3) Overall Management Environment

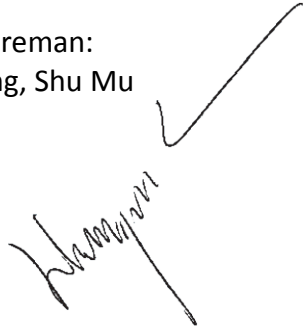
Despite revenue and profit growth, Apex still encountered certain challenges in 2014. Economic progress in developed countries was slow and the demand in the major markets in the West slackened. However, the gap was filled by the economic growth in developing countries. For this reason, Apex will adjust its management in accordance with the needs of developing countries.

Apex's plants in Thailand continued to receive stable orders from customers seeking suppliers outside China. Certainly, fierce competition from Chinese suppliers resorting to price undercutting formed tough challenges. Nevertheless, it only made Apex invest more efforts to pursue higher management efficiency to provide the finest service to customers. Compared to Chinese conventional PCB suppliers who had to cope with repeated production cost increase in recent years, Apex was able to see a 30% growth in sales to China and Hong Kong in 2014.

Looking back on 2014, Apex devoted a major part of its endeavor to make sure the new plants could begin the first phase production and successfully overcome the new product learning curve to boost the yield rate within a short time. In 2015, the primary objective will be that the second phase production of the new plants can be launched to accommodate new customers and new orders.

Competition and challenges will not stop in the future, but Apex is fully prepared. In 2015, the second phase production of the new plants will bring revenue growth and it will soon be time to harvest.

Chairman:
Wang, Shu Mu



Chief Executive Officer:
Chou, Jui Hsiang



Accounting Managerial Personnel:
Maliwan Chinvorakijkul



II. Company Profile

1. Company founded on: Oct. 28, 2009

2. Group History

Year	Important Group and Company Events
2004	<ul style="list-style-type: none"> ➤ The subsidiary in Thailand increased its capital to 408 million bahts to expand its production capacity. ➤ Passing QS-9000 certification.
2005	<ul style="list-style-type: none"> ➤ Passing ISO-14001 certification. ➤ The subsidiary in Thailand increased its capital to 508 million bahts to purchase production equipment. ➤ Plant B was constructed to increase the monthly production capacity to 100 thousand square meters.
2006	<ul style="list-style-type: none"> ➤ The capital was increased to 604 million bahts to finance the construction of Plant B. ➤ A new management team was brought in for production and clientele expansion. ➤ The Board of Investment of Thailand granted Plant B tax exemption for five years. ➤ Passing ISO/TS-16949 certification. ➤ Passing the Green Partner certification by Sony.
2007	<ul style="list-style-type: none"> ➤ Plant B started full production. ➤ Apex joined the Institute for Supply Management to set a foot in Western markets. ➤ Apex invested in Auto-Drilling Technology Co., Ltd. to supply its own drill presses.
2008	<ul style="list-style-type: none"> ➤ Plant C-1 was inaugurated in October. ➤ The production capacity was raised to 145 thousand square meters in November. ➤ New customers: Western Digital, Thompson, Samsung and Cannon.
2009	<ul style="list-style-type: none"> ➤ Plant C-2 was inaugurated in December. ➤ Apex signed a sales and marketing agreement with KFE Japan Co., Ltd. to seek Japanese customers. ➤ Apex International Co., Ltd. was established as a financial holding group and plans were made for the company to become listed in Taiwan. ➤ New customer: Hitachi HDD.
2010	<ul style="list-style-type: none"> ➤ The investment in Auto-Drilling Technology Co., Ltd. was increased to boost drill press production capacity. ➤ The capital was increased to NT\$842 million to expand production capacity. ➤ The monthly production capacity was expanded from 145 thousand square meters to 165 thousand square meters in February and again increased to 180 thousand square meters in August after completion of Plant C-3. ➤ The Taiwan office was established. ➤ New customers: Panasonic, Pace
2011	<ul style="list-style-type: none"> ➤ The production capacity expansion plan was completed in March/April and the monthly production capacity was increased from 180 thousand square meters to 210 thousand square meters. ➤ The inner layer production capacity was raised by a large margin to meet the demand for multi-layer boards. ➤ Apex made an investment to set up Approach Excellence Trading Ltd., a subsidiary, to be in charge of procurement in Taiwan for the group. ➤ Apex was listed in Taiwan on October 18.

	<ul style="list-style-type: none"> ➤ The Board of Investment of Thailand gave the approval for the five-year tax exemption for Plant B to extend to eight years. ➤ New customer: Toshiba HDD
2012	<ul style="list-style-type: none"> ➤ The production capacity expansion plan was completed in January and the monthly production capacity increased from 210 thousand square meters to 250 thousand square meters. ➤ The construction of the new plant APEX-II in Sinsakhon Industrial Estate officially began in March; the total investment was estimated to be NT\$5 billion. ➤ To increase profit, Apex purchased drill presses and edge trimmers from Auto-Drilling Technology to reduce outsourcing costs and also disposed of the Auto-Drilling Technology shares.
2013	<ul style="list-style-type: none"> ➤ The Q3 revenue achieved NT\$1.67 billion, a record high. ➤ APEX-II launched the trial first phase production in Q4 and was scheduled to begin production in Q1, 2014. ➤ Apex acquired new Japanese and Korean customers.
2014	<ul style="list-style-type: none"> ➤ APEX-II officially began the first phase production in Q1. ➤ The annual revenue reached another new high. ➤ Production of 8-layer boards started.

3. Company and Group Profiles

(1) Company Establishment Date and Profile

Apex was founded on Oct. 28, 2009 and registered in the Cayman Islands. Presently, the company's main business operations are production and sales of double-sided and multi-layer printed circuit boards (PCB) used in LCD TVs, set-top boxes (STBs), hard disks, printers, satellite communications equipment and multimedia equipment for automobiles. Apex's management goal is to have a firm grasp of market demand and provide products of stable quality. To achieve this, Apex enforces high-standard production management and adopts forward-looking business strategies. On top of these, the company's corporate culture stresses the importance of efficiency and harmony in order to provide consumers in the end market with electronic products of diversified range of application. After making unsparing efforts in market expansion, Apex has become an international supplier for electronics manufacturers but the endeavor to extend the range and scale of product applications is never stopped. At the same time, operation management and cost control are enhanced and appropriate pricing strategies are adopted to maintain the company's profitability. In the future, besides investment in development of new products and technologies, Apex will continue to work on the conventional rigid PCB market and meet the needs of customers.

(2) Addresses and telephone numbers of the headquarters, branches offices and plants:

A. Headquarters: Apex International Co., Ltd. (hereinafter referred to as Apex)

Address: The Grand Pavilion Commercial Centre, Oleander Way,
802 West Bay Road, P.O. Box 32052, Grand Cayman KY1-1208.

Tel.: +66-34-490537

Taiwan branch office:

Address: (105) Room 503, 5F, No. 205, Dunhua North Road, Songshan District, Taipei City
Tel.: +886-2-2717-0032

B. Operating headquarters and plants in Thailand: Apex Circuit (Thailand) Co., Ltd. (hereinafter referred to as APT)

Address: 39/234-236 Moo 2, Rama 2 Road, Tambol Bangkrachao,
Amphur Muang, Samutsakhon 74000, Thailand

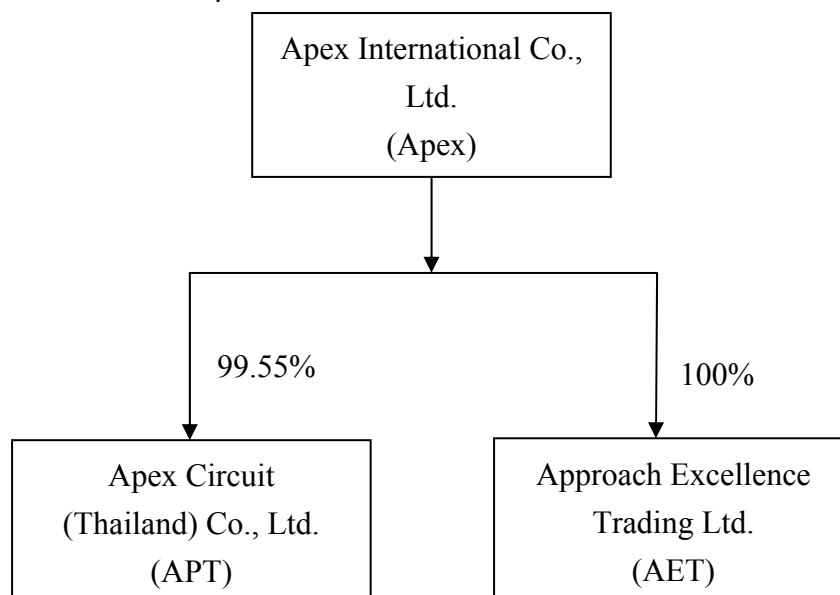
Tel.: +66-34-490537

C. Subsidiary: Approach Excellence Trading Ltd. (hereinafter referred to as AET)

Address: Palm Grove House, P.O. Box 438, Road Town, Tortola, British Virgin Islands.
Tel.: +886-2-2717-0032
Taiwan branch:
Address: (330) 1F, No. 1492-2, Chunri Road, Taoyuan City
Tel.: +886-3-316-9896

4. Group Structure

The investment structure of the group is as shown in the chart below and the main business operations of each subsidiary are described as follows:



- (1) Apex is mainly a holding company and conducts no actual business activities
- (2) APT is 99.55% owned by Apex. It was founded in Sep. 2001 to be the production and operating center of the group. The PCBs APT produces are mostly exported to Japan, Korea and China to be used principally in consumer electronic products and office equipment and then in STBs, communications equipment, computer equipment and auto parts.
- (3) AET is a wholly-owned subsidiary of Apex. A Taiwan branch was set up to be in charge of procurement of machine equipment and raw materials and shipment in the Taiwan area.

5. Risks

1. Risk factors

Risks associated with the overall economy, changes in the political and economical environments, related regulations, exchange control and recognition of ROC court decisions in the country of registration of foreign issuers and description of adopted countermeasures

Apex is registered in the Cayman Islands but does not engage in actual business activities locally. The group operates mainly in Thailand and produces rigid PCBs. The overall economy, changes in the political and economic environments, related regulations, foreign exchange policies, tax regulations and risk factors in the Cayman Islands and Thailand are described as follows:

A. The Cayman Islands

a. Overall economy and changes in the political and economic environments

The Cayman Islands is located in the Caribbean Sea, 167 miles to the northwest of Jamaica and 460 miles south of Miami. They are composed of three islands. George Town is the capital city. Financial services are a main source of revenue and make the Cayman Islands the fifth largest financial center in the world.

Politically, the Cayman Islands has always been stable. English is the official language. The companies registered there can be divided into five types: ordinary companies, ordinary non-resident companies, exempted companies, exempted limited duration companies, and foreign companies. Among them, exempted companies are not allowed to operate locally but they are given preferential treatment in taxation and administration; therefore a lot of businesses in different countries have taken such treatment into account when making financial arrangements.

In recent years, the government of the Cayman Islands has made efforts to improve its reputation for extraterritorial financial operation. In 1990, it signed with the US and the UK the Mutual Legal Assistance Treaty to prevent international crime organizations from using the financial system of the Cayman Islands to make illegal deals.

The parent company of the Apex Group is a holding company registered in the Cayman Islands as an exempted company but does not engage in any business activities locally. Meanwhile, as the Cayman Islands is politically stable and also the fifth largest financial center in the world, its overall economy and changes in the political and economic environments have no significant impact on the management of Apex.

b. Exchange control, regulations and tax risk

There is no foreign exchange restriction in the Cayman Islands. Besides the annual license fee, exempted companies need not pay income tax or value-added tax. Apex does not have to pay capital gains tax, income tax, earnings tax or value-added tax for its shares, bonds or other liabilities or withhold any amounts specified in tax regulations.

The main regulations on exempted companies in the Cayman Islands are as follows:

- (A) An exempted company may operate in the Cayman Islands unless such operations can promote the company's extraterritorial business.
- (B) Without the permission of the Finance Services of the Cayman Islands, an exempted company can neither offer its shares or bonds for the locals to purchase nor come in possession of land in the Cayman Islands.
- (C) There is no regulation in the Cayman Islands' Companies Law requiring exempted companies to hold shareholders' meetings. Such companies should convene shareholders' meetings and board of directors meetings according to their company charters and the meetings do not have to be held in the Cayman Islands.
- (D) Issuance of new shares requires the approval of the board of directors or shareholders' meeting.
- (E) An exempted company need not provide detailed shareholder information to the registry of the Cayman Islands.
- (F) An exempted company need not open its shareholder list to public access.
- (G) An exempted company can apply to the Cayman Islands government for a

letter of agreement specifying that no tax will be imposed on the company. This document is valid for 12 years and an exempted company can apply for renewal before it expires.

- (H) An exempted company can apply to have its registration revoked and transfer the registration to another country.
- (I) An exempted company can register as a limited duration company; a limited duration company must have at least two shareholders and the maximum duration is 30 years.
- (J) Unless specially approved, a company's name may not contain terms such as bank, trust, mutual fund, insurance, royal, imperial, empire, assurance, building society or reinsurance and the registration documents must be in English.

Since the Cayman Islands adopts an open policy toward foreign exchange and imposes no regulatory restrictions, there is no significant influence on Apex's capital utilization.

The Cayman Islands government grants exempted companies preferential tax treatment. Besides the abovementioned restrictions on business operations in the Cayman Islands, issuance of shares or bonds for the locals to purchase, acquisition of land and company names, there is no significant limitation on the operation of an exempted company.

As Apex has acquired the preferential tax treatment agreement from the Cayman Islands, according to the Tax Concession Law (amended in 1999), all regulations regarding imposition of taxes on profits, income, gains or appreciation do not apply to Apex for 20 years after registration. At the same time, Apex need not pay capital gains tax, income tax, earnings tax or value-added tax for its shares, bonds or other liabilities or withhold any amounts specified in tax regulations.

As stated above, Apex is registered in the Cayman Islands as an exempted company and does not engage in business activities locally; therefore, the tax regulations and other regulations have no significant impact on the company's overall management.

However, the regulations in the Cayman Islands on the protection of rights and interests of minority shareholders are not entirely similar to those in Taiwan and regions under other jurisdiction. Therefore, Apex has acted according to Securities and Exchange Act and Company Act of Taiwan as well as the requests of the competent authority and revised the company charter within the range permissible in the regulations of the Cayman Islands in order to protect the shareholder rights and interests of Taiwan investors. For details, see Section 4 Description of Significant Differences from Domestic Shareholder Equity Protection Regulations in Chapter VIII Additional Information.

c. Recognition of ROC court decisions on civil cases

(A) Risk in filing lawsuits and claims

Although Apex is registered in the Cayman Islands and has never applied for the recognition of the Ministry of Economic Affairs in accordance with the Company Act of the ROC, it is set forth in the company charter that the provisions in the charter may not be applied to bar any shareholder from filing litigation with a court of jurisdiction to seek remedies for decisions achieved in shareholders' meetings through inappropriate procedures and Taipei District Court will be the first instance court for disputes resulted from the aforesaid causes. Apex will appoint litigation and non-litigative agents according to the regulation of Taipei Exchange. However, when an investor files a lawsuit against a house of issue or its person in charge, the court can still act according to the nature and context of the case, whether it has the jurisdiction and the manner of service and request the investor to explain the foreign regulations involved. In other words, there is no guarantee that the courts of the ROC will achieve decisions on all such cases.

(B) Risk in recognition and execution of court decisions

There is no regulation in the laws of the Cayman Islands that the court decisions on civil cases made in the ROC (hereinafter referred to as ROC court decisions) may be enforced in the Cayman Islands. However, according to the Common Law, if ROC court decisions comply with the following requirements, courts in the Cayman Islands will review them to determine whether they recognize such decisions: (1) the foreign court making the decision has the jurisdiction; (2) the obligation of the debtor to pay the liquidated sum specified in the decision is clearly stated; (3) the decision is final; (4) the decision involves no tax payments or fines; and (5) the achievement of the decision is not contradictory to the principle of justice or public policy of the Cayman Islands and recognition and execution of the decision is also not contradictory to the principle of justice or public policy of the Cayman Islands. If the courts of the Cayman Islands do not recognize the ROC court decisions, such decisions will never be enforced even if investors are able to obtain them. Investors should be aware of the legal risk in purchasing securities issued by a foreign issuer.

(C) Law application risk derived from differences between the regulations of the Cayman Islands and the ROC

Apex was established according to the law of the Cayman Islands. To be listed at Taipei Exchange, the company revised its charter in accordance with related regulations in the ROC to protect the rights and interests of shareholders. With matters that the charter fails to cover, Apex will handle them according to the regulations of the Cayman Islands as well as ROC regulations that are applicable to foreign issuers.

However, the regulation and stock exchange system differences between the Cayman Islands and the ROC may still lead to conflicts in or interpretation of application of law. Solution of such problems will depend on court decisions. If investors wish to request a court in the Cayman Islands to execute ROC court decisions or file lawsuits or claims with a court in the Cayman Islands, the court in the Cayman Islands will not necessarily recognize ROC regulations and transaction practices (including but not limited to share transfer approaches and shareholder records). This can create risk in filing claims against foreign companies.

B. Thailand

a. Overall economy and changes in the political and economic environments

Formerly known as Siam, Thailand became independent in 1370. After the revolution in 1932, constitutional monarchy was adopted and the king of Thailand remained the head of state. In 1939, Kingdom of Thailand was decided to be the name of the country but later it was changed to Thailand in 1949. Thailand is located in the heartland of the Indochinese Peninsula between China and India. It borders with Myanmar in the

northwest, Laos in the northeast, Cambodia in the east, and Malaysia in the south. The people in the entire country are Buddhists. For centuries, the country has been a melting pot of religions, cultures and ethnic groups in Southeast Asia. Totalling 513,120 square kilometers in area, the country is long and narrow, about 1,620 kilometers from north to south and 775 kilometers east to west. The population is around 68 million (2014), males accounting for 49.1% and females 50.9%. The majority of the people are Thai; other ethnic groups include Chinese and Indians. Thai is the official language; other languages include Chinese, English and Malay. Bangkok is the capital and the largest city with a population around 9 million.

Originally an agricultural country, Thailand started to adopt more liberal policies to attract foreign capital in the late 1980s. In the following ten odd years, large amounts of foreign investment went in and helped accelerate the economic growth. Unfortunately, excessive investment and poor financial management led to production-marketing imbalance and a financial crisis broke out in 1997, forcing both Thai and foreign enterprises to reduce or suspend investment in the country. After reform for a few years, the Thai economy gradually recovered. Industrial production and exportation started to pick up slowly and the exchange rate also grew more and more stable. By the middle of 2003, Thailand was finally able to pay back the loans borrowed from the International Monetary Fund during the financial crisis and the government began to look at the country's mid- and long-term development in the future with cautious optimism. However, starting in 2007, it was affected by the world recession, domestic political instability, international oil price hikes and appreciation of baht exchange rates, and the strong economic progress rates in 2003 (7.1%) and 2004 (6.3%) could no longer continue and in 2008 the growth was merely 2.6%. In the same year, large-scale political protest events took place, including the Yellow Shirts occupying the Bangkok Airport and the Red Shirts breaking into the venue of the ASEAN Summit Meeting. Under such political instability and the global financial storm, Thailand's GDP fell 2.3% in 2009, the first negative growth since the Asian Financial Crisis in 1997.

By the time Abhisit took office as the prime minister, the political standoff had alleviated. On top of this, the government launched a plan to invest 1.43 trillion bahts to revitalize the economy. The projects included repairing and building mass transit systems, 3G communications facilities and infrastructure such as water supply systems and roads. Besides upgrading the hardware environment needed for economic development, these projects also created jobs. Meanwhile, to stimulate consumption and domestic demand, the plan also included tax preference for new homebuyers and it was expected to boost domestic consumption and investors' confidence. As the global economy started to bounce back and external demand also grew stronger, Thailand's economic growth achieved 8.1% in 2010. It indicated that the country had a solid economic foundation and the future was looking good.

In Jul. 2011, the Pheu Thai Party won more than half of the congress seats under the leadership of Yingluck who then became the prime minister. However, in October and November of the same year, torrential rains flooded the country. Three quarters of land was inundated. It was the worst flooding in six decades and created around 350 billion bahts of damages to Thai industries and agriculture. In 2012, the country was able to pull out of the crisis due to the government's effective policies to stimulate economic progress, including increasing the minimum wage to upgrade consumers' earnings,

promote domestic demand, reducing business tax and providing car purchase subsidies, etc. These measures successfully pushed up consumption and industrial development and in turn enabled the economic growth to reach 6.5 % that year. In 2013, however, since the base period was higher earlier, plus the political unrest in October, the economic growth was only 1.7%. After the military took over the government in 2014, the political environment gradually became stable but exportation remained slack and the economic growth was estimated to be less than 1%. In 2015, the government began to come up with policies to promote investment and attract foreign investors to bring in higher technologies to help stabilize economic development. It is estimated that the economic growth in 2015 will be around 4%.

b. Exchange control, regulations and tax risk

Exchange control

The foreign exchange regulations in Thailand are mainly based on the Exchange Control Law enacted in 1942 and other regulations announced by administrative agencies. The Bank of Thailand is the central bank of Thailand and it has adopted an open attitude and liberal policies toward foreign exchange over the years.

On Mar. 3, 2008, Thailand removed the foreign exchange control measures that had been implemented for over a year. The regulation requiring retainment of 30% of incoming foreign capital to be the reserve was cancelled and the reserves formerly retained were returned.

Currently, Thailand imposes very few restrictions on foreign capital investment. Non-residents are free to borrow foreign currencies from or lend them to locals. Capital and loans can be transferred into Thailand without any restriction. As for transferring capital out of the country, whether it is to pay for purchases or services, interest expense, or issuance of bonuses or dividends, there is no control.

Taxes

- Corporate income tax: For companies established in accordance with the Thailand Limited Company Law Code, the following tax rates apply to their incomes from in and outside Thailand:

Tax Payer	Tax Rate
a. Regular companies	20% (Note 2)
b. Small companies (registered capital < THB5 million	
THB150 thousand < net income < THB1 million	15%
THB1 million < net income	20% (Note 2)

Notes:

1. Sources: Board of Investment (BOI) of Thailand, the Revenue Department of Thailand
2. According to the Tax Reduction and Exemption Bill No. 530 (passed in the cabinet meeting on Oct. 14, 2011) announced by the Revenue Department on Dec. 14, 2011, the corporate income tax rate would be reduced to 23% in the fiscal year starting on Jan. 1, 2012 and then to 20% in 2013.

- Value-added business tax: The rate is 7% for all products and services and imported goods.
- Import duty: The import duty is imposed according to product value or a specific tax rate.
- Stamp duty: The stamp duty rate is between 0.05% and 0.1%, imposed according to the Stamp Duty Schedule of Thailand.
- Dividend tax: The rate is 10%.
- Bank interest tax: The rate for companies is 1%.
- Commodity tax:
Thailand imposes commodity tax on automobiles, gasoline, electrical appliances, beverages, batteries, motorcycles, perfume, wool plankets, cigarettes, cigars, playing cards, etc.

To attract foreign investors, the Thai government has established investment encouragement regulations and also created the Board of Investment to handle related matters. Companies acquiring an investment preference and encouragement certificate will be able to enjoy tax incentives and preferential treatment to set up operations in the investment promotion zone as well as preferential treatment in exportation.

Related regulations

Thailand's Hazardous Product Liability Law took effect in the beginning of 2009. The law was enacted to provide appropriate remedies to consumers encountering damages from purchasing hazardous products. Apex does not manufacture consumer products but the law applies to manufactures and suppliers of all products, including Apex. According to this law, if consumers file lawsuits over product safety against Apex for products manufactured, sold or imported by Apex and are able to prove they have suffered damages when using or storing such products normally, Apex will bear the corresponding civil liability. At the same time, the court can decide not to accept the responsibility exemption agreement stipulated in the contract signed between Apex or Apex's distributor and the consumer. Therefore, Apex faces potential risk that exists

after this law was enacted and took effect.

c. Recognition of ROC court decision on civil cases

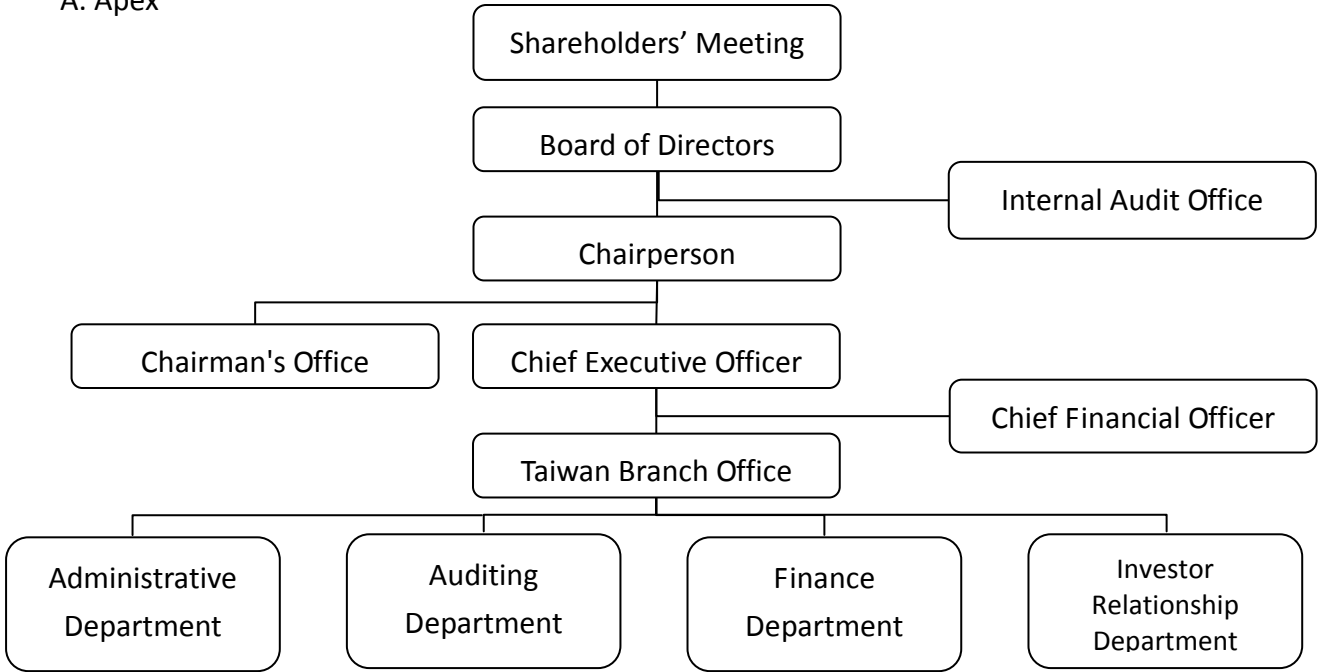
Recognition and execution of ROC court decisions is not specified in the Civil Procedure Code of Thailand or the 1938 Private International Law and so far Thailand has not signed any international treaties or agreements with regard to recognition and execution of the court decisions of the ROC or any other country. However, since 1918, Thailand has adopted No. 585/2461 decision of its Supreme Court to serve as the basis of assessment. It is specified in the decision that if a court decision of a foreign country is made by a court with jurisdiction and it is the final decision on the issue in concern, Thai courts will recognize the decision. However, as Thailand practices civil law, the plaintiff has the right to file litigation over the same claim against the defendant. The 585/2461 decision does not have the effect of case law. It can only serve as an important reference for Thai courts in determining whether they will recognize and execute foreign court decisions.

III. Corporate Governance Report

1. Organizational Structure

(1) Organizational structure chart

A. Apex



B. APT



(2) Department Functions

Name of Department	Functions
Internal Audit Office	Assessment of the comprehensiveness and reasonableness of the company's internal control system and the effectiveness of task execution by each department Execution of internal audits, compilation of audit reports and provision of suggestions and improvement measures Promotion of corporate social responsibility and the ethical management policy
Chief Executive Office	Establishment of the company's mid- and long-term plans, execution of special projects and consolidation of unit reports for the board of directors
Chief Strategy Officer	Assistance to the chief executive officer in establishment of the company's mid- and long-term strategies and execution of special projects
Manufacturing Department	Production, sustenance of quality, and control of production capacity and use of raw materials Production and public equipment maintenance
Business Department	Establishment of market strategies, establishment and execution of marketing plans, customer and supplier contact and problem solution, delivery tracking, and customer service
Purchase Department	Procurement and management of raw materials and machine equipment Importation/exportation, transportation and warehousing operations
Quality Control Department	Quality inspection, establishment of quality policies, regulations and criteria, confirmation of quality compliance with customers' standards, and customer complaint handling
Administrative Department	Establishment of personnel regulations, human resource recruitment and training, establishment of pay scales, performance evaluation, and reward and punishment administration Establishment and execution of workplace safety policies and management of administrative affairs Management of importation affairs and imported goods to ensure all related operations comply with the regulations of the Board of Investment of Thailand
Information Department	Establishment of plans, installation, development and management of the company's information systems and equipment Establishment and execution of information security policies
Finance and Accounting Department	Design and revision of the accounting system and bookkeeping Calculation and analysis of production costs and management of tax affairs Bank correspondence and capital distribution, budget setup, and financial risk control
Research and Development Department	Improvement of quality and production capacity, development of new technologies and collection of new technology information
Corp. & Legal Department	Provision of legal advice on business operations for the management to ensure company operations comply with regulations, and review of contracts and participation in contract negotiations

Name of Department	Functions
Taiwan Branch Office	<ul style="list-style-type: none"> △ Management Department: <ul style="list-style-type: none"> ● Management of procurement, general affairs, business affairs and company property ● Management of personnel, payroll and training △ Finance Department: <ul style="list-style-type: none"> ● Bank credit extension and correspondence ● Analysis of interest and exchange rates and establishment of hedging plans ● Long-term fund raising and short-term financing ● Provision of support in financial analysis of special projects and assessment of financial risk ● New shareholder account opening, change of shareholder information, issuance of dividends and other stock affairs ● Convention of shareholders' meetings and board of directors meetings and related affairs ● Posting of shareholder services information on the Market Observation Post System △ Accounting Department: <ul style="list-style-type: none"> ● Establishment and improvement of the accounting system ● Accounting department checkout ● Posting of Accounting information on the Market Observation Post System △ Investor Relationship Department: <ul style="list-style-type: none"> ● Promote sound corporate governance systems ● Maintaining relationships with the Group's shareholders and the broader investment community

2. Information on directors (including independent directors), general managers, vice general managers, assistant general managers, and heads of departments and branch offices

(1) Information on directors (including independent directors)

Apr. 4, 2015; unit: share; %

Title	Nationality	Name	Date of Appointment	Term of Office	Date of First Appointment	Shares Held at the Time of Appointment		Shares Currently Held		Shares Currently Held by Spouse and Minor Children		Shares Held under Names of Others		Experience and Education	Positions Currently Held in Apex and Other Companies	Spouse or Relatives within the First Two Degrees Holding the Position of Supervisor or Director		
						Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio			Title	Name	Relation
Director	Taiwan, R.O.C.	Wang, Shu Mu	2013.06.26	3	2009.10.28	1,000,000	1.05%	1,000,000	0.82%	0	0%	0	0%	Department of Business Mathematics, Soochow University	API Chairman APT Chairman APT Chief Strategy Officer Object Map Ltd. Chairman AET Chairman	APT Consultant	Wang Tsung Hsian	Brother
Director	Taiwan, R.O.C.	Chou, Jui Hsiang	2013.06.26	3	2009.12.17	411,000	0.43%	458,216	0.37%	0	0%	0	0%	Department of International Trade, Aletheia University General Manager of Procurement in Taiwan, Hong Kong Kayue Group Vice Chairperson of Thailand Plants, Hong Kong Kayue Group Vice General Manager of R&D and Marketing, Kaohsiung Caen Technology Co., Ltd.	API Chief Executive Officer APT Chief Executive Officer APT Director	None	None	None

Title	Nationality	Name	Date of Appointment	Term of Office	Date of First Appointment	Shares Held at the Time of Appointment		Shares Currently Held		Shares Currently Held by Spouse and Minor Children		Shares Held under Names of Others		Experience and Education	Positions Currently Held in Apex and Other Companies	Spouse or Relatives within the First Two Degrees Holding the Position of Supervisor or Director		
						Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio			Title	Name	Relation
Director	Taiwan, R.O.C.	Lan, Chai Chen	2013.06.26	3	2009.12.17	200,000	0.21%	222,976	0.18%	0	0%	0	0%	Department of Electronics, Cheng Shiu University Vice General Manager, Thinking Electronic Industrial Co., Ltd. Vice General Manager, Cheng Uei Precision Industry Co., Ltd. Vice General Manager of Manufacturing, Caen Group	APT Executive Vice President APT Director	None	None	None
Director	Taiwan, R.O.C.	Cheng, Yung Yuan	2013.06.26	3	2009.12.17	300,000	0.31%	334,464	0.27%	0	0%	0	0%	Department of Electronic Engineering, National Kaohsiung University of Applied Sciences Vice General Manager of Business, Caen Group Assistant General Manager of Procurement and Manager of R&D Department, Caen Group Specialist, R&D Department, Digital Equipment Corporation	APT Chief Sales and Materials Officer	None	None	None

Title	Nationality	Name	Date of Appointment	Term of Office	Date of First Appointment	Shares Held at the Time of Appointment		Shares Currently Held		Shares Currently Held by Spouse and Minor Children		Shares Held under Names of Others		Experience and Education	Positions Currently Held in Apex and Other Companies	Spouse or Relatives within the First Two Degrees Holding the Position of Supervisor or Director		
						Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio			Title	Name	Relation
Director	Thailand	Maliwan Chinvorakijkul	2013.06.26	3	2010.06.11	278,544	0.29%	248,544	0.20%	0	0%	0	0%	Department of Accounting, Thammasat University, Thailand Assistant General Manager, Finance Department, B. Grimm J.V. Holding Ltd Manager, Finance Department, Caen Group (Thailand) Auditor, Ernst & Young Office Ltd.	API Chief Financial Officer APT Director	None	None	None
Director	Japan	Shohara Masashi	2013.06.26	3	2012.06.27	0	0%	0	0%	0	0%	0	0%	Hiroshima Shudo University Humanities Faculty English Literature Department Shibaura Electronics Co., Ltd. Volex Cable Assembly (Shenzhen) Co., Ltd.	APT Vice President of Marketing	None	None	None
Director	Taiwan, R.O.C.	Tsai, Jui Hung	2013.06.26	3	2013.06.26	535,000	0.56%	535,000	0.44%	12,000	0.01%	0	0%	Department of mathematics, Fu Jen Catholic University Chairperson, Yong Han Forestry Products Co., Ltd.	None	None	None	None

Title	Nationality	Name	Date of Appointment	Term of Office	Date of First Appointment	Shares Held at the Time of Appointment		Shares Currently Held		Shares Currently Held by Spouse and Minor Children		Shares Held under Names of Others		Experience and Education	Positions Currently Held in Apex and Other Companies	Spouse or Relatives within the First Two Degrees Holding the Position of Supervisor or Director		
						Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio			Title	Name	Relation
Director(Note 1)	Thailand	Pisit Lerdananporn	2013.06.26	3	2013.06.26	0	0%	0	0%	0	0%	0	0%	Certificate of Aeronautical Maintenance-Electronic, Civil Aviation Training Center Manufacturing Management, Sanno Institute of Technology Cobra International Co., Ltd.: Division Manager Nakamichi Malaysai Sdn.Bhd.: Director of Operations Capetronic International (Thailand): Manufacturing Director	None	None	None	None

Title	Nationality	Name	Date of Appointment	Term of Office	Date of First Appointment	Shares Held at the Time of Appointment		Shares Currently Held		Shares Currently Held by Spouse and Minor Children		Shares Held under Names of Others		Experience and Education	Positions Currently Held in Apex and Other Companies	Spouse or Relatives within the First Two Degrees Holding the Position of Supervisor or Director		
						Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio			Title	Name	Relation
Independent Director	Taiwan, R.O.C.	Lin, Chin Miao	2013.06.26	3	2010.10.15	0	0%	0	0%	0	0%	0	0%	Division of Business Administration, EMBA, National Chengchi University General Manager and General Manager of Asset Management System, Taiwan Life Insurance Co., Ltd. Vice General Manager, Department of Investment, Long Bon International Co., Ltd. Chief Account, Tah Tong Textile Group affiliate	General Manager, Taiwan Life Insurance Co., Ltd. Chairman, TLG Capital Supervisor, TLG Insurance Independent Director, Ampire Co., Ltd.	None	None	None
Independent Director	Taiwan, R.O.C.	Chang, Chung Chiu	2013.06.26	3	2013.06.26	0	0%	0	0%	0	0%	0	0%	MA, Institute of Business Administration, National Chengchi University Senior Assistant General Manager, China Development Industrial Bank Vice General Manager, Top Taiwan Venture Capital	Supervisor, Auto Server Co., Ltd. Independent Director, Copartner Tech Corp. Independent Director, Suyin Group Chairman, STL Technology Co., Ltd Supervisor, Wen Ding Venture Capital Co., Ltd.	None	None	None

Title	Nationality	Name	Date of Appointment	Term of Office	Date of First Appointment	Shares Held at the Time of Appointment		Shares Currently Held		Shares Currently Held by Spouse and Minor Children		Shares Held under Names of Others		Experience and Education	Positions Currently Held in Apex and Other Companies	Spouse or Relatives within the First Two Degrees Holding the Position of Supervisor or Director		
						Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio			Title	Name	Relation
Independent Director	Thailand	Jesadavat Priebjirvat	2013. 06.26	3	2010. 06.11	0	0%	0	0%	0	0%	0	0%	MBA New York University, US MA in Engineering Management, Washington University, US Chief Investment Officer and Senior Executive General Manager, MFC Asset Management PLC Executive Vice General Manager, KGI Securities (Thailand) PLC Special Project Consultant, Small and Medium Enterprise Financing Strategy, Asian Development Bank Vice General Manager, Thai Fuji Finance and Securities Co., Ltd.	Director, Sansiri Public Company Limited Independent Director, APT	None	None	None

Note 1: Resigning on Dec. 1, 2014. and the shares currently held were those held as of that day.

1. Main shareholders of juristic shareholders: none (no directors or independent directors represent juristic persons)
2. Main shareholders of juristic shareholders being the main shareholders of the juristic persons: none

(2) Professional background and independence of directors (including independent directors)

Name	Requirements	Having over five years of work experience and the following qualifications			Level of Independence (Note 1)										Number of other listed companies where independent directorships are concurrently held
		Having held the position of instructor or higher of business, law, finance, accounting or a discipline the company needs in a public or private university	Having passed a national examination and obtained the certificate to be a court judge, prosecutor, lawyer or accountant or a specialist the company needs	Having experience in business, legal affairs, financial affairs, accounting or a field the company needs	1	2	3	4	5	6	7	8	9	10	
Wang, Shu Mu			V				V				V	V	V	V	None
Chou, Jui Hsinag			V				V	V	V	V	V	V	V	V	None
Lan, Chai Chen			V				V	V	V	V	V	V	V	V	None
Cheng, Yung Yuan			V				V	V	V	V	V	V	V	V	None
Maliwan Chinvorakijkul			V				V	V	V	V	V	V	V	V	None
Shohara Masashi			V				V	V	V	V	V	V	V	V	None
Tsai, Jui Hung			V		V		V	V	V	V	V	V	V	V	None
Pisit Lerdananporn (Note 2)			V				V	V	V	V	V	V	V	V	None
Lin, Chin Miao			V		V	V	V	V	V	V	V	V	V	V	1
Chang, Chung Chiu			V		V	V	V	V	V	V	V	V	V	V	2
Jesadavat Priebjrvat			V		V	V	V	V	V	V	V	V	V	V	None

Note 1: The meanings of the codes for the requirements for each director or supervisor in the two years prior to the appointment and during the office term:

- (1) Now an employee of the company or its affiliate
- (2) Not a director or supervisor of the company or its affiliate (independent directors of the company or its parent company, or a subsidiary with over 50% voting shares directly or indirectly held by the company are excluded)
- (3) A natural person shareholder not holding over 1% of the company's total issued shares in his or her own name, in the name of his or her spouse or minor children or in the names of others or not ranking among the top ten shareholders
- (4) Not a spouse, or a relative within the first two degrees or a direct relative of the first three degrees of any of the persons listed in the three preceding subparagraphs
- (5) Not a director, supervisor or employee of a juristic shareholder indirectly holding over 5% of the company's total issued shares or a director, supervisor or employee of a juristic shareholder ranking among the top five juristic shareholders
- (6) Not a director, supervisor or manager or holding over 5% of the shares of a specific company or organization having financial or business relations with the company
- (7) Not a specialist, sole owner, business partner, director, supervisor, manager of a spouse of any of the aforementioned of a business providing the company or its affiliate with business, legal, financial or accounting service or counseling; Remuneration Committee members exercising their duties in accordance with Article 7 of 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 are excluded
- (8) Not a spouse or a relative within the first two degrees of any other director
- (9) None of the situations specified in the subparagraphs of Article 30 of the Company Act exists.
- (10) Not appointed as a representative for the government or a juristic person in accordance with Article 27 of the Company Act

Note 2: Resigning on Dec. 1, 2014.

(3) General managers, vice general managers, assistant general managers, and heads of departments and branch offices of Apex and main operating office

Apr. 27, 2014; unit: share; %

Title	Nationality	Name	Date of Appointment (Inauguration)	Shares Held		Shares Held by Spouse of Minor Children		Shares Held under Names of Others		Experience and Education	Positions Concurrently Held in Other Companies	Spouse or Relatives within the First Two Degrees Holding Managerial Positions			Acquisition of Employee Stock Option Certificates by Managerial Personnel
				Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio			Title	Name	Relation	
Chief Strategy Officer	Taiwan, R.O.C.	Wang, Shu Mu	2006.05.02	1,000,000	0.82%	0	0%	0	0%	Department of Business Mathematics, Soochow University	API Chairman APT Chairman APT Chief Strategy Officer Object Map Ltd. Chairman AET Chairman	APT Consultant	Wang Tsung Hsian	Brother	None
Chief Executive Officer	Taiwan, R.O.C.	Chou, Jui Hsiang	2006.05.02	458,216	0.37%	0	0%	0	0%	Department of International Trade, Aletheia University General Manager of Procurement in Taiwan, Hong Kong Kayue Group Vice Chairperson of Thailand Plants, Hong Kong Kayue Group Vice General Manager of R&D and Marketing, Kaohsiung Caen Technology Co., Ltd.	API Director APT Chief Executive Officer APT Director	None	None	None	None

Title	Nationality	Name	Date of Appointment (Inauguration)	Shares Held		Shares Held by Spouse of Minor Children		Shares Held under Names of Others		Experience and Education	Positions Concurrently Held in Other Companies	Spouse or Relatives within the First Two Degrees Holding Managerial Positions			Acquisition of Employee Stock Option Certificates by Managerial Personnel
				Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio			Title	Name	Relation	
Chief Financial Officer	Thailand	Maiwan Chinwora kijkul	2006.05.02	248,544	0.20%	0	0%	0	0%	Department of Accounting, Thammasat University, Thailand Financial Controller, Finance Department, B. Grimm J.V. Holding Ltd Finance Director, Captronic International (Thailand) PCL. Auditor, Ernst & Young Office Ltd.	API Director APT Director	None	None	None	None
Chief Sales and Materials Officer	Taiwan, R.O.C.	Cheng, Yung Yuan	2007.05.21	334,464	0.27%	0	0%	0	0%	Department of Electronic Engineering, National Kaohsiung University of Applied Sciences Vice General Manager of Business, Caen Group Assistant General Manager of Procurement and Manager of R&D Department, Caen Group Specialist, R&D Department, Digital Equipment Corporation	APT Chief Sales and Materials Officer APT Director	None	None	None	None

Title	Nationality	Name	Date of Appointment (Inauguration)	Shares Held		Shares Held by Spouse of Minor Children		Shares Held under Names of Others		Experience and Education	Positions Concurrently Held in Other Companies	Spouse or Relatives within the First Two Degrees Holding Managerial Positions			Acquisition of Employee Stock Option Certificates by Managerial Personnel
				Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio			Title	Name	Relation	
Executive Vice President	Taiwan, R.O.C.	Lan, Chai Chen	2009.07.28	222,976	0.18%	0	0%	0	0%	Department of Electronics, Cheng Shiu University Vice General Manager, Thinking Electronic Industrial Co., Ltd. Vice General Manager of Manufacturing, Cheng Uei Precision Industry Co., Ltd. Vice General Manager of Manufacturing, Caen Group	API Director APT Director	None	None	None	None
Chief Technology Officer	Taiwan, R.O.C.	Chen, Du Chuan	2012.04.01	0	0%	0	0%	0	0%	Electrical Engineering, Department of Industrial Education, National Changhua University of Education General Manager, E-Sun Technology Co., Ltd. General Manager, Yichia Technology Co., Ltd. Director or Research and Development Department, Foxlink Image Technology Co., Ltd. Vice General Manager, Chungtao Electronics Co., Ltd. Assistant General Manager of Research and Development, Kaohsiung Caen Technology Co., Ltd. Senior Research and Development Engineer, Topward Electronics Co., Ltd.	None	None	None	None	None

Title	Nationality	Name	Date of Appointment (Inauguration)	Shares Held		Shares Held by Spouse of Minor Children		Shares Held under Names of Others		Experience and Education	Positions Concurrently Held in Other Companies	Spouse or Relatives within the First Two Degrees Holding Managerial Positions			Acquisition of Employee Stock Option Certificates by Managerial Personnel
				Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio			Title	Name	Relation	
Vice President (Note 1)	Thailand	Pisit Lerdanaporn	2013.02.01	0	0%	0	0%	0	0%	Certificate of Aeronautical Maintenance-Electronic, Civil Aviation Training Center Manufacturing Management, Sanno Institute of Technology Cobra International Co., Ltd.: Division Manager Nakamichi Malaysai Sdn.Bhd.: Director of Operations Capetronic International (Thailand): Manufacturing Director	None	None	None	None	None
Financial Controller (Note 1)	Thailand	Sommitr Ongvutivate	2014.05.02	0	0%	0	0%	0	0%	Department of Accounting, Bangkok University, Thailand Accounting Manager, Accounting Department Synergie Tokyu DMB&B Limited Financial Administration Manager, S&E Cumford (Thailand) Limited Financial Controller, MCI-Draka Cable Company Limited	None	None	None	None	None
Vice President	Thailand	Somkiat Krachan Chiang	2012.08.01	0	0%	0	0%	0	0%	Bachelor of Engineering (Mechanical Engineering) Technician, Samutsakhon Hopital Engineering Director, Siam Unit Seoul Co.Ltd	None	None	None	None	None

Title	Nationality	Name	Date of Appointment (Inauguration)	Shares Held		Shares Held by Spouse of Minor Children		Shares Held under Names of Others		Experience and Education	Positions Concurrently Held in Other Companies	Spouse or Relatives within the First Two Degrees Holding Managerial Positions			Acquisition of Employee Stock Option Certificates by Managerial Personnel
				Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio			Title	Name	Relation	
Vice President	Taiwan, R.O.C.	Lee, Shun Chung	2011.11.15	0	0%	0	0%	0	0%	Department of Administration, National Chengchi University Manager of Sales Department, Unimicron Co.Ltd Assistant Manager of Sales Department, Arima Photovoltaic & Optical Corp.	None	None	None	None	None
Vice President	Japan	Shohara Masashi	2013.06.26	0	0%	0	0%	0	0%	Hiroshima Shudo University Humanities Faculty English Literature Department Shibaura Electronics Co.,Ltd. Volex Cable Assembly(Shenzhen)Co.,Ltd.	API Director	None	None	None	None
Vice President	Thailand	Narumol Prapaitrakul	2014.09.01	0	0%	0	0%	0	0%	Department of Accounting, Chulalongkorn University, Thailand Assistant Manager, Ernst & Young Official Limited Vice President, Globlex Securities Co., Ltd. Vice President, Finance Department, Globlex Holding Management PLC.	None	None	None	None	None

Title	Nationality	Name	Date of Appointment (Inauguration)	Shares Held		Shares Held by Spouse of Minor Children		Shares Held under Names of Others		Experience and Education	Positions Concurrently Held in Other Companies	Spouse or Relatives within the First Two Degrees Holding Managerial Positions			Acquisition of Employee Stock Option Certificates by Managerial Personnel
				Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio			Title	Name	Relation	
Audit Managerial Personnel (Note 2)	Taiwan, R.O.C.	Yang, Hsin Wang	2015.03.16	0	0%	0	0%	0	0%	Department of Land Economics, National Chengchi University Revenue Officer, National Taxation Bureau of Taipei, Ministry of Finance	None	None	None	None	None
Accounting Managerial Personnel (Note 2)	Taiwan, R.O.C.	Hsu, Shou Hua	2015.03.16	0	0%	0	0%	0	0%	Department of Public Finance, National Chengchi University Graduate Institute of Public Finance, National Chengchi University Assistant Manager, Deloitte Taiwan	None	None	None	None	None

Note 1: Resigning on Dec. 1, 2014.

Note 2: Taking office on Mar. 16, 2015

3. Remuneration for directors, general managers and vice general managers in recent years

(1) Remuneration for directors (including independent directors)

Unit: NT\$thousand; share

Title	Name	Remuneration for Director				Remuneration for Employees Holding Concurrent Positions						Ratio of A+B+C+D+E+ F+G to Net After-tax Profit	New Restricted Employee Shares Acquired (I)	Ratio of A+B+C+D+E+ F+G to Net After-tax Profit	Remuneration from Non-subsidiary Business Set up through Reinvestment		
		Remuneration (A)	Retirement Pension (B)	Profit Distributed (C)	Operation Execution Expenses (D)	Ratio of A+B+C+D to Net After-tax Profit	Salary, Rewards and Special Allowance (E)	Retirement Pension (F)	Employee Bonus (G)	Shares Purchased According to the Employee Stock Warrant (H)							
Director	Wang, Shu Mu	Apex All the companies listed in the consolidated financial Statement	Apex All the companies listed in the consolidated financial Statement	Apex All the companies listed in the consolidated financial Statement	Apex All the companies listed in the consolidated financial Statement	Apex All the companies listed in the consolidated financial Statement	Apex All the companies listed in the consolidated financial Statement	Apex All the companies listed in the consolidated financial Statement	Apex All the companies listed in the consolidated financial Statement	Apex All the companies listed in the consolidated financial Statement	Apex All the companies listed in the consolidated financial Statement	Apex All the companies listed in the consolidated financial Statement	Apex All the companies listed in the consolidated financial Statement	Apex All the companies listed in the consolidated financial Statement	0.62	4.39	None
Director	Chou, Jui Hsiang																
Director	Lan, Chal Chen																
Director	Cheng, Yung Yuan																
Director	Maiwan Chinvorakijkul																
Director	Shohara Masashi	1,680	0	727	0	0.56	240	0	0	0	0	0	0	0	0.62	4.39	None
Director	Tsai, Jui Hung																
Director	Pisit Lerdanaporn (Note 1)																
Independent Director	Lin, Chin Miao																
Independent Director	Chang, Chung Chiu																
Independent Director	Jesadavat Priebrjvat																

Note 1: Resigning on Dec. 1, 2014.

Remuneration Table

Remuneration for Directors of Apex and All the Companies Listed in the Consolidated Financial Statement	Names of Directors			
	Total of A+B+C+D		Total of A+B+C+D+E+F+G	
	Apex	All the companies listed in the consolidated financial Statement	Apex	All the companies listed in the consolidated financial Statement
Less than NT\$2,000,000	Lin Chin Miao Chang Chung Chiu Tsai Jui Hung Jesadavat Priebjrivat	Lin Chin Miao Chang Chung Chiu Tsai Jui Hung Jesadavat Priebjrivat	Chou, Jui Hsiang Lin Chin Miao Chang Chung Chiu Tsai Jui Hung Jesadavat Priebjrivat	Wang, Shu Mu Maliwan Chinvorakijkul Lin Chin Miao Chang Chung Chiu Tsai Jui Hung Jesadavat Priebjrivat
NT\$2,000,000 (including) ~ NT\$5,000,000 (not including)			Chou, Jui Hsiang Lan, Chai Chen Cheng, Yung Yuan Shohara Masashi Pisit Lerdananporn (Note1)	
NT\$ 5,000,000 (including) ~ NT\$10,000,000 (not including)				
NT\$10,000,000 (including) ~ NT\$15,000,000 (not including)				
NT\$15,000,000 (including) ~ NT\$30,000,000 (not including)				
NT\$30,000,000 (including) ~ NT\$50,000,000 (not including)				
NT\$50,000,000 (including) ~ NT\$100,000,000 (not including)				
Over NT\$100,000,00				
Total	4	4	5	11

Note 1: Resigning on Dec. 1, 2014.

Remuneration for supervisors in recent years: Apex does not have supervisors.

(2) Remuneratin for general managers and vice general managers

Unit: NT\$thousand; share

Title	Name	Salary (A)		Retirement Pension (B)		Rewards, Special Allowances, and etc. (C)		Employee Bonus(D)			Ratio of Total of A+B+C+D to Net After-tax Profit (%)		Shares Purchased According to the Employee Stock Warrant		New Restricted Employee Shares Acquired		Remuneration from Non-subsiary Businesses Set up through Reinvestment	
		Apex	All the companies listed in the consolidated financial Statement	Apex	All the companies listed in the consolidated financial Statement	Apex	All the companies listed in the consolidated financial Statement	Apex	All the companies listed in the consolidated financial Statement	Bonus in cash	Bonus in shares	Bonus in cash	Bonus in shares	Apex	All the companies listed in the consolidated financial Statement	Apex		All the companies listed in the consolidated financial Statement
Chief Strategy Officer	Wang, Shu Mu																	
Chief Executive Officer	Chou, Jui Hsiang																	
Chief Financial Officer	Maliwan Chinvorakijkul	480	16,908	0	0	0	8,403	0	0	0	0	0.11	0	0	0	0	0	None
Chief Sales and Materials Officer	Cheng, Yung Yuan																	

Title	Name	Salary (A)		Retirement Pension (B)		Rewards, Special Allowances, and etc. (C)		Employee Bonus(D)				Ratio of Total of A+B+C+D to Net After-tax Profit (%)		Shares Purchased to the Employee Stock Warrant		New Restricted Employee Shares Acquired		Remuneration from Non-subsiary Businesses Set up through Reinvestment	
		All the companies listed in the consolidated financial Statement	Apex	All the companies listed in the consolidated financial Statement	Apex	All the companies listed in the consolidated financial Statement	Apex	Bonus in cash	Bonus in shares	Bonus in cash	Bonus in shares	All the companies listed in the consolidated financial Statement	Apex	All the companies listed in the consolidated financial Statement	Apex				
Executive Vice President	Blue Lan																		
Chief Technology Officer	Chen, Du-chuan																		
Vice President	Pisit Lerdanaporn (Note 1)																		
Financial Controller	Sommitr Ongvutivate (Note 1)																		
Vice President	Somkiat Krachanjang																		
Vice President	Lee, Shun Chung																		
Vice President	Shohara Masashi																		
Vice President	Narumol Prapaitrakul																		

Note 1: Resigning on Dec. 1, 2014.

Remuneration Table

Remuneration for General Managers and Vice General Managers of Apex and All the Companies Listed in the Consolidated Financial Statement	Names of General Managers and Vice General managers	
	Apex	All the Companies Listed in the Consolidated Financial Statement
Less than NT\$2,000,000	Chou, Jui Hsiang Lee, Shun Chung	Wang, Shu Mu Lee, Shun Chung Maliwan Chinvorakijkul Somkiat Krachangjang Sommitr Ongvutivate (Note 1)
NT\$2,000,000 (including) ~ NT\$5,000,000 (not including)		Chou, Jui Hsiang Lan, Chai Chen Cheng, Yung Yuan Chen, Du Chuan Shohara Masashi Pisit Lerdananporn (Note 1) Narumol Prapaitrakul
NT\$5,000,000 (including) ~ NT\$10,000,000 (not including)		
NT\$10,000,000 (including) ~ NT\$15,000,000 (not including)		
NT\$15,000,000 (including) ~ NT\$30,000,000 (not including)		
NT\$30,000,000 (including) ~ NT\$50,000,000 (not including)		
NT\$50,000,000 (including) ~ NT\$100,000,000(not including)		
Over NT\$100,000,000		
Total	2	12

Note 1: Resigning on Dec. 1, 2014.

- (3) Names of managers receiving employee bonuses and amounts: This does not happen in Apex.
- (4) Analysis of ratios of the total remuneration for directors, supervisors, general managers and vice general managers of Apex and all the companies listed in the consolidated financial statement to the net after-tax profit in the last two years:

Year	Total Remuneration (NT\$thousand)		Ratio to Net After-tax Profit (%)	
	Apex	Other Companies in the Consolidated Financial Statement	Apex	Other Companies in the Consolidated Financial Statement
102	3,296	26,003	0.93	7.37
103	2,887	28,279	0.67	6.58

- (5) Correlations of remuneration payment procedures with management performance and future risk:

The remuneration for directors (including independent directors) is specified in Article 34 of Apex's company charter and the shareholders' meeting has given approval and authorized the board of directors to establish the criteria according to the directors' participation in company operations and contributions as well as the standards adopted in similar businesses. The general managers and vice general managers run company operations according to the instructions of the board of directors; their appointment, dismissal and remuneration are conducted in accordance with the company charter. As for the reward system, it is implemented according to the business development of Apex and its affiliates with the approval of the shareholders' meeting.

Apex's operating performance, future business fluctuations and likely operation, transaction and financial risks in the future are also taken into account when the remuneration for directors (including independent directors), general managers and vice general managers in Apex is determined.

4. Corporate Governance Status

(1) Board of Directors

10 board of directors meetings were convened in 2014 and the attendance is as shown in the chart below:

Title	Name	No. of Times of Actual Attendance	No. of Times of Attendance by Proxy	Actual Attendance Rate % Note 1	Remark
Chairman	Wang, Shu Mu	9	1	90%	
Director	Chou, Jui Hsiang	9	1	90%	
Director	Cheng, Yung Yuan	9	1	90%	
Director	Lan, Chai Chen	9	1	90%	
Director	Maliwan Chinvorakijkul	8	2	80%	
Director	Shohara Masashi	7	3	70%	

Title	Name	No. of Times of Actual Attendance	No. of Times of Attendance by Proxy	Actual Attendance Rate % Note 1	Remark
Director	Pisit Lerdananporn	8	1	89%	Taking office on Jun. 26, 2013 Relieved from office on Dec. 1, 2014
Director	Tsai, Jui Hung	4	6	40%	
Independent Director	Lin, Chin Miao	8	1	80%	
Independent Director	Jesadavat Priebjrivat	9	0	90%	
Independent Director	Chang, Chung Chiu	9	0	90%	

Other information to be recorded:

1. Items listed in Article 14-3 of the Securities and Exchange Act and matters that independent directors oppose to or have reservations about or board of directors decisions in writing: None
2. Recusal of directors due to conflicts of interest: None
3. Assessment of the objectives and execution of board of director function enhancement in the current year and recent years: The members of the Second Audit Committee and Remuneration Committee were elected during the second board of directors meeting of the Third Board of Directors on Jul. 5, 2013. See (2) Audit Committee and (3) Remuneration Committee for names of members and the operation of these committees.

Note 1: The actual attendance rate is calculated according to the number of times of attendance of each director during the office term.

(2) Audit Committee's operation or supervisors' participation in board of director operation

A. Audit Committee

The responsibility of the Audit Committee is to assist the board of directors in supervision of company operations as well as execution of the duties specified in the Company Act, Securities and Exchange Act and other related regulations. The functions of the committee include examining the company's financial statements, auditing company operations and accounting policies and procedures, reviewing the company's internal control system, and evaluating transactions of important assets or derivative products, fund raising or securities issuance, appointment, dismissal of accountants and their remuneration, and appointment and dismissal of financial, accounting or internal audit directors.

The Audit Committee has the right to perform justifiable audits and investigations within its responsibility. It is given the authority to make direct contact with the company's internal auditors, CPAs and employees. The committee is formed by the three independent directors.

8 Audit Committee meetings were convened in 2014 (A). The attendance of the independent directors is as shown in the chart below:

Title	Name	No. of Times of Actual Attendance (B)	No. of Times of Attendance by Proxy	Actual Attendance Rate (%) (B/A) Note 1	Remark
Chairman Independent Director	Lin, Chin Miao	7	1	88%	
Independent Director	Jesadavat Priebjrivat	8	0	100%	
Independent Director	Chang, Chung Chiu	8	0	100%	

Other information to be recorded:

1. Items listed in Article 14-5 of the Securities and Exchange Act and other decisions achieved by the consent of more than two thirds of the directors but disapproved by the Audit Committee and dates of such board of directors meetings, sessions, contents of propositions, the decisions of the Audit Committee and the company's responses to the Audit Committee's opinions are to be provided: None
2. Recusal of independent directors due to conflicts of interests and names of such independent directors, contents of propositions, causes of recusal and voting results are to be recorded: None
- 3.: Exchanges between independent directors and the internal audit director and accountants:
 - (1) In addition to providing audit reports (or tracking reports) to be reviewed by Audit Committee members in the month following completion of items to be audited (or to be tracked) and attending board of directors meetings to report results of audit operations, the internal audit director is also required to report to Audit Committee members on the results of annual audit operations and self-inspections of the internal control system to make sure the Audit Committee members have no objection.
 - (2) If necessary, Audit Committee members will exchange ideas with accountants on the company's financial status.

Note 1: The actual attendance rate is calculated according to the number of times of attendance of each director during the office term.

- B. Participation of supervisors in board of directors operation: Apex does not have supervisors.

(3) Remuneration Committee

The purpose of the Remuneration Committee is to assist the board of directors to execute and evaluate the overall remuneration and welfare policies and remuneration for the managerial personnel. The Remuneration Committee is composed of three members, two independent directors and a financial and accounting specialist recruited.

A. Members of the Remuneration Committee

Status	Requirements Name	5 Years of Work Experience and the Following Professional Qualifications			Level of Independence (Note 1)								Number of Other Listed Companies where Remuneration Committee Memberships Are Concurrently Held	Remark	
		Having held the position of instructor or higher of business, law, finance, accounting or a discipline the company needs in a public or private university	Having passed a national examination and obtained the certificate to be a court judge, prosecutor, lawyer or account or a specialist the company needs	Having experience in business, legal affairs, financial affairs, accounting or a field the company needs	1	2	3	4	5	6	7	8			
Independent Director	Lin, Chin Miao			V	V	V	V	V	V	V	V	V	V	None	-
Independent Director	Jesadavat Priebjrivat			V	V	V	V	V	V	V	V	V	V	None	-
Specialist	Tsai, Yang Tsung	V	V	V	V	V	V	V	V	V	V	V	V	5	-

Note 1: The meanings of the codes for the requirements for each member in the two years prior to the appointment and during the office term:

- (1) Not an employee of Apex or its affiliate
- (2) Not a director or supervisor of Apex or its affiliate (independent directors of Apex or its parent company, or a subsidiary with over 50% voting shares directly or indirectly held by Apex are excluded)
- (3) A natural person shareholder not holding over 1% of the company's total issued shares in his or her own name, in the name of his or her spouse or minor children or in the names of others or not ranking among the top ten shareholders
- (4) Not a spouse or a relative within the first two degrees or a direct relative within the first three degrees of any of the persons listed in the three preceding subparagraphs
- (5) Not a director, supervisor or employee of a juristic shareholder indirectly holding over 5% of Apex's total issued shares or a director, supervisor or employee of a juristic shareholder ranking among the top five juristic shareholders
- (6) Not a director, supervisor or manager or holding over 5% of the shares of a specific company or organization having financial or business relations with Apex
- (7) Not a specialist, sole owner, business partner, director, supervisor, manager or a spouse of any of the aforementioned of a business providing Apex or its affiliate with business, legal, financial or accounting service or counseling
- (8) None of the situations specified in the subparagraphs of Article 30 of the Company Act exists.

B. The office term of the current committee members is from Jul. 5, 2013 to Jul. 4, 2016. 2 Remuneration Committee meetings were convened in 2014 (A) and the attendance of the committee members is as shown in the chart below.

Title	Name	No. of Times of Actual Attendance (B)	No. of Times of Attendance by Proxy	Actual Attendance Rate (%) (B/A) Note 1	Remark
Chair Independent Director	Lin, Chin Miao	2	0	100%	
Independent Director	Jesadavat Priebjrivat	2	0	100%	
Member	Tsai, Yang Tsung	1	1	50%	

Other information to be recorded:

1. If the board of directors rejects or modifies the suggestions of the Remuneration Committee, the dates of such board of directors meetings, sessions, contents of propositions, the decisions of the board of directors and Apex's responses to the suggestions of the Remuneration Committee are to be provided: None
2. If any of the members opposes to or has reservations about any decision of the Remuneration Committee and it is recorded or there is a written statement, the date of the Remuneration Committee meeting, session, content of proposition, the opinions of all the members and the responses to the members' opinions are to be provided: None

Note 1: The actual attendance rate is calculated according to the number of times of actual attendance of each Remuneration Committee member during the officer term.

(4) Corporate governance practices and their differences from the practices specified in the Corporate Governance Best Practice Principles for TWSE/GTSM Listed Companies and reasons

Evaluation Item	Current Status		Differences from the Practices Specified in the Corporate Governance Best Practice Principles for TWSE/GTSM Listed Companies and Reasons
	Yes	No	
1. Has Apex established its corporate governance best practice principles in accordance with the Corporate Governance Best Practice Principles for TWSE/GTSM Listed Companies?	√		No particular difference
2. Company stock right structure and shareholders' rights and interests (1) Has the company established the internal operating procedure for processing shareholders' suggestions, questions, disputes and lawsuits and conducted such matters according to the procedure?	√		No particular difference
(2) Does the company have the lists of the principal shareholders of the company and the final controllers of the principal shareholders?	√		No particular difference
(3) Has the company established and executed control of risks and a firewall mechanism in association with affiliated enterprises?	√		No particular difference
(4) Has the company established internal regulations to prohibit its personnel from	√		No particular difference

Evaluation Item	Current Status			Differences from the Practices Specified in the Corporate Governance Best Practice Principles for TWSE/GTSM Listed Companies and Reasons
	Yes	No	Brief Explanation	
taking advantage of undisclosed information to trade securities?			company personnel such conduct is prohibited.	
3. Board of directors composition and duties (1) Has the board of directors established diversified policies according to its member composition and enforced such policies?	√		(1) The composition of the board of directors is determined with professional background, gender, age and education taken into consideration and also diversified for the purpose of complementation to increase the overall capacity of the board.	No particular difference
(2) Besides creating the Remuneration Committee and the Audit Committee, will the company voluntarily set up committees of other functions?	√		(2) In addition to the Remuneration Committee and the Audit Committee, committees of other functions will be created in accordance with the company's business development and related regulations.	No particular difference
(3) Has the company established regulations for evaluating the performance of the board of directors and defined the approaches of evaluation and conducted such performance evaluation annually?	√		(3) Apex has established regulations on evaluation of the performance of the board of directors and the approaches of evaluation and performance evaluation will be conducted accordingly.	No particular difference
(4) Does the company evaluate the independence of CPAs on a regular basis?	√		(4) At present, Apex evaluates the independence of accountants before commissioning accountants to certify the financial statement each year.	No particular difference

Evaluation Item	Current Status		Differences from the Practices Specified in the Corporate Governance Best Practice Principles for TWSE/GTSM Listed Companies and Reasons
	Yes	No	
4. Has the company established channels for communicating with stakeholders, set up a designated web page for stakeholders on the company website, and properly respond to important corporate social responsibility issues with which stakeholders are concerned?	√	(1)Apex is in process of setting up a stakeholder section on our corporate website in 2015. (2)Apex has set up a customer service office and designated a spokesperson to communicate with stakeholders and the contact information is also posted on the company website for stakeholders.	No particular difference
5. Has the company commissioned professional shareholder services agents to handle the shareholders' meeting's affairs?	√	Apex has commissioned a professional shareholder services agent to handle the affairs of the shareholders' meeting.	No particular difference
6. Freedom of information	√	(1)Apex has set up a company website to disclose information about various financial operations and corporate governance.	No particular difference
(2)Has the company adopted other approaches to disclose information (such as setting up an English website, appointing designated personnel to be in charge of collection and disclosure of company information, enforcing the spokesperson system, posting the proceedings of investor conferences on the company website, etc.)?	√	(2)Questions in relation to Apex are replied by the spokesperson or the deputy spokesperson or related departments and the spokesperson or deputy spokesperson are in charge of collecting and disclosing company information. For instance, information on investor conferences is posted on the company website and the Market Observation Post System.	No particular difference
7.Can the company provide other important information that will help facilitate the public to understand its corporate governance practices	√	(1)Employee Rights and Interests and employee care: A. Employment equality: Job seekers and employees are treated equally, regardless of	No particular difference

Evaluation Item	Current Status			Differences from the Practices Specified in the Corporate Governance Best Practice Principles for TWSE/GTSM Listed Companies and Reasons
	Yes	No	Brief Explanation	
	(including but not limited to employee rights and interests, employee care, relations with investors, relations with suppliers, rights of stakeholders, continuing education pursued by directors and supervisors, implementation of risk management policy and risk assessment criteria, execution of the customer policy, enrollment of liability insurance for directors and supervisors, etc.)			

Evaluation Item	Current Status		Differences from the Practices Specified in the Corporate Governance Best Practice Principles for TWSE/GTSM Listed Companies and Reasons
	Yes	No	
	Brief Explanation		
		<p>to improve our transparency; answer original or potential investors' inquiries; feedback the opinions from capital market and shareholders to management team in order to strengthen our corporate governance; instantly provide information which may affect investors' decision on Apex website and disclose on public website designated by governmental authority; collect information of financial performance of competitors for management team after quarterly financial statements released; collect daily news and industrial report for management team; hold annual general meeting by following laws and regulations; collect updated information or knowledge of management, taxation, international finance and market quotation etc.</p> <p>(3) Relations with suppliers: The main operating office of Apex has built up close relationships with suppliers and both sides reciprocate based on mutual trust to bring the win-win policy to realization.</p> <p>(4) Rights of stakeholders: Apex maintains smooth communication channels with correspondent banks, employees, customers and suppliers and also respects and sustains their rights and</p>	
			No particular difference
			No particular difference

Evaluation Item	Current Status		Differences from the Practices Specified in the Corporate Governance Best Practice Principles for TWSE/GTSM Listed Companies and Reasons
	Yes	No	
	Brief Explanation		
			No particular difference
		<p>interests.</p> <p>(5)Continuing education pursued by directors and managerial personnel: Please see Section 5 Continuing Education for Directors and Managerial Personnel in Chapter VIII Supplementary Information for details.</p> <p>(6)Implementation of risk management policy and risk assessment criteria: Please see Section 6 Risk in Chapter VII Review and Analysis of Financial Status and Performance and Risks for details.</p> <p>(7)Execution of customer policy: Apex has set up a customer service department and a permanent customer service window to process customer complaints and communicate and understand the needs of customers in order to make improvements. Also, customer satisfaction surveys are administered through regular visits and irregular contact. Adjustments are then made according to the survey results so that the company can continue to provide the best service to customers.</p> <p>(8)Enrollment of liability insurance for directors: Since 2012, Apex has taken directors and officers liability insurance. The insured amount in 2014 was US\$3 million.</p>	No particular difference
			No particular difference
			No particular difference

Evaluation Item	Current Status		Differences from the Practices Specified in the Corporate Governance Best Practice Principles for TWSE/GTSM Listed Companies and Reasons
	Yes	No	
8. Does the company evaluate its corporate governance or commission professional institutions to conduct such evaluation and are such reports available? (If yes, please describe the opinions of the board of directors, the results of self-assessment or outsourced evaluation, the principal shortcomings or suggestions, and improvements made.) (Note 1)	√		<p>(9) Acquisition of required certificates by personnel associated with financial information transparency: one certified public accountant in Thailand</p> <p>According to the results of the corporate governance self- assessment report, Apex continues to perfect its corporate governance principles, ethical corporate management best practice principles, corporate social responsibility principles, and regulations on board of directors performance evaluation in the hope of enhancing self-discipline through different measures to embody the corporate governance spirit in the corporate culture.</p>

Note 1: A corporate governance self assessment report is a statement of the results and descriptions of the company's item-by-item self-assessment of the company's current operation and execution.

(5) Social responsibility fulfillment

Evaluation Item	Current Status		Differences from the Practices Specified in the Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies and Reasons
	Yes	No	
<p>1. Corporate governance perfection</p> <p>(1) Does the company have its corporate social responsibility policy or system and review the results of implementation?</p> <p>(2) Does the company conduct social responsibility training on a regular basis?</p> <p>(3) Does the company have full-time (part-time) personnel in charge of promotion of corporate social responsibility and they are responsible to high-ranking executives who are authorized by the board of directors and report the promotion results to the board of directors?</p> <p>(4) Does the company have a reasonable salary and remuneration policy and also integrate the employee performance evaluation system with the corporate social responsibility policy and a well-defined and effective reward and punishment system?</p>	<p>√</p> <p>√</p> <p>√</p> <p>√</p>	<p>(1) Apex has established its corporate social responsibility best practice principles; they have been approved by the board of directors and the results of implementation are reviewed regularly.</p> <p>(2) The Human Resource Department has included workers' rights and interests, workplace safety requirements, environmental protection and other social responsibility issues as regular courses in annual training programs.</p> <p>(3) Apex has set up the Social Responsibility Management Committee to plan and execute workplace safety, environmental protection and care for the underprivileged programs to achieve respective annual targets and also review the execution regularly and report to the board of directors.</p> <p>(4) Apex has established a reasonable salary and remuneration policy and performance evaluation systems; achievement of corporate social responsibility work targets is included in performance evaluation.</p>	<p>No particular difference</p> <p>No particular difference</p> <p>No particular difference</p>
<p>2. Sustainable environment development</p> <p>(1) Does the company make efforts to promote the</p>	<p>√</p>	<p>(1) To achieve the goal of effective utilization of</p>	<p>No particular difference</p>

Evaluation Item	Current Status		Differences from the Practices Specified in the Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies and Reasons
	Yes	No	
	Brief Explanation		
utilization rates of different resources and use recycled materials with smaller impacts on the environment? (2)Has the company established an appropriate environmental management system in accordance with its industrial characteristics?	√	resources, the plants in Thailand cooperate with collaborating plants to process liquid waste from production and recycle copper and solutions. (2)All environmental protection policies made by Apex's Corporate Social responsibility Management Committee are based on different environmental regulations and the wastewater discharge inspection standards are stricter than those imposed by the Ministry of Industry of Thailand for wastewater discharge system quality control in industrial zones in order to reduce the impact of production activities on the environment.	No particular difference
(3)Does the company keep track of the impact of climate change on business activities as well as execute greenhouse gas inventories and establish energy-saving, carbon reduction and greenhouse gas emission reduction strategies accordingly?	√	(3)Apex's administrative and manufacturing departments have set up an energy-saving working group to design various special projects aiming to reduce power and water consumption. Seven special projects were executed in 2014 and the results were estimated to be reduction of power consumption by 1.6% which would be equivalent to reduction of CO2 emissions by 1,500 British tons.	No particular difference
3. Public welfare maintenance (1)Has the company established management policies and procedures in accordance with related regulations and international human rights	√	(1)Apex has conducted its relations with employees totally in accordance with the labor regulations of the country of registration and the country of its	No particular difference

Evaluation Item	Current Status		Differences from the Practices Specified in the Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies and Reasons
	Yes	No	
instruments?	✓		
(2) Does the company have a mechanism and channels for employees to file their complaints and also process such complaints properly?	✓		No particular difference
(3) Does the company provide a safe and healthy work environment for employees and also educate employees on safety and health regularly?	✓		No particular difference
(4) Does the company have a mechanism for regular communication with employees and also inform employees through reasonable approaches of management changes likely to have significant impacts on them?	✓ ✓		No particular difference
(5) Has the company established effective job ability enhancement training programs for employees?	✓		No particular difference

Evaluation Item	Current Status		Differences from the Practices Specified in the Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies and Reasons
	Yes	No	
(6) Has the company established a consumer rights protection policy and complaint filing procedures in accordance with its R&D, procurement, production, operating and service procedures?	√	also established the promotion evaluation standard for each level to ensure the company can achieve the goal of cultivating talents, retaining talents and using talents.	No particular difference
(7) Does the company follow related regulations and international standards in its product and service marketing and labeling?	√	(6) To ensure customers are satisfied, Apex has set up a service window to handle all kinds of customer complaints at the earliest time and also provide customers with complete product information. (7) Apex's product labeling is conducted in accordance with related regulations and international standards.	No particular difference
(8) Does the company evaluate whether its suppliers have any records of causing impacts on the environment and society before doing business with them?	√	(8) Apex's procurement department conducts supplier evaluation and audits regularly and insists that all products must comply with the EICC or ISO 14001 standards so that both sides can jointly fulfill the social responsibility of achieving quality and environmental protection at the same time.	No particular difference
(9) Do the contracts the company sign with suppliers include stipulations specifying that the contract may be terminated or cancelled at any time if the supplier is found in violation of the company's corporate social responsibility policy and the result has a significant impact on the environment and society?	√	(9) All of Apex's suppliers are able to comply with the company's social responsibility policy. In the future, Apex will consider including stipulations on contract termination over violations of Apex's social responsibility policy in the contracts with principal suppliers.	Further contract content adjustment and review are required.
4. Information disclosure enhancement (1) Does the company disclose important and reliable information related to corporate social responsibility	√	Apex has set up web pages on corporate social responsibility to disclose the company's activities in relation to labor rights and interests, environmental	No particular difference

Evaluation Item	Current Status		Differences from the Practices Specified in the Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies and Reasons
	Yes	No	
on its website and the Market Observation Post System?			protection and care for the underprivileged and the results.
5.If the company has established its own corporate social responsibility best practice principles in accordance with the Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies, please describe the differences in between: No particular difference			
6.Other important information able to help the public understand the practices applied to fulfill corporate social responsibility: (1)Care for the underprivileged: A.Funded nearby elementary schools to purchase extracurricular books and held Children's Day activities, (budget 41,500 THB for 31 schools in Samutsakorn province) B.Set up scholarships and held open ceremonies to award scholarships and certificates of merit to children of lower-income employees of the company with outstanding academic performance. (Total budget of Employee's scholarship is 200,000 THB for 100 scholarships.) C.Encouraging employees to design plan for their family in order to reduce social problems derived from neglected child care. (2)Community activities A.Held monk blessing and food donation activities during the Songkarn Festival in Thailand, maintained local traditional culture and promote Apex identification to regional people. B.Collaborating with local hospitals (Blood donation for Siriraj Hospital in Bangkok) for employees to donate blood each quarter. (3)Environmental protection A.Encouraging and enforcing garbage classification and recycling B.Volunteering to do green landscaping in the surroundings of the plants C.Donating materials for prostheses: collection of beverage can taps to donate to prosthesis makers D.Participating in water resource protection activities organized by industrial zone authorities			
7. If the company's corporate social responsibility reports have passed certification by related institutions, provide the description: Apex has passed the following certifications: (1)Those related product quality: ISO-9001 and ISO/TS-16949 (2)Those related to the work environment: ISO-14001 (3)Those related to corporate social responsibility: TLS 8001 (4)Those related to occupational health and safety management systems: OHSAS 18001			

(6) Execution of ethical management and measures taken

Apex conducts its management according to law as well as the regulations of related competent authorities; decisions are made with the interests of shareholders and the company as the top priority and they also comply with the company's regulations.

Evaluation Item	Current Status		Differences from the Practices Specified in the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies and Reasons
	Yes	No	
<p>1. Ethical management policies and directions</p> <p>(1) Are ethical management policies, their implementation and the commitment of the board of directors and the management indicated in the company charter and external documents?</p>	√		No particular difference
<p>(2) Has the company established regulations to prevent unethical conduct and also specified the operating procedures, conduct guidelines, penalties for violations and appealing systems in such regulations and enforced the regulations?</p>	√		No particular difference

Evaluation Item	Current Status		Differences from the Practices Specified in the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies and Reasons
	Yes	No	
(3) Has the company established preventive measures against business activities more likely to involve unethical conduct as described in the subparagraphs of Article 2 of the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies or likely to happen in other business operations?	√		No particular difference
2. Assurance of ethical management (1) Does the company assess the ethical practice records of its business associates and include provisions on ethical conduct in contracts signed with trading counterparts?	√		No particular difference
(2) Is there a designated (concurrently responsible) unit placed under the board of directors to promote ethical management and report its execution to the board of directors regularly?	√		No particular difference
(3) Has the company established a policy on prevention of conflicts of interest as well as appropriate channels	√		No particular difference

Evaluation Item	Current Status		Differences from the Practices Specified in the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies and Reasons
	Yes	No	
through which related statements may be presented and is the policy actually enforced?			
(4) Has the company established effective accounting and internal control systems to facilitate enforcement of ethical management? Does the internal audit unit perform audits regularly or is audit work commissioned to CPAs?			No particular difference
(5) Does the company conduct regular internal and external training courses on ethical management?	√		No particular difference
3. Operation of the violation-reporting system in the company (1) Has the company established concrete violation-reporting and incentive systems as well as set up convenient channels for violation reporting? Are	√		No particular difference

Evaluation Item	Current Status		Differences from the Practices Specified in the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies and Reasons
	Yes	No	
<p>there designated personnel to handle matters related to reported offenders?</p> <p>(2) Does the company have a standard operating procedure for acceptance of violation reporting? Is there a mechanism to ensure confidentiality?</p> <p>(3) Does the company take measures to protect informers from receiving inappropriate treatment?</p>	<p>√</p> <p>√</p>	<p>also designated the internal audit director and the independent directors to process violations reported.</p> <p>(2) Apex has specified in the ethical management best practice principles that the identity of informers and contents of complaints are to be kept confidential throughout the investigation process.</p> <p>(3) Within one month after completion of investigation and disposal, the processing unit is required to understand privately the working condition of the informer to see if there is any inappropriate treatment as a result of violation reporting.</p>	<p>No particular difference</p> <p>No particular difference</p>
<p>4. Enhancement of information disclosure</p> <p>(1) Does the company disclose the contents of its ethical management best practice principles and promotion results on its website as well as the Market Observation Post System?</p>	<p>√</p>	<p>Apex has disclosed the contents of its ethical management best practice principles and the corresponding operating procedure and the conduct guidelines on the company website and also on the Market Observation Post System as required.</p>	<p>No particular difference</p>
<p>5. If the company has established its own ethical management best practice principles in accordance with the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies, please describe the differences in between: No particular difference</p>			

Evaluation Item	Current Status		Differences from the Practices Specified in the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies and Reasons
	Yes	No	
6. Other important information able to help the public understand the practices applied to fulfill corporate social responsibility (such as the company reviewing and amending its ethical management best practice principles): Apex adheres to the principle of “righteousness” to conduct all business activities. If a trading counterpart is found to have engaged in any unlawful act, the company may terminate or cancel the contract at any time. Meanwhile, the investment of shareholders is managed with the strictest discipline to ensure shareholders can receive steady feedback. Apex also adopts people-oriented principles to care for employees, ensures the work environment is good for the health and safety of employees, listens to the needs of employees and communicates thoroughly to find reasonable solutions, and forbids activities that are illegal or in violation of the code of practice to create sustainable job opportunities. Apex values the rights and interests of each stakeholder and manages the company with integrity to create win-win situations.			

(7) If the company has established its corporate governance best practice principles and related regulations, the access to such information should be disclosed: Such information is available on Apex’s company website at <http://www.apex-intl.com.tw>.

(8) Other important information able to help the public understand the company’s corporate governance practices should also be disclosed: None

(9) Execution of the Internal Control:

1. Statement on Internal Control

Apex International Co., Ltd.

泰鼎國際股份有限公司

內部控制制度聲明書

日期：104年03月16日

本公司民國 103 年度之內部控制制度，依據自行檢查的結果，謹聲明如下：

- 一、本公司確知建立、實施和維護內部控制制度係本公司董事會及經理人之責任，本公司業已建立此一制度。其目的係在對營運之效果及效率(含獲利、績效及保障資產安全等)、財務報導之可靠性及相關法令之遵循等目標的達成，提供合理的確保。
- 二、內部控制制度有其先天限制，不論設計如何完善，有效之內部控制制度亦僅能對上述三項目標之達成提供合理的確保；而且，由於環境、情況之改變，內部控制制度之有效性可能隨之改變。惟本公司之內部控制制度設有自我監督之機制，缺失一經辨認，本公司即採取更正之行動。
- 三、本公司係依據「公開發行公司建立內部控制制度處理準則」(以下簡稱「處理準則」)規定之內部控制制度有效性之判斷項目，判斷內部控制制度之設計及執行是否有效。該「處理準則」所採用之內部控制制度判斷項目，係為依管理控制之過程，將內部控制制度劃分為五個組成要素：1.控制環境，2.風險評估，3.控制作業，4.資訊及溝通，及5.監督。每個組成要素又包括若干項目。前述項目請參見「處理準則」之規定。
- 四、本公司業已採用上述內部控制制度判斷項目，檢查內部控制制度之設計及執行的有效性。
- 五、本公司基於前項檢查結果，認為本公司於民國103年12月31日的內部控制制度(含對子公司之監督與管理)，包括知悉營運之效果及效率目標達成之程度、財務報導之可靠性及相關法令之遵循有關的內部控制制度等之設計及執行係屬有效，其能合理確保上述目標之達成。
- 六、本聲明書將成為本公司年報及公開說明書之主要內容，並對外公開。上述公開之內容如有虛偽、隱匿等不法情事，將涉及證券交易法第二十條、第三十二條、第一百七十一條及第一百七十四條等之法律責任。
- 七、本聲明書業經本公司民國104年03月16日董事會通過，出席董事 7 人中，有 0 人持反對意見，均同意本聲明書之內容，併此聲明。

Apex International Co., Ltd.

泰鼎國際股份有限公司

董事長：王樹木 簽章

總經理：周瑞祥 簽章

2. If CPAs are commissioned to audit the internal control system, the audit reports must be disclosed: None

(10) Court sanctions imposed on the company or employees or sanctions imposed by the company on employees for violation of internal control regulations in the most recent year and prior to the date of printing of the annual report, main offenses and improvements: No significant violations of internal control regulations have occurred in Apex.

(11) Important decisions of the shareholders' meeting and the board of directors in the most recent year and prior to the date of printing of the annual report:

Number	Decision	Date of Meeting	Decision Made by
1	(1) Establishment of Taiwan branch office (2) Appointment of litigation and non-litigation agents (3) Appointment of Taiwan office manager	103.03.07	Board of Directors
2	(1) Delegation of KMPG Accounting Firm to audit and certify the 2014 Financial Statement and corresponding fee payment (2) Adoption of Apex's 2013 Business Report and Consolidated Financial Statement (3) Approval of the 2013 Internal Control System Statement (4) Approval of issuance of bonuses for the independent directors of subsidiary Apex Circuit (Thailand) Co., Ltd. (5) 2014 remuneration for the directors of subsidiary Approach Excellence Trading Ltd. (6) Revision of the processing procedure for derivative transactions (7) Revision of the processing procedure for asset acquisition or disposal (8) Application to banks for credit facilities (9) Discussion of 2013 earnings allocation (10) Change of the acting spokesperson (11) Discussion of the date, location and subjects of the 2104 Annual Meeting of shareholders	103.03.25	Board of Directors
3	(1) Adoption of the consolidated financial statement for Q1, 2014 (2) Approval of 2014 cash capital increase by issuing new shares and second issuance of unsecured convertible bonds in the ROC (3) Endorsement for subsidiary APT	103.05.12	Board of Directors
4	Proposal of the intended revocation of the plan to set up Taiwan office for decision	103.05.29	Board of Directors
5	(1) Adoption of the 2013 final account documents (2) Adoption of the 2013 earnings allocation plan (3) Approval of the "processing procedure for derivative transactions" (4) Approval of the "processing procedure for asset acquisition or disposal"	103.06.25	Shareholders' Meeting
6	Proposal of the ex-dividend date and matters in relation to payout ratios, authorization for adjustment of conversion prices for convertible bonds for decision	103.06.25	Board of Directors
7	Proposal of the investment project of Apex's important subsidiary Apex Circuit (Thailand) Co., Ltd. for approval	103.07.17	Board of Directors
8	Proposal of the consolidated financial statement for the first half of 2014 for discussion	103.08.11	Board of Directors
9	Proposal of the investment project of Apex's important subsidiary Apex Circuit (Thailand) Co., Ltd. for discussion	103.09.19	Board of Directors
10	(1) Proposal of the adoption of Apex's 2014 Q3 consolidated financial statement for discussion (2) Proposal of endorsement for subsidiary Apex Circuit (Thailand) Co., Ltd. for approval	103.11.11	Board of Directors
11	(1) Proposal of Apex's 2015 business plan and budget for decision (2) Proposal of Apex's 2015 audit plan for discussion (3) Discussion of the results of 2014 performance evaluation on the managerial personnel of the Apex Group and the end-of-year bonus plan (4) Review of the 2015 remuneration for the directors (including independent	103.12.26	Board of Directors

	<p>directors) of Apex Group</p> <p>(5) Modification of Apex's internal control system</p> <p>(6) Proposal of addition of an acting spokesperson for decision</p> <p>(7) Proposal of deposit account setup in Bangkok Bank (referring to its branch office and the Offshore Banking Unit in Taiwan) for decision</p>		
12	<p>(1) Proposal of delegation of KPMG Accounting Firm to audit and certify the 2015 financial statement and corresponding fee payment for discussion</p> <p>(2) Proposal of Apex's 2014 business report and consolidated financial statement for adoption</p> <p>(3) Proposal of Apex's 2014 internal control system statement for approval</p> <p>(4) Issuance of bonuses for the directors of Apex subsidiary Apex Circuit (Thailand) Co., Ltd.</p> <p>(5) Proposal of remuneration for the directors of Apex subsidiary Approach Excellence Trading Ltd. for discussion</p> <p>(6) Amendment of Apex's M&A</p> <p>(7) Amendment of Apex's rules of procedures for shareholders' meetings</p> <p>(8) Amendment of Apex's director election regulations</p> <p>(9) Amendment of Apex's code of ethical conduct for directors and managers</p> <p>(10) Proposal of change of Apex's spokesperson for decision</p> <p>(11) Proposal of change of Apex's internal audit director for decision</p> <p>(12) Proposal of change of Apex's accounting director for decision</p> <p>(13) Proposal of change of Apex's litigation and non-litigation agents in the ROC for decision</p> <p>(14) Change of the manager of the Taiwan office of Apex's wholly-owned subsidiary Approach Excellence Trading Ltd.</p> <p>(15) Discussion of Apex's 2014 earnings allocation and proposal for approval</p> <p>(16) Proposal of the date, location and subjects of Apex's 2015 Annual Meeting of Shareholders for discussion</p>	104.03.16	Board of Directors
13	<p>(1) Proposal of amendment of the ethical corporate management best practice principles</p> <p>(2) Proposal of approval of the procedures for ethical management and guidelines for conduct</p> <p>(3) Proposal of approval of the principle of corporate social responsibilities</p> <p>(4) Proposal of amendment of rules and procedures of board of directors meetings</p> <p>(5) Proposal of amendment of procedures for lending funds to other parties</p> <p>(6) Proposal of amendment of procedures for the acquisition or disposal of assets</p> <p>(7) Proposal of approval of the principles of corporate governance</p> <p>(8) Proposal of approval of rules for board of directors performance evaluation</p> <p>(9) Proposal of amendment of management of computer and information system</p> <p>(10) Proposal of approval of guarantee to subsidiary</p>	104.04.09	Board of Directors
14	<p>(1) Report of 2015 Q1 financial statements being audited by CPAs</p> <p>(2) Proposal of approval of applying for listing in TWSE</p> <p>(3) Proposal of approval of financial forecast numbers for applying to TWSE</p> <p>(4) Proposal of approval of issuing announcement of internal control effectiveness</p> <p>(5) Proposal of approval of engagement of CPAs to audit Apex internal control environment</p> <p>(6) Proposal of approval of adjustment to salary of independent directors and functional committee members</p>	104.05.12	Board of Directors

(12) The main contents of objections of directors or independent directors against important decisions approved by the board of directors in the most recent year and prior to the date of printing of the annual report and such records or written statements: None

(13) Resignation or dismissal of company chairpersons, general managers, accounting directors,

financial directors, internal audit directors or R&D directors in the most recent year and prior to the date of printing of the annual report:

15 May, 2015

Title	Name	Date of assumption	Date of discharge	Reason of discharge or resignation
Accounting Managerial Personnel	Maliwan Chinvorakijkul	28 Oct., 2009	16 Mar., 2015	Apex internal arrangement
Internal Audit Managerial Personnel	Hsu, Shou Hua	27 Mar., 2013	16 Mar., 2015	Transfer to accounting department

5. CPA Fees

(1) CPA Fee Table

Unit: NT\$thousand

Name of Accounting Firm	Name of CPA	Auditred Period	Remark
KPMG Accounting Firm	Kuan, Chun Hsiou	103.01.01 ~ 103.12.31	
	Lyu, Li Li		

Unit: NT\$thousand

Amount \ Fee Item		Audit Fees	Non-audit Fees	Total
1	Less than 2,000			
2	2,000 (including) ~ 4,000		673	
3	4,000 (including) ~ 6,000	4,273		
4	6,000 (including) ~ 8,000			
5	8,000 (including) ~ 10,000			4,946
6	More than 10,000 (including)			

The non-audit fees paid to CPAs, their accounting firm and its affiliates totaling more than one quarter of the the audit fees.

Unit: NT\$thousand

Name of Accounting Firm	Name of CPA	Audit Fee	Non-aduit Fee					Auditred Period	Remark
			System Design	Business Registrati on	Human resources	Others	Sum		
KPMG Account ing Firm	Kuan, Chun Hsiou	4,273	0	0	0	673	673	103/01/01 ~ 103/12/31	Other non-audit fees include those paid for tax change registration, overseas registration annual fees and business trip expenses
	Lyu, Li Li								

(2) If the accounting firm was replaced and the audit fees were less than the amount paid the year before, the old and new audit fees and reasons for replacement should be disclosed: Not applicable

(3) If the new audit fees totaled over 15% less than the amount paid the year before, the amount reduced, its ratio and reasons should be disclosed: Not applicable

6. CPA changes: No CPA changes have happened to Apex and the companies listed in the consolidated financial statement.

7. Company chairpersons, general managers, or financial or accounting managers serving in the accounting firm of the CPAs or its affiliates: None

8. Share transfers or changes of stock pledges by directors, supervisors, managers or shareholders in possession of over 10% of total shares in the most recent year and prior to the date of printing of the annual report

(1) Stock right changes happening to directors, supervisors, managers or shareholders in possession of over 10% of total shares

Title	Name	2014		As of Apr. 4, 2015	
		Increase (Decrease) of Shares Held	Increase (Decrease) of Shares Pledged	Increase (Decrease) of Shares Held	Increase (Decrease) of Shares Pledged
Chairman	Wang, Shu Mu	0	0	0	0
Director and Chief Executive Officer	Chou, Jui Hsiang	47,216	0	0	0
Director and Executive Vice President	Lan, Chai Chen	22,976	0	0	0
Director and Chief Sales and Materials Officer	Cheng, Yung Yuan	34,464	0	0	0
Director, Chief Financial Officer and Accounting Managerial Personnel (note 1)	Maliwan Chinvorakijkul	0	0	0	0
Director and Vice President	Shohara Masashi	0	0	0	0
Director	Tsai, Jui Hung	0	535,000	0	0
Independent Director	Jesadavat Priebjrivat	0	0	0	0
Independent Director	Lin, Chin Miao	0	0	0	0
Independent Director	Chang, Chung Chiu	0	0	0	0
Chief Technology Officer	Chen, Du Chuan	0	0	0	0
Internal Audit Managerial Personnel (note 2)	Yang, Shin Wang	0	0	0	0
Accounting managerial Personnel (note 2)	Hsu, Shou Hua	0	0	0	0
Director and Vice President (note 3)	Pisit Lerdananporn	0	0	0	0

Title	Name	2014		As of Apr. 4, 2015	
		Increase (Decrease) of Shares Held	Increase (Decrease) of Shares Pledged	Increase (Decrease) of Shares Held	Increase (Decrease) of Shares Pledged
Shareholders with over 10% of total shares	British Virgin Islands-based Object Map Limited (registered in the shareholder list as "Map Co., Ltd. Investment Account entrusted under the custody of ChinaTrust Commercial Bank") Representative: Wang, Shu Mu	(3,165,000)	3,000,000	(2,653,000)	0

Note 1: Resigning as Accounting Managerial Personnel on 16 Mar., 2015.

Note 2: Taking office on 16 Mar., 2015.

Note 3: Relieved from office on Dec. 1, 2014 and data up till that date are disclosed.

(2) Share transfer information: None

(3) Secured parties of share pledges being related parties: None

9. The top ten shareholders being related parties or spouses or relatives within the first two degrees as stated in Statement of Financial Accounting Standards No. 6

Apr. 4, 2015

Name	Shares Held by the Shareholder		Shares Held by Spouse, Minor Children		Shares Held under Names of Others		Names of Top Ten Shareholders who Were Related Parties, Spouses or Relatives within the First Two Degrees as Stated in Statement of Financial Accounting Standards No. 6 and Their Relation		Remark
	No. of Shares	Share holding Ratio	No. of Shares	Share holding Ratio	No. of Shares	Share holding Ratio	Name	Relation	
British Virgin Islands-based Object Map Limited (registered in the shareholder list as "Map Co., Ltd. Investment Account entrusted under the custody of ChinaTrust Commercial Bank")	14,798,000	12.08%	0	0%	0	0%	None	None	None
Representative: Wang, Shu Mu	1,000,000	0.82%	0	0%	0	0%	Wang, Tsung Hsian	Relative of the second degree	None
Mei Yi Investment Co., Ltd.	10,149,289	8.28%	0	0%	0	0%	None	None	None
Representative: Yang, Si Han	0	0%	0	0%	0	0%	None	None	None
Cathay Life Insurance Co., Ltd.	4,849,088	3.96%	0	0%	0	0%	None	None	None
Representative: Tsai, Hong Tu	0	0%	0	0%	0	0%	None	None	None
Nan Shan Life Insurance Company, Ltd.	4,481,000	3.66%	0	0%	0	0%	None	None	None
Representative: Kuo, Wen De	0	0%	0	0%	0	0%	None	None	None
I Jan Shin Co., Ltd.	3,657,931	2.99%	0	0%	0	0%	Murakami Tahara Co., Ltd.	Same Chairman	None
Representative: Cheng, Hon Sen	0	0%	0	0%	0	0%	None	None	None
Mercuries Life Insurance Co., Ltd.	3,081,751	2.52%	0	0%	0	0%	None	None	None

Name	Shares Held by the Shareholder		Shares Held by Spouse, Minor Children		Shares Held under Names of Others		Names of Top Ten Shareholders who Were Related Parties, Spouses or Relatives within the First Two Degrees as Stated in Statement of Financial Accounting Standards No. 6 and Their Relation		Remark
	No. of Shares	Share holding Ratio	No. of Shares	Share holding Ratio	No. of Shares	Share holding Ratio	Name	Relation	
Representative: Liu, Chung Shing	0	0%	0	0%	0	0%	None	None	None
Jin Da Ho Co., Ltd.	2,662,773	2.17%	0	0%	0	0	None	None	None
Representative: Huang, Shi Tang	157,000	0.13%	0	0%	0	0%	None	None	None
Murakami Tahara Co., Ltd.	1,930,296	1.58%	0	0%	0	0%	I Jan Shin Co., Ltd.	Same Chairman	None
Representative: Cheng, Hon Sen	0	0%	0	0%	0	0%	None	None	None
Tokio Marine Newa Insurance Co., Ltd.	1,621,727	1.32%	0	0%	0	0%	None	None	None
Representative: Chen, Chong Keng	0	0%	0	0%	0	0%	None	None	None
Hontai Life Insurance Co., Ltd.	1,535,943	1.25%	0	0%	0	0%	None	None	None
Representative: Lu, Huan Yi	0	0%	0	0%	0	0%	None	None	None

10. Shares of the same company set up through reinvestment held by the company, directors, supervisors, managers of the company and enterprises directly or indirectly controlled by the company and the consolidated shareholding ratio

Apr. 4, 2015; Unit: thousand shares; %

Company Set up through Reinvestment	Apex's Investemnt		Investments from Apex's Directors, Supervisors, Managers and Enterprises Directly or Indirectly Controlled by Apex		Consolidated Investment	
	No. of Shares	Shareholding Ratio	No. of Shares	Shareholding Ratio	No. of Shares	Shareholding Ratio
Apex Circuit (Thailand) Co., Ltd.	135,394	99.55%	- (11 shares)	0.00%	135,394	99.55%
Approach Excellence Trading Ltd	1,000	100.00%	None	None	1,000	100.00%

Note: Apex underwent organizational restructuring with APT through conversion of shares and became the holding company of APT.

IV. Fundraising Overview

1. Capital and Shares

(1) Sources of Share Capital

1. Capital Formation

Apr. 30, 2015; Unit: NT dollar; share

Month/Year	Issue Price	Authorized Share Capital		Paid-in Capital		Remark		
		No. of Shares	Amount	No. of Shares	Amount	Sources of Capital	Property Other than Cash Used for Subscription	Others
10/2009	NT\$10	100,000,000	1,000,000,000	1,000	10,000	Startup capital	None	
12/2009	NT\$10	100,000,000	1,000,000,000	58,641,765	586,417,650	Transfer	None	Note1
1/2010	NT\$10	100,000,000	1,000,000,000	62,227,019	622,270,190	Transfer	None	Note2
1/2010	NT\$12.14~ 17.48	100,000,000	1,000,000,000	84,249,241	842,492,410	Cash capital increase	None	Note3
10/2011	NT\$28	100,000,000	1,000,000,000	92,949,241	929,492,410	Cash capital increase	None	
10/2011	NT\$10	200,000,000	2,000,000,000	92,949,241	929,492,410	None	None	
3/2013	NT\$10	200,000,000	2,000,000,000	93,616,741	936,167,410	Conversion of convertible Corporate bonds	None	
4/2013	NT\$10	200,000,000	2,000,000,000	95,389,241	953,892,410	Conversion of convertible Corporate bonds	None	
11/2013	NT\$10	200,000,000	2,000,000,000	97,051,414	970,514,140	Conversion of convertible Corporate bonds	None	
3/2014	NT\$10	200,000,000	2,000,000,000	97,091,822	970,918,220	Conversion of convertible Corporate bonds	None	
6/2014	NT\$10	200,000,000	2,000,000,000	97,916,172	979,161,720	Conversion of convertible Corporate bonds	None	
7/2014	NT\$10	200,000,000	2,000,000,000	97,926,946	979,269,460	Conversion of convertible Corporate bonds	None	
8/2014	NT\$42.9~ 45	200,000,000	2,000,000,000	110,426,946	1,104,269,460	Cash capital increase	None	Note4

Month/Year	Issue Price	Authorized Share Capital		Paid-in Capital		Remark		
		No. of Shares	Amount	No. of Shares	Amount	Sources of Capital	Property Other than Cash Used for Subscription	Others
8/2014	NT\$10	200,000,000	2,000,000,000	117,597,665	1,175,976,650	Conversion of convertible Corporate bonds	None	
9/2014	NT\$10	200,000,000	2,000,000,000	120,936,439	1,209,364,390	Conversion of convertible Corporate bonds	None	
10/2014	NT\$10	200,000,000	2,000,000,000	122,412,433	1,224,124,330	Conversion of convertible Corporate bonds	None	
11/2014	NT\$10	200,000,000	2,000,000,000	122,515,665	1,125,156,650	Conversion of convertible Corporate bonds	None	

Note 1: The share capital of THB603,999 thousands was converted at the historical exchange rate of 0.9708 to NT\$586,407 thousands on Dec. 21, 2009.

Note 2: The share capital of THB36,928 thousands was converted at the historical exchange rate of 0.9708 to NT\$35,852 thousands on Jan. 8, 2010.

Note 3: 4,800 thousand shares were issued at the premium price of NT\$12.14 per share and 17,222 thousand shares were issued at the premium price of NT\$17.48 per share. There were 22,022 thousand shares in total.

Note 4: From 25 Aug., 2014, the conversion price was adjusted to 42.9 because of cash capital increase.

2. Types of Share Issued

Apr. 30, 2015; Unit: share

Type of Share	Authorized Share Capital			Remark
	Outstanding Shares (Note)	Unissued Shares	Total	
Common Shares	122,515,665	77,484,335	200,000,000	

Note: Shares issued as a listed company at Gre-Tai Exchange market

Overall information on the declaration system: None

(2) Shareholder Structure

Apr. 4, 2015; Unit: person; share

Shareholder Structure Quantity	Government Institution	Financial Institution	Other Juristic Persons	Foreign Institutions and Individual	Individual	Total
No. of People	0	14	53	42	5,759	5,868
No. of Shares Held	0	18,678,962	27,553,982	23,823,045	52,459,676	122,515,665
Holding ratio	0.00%	15.25%	22.49%	19.44%	42.82%	100%
Holding ratio of capital from mainland China: 0%						

(3) Share Diversification

1. Diversification of common shares

Apr. 4, 2015

Shareholding Scale	No. of Shareholders	No. of Shares Held	Shareholding Ratio
1 to 999	3,244	50,282	0.04%
1,000 to 5,000	1,629	3,526,042	2.88%
5,001 to 10,000	326	2,579,629	2.11%
10,001 to 15,000	136	1,705,721	1.39%
15,001 to 20,000	93	1,730,874	1.41%
20,001 to 30,000	88	2,233,307	1.82%
30,001 to 40,000	62	2,179,407	1.78%
40,001 to 50,000	36	1,689,665	1.38%
50,001 to 100,000	85	6,176,615	5.04%
100,001 to 200,000	68	9,540,470	7.79%
200,001 to 400,000	53	15,091,570	12.32%
400,001 to 600,000	19	9,137,643	7.46%
600,001 to 800,000	9	6,077,804	4.96%
800,001 to 1,000,000	2	1,813,874	1.48%
Over 1,000,001	18	58,982,762	48.14%
Total	5,868	122,515,665	100.00%

2. Diversification of preferred shares: Not applicable

(4) List of main shareholders

Names of shareholders in possession of more than 5% of total shares or ranking among the top ten shareholders, the amounts of shares held and shareholding ratios

Apr. 4, 2015; Unit: share

Name of Main Shareholder	Shares	
	No. of Shares Held	Shareholding Ratio
British Virgin Islands-based Object Map Limited (registered in the shareholder list as "Map Co., Ltd. Investment Account entrusted under the custody of ChinaTrust Commercial Bank")	14,798,000	12.08%
Mei Yi Investment Co., Ltd.	10,149,289	8.28%
Cathay Life Insurance Co., Ltd.	4,849,088	3.96%
Nan Shan Life Insurance Company, Ltd.	4,481,000	3.66%
I Jan Shin Co., Ltd.	3,657,931	2.99%
Mercuries Life Insurance Co., Ltd.	3,081,751	2.52%
Jin Ta Ho Co., Ltd.	2,662,773	2.17%
Murakami Tahara Co., Ltd.	1,930,296	1.58%
Tokio Marine Nawa Insurance Co., Ltd.	1,621,727	1.32%
Hontai Life Insurance Co, Ltd.	1,535,943	1.25%

(5) The market price, net value, earnings and dividend per share in the two most recent years and related information

Item	Year		2013	2014	2015 as of May 12
	Market Price per Share	Maximum		46.25	55.50
Minimum		31.55	37.80	43.15	
Average		40.31	45.11	46.16	
Net Value per Share	Before allocation		26.78	33.39	33.94 (Mar. 31)
	After allocation		24.93	(Note 1)	-
Earnings per Share	Weighted average number of shares		94,770	105,145	-
	Earnings per Share		3.70	4.06	0.53 (Mar. 31)
Dividend per Share	Cash dividend		1.85	(Note 1)	-
	Stock grant	Granted by earning	-	-	-
		Granted by paid-in capital	-	-	-
	Accumulated unpaid dividend		-	-	-
Analysis of Return on Investment	Price-to-earnings ratio (Note 2)		10.89	11.11	21.79 (Mar. 31)
	Price-to-dividend ratio (Note 3)		21.79	(Note 1)	-
	Cash dividend yield (%) (Note 4)		4.59	(Note 1)	-

Note 1: The actual figures will be finalized after the shareholders' meeting makes the decision on Jun. 2, 2015.

Note 2: Price-to-earnings ratio=average closing price per share of the year/earnings per share

Note 3: Price-to-dividend ratio=average closing price per share of the year/cash dividend per share

Note 4: Cash dividend yield=cash dividend per share/average closing price per share of the year

(6) Company Dividend Policy and Execution

1. The dividend policy set forth in the company's Memorandum and Articles (M&A): Apex's dividend policy is specified in Article 56.1 of the current M&A. The content is as follows:

- (1) Without violating this M&A, Apex may act according to the earnings allocation proposal put forward by the board of directors and request for approval at the annual meeting of shareholders by an ordinary resolution or a special (supermajority) resolution under circumstances described in Article 11.4 (d) of the charter. If there are earnings after completion of the final account each year, Apex is required to compensate losses in the past years before acting according to the request of the competent authority and regulations set forth in the management principles for listed companies and appropriating the amount for the special reserve. The remaining amount and unallocated earnings from the previous year will then constitute the allocatable earnings to be allocated in accordance with the following ratios:
 - A. Employee bonuses may not be more than 2%.
 - B. Remuneration for directors may not be more than 2%.
 - C. The remaining amount will be shareholder dividends allocated according to the holding ratio of each shareholder.

When employee bonuses are allocated in shares, employees of affiliate companies who meet certain criteria may also be given bonuses in shares. Apex does not pay interest on unallocated dividends or bonuses.

- (2) The board of directors understands that the business Apex manages belongs to a mature industry while Apex is still in the process of growing. Apex's dividend policy has been established according to its spending budgets and assessment of capital needs in the future. The amount of earnings to be retained and the amount allocatable are thus decided. The board of directors may act according to the actual profit of the year and the capital condition to determine the amount of earnings to be retained and the amount to be allocated and then put forward an earnings allocation proposal for shareholders to decide at the annual meeting of shareholders. However, the cash dividends to be allocated may not be less than 70% of the total shareholder dividends.

2. Allocation of dividends proposed at the shareholders' meeting this time

The 2014 earnings allocation proposal was drawn up during a board of director meeting on Mar. 16, 2015 as shown in the table below. After it is finalized at the annual meeting of shareholders on Jun. 2, 2015, it will be executed in accordance with related regulations.

Unit NT dollar

Earnings Allocation Table 2014	
Unallocated earnings from the year before	748,079,677
Change of ownership equity in subsidiaries to be subtracted	1,030,462
After-tax net profit to be added	427,281,173
Balance allocatable	1,174,330,388
Allocation items	306,289,163
Shareholder bonus (cash dividend 2.50 and stock dividend 0 per share)	
Unallocated earnings of the year	868,041,225

Note: Employee bonus 0; remuneration for directors and supervisors 960,000

If changes occur to the number of common shares of the company and the ratios of share allotment for shareholders need revision, the shareholders' meeting will be requested to authorize the board of directors to decide on earnings allocation.

(7) The impact of the shareholders' meeting's stock grant proposal this time on company performance and earnings per share:

Apex proposed to issue cash dividend but share dividend, therefore there is no impact on the company's overall performance in the future.

(8) Employee bonuses and remuneration for directors and supervisors

1. The percentages or limits of bonuses for employees and remuneration for directors and supervisors specified in the company M&A:

See (6) A. The dividend policy set forth in the company M&A in the preceding page.

2. The board of directors understands that the business Apex manages belongs to a mature industry while Apex is still in the process of growing. The basis of estimation of employee bonuses and remuneration for directors and supervisors this year, the basis of calculation of number of shares to be allocated as bonuses, and handling of differences between actual amounts allocated and estimates:

Such estimates are established in accordance with the dividend policy set forth in Apex's company M&A and listed as accounting items under appropriate business expense categories. If differences occur between the decision of the shareholders' meeting and the estimates in the financial report, they will be regarded accounting estimation changes and listed as current gains and losses.

3. Employee bonus allocation proposal approved by the board of directors:

- (1) Amounts of employee bonuses and share dividends and remuneration for directors and supervisors to be allocated:

Employee bonus: NT\$0

Remuneration for director and supervisor: NT\$960,000

- (2) Ratio of proposed bonuses for employees to the total of current after-tax earnings and employee bonuses: This is not applicable since the allocation proposal approved by the board of directors this time did not include employee bonuses.
- (3) Earnings per share proposed after allocation of employee bonuses and remuneration for directors and supervisors: Apex's 2014 Financial Statement already includes the estimated remuneration for directors and supervisors; therefore, the proposed earnings per share are the same as indicated in the financial statement.

3. Employee bonuses and remuneration for directors and supervisors actually allocated in the previous year:

	Board of Directors Decision (Mar. 25, 2014)	Actual Amount Allocated
	Amount (NT dollar)	Amount (NT dollar)
Director remuneration (cash)	960,000	726,666
Employee cash bonus	0	0
Total	960,000	726,666

- (9) Company shares bought back by Apex: None

2. Issuance of bonds

(1) Bonds issued domestically

May 5, 2015

Types of Bond		Unsecured global convertible bonds issued domestically the second time
Issue date		Jul. 21, 2014
Par value		NT\$100,000, issued at par
Place of issuance and transaction		ROC
Issue price		100% issued at par
Total amount		NT\$650,000,000
Interest rate		Coupon rate 0%
Duration		5 years, due on Jul. 21, 2019
Guarantee institution		None
Trustee		ChinaTrust Commercial Bank Corporate Trust
Underwriting agency		KGI Securities Co., Ltd.
Certifying attorney		Lee and Li Attorneys-at-Law
Certifying CPA		KPMG Accounting Firm
Repayment		Besides converting according to regulations, selling back or redeeming during the 5-year duration, when the duration expires, repayment will be made in cash in one lump sum according to the par value.
Unpaid principal		NT\$620,200,000
Clauses on Redemption or early repayment		See "Issuance and Conversion Regulations" on pp. 348~354 in Apex's 2014 Prospectus on Convertible Bonds.
Restriction provisions		None
Name of credit rating agency, date of rating and results of bond rating		Not applicable
Other rights attached	Amounts of common shares, global depositary receipts and other securities converted (exchanged or subscribed) prior to the date of printing of the annual report	As of May 5, 2015, the common shares already converted amounted to NT\$30,000,000.
	Issuance and conversion (exchange or subscription) Regulations	See "Issuance and Conversion Regulations" on pp. 348~354 in Apex's 2014 Prospectus on Convertible Bonds.
The impact of issuance and conversion, exchange or subscription regulations and terms of issuance on likely stock dilution and current shareholders' rights and interests		See "Issuance and Conversion Regulations" on pp. 348~354 in Apex's 2014 Prospectus on Convertible Bonds.
Name of entrusted custodian institution for exchange objects		None

(2) Bond conversion

Type of Bond		Unsecured global convertible bonds issued domestically the second time	
Item	Year	2014	2015 as of May 5
	Convertible bond market price	Maximum	124.40
Minimum		100.00	107.90
Average		113.27	110.02
Conversion price (Note 1)		42.90	42.90 (Note 2)
Issue date and conversion price at the time of issue		103.7.21 45	
Conversion obligation fulfillment		See "Issuance and Conversion Regulations" on pp. 348~354 in Apex's 2014 Prospectus on Convertible Bonds.	

Note 1: Starting from Aug. 25, 2014, the conversion price has been adjusted to NT\$42.90 as a result of issuance of common shares for cash capital increase

Note 2: As on May 5, 2015, no conversion happened in 2015..

(3) Overseas bond: Not applicable

(4) Exchange of bonds: Not applicable

(5) Consolidated declaration of bond issuance: Not applicable

(6) Bonds with warrants attached: Not applicable

3. Issuance of preferred shares: None

4. Issuance of global depositary receipts: None

5. Issuance of employee stock warrants and new restricted employee shares: None

6. Issuance of new shares for share acquisition from or assignment to other companies: None

7. Company fund utilization plan execution:

(1) Content of plan

1. Content of plan

With the approval of the competent authority in July 2014, Apex issued second unsecured global convertible bonds in the country the second time. The content of the plan is as follows:

(1) Repayment of bank loans

According to the plan, NT\$280,000,000 from self-owned capital and cash capital increase plus NT\$400,000,000 raised from this issuance of unsecured convertible bonds would be used to repay NT\$680,000,000 of bank loans to reduce interest expenses to increase the ratio of self-owned capital and strengthen the financial structure. The effect on Apex's overall business development would be positive.

(2) Purchases of machine equipment

To sustain competitiveness and profitability, Apex has to continue to expand the

production capacity for PCBs used in LCD TVs and STBs. For this reason, Apex intended spend NT\$658,350,000 to purchase machine equipment needed for inner-layer circuit dry film lamination, press fit, drilling, solder mask application and shape cutting during production processes. The machines included inner-layer dry film equipment, inner-layer press fit equipment, packing, moving and loading equipment, and cutting and drilling equipment. NT\$408,350,000 from self-owned capital and cash capital increase and NT\$250,000,000 from this issuance of unsecured convertible bonds would be used for the purchases.

2. Change of plan content: None
3. Sources and utilization of funds
 - (1) The funds needed to execute this plan totaled NT\$1,338,350,000.
 - (2) Sources of funds: The issuance of unsecured global convertible bonds in the country raised NT\$650,000,000 and the issuance of new shares for cash capital increases brought in NT\$531,250,000. The remaining NT\$157,000,000 would come from self-owned capital or bank loans.
 - (3) Fund utilization as specified in the plan: The funds raised this time would be used to repay bank loans and purchase machine equipment. The schedule of fund utilization is as follows:

Plan Item	Source of capital	Estimated date of completion	Total amount required	Estimated capital utilization progress					
				2014		2015			
				Q3	Q4	Q1	Q2	Q3	Q4
Repayment of bank loans	Fundraising and issuance of securities at this time	2014 Q3	680,000	400,000	280,000	-	-	-	-
Purchase of machine equipment	Fundraising and issuance of securities at this time	2015 Q4	501,250	-	-	125,312	125,312	125,312	125,314
	Self-owned capital	2015 Q4	157,100	-	131,670	6,358	6,358	6,358	6,356
Total		-	1,338,350	400,000	411,670	131,670	131,670	131,670	131,670

4. Reasons for change of plan, effects before and after change of plan, and date of presentation of change of plan to the shareholders' meeting: Not applicable
5. 4. Date to post data on the website as specified by the Financial Supervisory Commission: Oct. 8, 2014

(2) Plan execution:

1. Repayment of bank loans:

All bank loans were repaid in Q4, 2014. The repayment of bank loans was mainly to reduce cash outflows resulted from payment of interest expenses. It could also help strengthen repayment capacity and improve financial liquidity. Apex's liability ratio, long-term capital-to-fixed assets ratio, current ratio and quick ratio are respectively 69.79%, 74.34%, 70.01% and 48.35%. After fundraising was completed (Dec. 31, 2014), the above ratios became 58.14%, 98.78%, 96.76% and 72.91%. The ratio changes indicate that the effect on the financial structure and debt repayment capacity was significant.

2. Purchases of machine equipment:

The machine equipment purchases were estimated to be completed in Q4, 2015. As of Q1, 2015, Apex should have expended NT\$263,340 thousands on machine equipment purchases. The overall estimated execution progress was 40% and the actual execution progress was 16.1%, falling behind the original expected capital utilization progress mainly because a light change occurred to Apex's clientele structure and the product portfolio needed adjustment. As a result, the purchases of related machine equipment had to be delayed. Apex will act according to new arrangements and bring in machine equipment to apply better and more advanced technologies in production. Production capacity increase can be expected.

(3) Financial item analysis

Unit: NT\$thousand

Item	2013	2014	Q1, 2015	
Current assets	2,757,009	3,996,139	3,930,200	
Current liability	3,560,253	4,129,807	4,205,207	
Total liabilities	5,334,962	5,712,469	5,883,307	
Interest expense	56,685	102,520	22,553	
Operating revenue	6,340,786	7,366,819	1,733,004	
Earnings per share (NT dollar)	3.70	4.06	0.53	
Financial structure (%)	Liability-to-Assets ratio	67.10	58.14	58.46
	Ratio of long-term assets to fixed assets/real estate, plants and equipment	85.73	98.78	96.89

1. Current assets: at the end of Q1, 2015, the main item changed in current assets were decrease of bank deposits and account receivables and increase of inventories. Decrease of bank deposits was mainly because of expansion of new factory that Apex paid for machines and equipment. Decrease of account receivables was mainly because of lower sales amount in March, 2015. Increase of inventories was mainly because that Apex added more materials for coming high seasons.
2. Current liabilities: current liabilities increased in Q1, 2015 because of continuous expansion of new factory. Besides, new factory has started getting into mass production which led account payables increase.
3. Total liabilities: total liabilities increased mainly because of increase of current liabilities and long-term loans. Reasons of demand of capital are the same as aforementioned.
4. Interest expenses: the reason of increase of interest expense was mainly from loans and corporate bonds caused by factory expansion. The amount in Q1, 2015 was close to Q1, 2014 (27,623 thousands).
5. Operating revenue: There was a growth in Q1, 2015 and it was mainly because of new factory's mass production and our growing business.
6. Earning per share (EPS): decrease of EPS in Q1, 2015 was mainly because that Apex was processing factory expansion. In the initial stage of expansion, the reasonable economic scale was not generated yet and caused EPS drop.

V. Business Overview

1. Contents of Business

(1) Scope of business

1. Chief contents of business of Apex and its subsidiaries

The main business operations of Apex Group are production and sales of double-sided and multi-layer rigid printed circuit boards (PCBs). The products are sold locally in Thailand and also exported to 22 countries in different parts of the world, including China, Korea, Latin America (Brazil), South Africa, Europe and North America. In 2014, the products sold to China and Hong Kong grew over 30%. Consumer electronics makers that are clients of the group include Samsung, Pace, Technicolor, Canon, Toshiba and Hitachi. The PCBs produced by the group are mainly applied in LCD TVs, STBs, hard disks, printers, wireless transmitters, TFT panels, and multimedia products for automobiles.

2. Current products and their sales percentages

Unit: NT\$thousand

product \ year	2013		2014	
	amount	%	amount	%
double side	1,433,611	22.61%	1,360,846	18.47%
multi-layer	4,874,336	76.87%	5,980,214	81.18%
others	32,839	0.52%	25,759	35.00%
total	6,340,786	100.00%	7,366,819	100.00%

3. New product and service items to be developed

In 2014, the markets of certain consumer products, such as LCD TVs, printers, and home entertainment centers, faced even more severe challenges and price erosion than in 2013. Almost all major Japanese makers were losing part of their market shares. However, the principal clients of Apex Group succeeded in maintaining their market shares, placed bigger orders and continued to lead in LCD TV and printer markets. At the same time, Apex Group also started to develop new product lines, including server, mini-WIFI, TFT panel and PCB transformer, to fill the increased production capacity of the new plants in the hope that expected result could be seen in 2015.

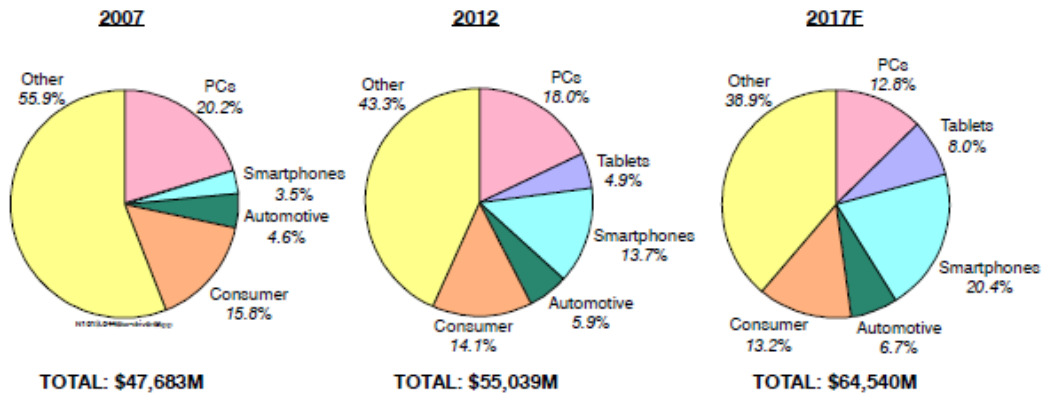
(2) Industry overview

1. Current status and development of the industry

The PCB is an indispensable key component in electronic products. It is used extensively in information equipment, communications equipment, consumer products, national defense and industry. The chief functions are to transmit power and signals and to serve as a device carrier. Other electronic components, such as ICs and passive components are integrated on the PCB to allow an electronic product to function. For this reason, it is referred to as the "mother of electronic products."

Facing pressure from cost competition and new IC designs appearing one after another, production of PCBs obviously needs improvement. The number of layers is decreased instead of increased. It is compressed to maintain cost competitiveness, such as 8-layer boards being compressed to 6-layer boards and 6-layer boards to 4-layer boards. Under such circumstances, the Apex Group has to make use of the advantages it has developed from working on conventional boards to continue to improve the production process and capacity to obtain orders.

CHANGES IN PCB GROWTH DRIVERS 2007 – 2017



\$M	2007	2012	2017F	2007 – 2012 CAAGR	2012 – 2017 CAAGR
PCs	\$9,640	\$9,931	\$8,250	0.6%	-3.6%
Tablets	\$0	\$2,715	\$5,136	-	13.6%
Smartphones	\$1,680	\$7,538	\$13,197	35.0%	11.9%
Automotive	\$2,214	\$3,259	\$4,307	8.0%	5.7%
Consumer	\$7,514	\$7,738	\$8,520	0.6%	1.9%
Other	\$26,636	\$23,858	\$25,130	-2.2%	1.0%
Total	\$47,684	\$55,039	\$64,540	2.9%	3.2%

Source: Prismark report

The report from Prismark shows that, between 2012 and 2017, the compound annual growth rate of the PCB market is 3.2% (see the above table). Tablet computer and smartphone markets will continue to enjoy high growth rates. The PC market will slacken while auto and consumer electronic product markets will grow slightly.

Major Regio	2011	2012	2013(F)	2014(F)	2015(F)	2016(F)	2017(F)
Americas	3,376	3,156	3,218	3,283	3,328	3,415	3,484
Germany	1,248	1,075	1,090	1,121	1,148	1,159	1,182
Other Europe	1,913	1,840	1,868	1,896	1,943	1,972	2,002
China	25,464	25,530	26,551	27,878	29,133	30,153	30,486
Japan*	9,445	8,624	6,300	6,450	6,610	6,700	6,800
Taiwan	8,020	7,995	8,155	8,277	8,470	8,640	8,835
S. Korea	6,825	7,992	8,870	9,270	9,480	9,710	9,800
Thailand	1,357	1,298	1,356	1,417	1,478	1,522	1,556
Other Asia	2,275	2,287	2,400	2,510	2,570	2,670	2,782
World Total	59,923	59,797	59,808	62,102	64,160	65,941	66,927
China's Shar	42.5%	42.7%	44.4%	44.9%	45.4%	45.7%	45.6%

(N.T. Information Ltd)

China is still the principal PCB producer. However, the pressure from its growing production costs, increasingly strict environmental protection standard and higher taxes has made many PCB manufactures start to consider leaving China. This tendency will push bigger PCB makers to assess the feasibility of relocating to a Southeast Asian country where labor and product costs are lower in order to maintain their competitiveness. ASEAN will still be trying to consolidate before the end of 2015; therefore, Thailand will continue to have import/export advantages.

The chart below indicates that the total sales in Southeast Asia grew 13.6% between 2013 and 2014, mainly as a result of the 26.56% growth in Thailand. In that, Apex accounted for 20% after its active plant expansion and production capacity boost. The prosperity in Thailand and Vietnam will eventually propel continuous growth in Southeast Asia.

South East Asia PCB Shipment in 2013 (US\$ Million)

Country	SSB	DSB	MLB	HDI	Substrate	FPC	Total
Thailand	57	237	554	49	0	850	1,747
Vietnam	10	2	85	140	0	570	807
Malaysia	135	45	20	180	0	130	510
Philippines	20	20	55	0	300	65	460
Singapore	0	20	195	25	10	155	405
Indonesia	55	10	0	0	0	0	65
Total	277	334	909	394	310	1,770	3,994

(N.T. Information Ltd)

South East Asia PCB Shipment in 2014 (US\$ Million)

Country	SSB	DSB	MLB	HDI	Substrate	FPC	Total
Thailand	135	317	607	52	0	1,100	2,211
Vietnam	13	2	78	170	0	630	893
Malaysia	118	50	15	220	0	115	518
Philippines	20	25	55	0	280	65	445
Singapore	0	20	195	25	5	155	400
Indonesia	60	10	0	0	0	0	70
Total	346	424	950	467	285	2,065	4,537

(N.T. Information Ltd)

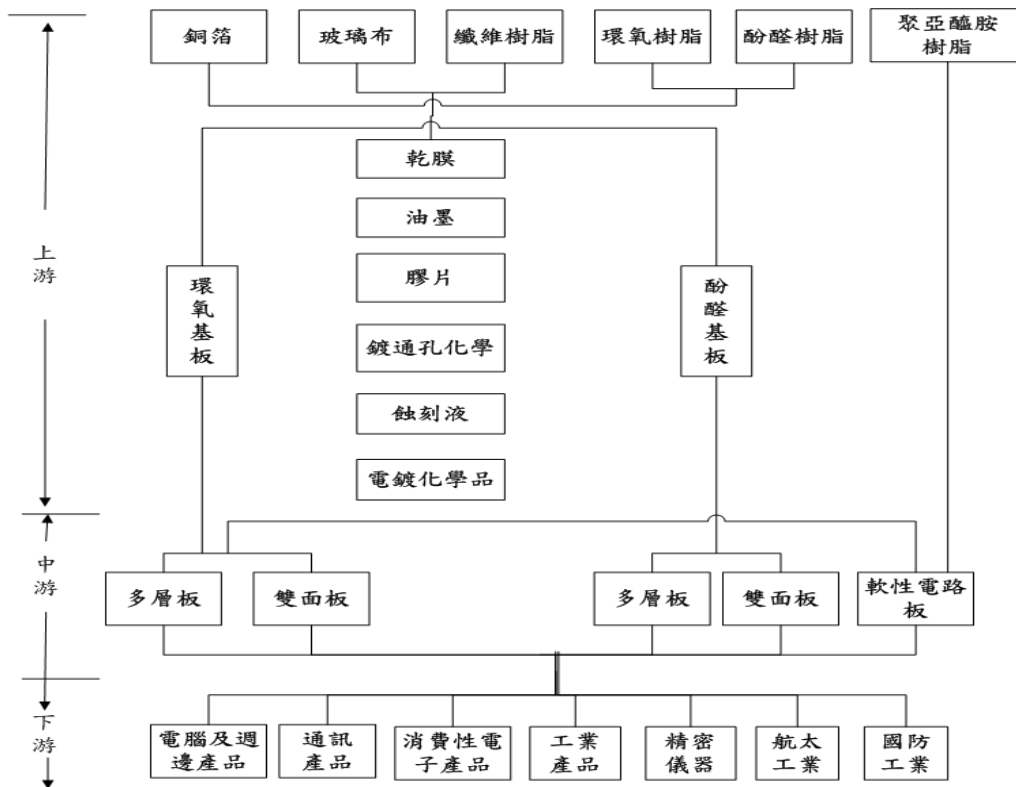
SEA PCB Shipment Forecast (US\$ Million)

Country	2013	2014	2015	2016	2017
Thailand	1,747	2,211	2,572	2,830	2,970
Vietnam	807	893	1,008	1,100	1,220
Malaysia	510	518	580	650	700
Philippines	460	445	450	460	470
Singapore	405	400	410	415	420
Indonesia	65	70	70	75	80
Total	3,994	4,537	5,090	5,530	5,860
Japanese Share	57%	60%	58%	56%	54%

(N.T. Information Ltd)

2. Correlations between the upstream, midstream and downstream of the industry

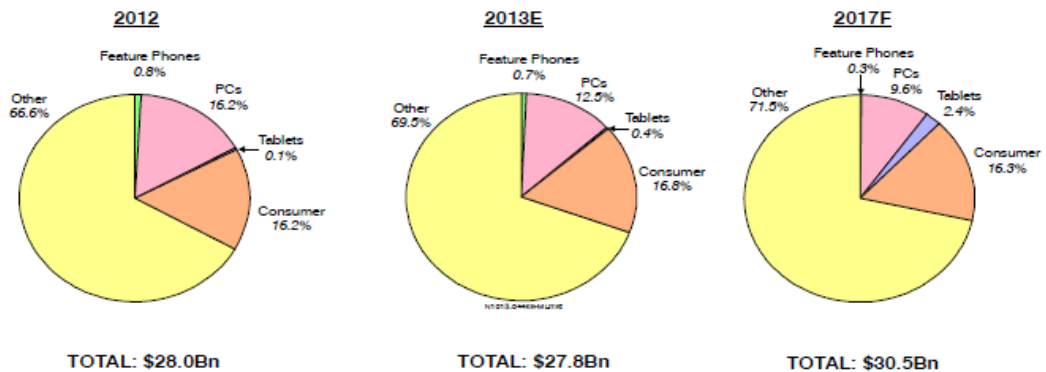
Apex focuses on production of double-sided and multi-layer PCBs and belongs to the midstream of the industry. The upstream is the suppliers of related components and materials, such as various substrates, copper foil and prepreg. At the downstream are information equipment, communications equipment, consumer electronic product, semiconductor product, industrial control equipment, automobile, medical equipment, aerospace and national defense industries. There is no overconcentration at the upstream and the suppliers have worked with Apex for a long time. Sources of materials are stable and plentiful. The ranges of application are extensive in downstream businesses that are making solid progress.



Source: Material and Chemical Research Laboratories, Industrial Technology Research Institute

3. Product trends and industrial competition

MULTILAYER PCB MARKET APPLICATION



\$M	2012	2013E	2017F	Change 12/13	CAAGR 2012-2017
Feature Phones	\$238	\$190	\$95	-20.1%	-16.7%
PCs	\$4,551	\$3,489	\$2,919	-23.3%	-8.5%
Tablets	\$29	\$116	\$727	304.5%	90.9%
Consumer	\$4,542	\$4,677	\$4,961	3.0%	1.8%
Other	\$18,661	\$19,345	\$21,801	3.7%	3.2%
Total	\$28,020	\$27,817	\$30,503	-0.7%	1.7%

Source: Prismark report

As mentioned earlier, the main growing markets are tablet computer and smartphone. The market of multi-layer boards that are Apex Group's chief products will show gradual growth and the compound annual growth rate between 2012 and 2017 is around 1.8%. Note that the consumer electronic

product market is estimated to be close to US\$5 billion in 2017 yet Apex Group's operating revenue in this market still accounts for only a rather small percentage of its total business sales. Therefore, if Apex can meet the market demand for related products and improve its production process and capacity, the room for growth will be quite large.

Apex's main competitors are still manufacturers based in China. The table below shows that the environment in China is becoming increasingly harsh for these manufacturers and some of them have even suffered negative growths as a result of escalating cost pressure.

Makers	中国名	in NT\$	in US Dollar	13/12 Growth
Unimicron	欣興	59,934,614	2,032	-11.32%
ZD Tech	臻鼎	64,248,268	2,179	15.78%
HamStar	瀚宇博德	51,228,688	1,737	-8.43%
Tripod	健鼎	40,771,703	1,382	4.22%
Nanya PCB	南亚	32,351,577	1,097	12.32%
Conpeq	華通	30,898,957	1,047	15.58%
Kinsus	景碩	23,103,508	783	30.88%
T.P.T.	志超	20,858,151	707	-2.12%
Chin Poon	敬鵬	19,338,037	655	36.77%
GCE	金像	17,790,163	603	17.85%
Unitech	燭華	13,267,476	540	12.29%
Career	嘉聯益	13,507,127	458	4.89%
Global Brands	精成	11,272,402	382	44.08%
DYnamic	定穎	10,083,786	342	-7.07%
Flexium	台郡	13,605,213	461	22.80%
APCB	競國	8,092,018	274	11.90%
Boardtek	先豐	7,733,454	262	4.96%
Yang An	統盟	6,039,106	232	-11.20%
APEX	泰鼎	6,336,928	215	10.37%
WUS	楠梓	6,133,270	203	43.01%
Subtron	旭軟	3,353,769	114	12.09%
Plotech	柏承	3,118,961	106	-9.09%
New Era	新復興	1,817,999	62	2.62%
Lin Horn	霖宏	1,538,261	52	-13.55%
Ga Tzoong	佳緣	1,633,202	55	31.58%
First Hi-Tec	高技	1,593,198	54	-4.92%
ACCL	博智	1,404,357	48	-10.91%
Kintech	慶生	997,434	34	-3.64%
Yeuhwan	宇環	828,292	28	11.82%
Yufu	育富	757,517	26	-3.97%
Ei Tien	易鼎	646,518	22	4.49%
Cheer Time	晨鈺	696,899	24	-25.00%
Total		474,980,853	16,216	0.66%

(N.T. Information Ltd based on IPCA Data)

(3) Technology and R&D overview

1. Enhancement of technological capacity

Apex has made active efforts to build up its own technological development capacity since it was founded. Most innovative technologies have been developed by its own R&D team to assure technological independence. So far, the self-developed technologies include dynamic measurement of resin polymerization, double-core shaping, depth-control drilling, special board processing parameters, polar impedance computation, linear compensation design and special asymmetric boards and improvement of manufacturing technologies for fulfilling productivity efficiency promotion and reducing cost. Besides the technologies developed by the company's own R&D team, Apex also works with major suppliers in and outside the country to ensure stable sources of technologies and upgrade product quality.

2. Funds invested in R&D in the most recent year and prior to the date of printing of the annual report

Apex set up an engineering department as soon as it was founded and has continued to invest large amounts of resources in product development and production technology improvement. Therefore the Company continuously invested resources to improve production technologies for applying development of products and selected appropriate employees as project teams to research for keeping us competitive always.

Apex's R&D expenses include pay for R&D personnel and costs of raw materials needed of R&D tests (without including equipment upgrade). In 2014, the funds totaled 25,764 thousands and booked as manufacturing overhead. This expense was for strengthening R&D manpower continuously in order to speed up new factory's testing and mass production schedule. In light of the market trends and product diversity, Apex started to enhance the functions, features and characteristics of exiting products through repeated innovation in R&D. In the coming 2 years, Apex expects to invest around 400 million (including equipment upgrade) to develop or modify production processes to provide more services, boost product yield rates, and reduce scrap rates and costs.

3. Technologies and products developed

Year	Development Result
2010	Improvement of drilling precision Improvement of multi-layer board efficiency Adoption of physical characteristics to modify the copper plating glazing formula and increase of reliability of high heat treatment for products
2011	Development of a high-reliability copper-plating solution formula Optimization of desmear process parameters for halogen-free materials High-throwing power (vertical continuous) plating equipment Copper-plating solutions with high penetrating power and high reliability Technology for hole-plugging with ink on aluminum cover plates The rivet effect of non-electric through holes Addition of heat-absorbing pads in inner layers to increase product reliability
2012	Vertically spin-coated inner-layer photoresistance Development of circuit resolution test board design Development of new copper-plating fixtures
2013	Development of copper-plating anode fixtures Press fit cushion tests Research of coefficients of thermal expansion of board materials Research of improvement of shaping efficiency (by about 50%)
2014	Development of 8/10-layer board production processes Development of the production process for high-dimensional precision photovoltaic boards Development of the production process for 3mil high-density circuit boards
2015	Development of via hole on PAD process Development of resin plug process

4. Short- and long-term business development plans

(1) Short-term plan

Apex's short-term plan is to sustain the relations with current clients and extend the applications of its PCB products outside the existing range. The plan includes two aspects. One is to provide the same client with more diverse products, such as supplying multi-layer boards instead of only 2-layer boards, and the other is to win the opportunity to provide a variety of PCBs to clients who manufacture different end products.

(2) Long-term plan

Apex's long-term plan is to maintain stable product quality and competitive prices and continue to improve the production processes and efficiency to meet the needs of clients and respond to market changes. Another objective of the plan is to continue to increase the energy in business expansion and do the company's best to achieve the target of annual growth in number of clients to boost production efficiency and disperse the risk of clientel concentration.

The Apex Group has begun to accept orders for products of higher complexity and specifications and take such opportunities to upgrade its production technologies. By using more advanced equipment and improve production processes in the new plants and learning from the production for the aforesaid orders to reduce problem occurrence rates, Apex Group will be able to provide better products with the same cost competitiveness.

2. Market, production and marketing overview

(1) Market analysis

1. Main regions to which Apex's products are sold

Unit: NT\$ thousands

location \ year		2013		2014	
		amount	%	amount	%
overseas	asia	3,158,810	49.82%	3,411,476	46.30%
	europa	99,762	1.57%	848,593	11.50%
	america	207,993	3.28%	110,895	1.50%
	africa	191,101	3.01%	118,750	1.60%
	subtotal	3,657,666	57.68%	4,489,714	60.90%
local		2,683,120	42.32%	2,877,105	39.10%
total		6,340,786	100.00%	7,366,819	100.00%

note: local means Thai area

2. Market shares

Apex's annual sales total around US\$240 million. The amount accounts for a relatively small percentage of the global 2-layer, 4-layer and 6-layer PCB market shares. In Thailand, Apex is ranking as number one Taiwanese manufacturer in Thailand in terms of capacity.

3. Supply-demand condition and market growth in the future

For PCB industry in 2014, accompanying the momentum of replacement of Tablet for PC been reached to top in the first half of 2014, the market turned back to PC. In addition, termination of Window XP and new version of Window 8.1 eased the down trend of PC demand and made PCB industry have a lucky year for turning better. Market investigation institution predicted that output of PC in 2014 was around 315 million pcs with -1% YoY. Further, they are optimistic to 2015 that output of PC may slightly grow up around 3.5~4.0% which means around 327 million pcs. Therefore demand may last from the second half of 2014 to 2015. According to IES's information, output of tablet in 2014 was 232 million pcs with growth rate 5.7% which was less than expectation. The main reason was that replacement period of tablet was prolonged to 3~4 years from 2~3 years. Besides, larger size mobile device producers upgraded software and hardware function which replaced parts of tablet market. It was expected that tablet output growth rate in 2015 may be around 7.3%, 249 million pcs. However, except table and PC forementioned, people have deeper expectation for large soze server and intelligent mobile phone. According to IEK's research, out of server in 2014 was 102.7 million pcs, YoY 3.8%. Part f the increase was from large size server where the benefit was from increment demand of mobile, cloud, social community apps and big data. IEK also predicts that output of sever would be around 106.9 million pcs, 4% YoY. Besides, from IEK's data, output of intelligent mobile phone in 2014 was 1.35 billion pcs, 33.66% growth rate. Among the top 5 mobile phone producers, the winners who grew more than others were Xiaomi and Apple. IEK predicts output of mobile phone will grow up more in 2015 to reach 1.55 billion pcs with growth rate 13.64%. Based on the investigation for 2015 forementioned, 2015 still will be a prosperous year for PCB industry. While every big player continuously invests R&D on new electronic products, application market such as wearable devices, auto electronics and biological medicare will be expected as core investment for each producer.

4. Competitive edges

A. Product line integrity

Compared to other PCB suppliers who have gradually reduced their production of conventional PCBs and undergone transformation to produce high density and multi-layer boards, Apex still insists on maintaining the integrity of its product lines. While developing new products and new technologies, Apex continues to supply conventional PCBs steadily to achieve the goal of becoming the one-stop shop for the clients.

B. Diversification of client sources and product applications

Apex's clients spread around Japan, Korea, Europe, North America, and China and major international manufacturers are among the end customers. Diversification of client sources reduces the influence of the economic situation of a single country or region on Apex. In the meantime, diversification of product applications, including electronic products, computer accessories, communications equipment and auto parts, will enable Apex to stand out as a company capable of meeting the various needs of clients and its product development can also create complementary effects.

- C. Competitive product prices
Apex keeps long-term partnerships with its main suppliers. Therefore, complete and effective solutions to cost and material supply problems can be obtained. This advantage reflects on Apex's product prices that are more competitive than those of competitors.
 - D. Excellent corporate management
Apex's management is dedicated to the company, maintains business stability and growth, endeavors in sustenance of decent internal communication channels, and also adheres to five major management concepts: finest quality, best prices, punctual deliveries, excellent service and fulfillment of promises.
 - E. Decent management system
Complicated production processes and production according to orders are the characteristics in PCB manufacturing. Hence, precise and effective management are the foundation for maintenance of competitiveness and creation of profit. Apex's management makes incessant efforts to improve management efficiency and make good use of the company's years of professional production experience to enable the company to continue to offer competitive product prices and keep the gross profit rate at a reasonable level simultaneously.
5. Advantageous and disadvantageous factors in future development and countermeasures
- (1) Advantageous factors
- A. Geography and people of Thailand
Compared to other regions outside mainland China, Thailand has more competitive edges. Being an ASEAN member state, it has regional economic advantages that attract foreign investors. Thai people are friendly and loyal. This has made it possible for Apex to maintain the average job separation rate below 4.1%.
 - B. Labor cost and labor consciousness
Despite the Thai government's announcement in 2012 to raise the minimum wage, Apex has been able to keep management costs at a lower level through cost control. Fully aware that the lower labor cost in Thailand is a major contribution to its gross profit, Apex has therefore continued to increase investment in automation to reduce its dependence on labor in the future. Thai people's gentle nature coincides with Apex's people-oriented management concept. Hence, there is no intervention from labor unions.
 - C. Market share and demand
Apex understands very well that cost competitiveness, decent service and responsibility are necessary abilities for the company to survive in the electronics industry, keep customers and develop new sources of clients. We have continued to expand our market share through current customers and seek new ones to fill the production capacity of the new plants. Besides continuous acquisition of machine equipment for the

new plants, Apex also makes persistent efforts in development of new products and technologies to bring up production to meet market demand as well as win opportunities to serve more customers and increase business. Apex has price advantages to compete in the market and continues to maintain close relationships with customers and develop new sources of clients.

D. Competitive edges of PCB manufacturers in Asia

In recent years, production costs have kept rising in China as a consequence of growing labor costs which are subject to the policy of the Chinese government. Plus the increasingly strict environmental protection policy, PCB businesses along the eastern coast have begun to relocate to the inland. Although production costs in the Chinese inland are relatively lower, the hardware facilities and logistic services are not as progressive as those in the eastern region. This has created certain pressure on our competitors. Being based in Thailand gives Apex certain relative advantages.

E. Logistic advantages in Thailand

Today, the land transportation systems in Thailand have been greatly improved. Moving goods from Thailand to anywhere in China takes only 7-10 days. Delivery time is shortened, costs are reduced, and competitiveness is boosted. For raw materials, there are four suppliers able to provide board materials. Apex also purchases services needed for production from Thailand suppliers to cut down on waiting time.

(2) Disadvantageous factors

A. Awakening of environmental protection awareness

Apex has implemented a number of projects in recent years, including power and waste water treatment facilities, to reduce environmental impacts. We believe the rate of return on investment of these projects will be worthwhile. Overall, we have seen initial results. We will continue our effort to control costs to ensure that the funds spent on environmental protection will not affect the profitability of the company.

Countermeasures

Apex continues to improve production processes to reduce contamination, adopt environmental strategies and bring in contamination prevention equipment to meet environmental protection regulations, and also commission qualified environmental protection businesses to dispose of contaminated waste to reduce environmental contamination and environmental protection expenses.

B. Fierce market competition

The PCB industry is the mother of the electronics industry. Price reduction pressure from customers never stops and this is the fate of this industry.

Countermeasures

Apex continues to improve sales tactics to maintain plant utilization rates at over 90% and is therefore able to offer competitive prices and ensure reasonable profit. Increased customer demand for multi-layer boards will boost our average sales price and profitability. Production of 2-layer boards continues to decrease while that of multi-layer boards is on the rise. This enables us to cope with competition from other regions.

C. Impact on profitability from exchange rate fluctuations

Exchange gains/losses will have an impact on the final profit of the company. Nby adopting natural hedging strategies and cautious operation of certain derivatives, Apex has reduced the likely impact from exchange rate fluctuations by a large margin.

D. International raw material price fluctuations

Apex takes active measures to negotiate prices of important raw materials, such as CCL, Prepreg, copper foil, solutions and dry film, with suppliers.

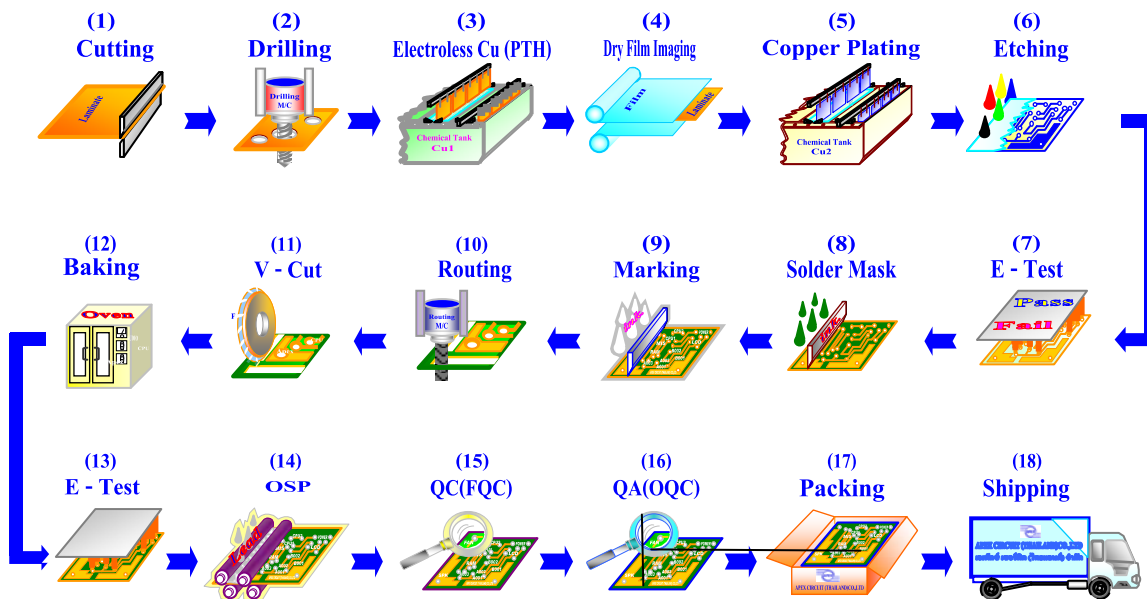
Countermeasures

Apex keeps a close watch on price change tendencies and purchases needed quantities in advance when prices are at low points in order to maintain low material costs. We also keep good relationships with suppliers to ensure all material costs achieve our expectations. Apex also conducts cost control through quarterly plans to comply with budget arrangements.

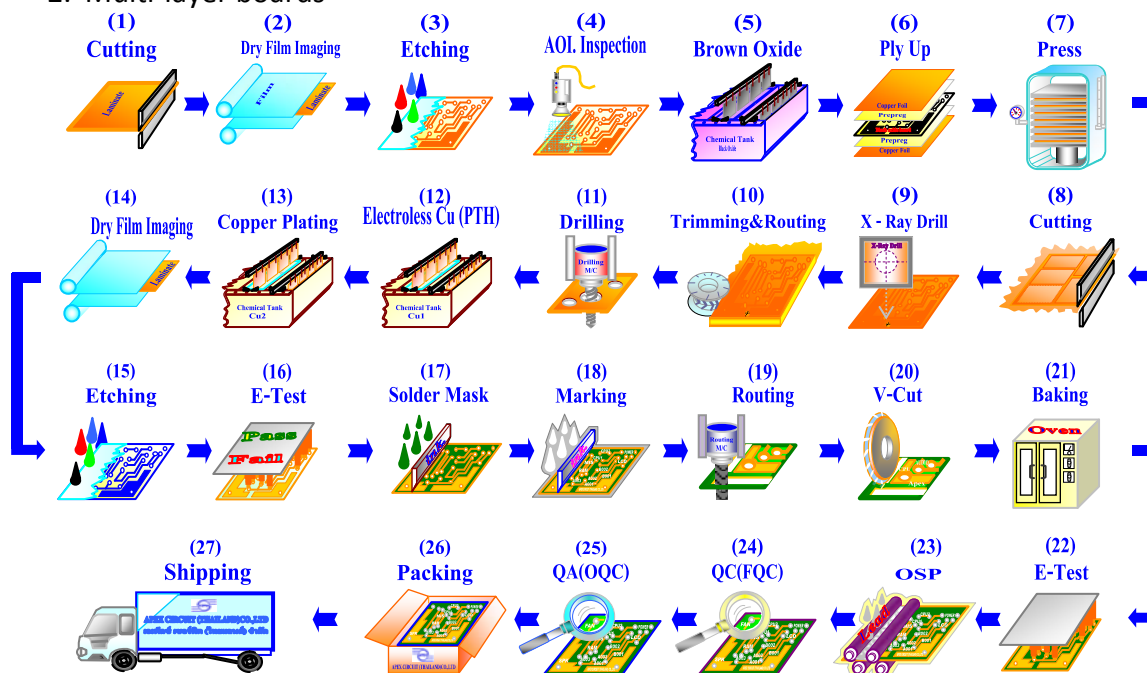
(2) Important uses and production processes of main products

Applications in End Products			
Electronic Products	Computer Accessories	Communications Equipment	Auto Parts
Blu ray DVD, LCD TVs, fax machines, air conditioners, projectors, copiers, TV tuners, power adapters	DVD players and burners, printers, power supplies, hard disks, mother boards, TFT panels	Digital converters, satellite TV receivers	Car stereos and accessories

1. Double-sided boards



2. Multi-layer boards



(3) Supply of main raw materials

Apex is a PCB manufacturer. The main raw materials needed are substrates, copper foil and prepreg which are purchased from various suppliers in Asia, including Taiyo Ink, Nan Ya Plastics, Western, and Kingboard Chemical. These are all major suppliers with a good reputation and have kept a decent and stable supply-demand relationship with Apex. The prices they offer also can appropriately reflect the trends in the electronics market.

(4) Names of clients accounting for over 10% of Ampex's annual sales in the two most recent years, their purchase amounts and ratios, and reasons of changes of purchased quantities

1. Main Customers

Unit: NT\$ thousand

No.	2013			2014			2015 as of the end of Q1					
	Name	Amount	Ratio to Net Annual Sales (%)	Relation with Issuer	Name	Amount	Ratio to Net Annual Sales (%)	Relation with Issuer	Name	Amount	Ratio to Net Annual Sales (%)	Relation with Issuer
1	Customer C1	970,219	15.30%	none	Customer C1	1,264,609	17.17%	none	Customer C1	356,105	20.55%	none
2	Customer S	693,813	10.94%	none	Customer K	704,514	9.56%	none	Customer K	210,221	12.13%	none
3	Customer K	630,652	9.95%	none	Customer C2	702,770	9.54%	none	Customer C2	175,387	10.12%	none
	Others	4,046,102	63.81%	-	Others	4,694,926	63.73%	-	Others	991,291	57.20%	-
	Total	6,340,786	100.00%	-	Total	7,366,819	100.00%	-	Total	1,733,004	100.00%	-

Note: the first alphabet of customer is taken as code name of customer

Description of changes of main customers: change of the rank of each customer was mainly because of their own market changed. Customer S ranked down because her sales volume dropped. Customer C2 ranked up because that Apex cooked new business from 2 years ago and started to harvest recently.

2. Main Suppliers

Unit: NT\$ thousand

Item	2013				2014				2015 as of the end of Q1			
	Name	Amount	Ratio to total Purchases %	Relation with Issuer	Name	Amount	Ratio to total Purchases %	Relation with Issuer	Name	Amount	Ratio to total Purchases %	Relation with Issuer
1	Vendor K	474,538	15.51%	none	Vendor N	771,628	18.76%	none	Vendor K	244,397	18.53%	none
2	Vendor C	459,118	15.00%	none	Vendor K	580,289	14.11%	none	Vendor N	216,768	16.44%	none
3	Vendor W	257,391	8.41%	none	Vendor C	534,876	13.01%	none	Vendor C	211,809	16.06%	none
4	Vendor N	120,486	3.94%	none	Vendor W	384,785	9.36%	none	Vendor W	169,095	12.82%	none
	Others	1,748,690	57.14%	-	Others	1,840,752	44.76%	-	Others	476,552	36.15%	-
	Net Purchases	3,060,223	100.00%	-	Net Purchases	4,112,330	100.00%	-	Net Purchases	1,318,621	100.00%	-

Note: the first alphabet of customer is taken as code name of vendor

Description of changes of main suppliers: Apex selected vendors by considering price competitiveness. In 2013, purchase amount from vendor N was lower than 10% of total purchase. While Apex actively contacted with this vendor and tested its qualification, finally Apex got competitive price from vendor N. Therefore Apex increased purchase amount to vendor N which led her rank up in 2014 and Q1, 2015.

(5) Production values and sales in the two most recent years

1. Production value in the two most recent years

Unit: square meter, NT\$thousand

Year	2013			2014		
	Production Capacity	Production	Output Value	Production Capacity	Production	Output Value
Production Value						
Main Product						
Double-sided Board	825,000	806,982	1,179,763	900,000	752,027	1,076,667
Multi-layer Board	2,295,000	2,117,066	4,112,713	2,940,000	2,476,151	5,189,630
Total	3,120,000	2,924,048	5,292,476	3,840,000	3,228,178	6,266,297

2. Sales in the two most recent years

Unit: square meter, NT\$thousand

Year	2013				2014			
	Domestic Sales		Export Sales		Domestic Sales		Export Sales	
Sales Value	Quantity	Value	Quantity	Value	Quantity	Value	Quantity	Value
Main Product								
Double-sided Board	572,187	1,003,064	254,818	430,546	509,296	916,598	253,861	444,248
Multi-layer Board	700,683	1,654,542	1,387,625	3,219,794	815,722	1,944,306	1,635,524	4,035,908
Others	-	25,514	-	7,326	-	17,384	-	8,375
Total	1,272,870	2,683,120	1,642,443	3,657,666	1,325,018	2,878,288	1,889,385	4,488,531

Note 1: Others include processing services provided, including plating and trimming, and purchasing molds for new parts and consumables for customers.

3. Numbers of Employees in the two most recent years, their average length of service, average age and education level

Year		2012	2013	2014 as of Apr. 30
No. of Employees	Managers	62	68	70
	Production departments	2,389	3096	3329
	Regular employees	1,732	1455	1549
	Total	4,183	4619	4948
Average age		29.14	29.45	29.26
Average length of service		2.75	2.98	2.80
Education Level	Master's and above	0.24%	0.22%	0.20%
	University	18.67%	18.60%	17.89%
	Senior high school	40.07%	40.72%	41.41%
	Below senior high school	41.02%	40.46%	40.50%

4. Environmental protection expenses

Total amount of damages (including compensation) and fines resulted from environmental contamination in the most recent year and prior to the date of printing of the annual report:

APT was fined by Thai local government in 2014 because the copper in processed waste water was over the standard. The fine was THB 2.5 million and was paid in Aug., 2014. APT has set up improvement plan. Internal inspection standard was set more serious than official standard. APT also raised inspection frequency higher as 6 times per day to avoid this situation occurring again.

5. Labor-management relations

(1) Employee welfare measures, continuing education, training, retirement system and their implementation, and labor-management agreements and protective measures for employees' rights and interests

1. Employee welfare system

- (1) Multiple shuttle bus routes providing transportation for employees to go to work and go home
- (2) Employee uniforms
- (3) Employee cafeterias providing three meals a day
- (4) Full attendance rewards
- (5) Sickness and funeral subsidies
- (6) Employee loans
- (7) Annual employee athletic events and parties
- (8) Senior employee citations and awards
- (9) Special treatment to pregnant employees

2. Continuing education and training

Good employee continuing education programs can not only enhance employees' work capacity but also help the company attract talents. From the first day employees enter the

company, Apex provides complete training courses and continuing education programs to cultivate their sense of belonging and teamwork culture. Apex also encourages employees to participate in special project planning to stimulate their self-expectations and thus enhance the company's competitiveness.

Apex Group's employee training achievements in 2014 are as follows:

- (1) Internal training: It is divided into new employee training, transfer training and on-the-job training; all the accomplishment rates reached over 95%.
- (2) External training: According to type of program, it is divided into law/regulation, quality system, quality and efficiency, attitude adjustment, leadership, others, external training, output plan, CSR and courses regulated by competent authority. The expenses totaled around NT\$ 6 million.

3. Retirement system and implementation

The employ retirement system is conducted in accordance to local regulations.

4. Protective measures for employees' rights and interests

Harmonious and pleasant workplace ambiance is an important condition for effective teamwork. To ensure smooth exchanges of ideas between the management team and employees and achievement of consensus, Apex has always regarded reasonable pay scales, decent work environments and effective communication channels as priority tasks. Apex Group adopts the following measures to communicate with employees:

- (1) The suggestion box: Employees can make their suggestions and problems known to the management team by using the suggestion box.
- (2) Weekly meetings: Apex round up all the employees once a week to convey company policies to employees to make sure consensus is achieved and all employees move toward the same goal.
- (3) Regular convention of inter-division meetings: Apex's Employee Welfare Committee helps with the protection of employees' rights and interests to ensure the win-win target of mutual trust and mutual benefit between labor and management can be achieved.

The labor-management relations in Apex are harmonious. No labor-management dispute has ever happened. Apex highly values employees' welfare, pays attention to changes in the subjective and objective environments and establishes various welfare measures accordingly to satisfy the needs of employees.

5. Protective measures for work environments and employees' safety

Apex Group has set up a safety division which regularly inspects whether the work environments comply with safety regulations to minimize workplace safety hazards. Apex Group also regularly provides employees with physical checkups, hoping that they can be aware of their health condition and employees' physical and mental health can be improved. Apex's subsidiary APT has also passed the OHSAS 18001 certification because of the fine healthy and safe work environment it created.

6. Code of ethical conduct

Apex has stipulated regulations against arrogance, disobedience, corruption, indolence and unjustifiable gift acceptance in its code of practice. When new employees attend orientations, they are told to remember the regulations in the code of practice and perform their duties accordingly. All Apex workers are requested to act in accordance with business ethics and their responsibility to the public and stakeholders. At the same time, the members of the board of directors and the management all carry out their duties with integrity and fulfill their obligations as good managers. They also abide by the code of conduct for directors and managers and adopt strict self-discipline and cautious attitudes when exercising their duties.

- (2) Damages suffered as a result of labor-management disputes in the most recent year and prior to the date of printing of the annual report, and estimates of damages from labor-management disputes likely to take place recently and in the future and the corresponding countermeasures and reasons if such damages estimated cannot be established: None

6. Important contracts

Supply and sales contracts, engineering contracts, long-term loan contracts and other important contracts able to affect the rights and interests of shareholders that are currently valid or expired in the most recent year are as follows:

Contract Type	Counter Party	Beginning and End of Contract	Main Content	Restrictive Clauses
Long-term Loan Contracts	Bangkok Bank Public Co., Ltd. ∙ Bank of Ayudhaya Public Co., Ltd. ∙ TMB Bank Public Co., Ltd.	2010.8.27~2020.3.29	Long-term loans	Financial agreement items
Short-term Loan Contracts	Bangkok Bank Public Co., Ltd. ∙ Bank of Ayudhaya Public Co., Ltd. ∙ Kasikorn Bank Public Co., Ltd. ∙ Mega Internatoinal Commercial Bank Public Co., Ltd. ∙ Siam Commercial Bank Public Co., Ltd. ∙ TMB Bank Public Co., Ltd.	2002.7.10~2014.7.17 ; parts of the will automatically revolve	Short-term credit of financing facilities	Financial agreement items
Financial leasing contracts	ICBC Leasing Co., Ltd. ∙ Kasikorn Factory & Equipment Co., Ltd. ∙	2011.5.13~2018.6.18	Equipmnt financing leasing	None
FX hedging facility contracts	Bangkok Bank Public Co., Ltd. ∙ Bank of Ayudhaya Public Co., Ltd.	2002.7.10~2014.7.17 ; parts of the will automatically revolve	Credit for forward contract	Financial agreement items
Construction contracts	ABB Limited ∙ Fah Chun Development Co., Ltd. ∙ GTG Engineering Co., Ltd.	2012.3.14~2014.8.20 ; guarantee period after installment depends on the detail of contracts	Construction of plant, office, warehouse and gas equipment	none
Sales contracts	Apex's customers	2009.12.3~2017.5.4 ; parts of the will automatically revolve	Master sales agreement and marketing cooperation	none
Commission contracts	Apex's agents	2010.11.1~2016.3.31 ; parts of the will automatically revolve	Agreement of sales and marketing	none

Contract Type	Counter Party	Beginning and End of Contract	Main Content	Restrictive Clauses
Purchase contracts of machines and equipment	Airate Co., Ltd. \ Anderson Industrial Corporation \ Creation Center Co., Ltd \ Bay Engineering Co.,Ltd. \ Chart Way Co., Ltd. \ S.K.Y. Fire Engineering Co., Ltd. \ Thai Xin Environment Equipment Co., Ltd. \ Waste Recovery Technology Inc.	2013.2.8~2020.10.31 ; guarantee period after installment depends on the detail of contracts	Production machines, water processing equipment and electricity equipment	none
Procurment contracts	Apex's vendors	2014.1.1~ automatically revolve	Master procurement contracts	none

VI. Financial Overview

1. Condensed financial data for the most five recent years, CPAs' names and audit opinions

(1) The condensed balance sheet for 2013 to Mar. 31, 2015--established according to IFRS

Unit: NT\$thousand

Year		2013 Financial Data (Note 1)	2014 Financial Data (Note 1)	2015 Financial Data, as of Mar. 31 (Note 2)
Item				
Current Assets		2,757,009	3,996,139	3,930,200
Fixed Assets		5,122,041	5,765,439	6,045,613
Intangible Assets		7,267	28,745	29,541
Other Assets		64,990	34,316	57,666
Total Assets		7,951,307	9,824,639	10,063,020
Current Liabilities	Before allocation	3,560,253	4,129,807	4,205,207
	After allocation	3,739,798	Note 3	Note 3
Non-current liabilities		1,774,709	1,582,662	1,678,100
Total Liabilities	Before allocation	5,334,962	5,712,469	5,883,307
	After allocation	5,514,507	Note 3	Note 3
Shareholders' Equity Attributable to Parent		2,599,042	4,091,372	4,158,565
Share Capital		970,514	1,225,157	1,225,157
Capital Reserves		700,903	1,481,385	1,481,385
Retained Earnings	Before allocation	1,114,020	1,360,726	1,425,280
	After allocation	934,475	Note 3	Note 3
Other Equity		(186,395)	24,104	26,473
Treasury Shares		-	-	-
Non-controlling Equity		17,303	20,798	21,148
Total Equity	Before allocation	2,616,345	4,112,170	4,179,713
	After allocation	2,436,800	Note 3	Note 3

Note 1: The data for 2013~2014 are based on consolidated financial statements already audited and certified by CPAs.

Note 2: The data for Q1, 2015 are based on the consolidated financial statement already reviewed by CPAs.

Note 3: Allocation of 2014 earnings was already proposed by the board of directors but is yet to be approved by the shareholders' meeting.

(2) The condensed balance sheet for the five most recent years--established according to the ROC Financial Accounting Standards

Unit: NT\$thousand

Item	Year	Financial Data for the five most recent years--established according to the ROC Financial Accounting Standards (Note 1)			
		2010	2011	2012	2013
Current Assets		1,893,350	2,447,343	2,996,025	Disclosed according to IFRS
Funds and Investments		87,810	90,989	50,330	
Fixed Assets		1,956,635	2,557,145	3,280,912	
Intangible Assets		13,093	10,543	6,634	
Other Assets		39,283	27,188	18,489	
Total Assets		3,990,171	5,133,208	6,322,390	
Current Liabilities	Before allocation	2,025,568	2,702,608	2,718,060	
	After allocation	2,139,304	2,934,981	2,996,908	
Long-term Liabilities		375,349	275,836	1,085,319	
Other Liabilities		17,262	20,560	21,365	
Total Liabilities	Before allocation	2,418,179	2,999,004	3,824,744	
	After allocation	2,531,915	3,231,377	4,103,592	
Share Capital		842,492	929,492	929,492	
Capital Collected in Advance		0	0	0	
Capital Reserves		370,418	554,085	594,705	
Retained Earnings	Before allocation	350,211	674,408	1,011,639	
	After allocation	236,475	442,035	732,791	
Cumulative Translation Adjustment		-2,110	-37,123	-54,722	
Minority Interest		10,981	13,342	16,532	
Total Equity	Before allocation	1,571,992	2,134,204	2,497,646	
	After allocation	1,458,256	1,901,831	2,218,798	

Note 1: The data for 2010~2012 are based on consolidated financial statements already audited and certified by CPAs.

(3) The condensed income statement for 2013~Mar. 31, 2015--established according IFRS

Unit: NT\$thousand (NT dollar for Earnings per share)

Year Item	2013 Financial Data (Note 1)	2014 Financial Data (Note 1)	2015 Financial Data, as of Mar. 31 (Note 2)
Operating Revenue	6,340,786	7,366,819	1,733,004
Gross Profit	1,244,961	1,322,013	261,413
Operating profit	532,329	539,582	76,983
Non-operating income and expenditure	(141,190)	(76,443)	646
Net Profit before Tax	391,139	463,139	77,629
Current Year's Net Profit from Continuing Operations	352,775	429,644	64,892
Loss from Discontinued Operations	-	-	-
Current Year's Net Profit/Loss	352,775	429,644	64,892
Current Year's Other Comprehensive Income (after-tax net amount)	(132,440)	211,543	2,651
Total Current Year's Comprehensive Income	220,375	641,187	67,543
Net Profit Attributable to Parent	350,705	427,281	64,554
Net Profit Attributable to Non-controlling Interest	2,070	2,363	338
Total Comprehensive Income Attributable to Parent	219,032	637,780	67,193

Year Item	2013 Financial Data (Note 1)	2014 Financial Data (Note 1)	2015 Financial Data, as of Mar. 31 (Note 2)
Total Comprehensive Income Attributable to Non-controlling Interest	1,343	3,407	350
Earning per Share	3.70	4.06	0.53

Note 1: The data for 2013~2014 are based on consolidated financial statements already audited and certified by CPAs.

Note 2: The data for Q1, 2015 are based on the consolidated financial statement already reviewed by CPAs.

- (4) The condensed income statement for the five most recent years--established according to the ROC Statement of Financial Accounting Standards

Unit: NT\$thousand (NT dollar for Earnings per share)

Item \ Year	Financial data established according to the ROC Financial Accounting Standards in the Five Most Recent Years (Note)			
	2010	2011	2012	2013
Operating Revenue	4,413,079	5,062,368	5,739,338	Disclosed according to IFRS
Gross Profit	764,030	1,049,064	4,528,155	
Operating profit	420,317	567,017	627,442	
Non-operating income and Profit	72,193	14,146	63,702	
Other Expenses or Losses	(101,519)	(84,965)	(84,338)	
Before-tax Income from Continuing Operations	390,991	496,198	606,806	
After-tax Income from Continuing Operations	340,872	441,163	572,905	
Current Year's Income	340,872	441,163	572,905	
Earnings per Share	4.02	5.11	6.13	

Note: The data for 2010~2012 are based on consolidated financial statements already audited and certified by CPAs.

- (5) CPAs auditing and certifying financial statements in the five most recent years and their opinions

Year	CPA	Opinion	Accounting Firm
2010	Kuan, Chun Hsiou and Lyu, Li Li	Unqualified opinion	KPMG Accounting Firm
2011	Kuan, Chun Hsiou and Lyu, Li Li	Unqualified opinion	KPMG Accounting Firm
2012	Kuan, Chun Hsiou and Lyu, Li Li	Unqualified opinion	KPMG Accounting Firm
2013	Kuan, Chun Hsiou and Lyu, Li Li	Unqualified opinion	KPMG Accounting Firm
2014	Kuan, Chun Hsiou and Lyu, Li Li	Unqualified opinion	KPMG Accounting Firm

2. Financial analysis for the five most recent years

(1) Financial analysis for 2013~Mar. 31, 2015--established according to IFRS

Year		2013	2104	2015 as of Mar. 31
Analysis Item (Note 3)		(Note 1)	(Note 1)	(Note 2)
Financial Structure (%)	Liabilities-to-assets ratio	67.10	58.14	58.46
	Ratio of long-term funds to fixed assets	85.73	98.78	96.89
Debt-paying Ability %	Current ratio	77.44	96.76	93.46
	Quick ratio	54.95	73.35	60.78
	Interest protection multiples	4.86	5.52	4.44
Management Capacity	Accounts receivable turnover rate (time)	4.24	4.03	3.59
	Average collection days	86.08	90.57	101.67
	Inventory turnover rate (time)	4.65	6.42	4.74
	Accounts payable turnover rate (time)	4.70	5.21	3.71
	Average inventory turnover days	78.49	56.85	77.00
	Fixed assetst turnover rate (time)	1.24	1.28	1.15
	Total assets turnover rate (time)	0.89	0.83	0.70
Profitability	Return on assets (%)	5.56	5.76	3.34
	Return on equity (%)	13.72	12.77	6.26
	Ratio of before-tax net profit to paid-in capital (%)	40.30	37.80	25.34
	Net profit ratio (%)	5.56	5.83	3.74
	Earnings per share (NT dollar)	3.70	4.06	0.53
Cash Flow	Cash flow ratio (%)	9.73	22.89	7.25
	Cash flow adequacy ratio (%)	36.44	40.70	41.85
	Cash reinvestment ratio (%)	1.14	9.76	3.75
Leverage	Operating leverage	1.63	1.90	2.76
	Financial leverage	1.12	1.23	1.41

Describe the causes of various financial ratio changes in the two most recent years (increases or decreases less than 20% can be excluded)

1. Decrease of current and quick ratios: the main reason is because of new factory expansion. In addition, in Q1 of 2015, the Company needed to prepare more materials for coming high seasons that led equipment payables and account payables increase and ratios decrease.
2. Inventory turnover rate decrease, accounts payable turnover rate decrease and average inventory turnover days increase: in Q1 of 2015, the Company purchased more materials for coming high seasons that make inventory and accounts payable higher which made related ratios change.
3. Decrease of profitability: mainly because of drop of net profit in Q1 of 2015. Sales amount grew as expectation but the growth rate didn't. It was mainly caused by drop of demand from customers that make the Company suffer higher unit fixed cost and erode profit.
4. Decrease of cash flow-related ratios: mainly because of drop of profit.
5. Increase of leverage ratios: in Q1 of 2015, the Company suffered higher unit fixed cost which led operating income drop and leverage ratios higher, please also refer to no. 3.

Note 1: The data for 2013~2014 are based on consolidated financial statements already audited and certified by CPAs.

Note 2: The data for Q1, 2015 are based on the consolidated financial statement already reviewed by CPAs.

Note 3: The following equations are to be provided at the end of the annual report:

1. Financial structure

- (1) Liabilities-to-assets ratio = total liabilities / total assets
- (2) Ratio of long-term funds to fixed assets = (total shareholders' equity + non-current liabilities) / net fixed assets

2. Debt-paying ability

- (1) Current ratio = current assets / current liabilities
- (2) Quick ratio = (current assets - inventory - prepaid expenses) / current liabilities
- (3) Interest protection multiples = net income before tax and interest expense payment / current year's interest expenses

3. Management capacity

- (1) Accounts receivable turnover ratio (including accounts receivable and notes receivable resulted from business operation) = net sales / average balance of accounts receivable (including accounts receivable and notes receivable resulted from business operation)
- (2) Average collection days = 365 / accounts receivable turnover ratio
- (3) Inventory turnover ratio = cost of goods sold / average inventory
- (4) Accounts payable turnover ratio (including accounts payable and notes payable resulted from business operation) = net sales / average balance of accounts payable (including accounts payable and notes payable resulted from business operation)
- (5) Average inventory turnover days = 365 / inventory turnover ratio
- (6) Fixed assets turnover ratio = net sales / net fixed assets
- (7) Total assets turnover ratio = net sales / total assets

4. Profitability

- (1) Rate of return on assets = [after-tax income + interest expenses * (1 - tax rate)] / total assets
- (2) Rate of return on equity = after-tax income / total equity
- (3) Net profit ratio = after-tax income / net sales
- (4) Earnings per share = (income attributable to parent-preferred share dividends) / weighted average number of shares (Note 4)

5. Cash flow

- (1) Cash flow ratio = cash flow from operating activities / current liabilities
- (2) Net cash flow adequacy ratio = cash flow from operating activities in the five most recent years / (capital expenditure + inventory increase + cash dividends) in the five most recent years
- (3) Cash reinvestment ratio = (cash flow from operating activities - cash dividends) / gross fixed assets + long-term investments + other non-current assets + operating funds (Note 5)

6. Leverage

- (1) Operating leverage = (net operating revenue - variable operating costs and expenses) / operating income (Note 6)
- (2) Financial leverage = operating income / (operating income - interest expenses)

Note 4: The following must be taken into consideration when calculating earnings per share according to the above equation:

1. The weighted average number of common shares should be applied as the basis, not the number of shares

issued by the end of the year.

2. When conducting cash capital increase or treasury share transactions, the circulation period has to be taken into account to calculate the weighted average number of shares.
3. When conducting capital increase out of earnings or capital reserves, calculation of the earnings per share in previous years and half-years has to include retrospective adjustments according to increase ratios and the time of new share issuance for the capital increase need not be considered.
4. If the preferred shares are non-convertible cumulative preferred shares, their dividends for the year (whether issued or not) have to be subtracted from the after-tax net profit or the after-tax net loss has to be increased. If the preferred shares are non-cumulative and there is net profit after tax, the preferred share dividends have to be subtracted from the after-tax net profit; if there is loss, no adjustment is needed.

Note 5: The following must be taken into consideration in cash flow analysis:

1. Net cash flow from operating activities refers to the net cash inflow from operating activities indicated in the cash flow statement.
2. Capital expenditure refers to the annual outflow of cash for capital investment.
3. Inventory increases are calculated only when the ending balance is larger than the initial balance; if the inventory is reduced at the end of the year, it is calculated as zero.
4. Cash dividends include cash dividends for common shares and preferred shares.
5. Gross fixed assets are the total fixed assets before cumulative depreciation is subtracted.

Note 6: The issuer is required to classify various operating costs and expenses as fixed and variable according to their nature. If estimation or subjective assessment is involved, it must be conducted with reason and consistency.

Note 7: If the company shares are without face value or the face value is not NT\$10, the aforesaid calculation of ratio of paid-in capital has to be replaced with calculation of ratio of equity attributable to parent indicated in the balance sheet.

(2) Analysis of finance in the five most recent years--established according to the ROC Financial Accounting Standards

Analysis Item		Year	Financial data established according to the ROC Financial Accounting Standards in the five most recent years (Note)				
			2010	2011	2012	2013	
Financial Structure (%)	Liabilities-to-assets ratio		60.60	58.42	60.50	Disclosed according to IFRS	
	Ratio of long-term funds to fixed assets		99.53	94.25	109.21		
Debt-paying Ability %	Current ratio		93.47	90.55	109.12		
	Quick ratio		63.20	65.21	61.93		
	Interest protection multiples		5.71	8.30	11.43		
Management Capacity	Accounts receivable turnover rate (time)		4.55	4.01	4.12		
	Average collection days		80.30	91.93	88.49		
	Inventory turnover ratio (time)		6.03	5.84	4.39		
	Accounts payable turnover ratio (time)		5.58	4.81	3.92		
	Average inventory turnover days		60.57	62.50	83.22		
	Fixed asset turnover ratio (time)		2.26	1.98	1.75		
	Total assets turnover ratio (time)		1.11	0.99	0.91		
Profitability	Rate of return on assets (%)		10.60	10.71	10.78		
	Rate of return on shareholders' equity (%)		26.25	23.81	24.74		
	Ratio to paid-in capital (%)	Operating income		49.89	61.00		67.50
		Before-tax net income		46.41	53.38		65.28
	Net profit ratio		7.72	8.71	9.98		
	Earnings per share		4.02	5.11	6.13		
Cash Flow	Cash flow ratio (%)		10.54	26.93	22.98		
	Cash flow adequacy ratio (%)		21.93	40.30	46.22		
	Cash reinvestment ratio (%)		7.33	17.25	7.92		
Leverage	Operating leverage		1.42	1.37	1.41		
	Financial leverage		1.25	1.14	1.10		

Note 1: The data for 2010~2012 are based on consolidated financial statements already audited and certified by CPAs.

Note 2: Equations for calculation of various ratios:

1. Financial structure

(1) Liabilities-to-assets ratio=total liabilities/total assets

(2) Ratio of long-term funds to fixed assets=(total shareholders' equity+non-current liabilities /net fixed assets

2. Debt-paying ability

(1) Current ratio=current assets/current liabilities

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

(3) Interest protection multiples=net income before tax and payment of interest expenses/current year's interest expenses

3. Management capacity

(1) Accounts receivable (including accounts receivable and notes receivable resulted from business operation)=net sales/average balance of accounts receivable (including accounts receivable and notes receivable resulted from

business operation)

(2) Average collection days= $365/\text{accounts receivable turnover ratio}$

(3) Inventory turnover ratio= $\text{cost of goods sold}/\text{average inventory}$

(4) Accounts payable (including accounts payable and notes payable resulted from business operation)= $\text{net sales}/\text{average balance of accounts payable (including accounts payable and notes payable resulted from business operation)}$

(5) Average inventory turnover days= $365/\text{inventory turnover ratio}$

(6) Fixed assets turnover ratio= $\text{net sales}/\text{net fixed assets}$

(7) Total assets turnover ratio= $\text{net sales}/\text{total assets}$

4. Profitability

(1) Rate of return on assets= $[\text{after-tax income} + \text{interest expenses} * (1 - \text{tax rate})]/\text{total assets}$

(2) Rate of return on equity= $\text{after-tax income}/\text{total equity}$

(3) Net profit ratio= $\text{after-tax income}/\text{net sales}$

(4) Earnings per share= $(\text{after-tax net profit} - \text{preferred share dividends})/\text{weighted average number of shares}$

5. Cash flow

(1) Cash flow ratio= $\text{cash flow from operating activities}/\text{current liabilities}$

(2) Net cash flow adequacy ratio= $\text{cash flow from operating activities in the five most recent years}/(\text{capital expenditure} + \text{inventory increase} + \text{cash dividends})$ in the five most recent years

(3) Cash reinvestment ratio= $(\text{cash flow from operating activities} - \text{cash dividends})/\text{gross value of fixed assets} + \text{long-term investments} + \text{other non-current assets} + \text{operating funds}$

6. Leverage

(1) Operating leverage= $(\text{net operating revenue} - \text{variable operating costs and expenses})/\text{operating income}$

(2) Financial leverage= $\text{operating income}/(\text{operating income} - \text{interest expenses})$

Note 3: The following must be taken into consideration when calculating the earnings per share according to the above equations:

1. The weighted average number of common shares should be applied as the basis, not the number of shares issued by the end of the year.
2. When conducting cash capital increase or treasury share transactions, the circulation period has to be taken into account to calculate the weighted average number of shares.
3. When conducting capital increase out of earnings or capital reserves, calculation of the earnings per share in previous years and half-years has to include retrospective adjustments according to increase ratios and the time of new share issuance for the capital increase need not be considered.
4. If the preferred shares are non-convertible cumulative preferred shares, their dividends for the year (whether issued or not) have to be subtracted from the after-tax net profit or the after-tax net loss has to be increased. If the preferred shares are non-cumulative and there is net profit after tax, the preferred share dividends have to be subtracted from the after-tax net profit; if there is loss, no adjustment is needed.

Note 4: The following must be taken into consideration in cash flow analysis:

1. Net cash flow from operating activities refers to net cash inflows from operating activities indicated in the cash flow statement.
2. Capital expenditure refers to annual outflows of cash for capital investment.
3. Inventory increases are calculated only when the ending balance is larger than the initial balance; if the inventory is reduced at the end of the year, it is calculated as zero.
4. Cash dividends include cash dividends for common shares and preferred shares.
5. Gross fixed assets are the total fixed assets before cumulative depreciation is subtracted.

Note 5: The issuer is required to classify various operating costs and expenses as fixed and variable in according to their nature. If estimation or subjective assessment is involved, it must be conducted with reason and consistency.

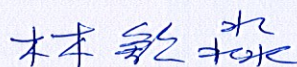
3. Audit Committee Audit Report on the 2014 Financial Statement

審計委員會審查報告書

本公司董事會造送一〇三年度營業報告書、合併財務報告及盈餘分派議案等，其中合併財務報告業經安侯建業聯合會計師事務所查核完竣，並出具查核報告。上述營業報告書、合併財務報告及盈餘分派議案業經本審計委員會審查完竣，認為尚無不合，爰依證券交易法第十四條之四及公司法第二百一十九條之規定繕具報告如上，敬請 鑒核。

泰鼎國際股份有限公司

審計委員會召集人：林欽淼



中 華 民 國 一 〇 四 年 三 月 十 六 日

4. The financial statement for the most recent year, including the CPA audit report, the balance sheets, consolidated income statement, statement of changes in equity, cash flow statements for the last two years and notes and addenda



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Independent Auditors' Report

The Board of Directors

Apex International Co., Ltd.

We have audited the accompanying consolidated statements of financial position of Apex International Co., Ltd. and its subsidiaries as of December 31, 2014 and 2013, the related consolidated statements of comprehensive income, changes in equity, and cash flows for the years ended December 31, 2014 and 2013. These consolidated financial statements are the responsibility of the company's management. Our responsibility is to issue a report on the consolidated financial statements based on our audits.

We conducted our audits in accordance with the "Regulations Governing Auditing and Certification of Financial Statements by Certified Public Accountants" and auditing standards generally accepted in the Republic of China. Those regulations and standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of Apex International Co., Ltd. and its subsidiaries as of December 31, 2014 and 2013, and its financial performance and cash flows for the years ended December 31, 2014 and 2013, in conformity with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations and SIC Interpretations endorsed by the R.O.C. Financial Supervisory Commission.

March 16, 2015

APEX INTERNATIONAL CO., LTD. AND ITS SUBSIDIARIES

Consolidated Statements of Financial Position

December 31, 2014 and 2013

(expressed in thousands of New Taiwan dollars)

		December 31, 2014	December 31, 2013	
Assets	%	Amount	Amount	%
Current assets:				
Cash and cash equivalents (note 6)	8	754,492	167,746	3
Financial assets measured at fair value through profit or loss—current (note 7)	-	1,921	4,132	-
Notes receivable (note 10)	-	9,063	-	-
Accounts receivable (notes 10 and 30)	21	2,010,923	1,601,111	20
Accounts receivable—related parties (notes 10 and 29)	-	-	40	-
Other receivables (note 10)	2	214,125	153,804	2
Inventories (note 11)	10	967,034	800,613	10
Other current assets	-	38,581	29,563	-
Total current assets	41	<u>3,996,139</u>	<u>2,757,009</u>	35
Non-current assets:				
Non-current financial assets measured at cost (note 9)	-	-	48,283	1
Property, plant and equipment (notes 12, 30 and 31)	59	5,765,439	5,122,041	64
Intangible assets (note 13)	-	28,745	7,267	-
Deferred tax assets (note 20)	-	7,170	7,551	-
Prepayment for equipment	-	19,136	2,217	-
Refundable deposits	-	8,010	6,939	-
Total non-current assets	59	<u>5,828,500</u>	<u>5,194,298</u>	65
		<u>\$ 9,824,639</u>	<u>7,951,307</u>	<u>100</u>
Liabilities and Equity				
Current liabilities:				
Short-term loans (notes 10, 14, 29, 30 and 31)	16	1,540,907	1,620,226	20
Notes payable	-	-	964	-
Accounts payable	15	1,461,745	850,677	11
Accounts payable—related parties (note 29)	-	-	6,179	-
Other payables (note 29)	3	281,146	217,263	3
Payable for machinery and equipment	4	448,157	558,286	7
Current tax liabilities	-	23,749	15,355	-
Current portion of long-term loans (notes 8, 15, 29 and 30)	3	295,460	214,392	3
Current portion of liabilities under finance lease (notes 17 and 30)	1	63,319	58,277	1
Other current liabilities	-	15,324	18,634	-
Total current liabilities	42	<u>4,129,807</u>	<u>3,560,253</u>	45
Long-term liabilities:				
Financial liabilities measured at fair value through profit or loss—non-current (designated upon initial recognition) (note 16)	-	2,604	4,231	-
Non-current derivative financial liabilities for hedging (note 8)	-	1,007	3,588	-
Convertible bonds payable (notes 16 and 21)	6	560,344	409,907	5
Long-term loans (notes 8, 15, 29 and 30)	8	774,011	1,000,669	13
Deferred tax liabilities (note 20)	-	11,814	22,036	-
Long-term payable	-	50,609	110,250	1
Liabilities under finance leases (notes 17 and 30)	2	161,521	212,923	3
Other non-current liabilities (note 19)	-	20,752	11,105	-
Total long-term liabilities	16	<u>1,582,662</u>	<u>1,774,709</u>	22
Total liabilities	58	<u>5,712,469</u>	<u>5,334,962</u>	67
Equity attributable to shareholders of the Company (notes 16 and 21)				
Common stock	13	1,225,157	970,514	12
Capital surplus	15	1,481,385	700,903	9
Retained earnings	14	1,360,726	1,114,020	14
Foreign currency translation differences for foreign operation	-	24,104	(186,395)	(2)
Total equity attributable to shareholders of the Company	42	<u>4,091,372</u>	<u>2,599,042</u>	33
Non-controlling interests	-	20,798	17,303	-
Total equity	42	<u>4,112,170</u>	<u>2,616,345</u>	33
Total liabilities and equity	100	<u>\$ 9,824,639</u>	<u>7,951,307</u>	<u>100</u>

See accompanying notes to financial statements.

APEX INTERNATIONAL CO., LTD. AND ITS SUBSIDIARIES

Consolidated Statements of Comprehensive Income

For the years ended December 31, 2014 and 2013

(expressed in thousands of New Taiwan dollars)

	2014		2013	
	Amount	%	Amount	%
Operating revenue (notes 23 and 29)	7,366,819	100	6,340,786	100
Operating costs (notes 11, 12, 13, 18, 19 and 29)	6,044,806	82	5,095,825	80
Gross profit	1,322,013	18	1,244,961	20
Operating expenses (notes 10, 12, 13, 18, 19 and 29):				
Selling expenses	350,243	5	280,753	4
Administrative expenses	432,188	6	431,879	7
Total operating expenses	782,431	11	712,632	11
Operating income	539,582	7	532,329	9
Non-operating income and expenses (notes 7, 8, 12, 16, 17 and 24):				
Other income	6,701	-	12,236	-
Other gains and losses	19,376	-	(96,741)	(1)
Finance costs	(102,520)	(1)	(56,685)	(1)
Total non-operating income and expenses	(76,443)	(1)	(141,190)	(2)
Income before income tax	463,139	6	391,139	7
Less: income tax expenses (note 20)	33,495	-	38,364	1
Net income	429,644	6	352,775	6
Other comprehensive income (loss):				
Foreign currency translation differences for foreign operations	211,543	3	(132,400)	(2)
Less: income tax relating to components of other comprehensive income (loss)	-	-	-	-
Other comprehensive income (loss), after tax	211,543	3	(132,400)	(2)
Total comprehensive income	\$ 641,187	9	220,375	4
Net income attributable to:				
Shareholders of the Company	\$ 427,281	6	350,705	6
Non-controlling interests	2,363	-	2,070	-
	\$ 429,644	6	352,775	6
Other comprehensive income attributable to:				
Shareholders of the Company	\$ 637,780	9	219,032	4
Non-controlling interests	3,407	-	1,343	-
	\$ 641,187	9	220,375	4
Earnings per share (expressed in New Taiwan dollars) (note 22)				
Basic earnings per share	\$ 4.06		3.70	
Diluted earnings per share	\$ 3.39		3.31	

APEX INTERNATIONAL CO., LTD. AND ITS SUBSIDIARIES

Consolidated Statements of Changes in Equity

For the years ended December 31, 2014 and 2013

(expressed in thousands of New Taiwan dollars)

	Equity attributable to shareholders of the Company							Total equity	
	Common stock	Capital surplus	Special reserve	Retained earnings	Total	Foreign currency translation differences for foreign operations	Equity attributable to shareholders of the Company		Non-controlling interests
Balance at January 1, 2013	\$ 929,492	593,427	-	1,042,163	1,042,163	(54,722)	2,510,360	16,694	2,527,054
Appropriations and distributions (note 21)	-	-	-	(278,848)	(278,848)	-	(278,848)	(734)	(279,582)
Cash dividends	-	-	-	350,705	350,705	-	350,705	2,070	352,775
Net income for the year	-	-	-	-	-	(131,673)	(131,673)	(727)	(132,400)
Other comprehensive income for the year	-	-	-	350,705	350,705	(131,673)	219,032	1,343	220,375
Total comprehensive income for the year	41,022	107,476	-	-	-	-	148,498	-	148,498
Conversion of convertible bonds (notes 16 and 21)	970,514	700,903	-	1,114,020	1,114,020	(186,395)	2,599,042	17,303	2,616,345
Balance at December 31, 2013									
Appropriations and distributions (note 21)	-	-	186,395	(186,395)	-	-	-	-	-
Special reserve	-	-	186,395	(186,395)	-	-	-	-	-
Cash dividends	-	-	-	(179,545)	(179,545)	-	(179,545)	(942)	(180,487)
Net income for the year	-	-	-	427,281	427,281	-	427,281	2,363	429,644
Other comprehensive income for the year	-	-	-	-	-	210,499	210,499	1,044	211,543
Total comprehensive income for the year	-	-	-	427,281	427,281	210,499	637,780	3,407	641,187
Equity component of convertible bonds issued (note 16)	-	63,310	-	-	-	-	63,310	-	63,310
Capital injection by cash (note 21)	125,000	404,223	-	-	-	-	529,223	-	529,223
Conversion of convertible bonds (notes 16 and 21)	129,643	312,949	-	-	-	-	442,592	-	442,592
Changes in ownership interest of subsidiaries	-	-	-	(1,030)	(1,030)	-	(1,030)	1,030	-
Balance at December 31, 2014	\$ 1,225,157	1,481,385	186,395	1,174,331	1,360,726	24,104	4,091,372	20,798	4,112,170

See accompanying notes to financial statements.

APEX INTERNATIONAL CO., LTD. AND ITS SUBSIDIARIES

Consolidated Statements of Cash Flows

For the years ended December 31, 2014 and 2013

(expressed in thousands of New Taiwan dollars)

	2014	2013
Cash flows from (used in) operating activities:		
Profit before tax	\$ 463,139	391,139
Adjustments:		
Adjustments to reconcile profit:		
Depreciation expense	479,341	331,787
Amortization expense	7,500	3,578
Impairment loss (reversal of impairment loss) on trade receivable	8,249	(987)
Interest expense	102,520	56,685
Interest income	(1,305)	(1,160)
Dividend income	(514)	-
Loss on disposal of property, plant and equipment	677	2,436
Property, plant and equipment transferred to expense	854	-
Loss on disposal of intangible assets	13	-
Impairment loss on non-financial assets	-	1,010
Total adjustments to reconcile profit	<u>597,335</u>	<u>393,349</u>
Changes in operating assets and liabilities:		
Changes in operating assets:		
Financial assets held for trading	2,211	(4,132)
Notes receivable	(9,063)	7,589
Accounts receivable	(418,061)	(250,678)
Accounts receivable—related parties	40	610
Other receivables	(60,321)	(128,586)
Inventories	(166,421)	482,126
Other current assets	(9,018)	(3,605)
Total changes in operating assets	<u>(660,633)</u>	<u>103,324</u>
Changes in operating liabilities:		
Financial liabilities held for trading	(2,397)	(6,888)
Notes payable	(964)	(10,117)
Accounts payable	611,068	(449,754)
Accounts payable—related parties	(6,179)	6,179
Other payables	73,022	5,708
Other current liabilities	(3,310)	(506)
Other non-current liabilities	9,647	1,277
Total changes in operating liabilities	<u>680,887</u>	<u>(454,101)</u>
Changes in operating assets and liabilities:	<u>20,254</u>	<u>(350,777)</u>
Total adjustments	<u>617,589</u>	<u>42,572</u>
Cash inflow generated from operations	1,080,728	433,711
Interest income received	1,305	1,160
Dividend received	514	-
Interest paid	(100,523)	(57,589)
Income taxes paid	(36,660)	(30,798)
Net cash flows from operating activities	<u>945,364</u>	<u>346,484</u>
Cash flows from (used in) investing activities:		
Proceeds from disposal of financial assets at cost	48,283	-
Acquisition of property, plant and equipment	(1,010,774)	(1,993,216)
Proceeds from disposal of property, plant and equipment	171	582
Acquisition of intangible assets	(14,241)	(4,268)
Decrease in refundable deposits	(1,071)	(453)
Decrease (increase) in prepayment for equipment	(16,919)	30,056
Net cash flows used in investing activities	<u>(994,551)</u>	<u>(1,967,299)</u>
Cash flows from (used in) financing activities:		
Increase (decrease) in short-term loans	(79,319)	858,432
Proceeds from issuance of convertible bonds	645,973	-
Proceeds from long-term loans	210,020	715,397
Repayments of long-term loans	(419,946)	(135,657)
Increase in liabilities under finance leases	-	316,662
Decrease in liabilities under finance leases	(59,714)	(37,739)
Cash dividends paid	(180,487)	(279,582)
Capital injection	529,223	-
Net cash flows from financing activities	<u>645,750</u>	<u>1,437,513</u>
Effect of exchange rate changes on cash and cash equivalents	(9,817)	76,804
Net increase (decrease) in cash and cash equivalents	586,746	(106,498)
Cash and cash equivalents at beginning of year	167,746	274,244
Cash and cash equivalents at end of year	<u>\$ 754,492</u>	<u>167,746</u>

See accompanying notes to financial statements.

APEX INTERNATIONAL CO., LTD. AND ITS SUBSIDIARIES

Notes to the Consolidated Financial Statements

December 31, 2014 and 2013

(expressed in thousands of New Taiwan dollars except for per share amounts, unless otherwise specified)

(1) Organization

Apex International Co., Ltd. (the Company) was established in the Cayman Islands on October 28, 2009. The main purpose of the establishment, which resulted from organizational restructuring, was to apply for emerging stock registration on the Taipei Exchange (TPEX, formerly known as the GTSM) in the Republic of China. After restructuring, the Company became the holding company of Apex Circuit (Thailand) Co., Ltd. (Apex Circuit (Thailand)), which is located in Thailand, and became a listed company on the TPEX in the Republic of China on October 18, 2011. Apex Circuit (Thailand) mainly manufactures and sells electronic printed circuit boards. The Company and its subsidiaries are hereinafter referred to as the Consolidated Company.

(2) Approval date and procedures of the financial statements

The board of directors authorized issuance of the consolidated financial statements for the years ended December 31, 2014 and 2013, on March 16, 2015.

(3) New standards and interpretations not yet adopted

- 1) Effects of not yet adopting International Financial Reporting Standards 2013 (IFRSs 2013) endorsed by the Financial Supervisory Commission ("FSC")

According to decree No. 1030010325 issued by the FSC on April 3, 2014, all Taiwan Stock Exchange Corporation and GreTai Securities Market listed companies shall prepare financial reports according to IFRSs 2013 endorsed by the FSC from 2015 onward (not including IFRS 9 *Financial Instruments*). A summary of the new announcements, revisions, and amendments of standards and interpretations is as follows:

New announcements/revisions/amendments of standards and interpretations	Effective date per IASB
Amendment to IFRS 1: Limited Exemption from Comparative IFRS 7 Disclosures for First-time Adopters	July 1, 2010
Amendment to IFRS 1: Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters	July 1, 2011
Amendment to IFRS 1: Government Loans	January 1, 2013
Amendment to IFRS 7: Disclosures – Transfers of Financial Assets	July 1, 2011
Amendment to IFRS 7: Disclosures – Offsetting Financial Assets and Financial Liabilities	January 1, 2013
IFRS 10: Consolidated Financial Statements	January 1, 2013 (subsidiaries effective on January 1, 2014)
IFRS 11: Joint Arrangements	January 1, 2013
IFRS 12: Disclosure of Interests in Other Entities	January 1, 2013
IFRS 13: Fair Value Measurement	January 1, 2013
Amendment to IAS 1: Presentation of Items of Other Comprehensive Income	July 1, 2012
Amendment to IAS 12: Deferred Tax: Recovery of Underlying Assets	January 1, 2012
Revision to IAS 19: Employee Benefits	January 1, 2013

Revision to IAS 27: Separate Financial Statements	January 1, 2013
Amendment to IAS 32: Offsetting Financial Assets and Financial Liabilities	January 1, 2014
IFRIC 20: Stripping Costs in the Production Phase of a Surface Mine	January 1, 2013

After evaluation, the Consolidated Company concludes that adopting IFRSs 2013 would not have significant impact on the consolidated financial statements.

2) New standards and interpretations issued by the IASB but not yet endorsed by the FSC

A summary of the new announcements, revisions, and amendments of standards and interpretations issued by the IASB but not yet endorsed by the FSC is as follows:

New announcements/revisions/amendments of standards and interpretations	Effective date per IASB
IFRS 9: Financial Instruments	January 1, 2018
Amendment to IFRS 10 & IAS 28: Dealing with the sale or contribution of Assets between an investor and its joint venture or associate	January 1, 2016
Amendment to IFRS 10, IFRS 12 and IAS 28: Investment Entities: Applying the Consolidation Exception	January 1, 2016
Amendment to IFRS 11: Acquisition of an interest in a joint operation	January 1, 2016
IFRS 14: Regulatory Deferral Accounts	January 1, 2016
IFRS 15: Revenue from Contracts with Customers	January 1, 2017
Amendment to IAS 1: Disclosure initiative	January 1, 2016
Amendment to IAS 16 & 38: Clarification of Acceptable Methods of Depreciation and Amortization	January 1, 2016
Amendment to IAS 16 & 41: Bearer Plants	January 1, 2016
Amendment to IAS 19: Defined Benefit Plans: Employee Contributions	July 1, 2014
Amendment to IAS 27: To allow the use of the equity method in separate financial statements	January 1, 2016
Amendment to IAS 36: Recoverable Amount Disclosures for Non-Financial Assets	January 1, 2014
Amendment to IAS 39: Novation of Derivatives and Continuation of Hedge Accounting	January 1, 2014
IFRIC 21: Levies	January 1, 2014

The Consolidated Company is still in the process of evaluating the impact on financial position and performance on the adoption of the standards and interpretations mentioned above, and the Consolidated Company will disclose relevant impacts when the evaluation is completed.

(4) Significant accounting policies

The significant accounting policies have been applied consistently to all periods presented in the consolidated financial statements.

The significant accounting policies presented in the consolidated financial statements are summarized as follows:

1) Statement of compliance

These consolidated financial statements have been prepared in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" (hereinafter referred to the Regulations) and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations and SIC Interpretations endorsed by the FSC (hereinafter referred to as the IFRSs endorsed by the FSC).

2) Basis of preparation

The consolidated financial statements have been prepared on a historical cost basis except for the following material items in the consolidated statement of financial position:

1. Financial instruments measured at fair value through profit or loss are measured at fair value;
2. Financial instruments measured at fair value through profit or loss (designated upon initial recognition) are measured at fair value;
3. Derivative financial instruments are measured at fair value;
4. The defined benefit asset is recognized as plan assets, plus unrecognized past service cost, less the present value of the defined benefit obligation.

Functional and presentation currency

The functional currency of a Consolidated Company entity is determined based on the primary economic environment in which the entity operates. The consolidated financial statements are presented in New Taiwan dollars, which is the Company's functional currency. All financial information presented in New Taiwan dollars has been rounded to the nearest thousand.

3) Basis of consolidation

1. Principle of preparation of the consolidated financial statements

The consolidated financial statements comprise the Company and its subsidiaries (the Consolidated Company). The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. Losses applicable to non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

Intra-group balances and transactions, and any unrealized income and expenses arising from intra-group transactions are eliminated in preparing the consolidated financial statements.

Changes in the Consolidated Company's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions (i.e. transactions with owners in their capacity as owners).

2. List of subsidiaries in the consolidated financial statements

The Company's subsidiaries were as follows:

Name of investor	Name of subsidiary	Business activities	Percentage of ownership (%)	
			December 31, 2014	December 31, 2013
The Company	Apex Circuit (Thailand) Co., Ltd. (Apex Circuit (Thailand))	PCB manufacturing and sales	99.55%	99.45%
The Company	Approach Excellence Trading Ltd. (incorporated in British Virgin Islands) (AET)	Supply chain integration	100.00%	100.00%

4) Foreign currency

1. Foreign currency transactions

Transactions in foreign currencies are translated to the functional currency at the exchange rate at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortized cost in the functional currency at the beginning of the year adjusted for the effective interest and payments during the year, and the amortized cost in foreign currency translated at the exchange rate at the end of the year.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items in a foreign currency that are measured based on historical cost are translated using the exchange rate at the date of transaction.

Foreign currency differences arising on retranslation are recognized in profit or loss, except for the following differences which are recognized in other comprehensive income arising on the retranslation:

- (A) available-for-sale equity investment;
- (B) a financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective; or
- (C) qualifying cash flow hedges to the extent the hedge is effective.

2. Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to the Company's functional currency at the exchange rates at the reporting date. The income and expenses of foreign operations, excluding foreign operations in hyperinflationary economies, are translated to the Company's functional currency at the average rate. Foreign currency differences are recognized in other comprehensive income, and presented in the foreign currency translation reserve (translation reserve) in equity.

However, if the foreign operation is a non-wholly owned subsidiary, then the relevant proportion of the translation difference is allocated to non-controlling interests. When a foreign operation is disposed of such that control, significant influence, or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Company disposes of any part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interest. When the Company disposes of only part of investment in an associate or joint venture that includes a foreign operation while retaining significant or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, foreign currency gains and losses arising from such items are considered to form part of a net investment in the foreign operation and are recognized in other comprehensive income, and presented in the translation reserve in equity.

5) Assets and liabilities classified as current and non-current

The Consolidated Company shall classify an asset as current when:

1. It expects to realize the asset, or intends to sell or consume it, in its normal operating cycle;
2. It holds the asset primarily for the purpose of trading;
3. It expects to realize the asset within twelve months after the reporting period; or
4. The asset is cash and cash equivalent (as defined in IAS 7) unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

The Consolidated Company shall classify all other assets as non-current.

The Consolidated Company shall classify a liability as current when:

1. It expects to settle the liability in its normal operating cycle;
2. It holds the liability primarily for the purpose of trading;
3. The liability is due to be settled within twelve months after the reporting period; or
4. It does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

The Consolidated Company shall classify all other liabilities as non-current.

6) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, demand deposits, checking deposits and highly liquid deposits that are subject to an insignificant risk of changes in their fair value, and are used by the Consolidated Company in the management of its short-term commitments.

Bank overdrafts that are repayable on demand and form an integral part of the Consolidated Company's cash management are included as a component of cash and cash equivalents for the purpose of the consolidated statement of cash flows.

7) Financial Instruments

Financial assets and financial liabilities are initially recognized when the Consolidated Company becomes a party to the contractual provisions of the instruments.

1. Financial assets

The Consolidated Company classifies financial assets into the following categories: financial assets at fair value through profit or loss, financial assets measured at cost, and receivables.

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

A financial asset is classified in this category if it is classified as held-for-trading or is designated as such on initial recognition. Financial assets are classified as held-for-trading if they are acquired principally for the purpose of selling in the short term. The Consolidated Company designates financial assets, other than those classified as held-for-trading, as at fair value through profit or loss at initial recognition under one of the following situations:

- A) Such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise;
- B) Performance of the financial asset is evaluated on a fair value basis; or
- C) A hybrid instrument contains one or more embedded derivatives.

Financial assets in this category are measured at fair value at initial recognition. Attributable transaction costs are recognized in profit or loss as incurred. Financial assets at fair value through profit or loss are measured at fair value, and changes therein, which take into account any dividend and interest income, are recognized in profit or loss, and are included in other gains and losses. A regular way purchase or sale of financial assets shall be recognized and derecognized, as applicable, using trade-date accounting.

(B) Financial assets measured at cost

Investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are measured at amortized cost and are included in financial assets measured at cost.

Dividend income is recognized in profit or loss on the date that the Consolidated Company's right to receive payment is established, which in the case of quoted securities is normally the ex-dividend date. Such dividend income is included in other income.

(C) Receivables

Receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Receivables comprise trade receivables and other receivables. Such assets are recognized initially at fair value, plus any directly attributable transaction costs. Subsequent to initial recognition, receivables other than insignificant interest on short-term receivables are measured at amortized cost using the effective interest method, less any impairment losses.

(D) Impairment of financial assets

A financial asset is impaired if, and only if, there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial assets that can be estimated reliably.

Objective evidence that financial assets are impaired includes default or delinquency by a debtor, restructuring of an amount due to the Consolidated Company on terms that the Consolidated Company would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, adverse changes in the payment status of borrowers or issuers, economic conditions that correlate with defaults, or the disappearance of an active market for a security. In addition, for an investment in an equity security, a significant or prolonged decline in its fair value below its cost is considered objective evidence of impairment.

All individually significant receivables are assessed for specific impairment. Receivables that are not individually significant are collectively assessed for impairment by grouping together assets with similar risk characteristics. In assessing collective impairment, the Consolidated Company uses historical trends of the probability of default, the timing of recoveries, and the amount of loss incurred, adjusted for management's judgment as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than those suggested by historical trends.

An impairment loss in respect of a financial asset measured at cost is recorded when there is any signal of permanent devaluation and is calculated as the difference between its carrying amount and the present value of the financial asset. Such impairment loss is not reversible in subsequent periods.

An impairment loss in respect of a financial asset is reduced from the carrying amount except for trade receivables, for which an impairment loss is reflected in an allowance account against the receivables. When it is determined a receivable is uncollectible, it is written off from the allowance account. Any subsequent recovery of receivable written off is recorded in the allowance account. Changes in the amount of the allowance account are recognized in profit or loss.

Impairment losses and recoveries of accounts receivable are recognized in operating expenses, and impairment losses and recoveries of other financial assets are recognized in other gains and losses.

(E) Derecognition of financial assets

The Consolidated Company derecognizes financial assets when the contractual rights of the cash inflow from the asset are terminated or when the Consolidated Company transfers substantially all the risks and rewards of ownership of the financial assets.

On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received or receivable and any cumulative gain or loss that had been recognized in other comprehensive income and presented in other equity – unrealized gains or losses from available for sale financial assets is recognized in profit or loss, and included in other gains and losses.

The Consolidated Company separates the part that continues to be recognized and the part that is derecognized, based on the relative fair values of those parts on the date of the transfer.

The difference between the carrying amount allocated to the part derecognized and the sum of the consideration received for the part derecognized and any cumulative gain or loss allocated to it that had been recognized in other comprehensive income shall be recognized in profit or loss, and is included in other gains and losses.

A cumulative gain or loss that had been recognized in other comprehensive income is allocated between the part that continues to be recognized and the part that is derecognized, based on the relative fair values of those parts.

2. Financial liabilities and equity instruments

(A) Classification of debt or equity

Debt or equity instruments issued by the Consolidated Company are classified as financial liabilities or equity in accordance with the substance of the contractual agreement.

Equity instruments refer to surplus equities of the assets after the deduction of all the debts for any contracts. Equity instruments issued are recognized as the amount of consideration received less the direct cost of issuing.

Preference share capital is classified as equity if it is non-redeemable, or redeemable only at the Consolidated Company's option, and any dividends are discretionary. Discretionary dividends thereon are recognized as distributions within equity upon approval by the Consolidated Company's shareholders.

Preference share capital is classified as a financial liability if it is redeemable on a specific date or at the option of the shareholders, or if dividend payments are not discretionary.

Compound financial instruments issued by the Consolidated Company comprise convertible bonds that can be converted to share capital at the option of the holder, when the number of shares to be issued is fixed.

The liability component of a compound financial instrument is recognized initially at the fair value of a similar liability that does not have an equity conversion option. The equity component is recognized initially at the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts.

Subsequent to initial recognition, the liability component of a compound financial instrument is measured at amortized cost using the effective interest method. The equity component of a compound financial instrument is not re-measured subsequent to initial recognition.

Interest related to a financial liability is recognized in profit or loss, and it is included in non-operating gains and losses recorded under finance costs. On conversion, the financial liability is reclassified to equity, and no gain or loss is recognized.

(B) Financial liabilities at fair value through profit or loss

A financial liability is classified in this category if it is classified as held-for-trading or is designated as such on initial recognition. Financial liabilities are classified as held-for-trading if they are acquired principally for the purpose of selling in the short term. The Company designates financial liabilities, other than those classified as held-for-trading, as at fair value through profit or loss at initial recognition under one of the following situations:

- A) Such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise;
- B) Performance of the financial liabilities is evaluated on a fair value basis;
- C) A hybrid instrument contains one or more embedded derivatives.

Attributable transaction costs are recognized in profit or loss as incurred. Financial liabilities at fair value through profit or loss are measured at fair value, and changes therein, which take into account any interest expense, are recognized in profit or loss, and are included in other gains and losses.

(C) Other financial liabilities

Financial liabilities not classified as held-for-trading or designated as at fair value through profit or loss, which comprise loans and borrowings, and trade and other payables, are measured at fair value, plus any directly attributable transaction costs at the time of initial recognition. Interest expense not capitalized as capital cost is recognized in profit or loss, and is recorded in finance cost under non-operating income and expense.

(D) Derecognition of financial liabilities

The Consolidated Company derecognizes a financial liability when its contractual obligation has been discharged or cancelled or has expired. The difference between the carrying amount of a financial liability removed and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss, and is included in other gains and losses.

(E) Offsetting of financial assets and liabilities

The Consolidated Company presents financial assets and liabilities on a net basis when the Consolidated Company has the legally enforceable right to offset, and intends to settle such financial assets and liabilities on a net basis or to realize the assets and settle the liabilities simultaneously.

3. Derivative financial instruments, including hedge accounting

The Consolidated Company holds derivative financial instruments to hedge its foreign currency and interest rate exposures. Derivatives are recognized initially at fair value, and attributable transaction costs are recognized in profit or loss as incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are recognized in profit or loss, and are included in other gains and losses.

When a derivative is designated as a hedging instrument, its timing of recognition in profit or loss is determined based on the nature of the hedging relationship. When the fair value of a derivative instrument is positive, it is classified as a financial asset, and when the fair value is negative, it is classified as a financial liability.

Embedded derivatives are separated from the host contract and accounted for separately when the economic characteristics and risk of the host contract and the embedded derivatives are not closely related, and the host contract is measured as at fair value through profit or loss.

The Consolidated Company designates its hedging instruments, including derivatives, embedded derivatives, and non-derivative instruments for hedging foreign currency risk, as fair value hedges.

On initial designation of a derivative as a hedging instrument, the Consolidated Company formally documents the relationship between the hedging instrument and hedged item, including the risk management objectives and strategy in undertaking the hedge transaction and the hedged risk, and whether the hedging instruments are expected to be highly effective in offsetting the changes in the fair value or cash flows of the respective hedged items attributable to the hedged risk.

Changes in the fair value of hedging instruments designated and qualified as fair value hedges are recognized in profit or loss, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

If the hedging instrument no longer meets the criteria for hedge accounting, expires, or is sold, terminated, or exercised, or the designation is revoked, then hedge accounting is discontinued prospectively.

Hedged financial instruments using an effective interest rate are amortized to profit or loss over the period to maturity when hedge accounting is discontinued.

8) Inventories

The cost of inventories shall comprise all costs of purchase, costs of conversion, and other costs incurred in bringing the inventories to their present location and condition. Variable costs are allocated by the actual output, and fixed manufacturing overheads are allocated to the work-in-process and finished goods by the normal capacity of the manufacturing equipment. The unallocated fixed manufacturing overheads due to lower production capacity or idle machines should be recorded as cost of goods sold in the current period. If the actual production output is higher than the normal production output, the difference should be allocated to finished goods and work-in-process. The cost of inventories is based on the monthly-weighted-average-cost principle.

The subsequent measurement of inventories is based on the lower of cost or net realizable value, item by item. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses at the end of the period. The cost of inventories should be reduced to net realizable value when the market values of inventories are less than their costs. Such adjustment amount should be recorded as cost of goods sold. If the market values rise in the subsequent period, then the cost of inventories should be adjusted to the market values, while the adjustment amount should not be over the previous reduction range, and such adjustment should be recorded as cost of goods sold in the current period.

9) Property, plant and equipment

Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditure that is directly attributed to the acquisition of the asset. The cost of a self-constructed asset comprises material, labor, any cost directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management, the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located, and any borrowing cost that is eligible for capitalization. The cost of software is capitalized as part of property, plant and equipment if the purchase of the software is necessary for the property, plant and equipment to be capable of operating.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item shall be depreciated separately, unless the useful life and the depreciation method of the significant part of an item of property, plant and equipment are the same as the useful life and depreciation method of another significant part of that same item.

The gain or loss arising from the derecognition of an item of property, plant and equipment shall be determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item, and it shall be recognized as other gains and losses.

Subsequent cost

Subsequent expenditure is capitalized only when it is probable that the future economic benefits associated with the expenditure will flow to the Consolidated Company. The carrying amount of those parts that are replaced is derecognized. Ongoing repairs and maintenance are expensed as incurred.

Depreciation

The depreciable amount of an asset is determined after deducting its residual amount, and it shall be allocated on a systematic basis over the asset's useful life. Items of property, plant and equipment with the same useful life may be grouped in determining the depreciation charge. The remainder of the items may be depreciated separately. The depreciation charge for each period shall be recognized in profit or loss.

Lease assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Consolidated Company will obtain ownership by the end of the lease term.

Land has an unlimited useful life and therefore is not depreciated.

The estimated useful lives, for the current and comparative years, of significant items of property, plant and equipment are as follows:

Buildings	3 to 20 years
Machinery and equipment	3 to 15 years
Transportation equipment	5 years
Office equipment	5 years
Leased equipment	5 to 15 years
Leasehold improvement	5 years

Depreciation methods, useful lives, and residual values are audited at each reporting date. If expectations differ from the previous estimates, the change(s) is accounted for as a change in an accounting estimate.

10) Lease—lessee

Leases in terms of which the Consolidated Company assumes substantially all of the risks and rewards of ownership are classified as finance leases. On initial recognition, the lease asset is measured at an amount equal to the lower of its fair value and the present of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to the asset.

Other leases are operating leases and are not recognized in the Consolidated Company's statement of financial position.

Payments made under an operating lease (excluding insurance and maintenance expenses) are recognized in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognized as an integral part of the total lease expense, over the term of the lease.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

11) Intangible assets

Intangible assets that are acquired by the Consolidated Company are measured at cost less accumulated amortization and any accumulated impairment losses.

Subsequent expenditure

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognized in profit or loss as incurred.

Amortization

The depreciable amount is the cost of an asset, or other amount substituted for cost, less its residual value.

Amortization of intangible assets is recognized in profit or loss on a straight-line basis over 5 years from the date that they are available for use.

The residual value, amortization period, and amortization method for an intangible asset with a finite useful life shall be audited at least annually at each fiscal year-end. Any changes shall be accounted for as changes in accounting estimates.

12) Impairment— non-derivative financial assets

To ensure the non-derivative financial assets are carried at no more than their recoverable amount, and to define how the recoverable amount is determined, the Consolidated Company evaluates the indication of impairment on the reporting date and estimates the recoverable amount for those assets which show indications of impairment. This applies to all non-derivative financial assets excluding the following assets:

1. Inventories
2. Deferred tax assets
3. Assets arising from employee benefits

If it is not possible to determine the recoverable amount (fair value less cost to sell and value in use) for an individual asset, then the Consolidated Company will have to determine the recoverable amount for the asset's cash-generating unit (CGU).

The recoverable amount for individual asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use. If, and only if, the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset shall be reduced to its recoverable amount. That reduction is an impairment loss.

An impairment loss shall be recognized immediately in profit or loss.

The Consolidated Company should assess at the end of each reporting period whether there is any indication that an impairment loss recognized in prior periods for an asset other than goodwill may no longer exist or may have decreased. If any such indication exists, the entity shall estimate the recoverable amount of that asset.

An impairment loss recognized in prior periods for an asset other than goodwill shall be reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If this is the case, the carrying amount of the asset shall be increased to its recoverable amount. That increase is a reversal of an impairment loss.

13) Revenue

Revenue from sales of goods is recognized when the Consolidated Company has transferred to the buyer the significant risks and rewards of ownership of the goods, primarily upon shipment, because the earnings process has been completed and the economic benefits associated with the transaction have been realized or are realizable.

Sales returns and allowances are recognized as a credit to sales that occur in the current year, and the related costs of sales returns are deducted from cost of goods sold.

14) Employee benefits

1. Defined contribution plans

Obligations for contributions to defined contribution pension plans are recognized as an employee benefit expense in profit or loss in the periods during which services are rendered by employees.

2. Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Consolidated Company's net obligation in respect of defined benefit pension plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value. Any unrecognized past service costs and the fair value of any plan assets are deducted. The discount rate is the yield at the reporting date (market yield of high-quality corporate bonds or government bonds) on bonds that have maturity dates approximating the terms of the Consolidated Company's obligations and that are denominated in the same currency in which the benefits are expected to be paid.

The calculation is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a benefit to the Consolidated Company, the recognized asset is limited to the total of any unrecognized past service costs and the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. In order to calculate the present value of economic benefits, consideration is given to any minimum funding requirements that apply to any plan in the Consolidated Company. An economic benefit is available to the Consolidated Company if it is realizable during the life of the plan, or on settlement of the plan liabilities.

When the benefits of a plan are improved, the portion of the increased benefit relating to past service by employees is recognized in profit or loss on a straight-line basis over the average period until the benefits become vested. To the extent that the benefits vest immediately, the expense is recognized immediately in profit or loss.

All actuarial gains and losses at January 1, 2012, the date of transition to the IFRSs endorsed by the FSC, were recognized in retained earnings. The Consolidated Company recognizes all actuarial gains and losses arising subsequently from defined benefit plans in profit or loss.

The Consolidated Company recognizes gains or losses on the curtailment or settlement of a defined benefit plan when the curtailment or settlement occurs. The gain or loss on curtailment comprises any resulting change in the fair value of plan assets, any change in the present value of the defined benefit obligation, and any related actuarial gains or losses and past service cost that had not previously been recognized.

Pension cost for a year is calculated on a year-to-date basis by using the actuarially determined pension cost rate at the end of the prior fiscal year, adjusted for significant market fluctuations since that time and for significant curtailments, settlements, or other significant one-off events.

3. Other long-term employee benefits

The Consolidated Company's net obligation in respect of long-term employee benefits other than pension plans is the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value, and the fair value of any related assets is deducted. The discount rate is the yield at the reporting date (market yield of high-quality corporate bonds or government bonds) on bonds that have maturity dates approximating the terms of the Consolidated Company's obligations. The calculation is performed using the projected unit credit method. Any actuarial gains and losses are recognized in profit or loss in the period in which they arise.

4. Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognized for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Consolidated Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

15) Income taxes

Income tax expenses include both current taxes and deferred taxes. Except for expenses related to business combinations or recognized directly in equity or other comprehensive income, all current and deferred taxes shall be recognized in profit or loss.

Current taxes include taxable profit and tax loss for the year calculated using the statutory tax rate on the reporting date or the actual legislative tax rate, as well as tax adjustments related to prior years.

Deferred taxes are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and liabilities shall be measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and liabilities may be offset against each other if the following criteria are met:

1. The entity has the legal right to settle tax assets and liabilities on a net basis; and
2. the taxing of deferred tax assets and liabilities fulfills one of the scenarios below:
 - (A) levied by the same taxing authority on the same entity; or
 - (B) levied by different taxing authorities, but where each such authority intends to settle tax assets and liabilities (where such amounts are significant) on a net basis every year of the period of expected asset realization or debt liquidation, or where the timing of asset realization and debt liquidation is matched.

A deferred tax asset should be recognized for the carry forward of unused tax losses, unused tax credits, and deductible temporary differences to the extent that it is probable that future taxable profit will be available against which the unused tax losses, unused tax credits, and deductible temporary differences can be utilized. Such unused tax losses, unused tax credits, and deductible temporary differences shall also be re-evaluated every year on the financial reporting date, and adjusted based on the probability that future taxable profit will be available against which the unused tax losses, unused tax credits, and deductible temporary differences can be utilized.

16) Earnings per share

The Consolidated Company discloses the Company's basic and diluted earnings per share attributable to ordinary shareholders of the Company. The basic earnings per share are calculated as the profit attributable to the ordinary shareholders of the Company divided by the weighted-average number of ordinary shares outstanding. The diluted earnings per share are calculated as the profit attributable to ordinary shareholders of the Company divided by the weighted-average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares, such as convertible bonds and employee bonus.

17) Segment information

An operating segment is a component of the Consolidated Company that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the Consolidated Company). Operating results of the operating segment are regularly reviewed by the Consolidated Company's chief operating decision maker to make decisions about resources to be allocated to the segment and to assess its performance. Each operating segment consists of standalone financial information.

(5) Significant accounting assumptions and judgments, and major sources of estimation uncertainty

The preparation of the consolidated financial statements requires management to make judgments, estimates and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Management continues to monitor the accounting assumptions, estimates and judgments. Management recognizes the changes in the accounting estimates during the period and the impact of the changes in the accounting estimates in the next period.

There are no critical judgments in applying accounting policies that have significant effect on the amounts recognized in the consolidated financial statements.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year is included in the note 20. Please refer to note 20 for the unrecognized deferred tax assets.

(6) Cash and cash equivalents

	December 31, 2014	December 31, 2013
Cash	\$ 443	459
Demand deposits	726,758	143,433
Checking deposits	676	(2,239)
Time deposits	26,615	26,093
Cash and cash equivalents in the consolidated statement of cash flows	<u>\$ 754,492</u>	<u>167,746</u>

Please refer to note 25 for the disclosure of the interest rate analysis and the sensitivity analysis for financial assets and liabilities.

(7) Financial assets and liabilities measured at fair value through profit or loss

Please refer to note 24 for the amounts recognized in the comprehensive income statements that resulted from remeasurement at fair value.

The Consolidated Company uses derivative financial instruments to hedge certain foreign exchange risk the Consolidated Company is exposed to arising from its operating, financing, and investing activities. As these derivative financial instruments did not qualify for hedge accounting, the Consolidated Company held the following derivative financial instruments as held-for-trading financial assets (liabilities) as at December 31, 2014 and 2013.

		December 31, 2014			
	Amount (in thousands)	Currency	Maturity dates	Fair value of assets (liabilities)	
Forward exchange purchased	USD	12,661	THB to USD	20 2015.6.30	
				1,921	

Foreign currency option contract:

		December 31, 2013			
	Amount (in thousands)	Fair value of assets (liabilities)	Strike prices	Expiration dates	
Long call	USD	6,973	4,132	THB32.0 32.40	2014.1.29 2014.2.26

(8) Derivative financial assets and liabilities used for hedging

The long-term debt held by the Consolidated Company as of December 31, 2014 and 2013, was exposed to the risk of fair value changes resulting from interest rate fluctuations. Such risk was assessed by the Consolidated Company as material; as a result, the Consolidated Company engaged in IRS contracts to hedge the risk.

The Consolidated Company uses interest rate swap contracts to convert some of the existing debts with a fixed interest rate to debts with a variable rate. The conversion rates reduce the risk of changes in fair value of the existing debts resulting from the fluctuation in interest rates. The unexpired interest rate swap contracts for fair value hedge held by the Consolidated Company were as follows:

	December 31, 2014					
Notional amount (thousand)	Fair value of assets (liabilities)	Contract period	Interest rate to pay	Interest rate to receive	Swap interval	
THB 155,000 \$	(1,007)	2012.7.18-2017.7.18		3 THBFIX+2.65%	4.05%	2013.7.18-2017.7.18

December 31, 2013					
Notional amount (thousand)	Fair value of assets (liabilities)	Contract period	Interest rate to pay	Interest rate to receive	Swap interval
THB 215,000	\$ (3,588)	2012.7.18~2017.7.18	3 THBFIX+2.65%	4.05%	2013.7.18-2017.7.18

Please refer to note 24 for the amounts recognized in the comprehensive income statements that resulted from fair value hedge.

Please refer to note 26 for the Consolidated Company's financial risk management.

(9) Financial assets measured at cost

	December 31, 2014	December 31, 2013
Common stock of non-listed company	<u>\$ -</u>	<u>48,283</u>

The Consolidated Company sold non-listed common stock with a carrying value of \$48,283, and the shares were measured at amortized cost at the time of derecognition. There is no gain or loss recognized in income because the proceeds from disposal of common stock are the same as the amortized cost at the time of derecognition.

The Consolidated Company had not provided any financial assets mentioned above as collateral as at December 31, 2014 and 2013.

(10) Notes receivable, accounts receivable (related parties included), and other receivables

	December 31, 2014	December 31, 2013
Notes receivable	\$ 9,063	-
Accounts receivable	2,034,439	1,615,329
Accounts receivable—related parties	-	40
Other receivables	214,125	153,804
Less: allowance for doubtful accounts	(23,516)	(14,218)
	<u>\$ 2,234,111</u>	<u>1,754,955</u>

An aging analysis of past due but not impaired notes receivable, accounts receivable, and other receivables of the Consolidated Company is as follows:

	December 31, 2014	December 31, 2013
Past due 1~60 days	\$ 172,157	318,780
Past due 61~90 days	963	16
Past due 91~120 days	978	243
	<u>\$ 174,098</u>	<u>319,039</u>

Based on historical default rates, the Consolidated Company believes that, apart from the above, no impairment allowance is necessary in respect of trade receivables not past due or past due by up to 60 days.

An impairment loss of \$22,297 and \$13,972 as at December 31, 2014 and 2013, respectively, resulted from the bankruptcy of a customer in 2011 and an unexpected shutdown of a customer in 2014. The remainder of the impairment loss at December 31, 2014, was recorded based on the Consolidated Company's policy.

The allowance for bad debts and the accumulated impairment loss are used to estimate the uncollectible portion of receivables. If the Consolidated Company believes that the related amount is not collectible, then the Consolidated Company should offset the financial assets against the allowance for bad debts or the accumulated impairment.

The changes in the aforementioned allowance for doubtful accounts were as follows:

	Individually assessed impairment	Collectively assessed impairment	Total
January 1, 2014	\$ 13,972	246	14,218
Impairment loss recognized	7,319	930	8,249
Foreign exchange gains (loss)	1,006	43	1,049
December 31, 2014	<u>\$ 22,297</u>	<u>1,219</u>	<u>23,516</u>
January 1, 2013	\$ 14,564	1,228	15,792
Impairment loss recognized	-	(987)	(987)
Foreign exchange gains (loss)	(592)	5	(587)
December 31, 2013	<u>\$ 13,972</u>	<u>246</u>	<u>14,218</u>

Please refer to note 30 for more information on accounts receivable provided as collateral for loans as at December 31, 2014 and 2013.

(11) Inventories

	December 31, 2014		
	Cost	Allowance for loss	Net realizable value
Raw materials	\$ 236,189	(39,438)	196,751
Work in process	262,783	(5,053)	257,730
Finished goods	143,895	(7,766)	136,129
Supplies and spare parts	260,959	(15,532)	245,427
Goods in transit	130,881	-	130,881
Merchandise inventory	116	-	116
Total	<u><u>\$ 1,034,823</u></u>	<u><u>(67,789)</u></u>	<u><u>967,034</u></u>

	December 31, 2013		
	Cost	Allowance for loss	Net realizable value
Raw materials	\$ 282,299	(29,878)	252,421
Work in process	187,124	(1,361)	185,763
Finished goods	100,328	(1,979)	98,349
Supplies and spare parts	204,959	(13,172)	191,787
Goods in transit	72,293	-	72,293
Total	<u><u>\$ 847,003</u></u>	<u><u>(46,390)</u></u>	<u><u>800,613</u></u>

In addition to the normal cost of goods sold, the following loss and revenue were included in the Consolidated Company's operating costs:

	2014	2013
Loss on market price decline and obsolete and slow-moving inventories	\$ 29,459	1,008
Revenue from sale of scrap	(203,085)	(182,951)
Physical count variance	372	1,171
	<u><u>\$ (173,254)</u></u>	<u><u>(180,772)</u></u>

For the years ended December 31, 2014 and 2013, the Consolidated Company did not pledge its inventory as collateral.

(12) Property, plant and equipment

The cost, depreciation, and impairment of the property, plant and equipment of the Consolidated Company in the years ended December 31, 2014 and 2013, were as follows:

	Land	Land Improvement	Buildings	Machinery and equipment	Transportation equipment	Office equipment	Leased equipment	Leasehold Improvement	Unfinished construction and equipment undergoing acceptance testing	Total
Cost:										
Balance at January 1, 2014	\$ 318,059	-	1,540,674	3,967,038	6,286	427,400	336,726	4,075	88,220	6,688,478
Additions	-	193	3,087	16,961	402	19,835	-	1,076	799,450	841,004
Disposals	-	-	-	(405)	(411)	(3,196)	-	(1,310)	-	(5,322)
Reclassification	-	5,460	216,248	690,999	3,211	(210,813)	(3,211)	-	(715,622)	(13,728)
Reclassification to expense	-	-	(854)	-	-	-	-	-	-	(854)
Translation effect	17,802	173	92,910	243,664	717	17,914	18,482	118	7,500	399,280
Balance at December 31, 2014	<u>\$ 335,861</u>	<u>5,826</u>	<u>1,852,065</u>	<u>4,918,257</u>	<u>10,205</u>	<u>251,140</u>	<u>351,997</u>	<u>3,959</u>	<u>179,548</u>	<u>7,908,858</u>
Balance at January 1, 2013	\$ 330,371	-	535,914	2,977,621	6,227	133,673	80,987	3,510	565,456	4,633,759
Additions	-	-	15,730	11,188	2,007	25,119	-	654	2,365,314	2,420,012
Disposals	-	-	-	(34,124)	(2,311)	(4,615)	-	-	(1,577)	(42,627)
Reclassification	1,190	-	1,072,326	1,199,967	499	296,523	274,688	-	(2,845,193)	-
Translation effect	(13,502)	-	(83,296)	(187,614)	(136)	(23,300)	(18,949)	(89)	4,220	(322,666)
Balance at December 31, 2013	<u>\$ 318,059</u>	<u>-</u>	<u>1,540,674</u>	<u>3,967,038</u>	<u>6,286</u>	<u>427,400</u>	<u>336,726</u>	<u>4,075</u>	<u>88,220</u>	<u>6,688,478</u>
Accumulated depreciation and impairment losses:										
Balance at January 1, 2014	\$ -	-	159,263	1,289,742	3,337	91,370	20,335	2,390	-	1,566,437
Depreciation	-	443	89,264	360,821	3,061	24,965	-	787	-	479,341
Disposals	-	-	-	(363)	(411)	(2,809)	-	(891)	-	(4,474)
Reclassification	-	-	1,010	(34,680)	(1,166)	-	34,836	-	-	-
Translation effect	-	13	11,700	82,121	340	5,749	2,096	96	-	102,115
Balance at December 31, 2014	<u>\$ -</u>	<u>456</u>	<u>261,237</u>	<u>1,697,641</u>	<u>5,161</u>	<u>119,275</u>	<u>57,267</u>	<u>2,382</u>	<u>-</u>	<u>2,143,419</u>
Balance at January 1, 2013	\$ -	-	130,069	1,104,183	4,816	78,292	24,685	1,664	-	1,343,709
Depreciation	-	-	36,610	270,852	2,502	21,328	-	797	-	332,089
Impairment loss	-	-	-	1,010	-	-	-	-	-	1,010
Disposals	-	-	-	(33,174)	(2,311)	(4,124)	-	-	-	(39,609)
Reclassification	-	-	-	5,098	(1,600)	-	(3,498)	-	-	-
Translation effect	-	-	(7,416)	(58,227)	(70)	(4,126)	(852)	(71)	-	(70,762)
Balance at December 31, 2013	<u>\$ -</u>	<u>-</u>	<u>159,263</u>	<u>1,289,742</u>	<u>3,337</u>	<u>91,370</u>	<u>20,335</u>	<u>2,390</u>	<u>-</u>	<u>1,566,437</u>
Carrying amount:										
Balance at December 31, 2014	<u>\$ 335,861</u>	<u>5,370</u>	<u>1,590,828</u>	<u>3,220,616</u>	<u>5,044</u>	<u>131,865</u>	<u>294,730</u>	<u>1,577</u>	<u>179,548</u>	<u>5,765,439</u>
Balance at December 31, 2013	<u>\$ 318,059</u>	<u>-</u>	<u>1,381,411</u>	<u>2,677,296</u>	<u>2,949</u>	<u>336,030</u>	<u>316,391</u>	<u>1,685</u>	<u>88,220</u>	<u>5,122,041</u>
Balance at January 1, 2013	<u>\$ 330,371</u>	<u>-</u>	<u>405,845</u>	<u>1,873,438</u>	<u>1,411</u>	<u>55,381</u>	<u>56,302</u>	<u>1,846</u>	<u>565,456</u>	<u>3,290,050</u>

For the years ended December 31, 2014 and 2013, because some idle assets could not be used, the Consolidated Company tested the related machinery for impairment and estimated the differences between the book value and the recoverable amount, and thus recognized an impairment loss of \$0 and \$1,010, respectively, with respect to machinery.

The Consolidated Company used fair value less cost to sell to calculate the recoverable amount as the basis to measure the impairment of property, plant and equipment.

Please refer to note 24 for the amount of interest expenses capitalized.

(13) Intangible assets

	Software
Costs:	
Balance at January 1, 2014	\$ 24,673
Additions	14,241
Reclassification from property, plant and equipment	13,728
Disposals	(29)
Translation effect	2,207
Balance at December 31, 2014	<u><u>\$ 54,820</u></u>
Balance at January 1, 2013	\$ 21,247
Additions	4,268
Translation effect	(842)
December 31, 2013	<u><u>\$ 24,673</u></u>
Amortization and impairment loss:	
Balance at January 1, 2014	\$ 17,406
Amortization	7,500
Disposals	(16)
Translation effect	1,185
Balance at December 31, 2014	<u><u>\$ 26,075</u></u>
Balance at January 1, 2013	\$ 14,613
Amortization	3,578
Translation effect	(785)
Balance at December 31, 2013	<u><u>\$ 17,406</u></u>
Carrying amount:	
Balance at December 31, 2014	<u><u>\$ 28,745</u></u>
Balance at December 31, 2013	<u><u>\$ 7,267</u></u>
Balance at January 1, 2013	<u><u>\$ 6,634</u></u>

(14) Short-term loans

	December 31, 2014	December 31, 2013
Unsecured loans	\$ 712,128	719,100
Secured loans	828,779	901,126
Total	<u><u>\$ 1,540,907</u></u>	<u><u>1,620,226</u></u>
Unused credit line	<u><u>\$ 1,980,884</u></u>	<u><u>1,786,321</u></u>
Interest rate	<u><u>0.98%~3.15%</u></u>	<u><u>1.15%~3.77%</u></u>

Please refer to note 30 for more information on the collateral for loans.

(15) Long-term loans

	December 31, 2014	December 31, 2013
Secured loans	\$ 892,076	1,218,658
Unsecured loans	178,445	-
Less: current portion	(295,460)	(214,392)
Fair value adjustment	(1,050)	(3,597)
Total	<u>\$ 774,011</u>	<u>1,000,669</u>
Unused credit line	<u>\$ 930,453</u>	<u>70,849</u>
Interest rate	<u>4.05%~5.75%</u>	<u>4.05%~5.88%</u>

1) Collateral for loans

Please refer to note 30 for more information on the collateral for loans.

2) Loan contract

1. Apex Circuit (Thailand) entered into a THB 1.92 billion long-term bank loan with Bangkok Bank (BBL) on February 28 and September 27, 2012, and July 17, 2014. The main commitment clauses in the contract with BBL are as follows:

(A) The shareholding percentage of the family of the chairman of the board of Apex Circuit (Thailand) shall be maintained at a certain level.

(B) Apex Circuit (Thailand) shall maintain a debt-to-equity ratio not exceeding 2:1.

(C) Apex Circuit (Thailand) shall not pay a dividend to its shareholders without the prior written consent of the bank.

For the years ended December 31, 2014 and 2013, Apex Circuit (Thailand) realized that it could not comply with clause A, so Apex Circuit (Thailand) requested BBL to adjust the percentage, and BBL approved it in February 2015 and 2014. Thus, Apex Circuit (Thailand) did not reclassify this long-term loan under short-term loans, as Apex Circuit (Thailand) complied with the commitment clauses after the adjustment made by the bank.

2. Apex Circuit (Thailand) entered into a THB 300 million long-term bank loan with TMB Bank on July 16, 2012. The main commitment clauses in the contract with TMB are as follows:

(A) Debt-to-equity ratio not to exceed 2.5 times.

(B) Current ratio not lower than 1.0 time.

(C) DSCR not lower than 1.2 times. "Debt service coverage ratio" (DSCR) means the profit (loss) before interest and tax, plus depreciation and amortization expenses, divided by the principal and interest due and payable within the preceding one year.

For the years ended December 31, 2014 and 2013, Apex Circuit (Thailand) did not manage to comply with clause B, but TMB had waived clause B temporarily as of March 2015 and January 2014. Thus, Apex Circuit (Thailand) did not reclassify these long-term loans under short-term loans, as Apex Circuit (Thailand) complied with the commitment clauses after the adjustment made by the bank.

(16) Corporate bonds payable

- 1) Unsecured convertible bonds were as follows:

	December 31, 2014		
	First	Second	Total
Total amount of convertible bonds	\$ 600,000	650,000	1,250,000
Less: Discount on issuing convertible bonds	53,520	64,350	117,870
Underwriting expense	-	4,027	4,027
Discounted present value of bonds payable when issued	546,480	581,623	1,128,103
Amortization of discount on bonds payable	15,757	5,683	21,440
Reversal of discount on bonds payable conversion	37,763	3,038	40,801
Less: Accumulated converted amount	600,000	30,000	630,000
Ending balance of bonds payable	<u>\$ -</u>	<u>560,344</u>	<u>560,344</u>

	December 31, 2013		
	First	Second	Total
Total amount of convertible bonds	\$ 600,000	-	600,000
Less: Discount on issuing convertible bonds	53,520	-	53,520
Discounted present value of bonds payable when issued	546,480	-	546,480
Amortization of discount on bonds payable	10,304	-	10,304
Reversal of discount on bonds payable conversion	12,423	-	12,423
Less: Accumulated converted amount	159,300	-	159,300
Ending balance of bonds payable	<u>\$ 409,907</u>	<u>-</u>	<u>409,907</u>

Based on the resolution on loan repayment and plant expansion of the board of directors' meetings held on June 27 and August 28, 2012, the Company decided to issue its first unsecured convertible bonds in the amount of \$600,000, with an interest rate of 0% and a period of 5 years, at par value. On November 2, 2012, the Financial Supervisory Commission, Executive Yuan, approved the Company's application to issue its first unsecured convertible bonds.

The Company issued its first unsecured convertible bonds on November 30, 2012, in the amount of \$600,000.

The Company issued its convertible bonds in accordance with SFAS 36, which requires the Company to recognize liability and equity components of convertible bonds separately as follows:

Bonds' discounted present value under effective interest rate method	\$ 546,480
Embedded derivative financial instruments (put option and call option)	5,760
Equity component (conversion option)	<u>47,760</u>
	<u>\$ 600,000</u>

Based on the resolution on loan repayment and plant expansion of the board of directors' meetings held on May 12 and June 25, 2014, the Company decided to issue its second unsecured convertible bonds in the amount of \$650,000 at par value with an interest rate of 0% and a period of 5 years.

On July 3, 2014, the Financial Supervisory Commission approved the Company's application to issue its second unsecured convertible bonds. The Company issued its second unsecured convertible bonds on July 21, 2014, in the amount of \$650,000.

The Consolidated Company issued its convertible bonds in accordance with IAS 39, which requires the Company to recognize liability and equity components of convertible bonds separately as follows:

Discounted present value under effective interest rate method	\$ 585,650
Embedded derivative financial instruments (put option and call option)	1,040
Equity component (conversion option)	<u>63,310</u>
	<u>\$ 650,000</u>

Terms of issuing first unsecured convertible bonds

1. Coupon rate: 0%
2. Issue period: 5 years (November 30, 2012, to November 30, 2017)
3. Repayment term:

The bonds are repayable upon the maturity of the bonds except for those which were repurchased by the Company, sold back to the Company, or converted to common stock before maturity.

4. Conversion period:

Beginning from one month after the issue date (January 1, 2013) until 10 days before maturity (November 20, 2017), bondholders may convert the bonds into common stock according to the conversion arrangement.

5. The Company's call option (right of redemption):

Beginning from one month after the issue date (January 1, 2013) until 40 days before maturity (October 21, 2017), if the stock closing price exceeds 30% of the conversion price for 30 consecutive working days, or the remaining amount of bonds payable which have not yet been converted into shares is lower than 10% of the total issue amount, the Company is entitled to send a "bond redemption notification" to bondholders and publish an announcement through the TPEX to exercise its call option.

6. Bondholders' put option:

Bondholders are entitled to exercise the put option beginning from the put date (November 30, 2015), which is three years after the issue date, at 103.03% (annual yield rate of the put option is 1%) of the face value of the bonds. Upon receipt of a sell-back request, the Company shall pay the amount to bondholders by cheque or electronic transfer within 7 working days of the put date.

7. Conversion price and adjustment:

The conversion price at the issue date is \$40 (dollars) per share. If there is any increase in the Company's common stock (including but not limited to cash injection by public offering or private offering, capital increase from retained earnings or capital surplus, issuance of new shares for consolidation purposes or as the consideration payable by the Company for its acquisition of another company's shares, stock split, or cash injection by participating in the issuance of overseas depository receipts) except for increases in shares from conversion of securities in which a stock conversion right or stock warrant was embedded or from issuance of new shares as employees' bonus, the Company shall calculate and adjust the conversion price based on the formula stated in the conversion arrangement before publishing an announcement through the TPEX. The adjustment shall be made at the ex-rights date when issuing new shares. However, the adjustment will be made at the date when the new share subscriptions are fully collected if the issuance of new shares involves share subscription collection. If the issue price of new shares changes after the ex-rights date for issuing new shares, the conversion price should be adjusted based on the revised issue price by using the formula stated in the conversion arrangement. If such recalculated conversion price is lower than that announced to the public through the TPEX before the ex-rights date for issuing new shares, the Company should re-announce the adjustment of the conversion price through the TPEX. The conversion price for the year ended December 31, 2013, was \$37.12 (dollars) per share.

The first unsecured convertible bonds were fully converted on November 12, 2014. The conversion price as of November 12, 2014, was \$35.84 (dollars) per share.

Terms of issuing second unsecured convertible bonds are as follows:

1. Coupon rate: 0%
2. Issue period: 5 years (July 21, 2014, to July 21, 2019)
3. Repayment term:

The bonds are repayable in cash upon the maturity of the bonds except for those which were repurchased by the Company, sold back to the Company, or converted to common stock before maturity.

4. Conversion period:

Beginning from one month after the issue date (August 22, 2014) until 10 days before maturity (July 11, 2019), bondholders may convert the bonds into common stock according to the conversion arrangement.

5. The Company's call option (right of redemption):

Beginning from one month after the issue date (August 22, 2014) until 40 days before maturity (June 11, 2019), if the stock closing price exceeds 30% of the conversion price for 30 consecutive working days, or the remaining amount of bonds payable which have not yet been converted into shares is lower than 10% of the total issue amount, the Company is entitled to send a "bond redemption notification" to bondholders and publish an announcement through the TPEX to exercise its call option.

6. Bondholders' put option:

Bondholders are entitled to exercise the put option beginning from the put date (July 21, 2016) with an exercise price at 101.0025% (annual yield rate of the put option is 0.5%) of the face value of the bonds. Upon receipt of a sell-back request, the Company shall pay the amount to bondholders by cheque or electronic

transfer within 7 working days of the put date.

7. Conversion price and adjustment:

The conversion price at the issue date is \$45 (dollars) per share. If there is any increase in the Company's common stock (including but not limited to cash injection by public offering or private offering, capital increase from retained earnings or capital surplus, issuance of new shares for consolidation purposes or as the consideration payable by the Company for its acquisition of another company's shares, stock split, or cash injection by participating in the issuance of overseas depository receipts) except for increases in shares from conversion of securities in which a stock conversion right or stock warrant was embedded or from issuance of new shares as employees' bonus, the Company shall calculate and adjust the conversion price based on the formula stated in the conversion arrangement before publishing an announcement through the TPEX. The adjustment shall be made at the ex-rights date when issuing new shares. However, the adjustment will be made at the date when the new share subscriptions are fully collected if the issuance of new shares involves share subscription collection. If the issue price of new shares changes after the ex-rights date for issuing new shares, the conversion price should be adjusted based on the revised issue price by using the formula stated in the conversion arrangement. If such recalculated conversion price is lower than that announced to the public through the TPEX before the ex-rights date for issuing new shares, the Company should re-announce the adjustment of the conversion price through the TPEX. The conversion price at December 31, 2014, is \$42.90 (dollars) per share.

2) Financial liability at fair value through profit and loss – non-current

	December 31, 2014		
	First	Second	Total
Embedded derivative financial instrument (put option \$ and call option), beginning balance	4,231	-	4,231
Issuance	-	1,040	1,040
Valuation gain	(4,096)	1,699	(2,397)
Conversion	(135)	(135)	(270)
Ending balance	<u>\$ -</u>	<u>2,604</u>	<u>2,604</u>

	December 31, 2013		
	First	Second	Total
Embedded derivative financial instrument (put option and call option), beginning balance	\$ 7,380	-	7,380
Valuation gain	(1,529)	-	(1,529)
Conversion	(1,620)	-	(1,620)
Ending balance	<u>\$ 4,231</u>	<u>-</u>	<u>4,231</u>

3) The balance of the equity component recorded as capital surplus — stock warrants was as follows:

	December 31, 2014		
	First	Second	Total
Equity component of bonds (conversion right), beginning balance	\$ 35,081	-	35,081
Issue Second unsecured convertible	-	63,310	63,310
Less: conversion	(35,081)	(2,922)	(38,003)
Ending balance	<u>\$ -</u>	<u>60,388</u>	<u>60,388</u>

	December 31, 2013		
	First	Second	Total
Equity component of bonds (conversion right), beginning balance	\$ 47,760	-	47,760
Less: conversion	(12,679)	-	(12,679)
Ending balance	<u>\$ 35,081</u>	<u>-</u>	<u>35,081</u>

(17) Finance lease liabilities

The details of finance lease liabilities are as follows:

	December 31, 2014		
	Future minimum lease payments	Interest	Present value of minimum lease payments
Less than one year	\$ 73,599	10,280	63,319
Between one and five years	172,274	10,753	161,521
	<u>\$ 245,873</u>	<u>21,033</u>	<u>224,840</u>

	December 31, 2013		
	Future minimum lease payments	Interest	Present value of minimum lease payments
Less than one year	\$ 71,163	12,886	58,277
Between one and five years	<u>232,841</u>	<u>19,918</u>	<u>212,923</u>
	<u>\$ 304,004</u>	<u>32,804</u>	<u>271,200</u>

The increase in finance lease liabilities for the year ended December 31, 2014, was \$316,662 with an interest rate of 5.20%~7.12%. The maturity dates are January 2013 to June 2018. There was no increase in finance lease liabilities for the year ended December 31, 2014.

For the disclosure of interest expenses, please refer to note 24.

(18) Operating leases

Non-cancellable operating lease rentals payable were as follows:

	December 31, 2014	December 31, 2013
Less than one year	\$ 38,856	27,641
Between one and five years	<u>37,801</u>	<u>25,776</u>
	<u>\$ 76,657</u>	<u>53,417</u>

The Consolidated Company leases a number of warehouses and offices under operating leases. The leases typically run for a period of 1 to 4 years, with an option to renew the lease.

Operating lease expenses were as follows:

	2014	2013
Operating costs	\$ 19,465	20,752
Operating expenses	<u>19,674</u>	<u>18,357</u>
Total	<u>\$ 39,139</u>	<u>39,109</u>

The warehouse and office leases were entered into many years ago as combined leases of land and buildings. The Consolidated Company determined that the land and building elements of the warehouse and offices leases are operating leases. As a result, it was determined that substantially all the risks and rewards of the land and buildings are with the landlord.

(19) Employee benefits

1) Defined benefit plans

The present value of defined benefit obligations and the fair value adjustments of the plan assets for the Consolidated Company were as follows:

	December 31, 2014	December 31, 2013
Recognized liabilities for defined benefit obligations (also the present value of defined benefit obligations)	<u>\$ 16,509</u>	<u>8,694</u>

1. Movements in present value of the defined benefit obligations

The movements in present value of the defined benefit obligations for the Consolidated Company were as follows:

	2014	2013
Defined benefit obligation at January 1	\$ 8,694	8,501
Current service costs and interest	3,125	2,626
Actuarial (losses) gains	3,986	(2,054)
Effect of movement in exchange rates	704	(379)
Defined benefit obligation at December 31	<u>\$ 16,509</u>	<u>8,694</u>

2. Expenses recognized in profit or loss

The expenses recognized in profit or loss for the Consolidated Company were as follows:

	2014	2013
Cost of service	\$ 2,753	2,299
Interest on obligation	372	327
Actuarial gains (losses)	3,986	(2,054)
	<u>\$ 7,111</u>	<u>572</u>

3. Actuarial assumptions

The following are the Consolidated Company's principal actuarial assumptions:

	2014	2013
Discount rate at December 31	3.63%	4.17%
Future salary increases (employees paid monthly)	2.50%	2.50%
Future wage increases (employees paid daily)	3.00%	3.00%

4. Experience adjustments

	December 31, 2014	December 31, 2013	December 31, 2012	January 1, 2012
Net liabilities (assets) of defined benefit obligations	<u>\$ 16,509</u>	<u>8,694</u>	<u>8,501</u>	<u>3,424</u>
Experience adjustments arising on the present value of defined benefit plans	<u>\$ 3,986</u>	<u>(2,054)</u>	<u>(524)</u>	<u>-</u>

2) Defined contribution plans

The Consolidated Company allocates 6% of each employee's monthly wages to the labor pension personal account at the Bureau of Labor Insurance in accordance with the provisions of the Labor Pension Act. Under this defined contribution plan, the Consolidated Company allocates a fixed amount to the Bureau of Labor Insurance without additional legal or constructive obligations.

The Consolidated Company's pension costs under the defined contribution method were \$572 and \$518 for 2014 and 2013, respectively. Payment was made to the Bureau of Labor Insurance.

3) Long-term employee benefit plan

The balance of the Consolidated Company's long-term employee benefit plan was \$4,243 and \$2,411 as of December 31, 2014 and 2013, respectively.

(20) Income taxes

1) Income tax expense

	2014	2013
Current tax expense		
Current period	\$ 43,742	30,066
Adjustment for prior periods	<u>79</u>	<u>4,191</u>
	<u>43,821</u>	<u>34,257</u>
Deferred tax expense		
Origination and reversal of temporary differences	<u>(10,326)</u>	<u>4,107</u>
	<u>(10,326)</u>	<u>4,107</u>
Income tax expense excluding tax on sale of discontinued operation	<u>\$ 33,495</u>	<u>38,364</u>

Reconciliation of income tax and profit before tax for 2014 and 2013 is as follows.

	2014	2013
Profit for the period	<u>\$ 463,139</u>	<u>391,139</u>
Income tax using the Company's domestic tax rate	\$ 99,513	84,207
Adjustment in accordance with tax law	(7,609)	5,660
Effect of tax rates in foreign jurisdiction (not applicable for separate financial statements)	9	14
Tax-exempt income	(58,497)	(55,708)
Under-provision in prior periods	79	4,191
Total	<u>\$ 33,495</u>	<u>38,364</u>

2) Deferred tax assets and liabilities

1. Unrecognized deferred tax assets

Deferred tax assets have not been recognized in respect of the following items:

	December 31, 2014	December 31, 2013
Tax losses	<u>\$ 1,705</u>	<u>-</u>

The ROC Income Tax Act allows net losses, as assessed by the tax authorities, to offset taxable income over a period of ten years for local tax reporting purposes.

Deferred tax assets have not been recognized in respect of these items because it is not probable that future taxable profit will be available against which the Consolidated Company can utilize the benefits therefrom.

The Consolidated Company's estimated unused loss carry-forwards up to December 31, 2014, were as follows:

Year of loss	Unused amount	Year of expiry
2014	<u>\$ 10,032</u>	2024

2. Recognized deferred tax assets and liabilities

Changes in the amount of deferred tax assets and liabilities for 2014 and 2013 were as follows:

Deferred tax liabilities:

	Fair value gains	Difference between tax accounting and financial accounting for finance leases	Others	Total
Balance at January 1, 2014	(1,014)	(21,022)	-	(22,036)
Recognized in profit or loss	675	10,434	(3)	11,106
Foreign currency translation differences for foreign operations	(26)	(858)	-	(884)
Balance at December 31, 2014	(365)	(11,446)	(3)	(11,814)
Balance at January 1, 2013	-	(19,418)	-	(19,418)
Recognized in profit or loss	(1,070)	(2,537)	-	(3,607)
Foreign currency translation differences for foreign operations	56	933	-	989
Balance at December 31, 2013	(1,014)	(21,022)	-	(22,036)

Deferred tax assets:

	Defined benefit plans	Fair value gains	Difference between tax accounting and financial accounting for useful life of fixed assets	Others	Total
Balance at January 1, 2014	\$ 2,090	-	4,756	705	7,551
Recognized in profit or loss	664	-	(2,430)	986	(780)
Foreign currency translation differences for foreign operations	137	-	192	70	399
Balance at December 31, 2014	\$ 2,891	-	2,518	1,761	7,170
Balance at January 1, 2013	\$ 1,849	418	5,497	600	8,364
Recognized in profit or loss	335	(425)	(547)	137	(500)
Foreign currency translation differences for foreign operations	(94)	7	(194)	(32)	(313)
Balance at December 31, 2013	\$ 2,090	-	4,756	705	7,551

3) Examination and approval

The Company is not required to pay income tax in the country in which it is incorporated, so there is no need to file an income tax return.

In Thailand, where Apex Circuit (Thailand) Co., Ltd. operates, income taxes are not assessed by the tax authority. Income taxes paid in prior years have received income tax receipts up to 2013. AET Taiwan Branch's 2012 income tax return has already been approved by the revenue department. The Company established its Taiwan Branch in June 2014, so it has not yet filed any income tax return.

(21) Share capital and other equity

As of December 31, 2014 and 2013, the total value of authorized common stock amounted to \$2,000,000. Par value of each share is \$10 (dollars), and in total, there are 200,000 thousand authorized common shares, of which 122,516 thousand shares, and 97,051 thousand shares, respectively, were issued. All issued shares were paid up upon issuance.

Reconciliation of shares outstanding for the years ended December 31, 2014 and 2013, was as follows:

	Unit: Thousand shares	
	2014	2013
Balance at January 1	97,051	92,949
Increase in capital from cash injection	12,500	-
Conversion of convertible bonds	12,965	4,102
Balance at December 31	<u>\$ 122,516</u>	<u>97,051</u>

1) Issuance of common stock

Following the resolution of the board of directors' meeting held on May 12, 2014, the Company decided to issue new stock comprising 12,500 thousand common shares for \$10 (dollars) per share. This cash injection was approved by the Financial Supervisory Commission, Executive Yuan, with Chin-Kuan-Cheng-Fa No. 1030024347 on July 3, 2014. Following the resolution of the board of directors' meeting, the Company decided to issue new stock for \$42.5 (dollars) per share, totaling \$531,250. The cash proceeds from the issuance of new shares were \$531,250 in total, and the Company collected \$529,223 after deducting issuance costs of \$2,027. The collection of \$529,223, included common stock amounting to \$125,000 and additional paid-in capital arising from common stock amounting to \$404,223, recorded under "capital surplus". The resolution authorized the chairman of the board to set the cash injection basis day as August 28, 2014, and the cash was fully received on the same day.

In the year ended December 31, 2014, first convertible bondholders applied for conversion into common stock with conversion price of \$37.12 (dollars) and \$35.84 (dollars), and a total of 876 and 11,390 thousand common shares, respectively, were converted.

In the year ended December 31, 2014, second convertible bondholders applied for conversion into common stock with a conversion price of \$42.90 (dollars), and a total of 699 thousand common shares were converted.

In the year ended December 31, 2013, first convertible bondholders applied for the conversion into common stock with a conversion price of \$40 (dollars) and a total of 4,102 thousand common shares were converted.

2) Capital surplus

Under the Civil and Commercial Code of Thailand, additional paid-in capital from issuance of common shares should be transferred to share capital.

The balance of capital surplus was as follows:

	December 31, 2014	December 31, 2013
Increase in capital from cash injection	\$ 1,393,930	638,755
Donation by shareholders	27,067	27,067
Issuance of convertible bonds— stock warrant	60,388	35,081
	<u>\$ 1,481,385</u>	<u>700,903</u>

According to the amendment of the Company's articles of association which was approved by the shareholders' meeting held on June 11, 2010, provided that the Company has no accumulated losses, the Company may, with a proposal by the board of directors and approval by a supermajority of shareholders in an annual general meeting, capitalize any sum (in part or whole) for the time being standing to the credit of any of the Company's capital surplus which arises out of the share premium and donations to the Company by applying such sum in paying up new shares to be credited as fully paid stock dividends to the shareholders in proportion to their then shareholdings.

3) Retained earnings

Following the Company's articles of association and the regulations, the board of directors must retain a portion of annual earnings as special reserve, and the Company can then distribute cash dividends.

According to the amendment of the Company's articles of association which was approved by the shareholders' meeting held on June 27, 2012, the annual net income after paying income tax and offsetting prior years' accumulated deficit (if any) will be distributed in accordance with the regulations for special reserve, and the remaining distribution of earnings should be based on the following percentages:

1. Employees' bonus of 2% maximum.
2. Remuneration to directors and supervisors of 2% maximum.
3. The remainder appropriated as stockholders' bonus.

When employees' bonus is distributed by issuing stock, the employees of the Company's subsidiaries who meet certain criteria are eligible to receive a bonus. The Company is not obliged to pay any interest on an undistributed dividend or bonus.

4) Special reserve

In accordance with Chin Kuan Cheng Fa No. 1010012865 issued on April 6, 2012, the Company shall set aside a special reserve equal to the net balance of other deductions in shareholders' equity in the current period from net income in the current period and prior unappropriated retained earnings before earnings distribution. The special reserve set aside based on the deductions in shareholders' equity that resulted from prior periods cannot be distributed to shareholders. The Company can distribute the special reserve only up to the amount of the reversal of such deductions.

The Company decided to record a special reserve of \$186,395 based on the resolution of the shareholders' meeting held on June 25, 2014.

5) Distribution of earnings

For both of the years ended December 31, 2014 and 2013, the Company proposed not to set aside employees' bonus and remuneration to directors and supervisors. The difference between the amount approved in the shareholders' meeting and that recognized in the financial statements, if any, is accounted for as a change in accounting estimate, and recognized as profit or loss in the year of earnings distribution.

The Company decided to distribute a cash dividend of \$1.85 (dollars) per share, totaling \$179,545, and employees' bonus and remuneration to directors and supervisors of \$0 and \$960, respectively, based on the resolution of the shareholders' meeting held on June 25, 2014. The difference between the aforementioned employees' bonus and remuneration to directors and supervisors and those which were estimated to be \$0 in 2013 was \$960, which was adjusted in 2014.

The Company decided to distribute a cash dividend of \$3.00 (dollars) per share, totaling \$278,848, and employees' bonus and remuneration to directors and supervisors of \$0 and \$720, respectively, based on the resolution of the shareholders' meeting held on June 27, 2013. The difference between the aforementioned employees' bonus and remuneration to directors and supervisors and those which were estimated to be \$0 in 2012 was \$720, which was adjusted in 2013.

The related information about earnings distribution for 2013 and 2012 is available on the Market Observation Post System website.

(22) Earnings per share

The calculation of basic and diluted earnings per share was as follows:

	2014	2013
Basic EPS:		
Net income	<u>\$ 427,281</u>	<u>350,705</u>
Weighted-average number of common shares outstanding (thousand shares)	<u>105,145</u>	<u>94,770</u>
Basic EPS (New Taiwan dollars)	<u>\$ 4.06</u>	<u>3.70</u>

Diluted EPS:			
Net income	\$	427,281	350,705
Influence of dilutive expenses		8,739	7,882
Net income for calculating diluted EPS	\$	436,020	358,587
Weighted-average number of common shares outstanding (thousand shares)		105,145	94,770
Conversion of convertible bonds		23,490	13,655
Weighted-average number of common shares outstanding — diluted (thousand shares)		128,635	108,425
Diluted EPS (New Taiwan dollars)	\$	3.39	3.31

(23) Revenue

The details of revenue for the years ended December 31, 2014 and 2013, are as follows:

		2014	2013
Sale of goods	\$	7,366,371	6,321,258
Less: sales returns		22,265	11,742
Less: sales allowances		3,046	1,569
Other operating income		25,759	32,839
Total	\$	7,366,819	6,340,786

(24) Non-operating income and expenses

1) Other income

The details of other income are as follows:

		2014	2013
Interest income	\$	1,305	1,160
Income from cancellation of orders		514	833
Other income from suppliers for defective goods		564	2,563
Dividend income		514	-
Other		3,804	7,680
Total	\$	6,701	12,236

2) Other gains and losses

The details of other gains and losses are as follows:

	2014	2013
Loss on disposal of property, plant and equipment	\$ (677)	(2,436)
Loss on disposal of intangible assets	(13)	-
Net foreign exchange gain (loss)	16,911	(99,172)
Valuation gain (loss) on financial assets (liabilities)	3,155	5,877
Impairment loss	-	(1,010)
Total	<u><u>\$ 19,376</u></u>	<u><u>(96,741)</u></u>

3) Finance cost

The details of finance cost are as follows:

	2014	2013
Interest expense on loans from banks	\$ 93,574	92,003
Less: interest expense capitalized	(2,190)	(44,730)
Amortization of discount on bonds payable	11,136	9,412
Total	<u><u>\$ 102,520</u></u>	<u><u>56,685</u></u>

(25) Financial instruments

1) Financial instruments

Financial assets

	December 31, 2014	December 31, 2013
Financial assets measured at fair value through profit or loss	\$ 1,921	4,132
Cash and cash equivalents	754,492	167,746
Notes receivable, accounts receivable, and other receivables	2,234,111	1,754,955
Refundable deposits	8,010	6,939
Subtotal	<u>2,996,613</u>	<u>1,929,640</u>
Total	<u><u>\$ 2,998,534</u></u>	<u><u>1,933,772</u></u>

Financial liabilities

	December 31, 2014	December 31, 2013
Financial liabilities measured at fair value through profit or loss — non-current	\$ 2,604	4,231
Subtotal	<u>2,604</u>	<u>4,231</u>
Non-current derivative financial liabilities for hedging	<u>1,007</u>	<u>3,588</u>
Short-term loan	1,540,907	1,620,226
Notes payable and accounts payable (including payable for machinery and equipment)	1,909,902	1,416,106
Other payables	198,455	167,561
Current position of liabilities under finance lease	63,319	58,277
Current portion of long-term loans	295,460	214,392
Bonds payable	560,344	409,907
Long-term loans	774,011	1,000,669
Liabilities under finance leases	161,521	212,923
Long-term payable	<u>50,609</u>	<u>110,250</u>
Subtotal	<u>5,554,528</u>	<u>5,210,311</u>
Total	<u>\$ 5,558,139</u>	<u>5,218,130</u>

2) Credit risk

1. Risk exposure

The book value of financial assets represents the maximum risk exposure. The maximum risk exposure amounts were \$2,998,534 and \$1,933,772 as at December 31, 2014 and 2013, respectively.

2. Concentration of credit risk

The Consolidated Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, the management also considers the statistical information on the Consolidated Company's customer base, including the default risk of the industry and country in which customers operate. These factors may have an influence on credit risk, particularly in the current deteriorating economic circumstances. The Consolidated Company's accounts receivable are obviously concentrated on three main customers, which accounted for 47% and 33% of the total amount of notes and accounts receivable as of December 31, 2014 and 2013, respectively. As of December 31, 2014 and 2013, the Consolidated Company's accounts receivable concentrated on three main customers were \$946,529 and \$535,950, respectively.

3) Liquidity risk

The following table shows the maturity of the financial liabilities including estimated interest:

	Carrying amount	Contractual cash flows	Less than 1 year	1-2 years	More than 2 years
December 31, 2014					
Non-derivative financial liabilities					
Secured bank loans (including FV adjustment)	\$ 1,719,805	1,806,765	1,045,966	492,784	268,015
Unsecured bond issues	890,573	893,297	838,761	54,536	-
Finance lease liabilities	224,840	245,873	73,599	73,033	99,241
Bonds payable	562,948	620,000	-	-	620,000
Notes and accounts payable	1,909,902	1,909,902	1,909,902	-	-
Other payables	198,455	198,455	198,455	-	-
Other accounts payable — non-current	50,609	50,609	-	50,609	-
Derivative financial liabilities					
Interest rate swap	1,007	1,026	560	376	90
	\$ 5,558,139	5,725,927	4,067,243	671,338	987,346
December 31, 2013					
Non-derivative financial liabilities					
Secured bank loans (including FV adjustment)	\$ 2,116,187	2,226,073	1,162,581	602,319	461,173
Unsecured bond issues	719,100	525,235	525,235	-	-
Finance lease liabilities	271,200	304,004	71,163	69,698	163,143
Bonds payable	414,138	440,700	-	440,700	-
Notes and accounts payable	1,416,106	1,416,106	1,416,106	-	-
Other payables	167,561	167,561	167,561	-	-
Other accounts payable — non-current	110,250	110,250	-	110,250	-
Derivative financial liabilities					
Interest rate swap	3,588	3,588	1,104	2,272	212
	\$ 5,218,130	5,193,517	3,343,750	1,225,239	624,528

The Consolidated Company does not expect the cash flows included in the maturity analysis to occur significantly earlier or at significantly different amounts.

4) Currency risk

1. Currency risk exposure

The Consolidated Company's significant exposure to foreign currency risk was as follows:

	December 31, 2014			December 31, 2013		
	Foreign currency (in thousands)	Exchange rate	Amount	Foreign currency (in thousands)	Exchange rate	Amount
Financial assets						
Monetary items						
USD	57,994	31.65	1,835,497	38,935	29.95	1,166,107
Financial liabilities						
Monetary items						
USD	94,894	31.92	3,029,465	74,110	30.08	2,229,451

2. Sensitivity analysis

The Consolidated Company's exposure to foreign currency risk arises from the translation of the foreign currency exchange gains and losses on cash and cash equivalents, trade and other receivables, loans and borrowings, and trade and other payables that are denominated in foreign currency.

A 5% strengthening (weakening) of the THB against the USD as at December 31, 2014 and 2013, would have increased (decreased) net profit after tax for the years ended December 31, 2014 and 2013, by \$47,000 and \$42,000, respectively. This analysis is based on foreign currency exchange rate variances that the Consolidated Company considered to be reasonably possible at the reporting date. The analysis assumes that all other variables remain constant and ignores any impact of forecasted sales and purchases.

5) Interest rate analysis

The following sensitivity analysis is based on the exposure to interest rate risk for derivative and non-derivative financial instruments on the reporting date.

For variable-rate instruments, the sensitivity analysis assumes the variable-rate liabilities are outstanding for the whole year ended at the reporting date. The Consolidated Company internally reported the increases / decreases in interest rates and the exposure to changes in interest rates of 0.25% to the Consolidated Company's key management so as to allow key management to assess the reasonableness of the changes in interest rates.

If the interest rate had increased / decreased by 0.25%, the Consolidated Company's net income would have decreased / increased by \$5,068 and \$5,610 for the years ended December 31, 2014 and 2013, respectively, with all other variable factors remaining constant. This was mainly due to the Consolidated Company's borrowing at variable rates.

6) Fair value

1. Fair value of financial instruments measured at amortized cost:

The book value of financial assets and financial liabilities was close to fair value.

2. Valuation techniques and assumptions used in fair value determination

Methods and assumptions used to estimate the fair values of non-derivative financial instruments were as follows:

(A) The carrying amounts of the following short-term financial instruments approximate their fair values because of their short maturities: Cash and cash in bank, notes and accounts receivable (including related parties), notes and accounts payable (including related parties), other receivable, other payable, refundable deposits, short-term loans, and payable for machinery and equipment.

(B) Financial assets measured at cost are investment in stock of non-listed companies which do not have a quoted market price in an active market and whose fair value cannot be reliably measured, and thus cannot be estimated by fair value.

(C) The fair value of convertible bonds is estimated using a valuation model, but the value of convertible bonds is not equal to future cash outflow.

(D) Fair value of long-term debts, lease payable, and long-term payable is estimated using the present value of future cash flows discounted by the interest rates the Consolidated Company may obtain for similar loans and lease payable. However, long-term debts are recognized by their book value because most of them have floating rates. Lease payable is calculated based on the fixed rate agreed in the lease contract.

(E) Fair value of a letter of guarantee is equal to the contract amount.

3. Fair value hierarchy

The table below analyzes financial instruments carried at fair value by the levels in the fair value hierarchy.

	Level 1	Level 2	Level 3	Total
December 31, 2014				
Financial assets measured at fair value through profit or loss—current	-	1,921	-	1,921
Non-current financial liabilities at fair value through profit or loss, designated upon initial recognition	-	(2,604)	-	(2,604)
Non-current derivative financial liabilities for hedging	-	(1,007)	-	(1,007)
Total	\$ -	(1,690)	-	(1,690)

December 31, 2013

Financial liabilities measured at fair value through profit or loss – current	\$	-	4,132	-	4,132
Non-current financial liabilities at fair value through profit or loss, designated upon initial recognition		-	(4,231)	-	(4,231)
Non-current derivative financial liabilities for hedging		-	(3,588)	-	(3,588)
Total	\$	-	<u>(3,687)</u>	-	<u>(3,687)</u>

There were no transfers between the levels for the years ended December 31, 2014 and 2013.

(26) Financial risk management

1) Overview

The Consolidated Company has exposure to the following risks arising from financial instruments:

1. Credit risk.
2. Liquidity risk.
3. Market risk.

This note presents information about the Consolidated Company's exposure to each of the above risks, the objectives, policies and processes for measuring and managing risk, and the Consolidated Company's management of capital. Please see other related notes for quantitative information.

2) Risk management framework

The Consolidated Company's management monitors risk exposure, risk control, and the managing process and ensures appropriate handling to balance the risk and control.

The Consolidated Company minimizes the risk exposure through derivative financial instruments. The management of the finance department regulates the use of derivative and non-derivative financial instruments in accordance with the Consolidated Company's policy in consideration of the risks arising from financial instruments such as credit risk, currency risk, and interest rate risk to which the Consolidated Company is exposed. The Consolidated Company has no transactions involving financial instruments (including derivative financial instruments) for the purpose of speculation.

The finance department reports the results of derivative financial instruments to the board of directors on a quarterly basis.

3) Credit risk

Credit risk is the risk of financial loss to the Consolidated Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Consolidated Company's receivables from customers and investment in securities.

1. Receivables and other receivables

The finance department and business department have established a credit policy under which each new customer is analyzed individually for creditworthiness before the Consolidated Company's standard payment and delivery terms and conditions are offered. The Consolidated Company's review includes financial statement analysis, external ratings, when available, and, in some cases, bank references. Purchase limits are established for each customer and need to be approved according to the Consolidated Company's authorization limit. Customers that fail to meet the Consolidated Company's benchmark creditworthiness may transact with the Consolidated Company only on a prepayment basis.

The Consolidated Company establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loss component established for groups of similar assets in respect of losses that have been incurred but not yet identified. The collective loss allowance is determined based on historical data of payment statistics for similar financial assets.

2. Investments

The credit risk exposure of the bank deposits and other financial instruments is measured and monitored by the Consolidated Company's finance department. Since the Consolidated Company's counterparties are banks with good credit standing, there is no significant default risk and therefore no significant credit risk. The non-current financial assets measured at cost are the stock of a professional fund management company; therefore, there is no significant credit risk.

3. Guarantees

The Consolidated Company's policy is to provide financial guarantees only to subsidiaries. For information on guarantees at December 31, 2014 and 2013, please refer to note 32.

4) Liquidity risk

Liquidity risk is the risk that the Consolidated Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Consolidated Company's approach to managing liquidity is to ensure, as far as possible, that it always has sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Consolidated Company's reputation.

5) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates, and equity prices, will affect the Consolidated Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

The Consolidated Company buys and sells derivatives, and also incurs financial assets and financial liabilities, in order to manage market risks. All such transactions are carried out within the scope of the Consolidated Company's internal control polity. Generally the Consolidated Company seeks to apply hedge accounting in order to manage volatility in profit or loss.

The Consolidated Company is exposed to currency risk on sales, purchases and borrowings that are denominated in a currency other than the functional currency of the Company. The functional currency of one subsidiary is the Thai Baht (THB) and that of another is the New Taiwan dollar (NTD). The currencies used in these transactions are the THB, USD and NTD.

Interest is denominated in the currency used in the borrowings. Generally, borrowings are denominated in currencies that match the cash flows generated by the underlying operations of the Consolidated Company, primarily the THB and the USD. This provides an economic hedge without derivatives being entered into, and therefore, hedge accounting is not applied in these circumstances.

In respect of other monetary assets and liabilities denominated in foreign currencies, the Consolidated Company ensures that its net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates when necessary to address short-term imbalances.

(27) Capital management

The Consolidated Company manages capital to safeguard the capacity to continue to operate, to continue to provide a return on shareholders, to maintain the interest of related parties, and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Consolidated Company may adjust the dividend payment to the shareholders, reduce the capital for redistribution to shareholders, issue new shares, or sell assets to settle any liabilities.

The Consolidated Company and other entities in the same industry use the debt-to-equity ratio to manage capital. This ratio is debt divided by equity. Debt is derived from the total liabilities on the balance sheet. Equity includes share capital, capital surplus, retained earnings and other equity.

As at December 31, 2014, the Consolidated Company's capital management strategy was consistent with the prior year as at December 31, 2013. The Consolidated Company has to maintain the debt-to-equity ratio at a certain level according to the criteria set by a lender. The Consolidated Company's debt-to-equity ratio as at December 31, 2014 and 2013, was as follows:

	Unit: thousands of NTD	
	December 31, 2014	December 31, 2013
Total liabilities	<u>\$ 5,712,469</u>	<u>5,334,962</u>
Total equity	<u>\$ 4,112,170</u>	<u>2,616,345</u>
Debt-to-equity ratio	<u>138.92%</u>	<u>203.91%</u>

The Consolidated Company's debt-to-equity ratio as of December 31, 2013, exceeded the commitment clauses in the loan contracts, but the ratio shall be calculated based on the year-end financial statements of Apex Circuit (Thailand) in accordance with the loan contracts.

The quantitative data for Apex Circuit (Thailand), a subsidiary of the Company, used as a capital management tool in the relevant periods are summarized below:

	Unit: thousands of THB	
	December 31, 2014	December 31, 2013
Total liabilities	<u>5,334,768</u>	<u>5,165,390</u>
Total equity	<u>4,793,895</u>	<u>3,445,815</u>
Debt-to-equity ratio	<u>111.28%</u>	<u>149.90%</u>

Apex Circuit (Thailand)'s debt-to-equity ratio has been maintained within the scope of the loan contracts.

(28) Non-cash investing and financing activities

For the years ended December 31, 2014 and 2013, the Consolidated Company's non-cash investing and financing activities were acquiring machinery and equipment through finance leasing and the conversion of convertible bonds into common stock. Please refer to notes 16, 17 and 21 for related information.

(29) Related-party transactions

- 1) Parent company and ultimate controlling party

Apex International Co., Ltd. is the ultimate controlling party of the Consolidated Company.

- 2) Significant related-party transactions

1. Sale of goods and services to related parties

The amounts of sales transactions between the Consolidated Company and related parties were as follows:

	2014	2013
Other related parties	<u>\$ -</u>	<u>189</u>

Prices charged and terms for sales transactions between the Consolidated Company and other related parties were not significantly different from other normal customers.

2. Purchase of goods and services from related parties

The amounts of purchases of goods and services by the Consolidated Company from related parties were as follows:

	2014	2013
Other related parties	<u>\$ 6,176</u>	<u>14,174</u>

There were no significant differences between the terms and pricing of purchase transactions with related parties and those carried out with other normal vendors.

3. Receivables—related parties

The accounts receivable from related parties were as follows:

Account	Category	December 31, 2014	December 31, 2013
Accounts receivable	Other related parties	<u>\$ -</u>	<u>40</u>

As of December 31, 2014, the Consolidated Company did not record an allowance for doubtful accounts.

4. Payables—related parties

The amounts of payables to related parties were as follows:

Account	Category	December 31, 2014	December 31, 2013
Accounts payable	Other related parties	<u>\$ -</u>	<u>6,179</u>

5. Guarantees provided

For the years ended December 31, 2014 and 2013, related parties and associates provided credit guarantees to the Consolidated Company for short- and long-term loans.

6. Leases

The rental expenses for office premises leased from other related parties under operating agreements were as follows:

	2014	2013
Other related parties	<u>\$ 786</u>	<u>813</u>

The amounts of other payables to related parties were as follows:

Account	Category	December 31, 2014	December 31, 2013
Other payable	Other related parties	<u>\$ 67</u>	<u>64</u>

3) Management personnel compensation

Key management personnel compensation comprised:

	2014	2013
Short-term employee benefits	\$ 28,705	22,208
Post-employment benefits	1,003	358
Other long-term benefits	5	8
	<u>\$ 29,713</u>	<u>22,574</u>

(30) Pledged assets

The carrying values of pledged assets were as follows:

Pledged assets	Object	December 31, 2014	December 31, 2013
Accounts receivable	Short-term loans	\$ -	36,239
Land	Long-term and short-term loans	229,862	217,679
Building and construction	Long-term and short-term loans	1,541,803	370,052
Machinery	Long-term and short-term loans and liabilities under finance lease	1,173,584	1,287,632
Total		<u>\$ 2,945,249</u>	<u>1,911,602</u>

(31) Commitments and contingencies

- 1) The Consolidated Company had not recognized the following contract agreements in the financial statements:

	December 31, 2014	December 31, 2013
Acquiring property, plant and equipment	\$ 308,450	133,105
Long-term commitments	66,116	6,893
Total	<u>\$ 374,566</u>	<u>139,998</u>

- 2) The Consolidated Company had outstanding letters of credit as follows:

	December 31, 2014	December 31, 2013
Letters of credit	<u>\$ 134,855</u>	<u>19,209</u>

- 3) Guarantees provided by banks were as follows:

	December 31, 2014	December 31, 2013
Electricity guarantee	<u>\$ 64,439</u>	<u>61,204</u>

(32) Extraordinary loss: None.

(33) Subsequent events: None.

(34) Others

A summary of personnel costs, depreciation, depletion and amortization is as follows:

Function	2014			2013		
	Operating cost	Operating expenses	Total	Operating cost	Operating expenses	Total
Personnel costs						
Salaries	889,225	176,435	1,065,660	719,145	150,576	869,721
Health insurance	-	1,058	1,058	-	917	917
Pension	3,236	4,447	7,683	720	370	1,090
Other personnel expense	98,474	55,503	153,977	68,591	54,364	122,955
Depreciation (note)	451,959	27,382	479,341	317,280	14,507	331,787
Depletion	-	-	-	-	-	-
Amortization	2,754	4,746	7,500	532	3,046	3,578

Note: For the years ended December 31, 2014 and 2013, amortized deferred revenue amounting to \$0 and \$302, respectively, was excluded from the depreciation.

(35) Other disclosure items

1) Related information on material transactions

The following is the information on significant transactions required by the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" for the Consolidated Company in 2014:

1. Financing provided to others: None.
2. Endorsements/guarantees provided to others:

No.	Guarantor	Guarantee		Limit on guarantee provided to a single enterprise	Highest amount of guarantee in this year	Ending balance of guarantee	Ending guarantee balance of actual use of in this year	Guarantee amount assured by assets	Ratio of the guaranteed total amount to the net worth of the latest financial statements (Note 6)	Upper limit of guarantee	Guarantee provided by parent company	Guarantee provided by subsidiaries	Guarantee to China area
		Company's name	Relationship										
1	The Company	Apex Circuit (Thailand)	(Note 1)	(Note 2)	4,202,307	4,202,307	2,742,260	-	102.71%	12,274,116 (note 3)	Y	N	N
2	Apex Circuit (Thailand)	The Company	(Note 1)	(Note 4)	1,227,412	515,100	515,100	-	12.59%	2,310,897 (note 5)	N	Y	N

Note 1: The relationship between the Company and more than 50% directly owned equity investee.

Note 2: The guarantee limit shall not be applied when the Company directly or indirectly owns more than 90% of the investee's equity.

Note 3: The overall guarantee amount provided to others shall not exceed 300% of the net worth of the Company's latest financial statements.

Note 4: The guarantee limit for the guarantee provided to any individual company shall not exceed 50% of Apex Circuit (Thailand)'s net worth or 30% of the net worth of the guaranteed company, whichever is lower.

Note 5: Total amount of the guarantee provided by Apex Circuit (Thailand) is limited to 50% of its net worth.

3. Marketable securities held as of December 31, 2014 (not including investments in subsidiaries, associates and jointly controlled entities): None.

4. Accumulated acquisition or disposal of individual marketable securities at costs or prices of at least NT\$300 million or 20% of the paid-in capital: None.
5. Acquisition of individual real estate at price of at least NT\$300 million or 20% of the paid-in capital: None.
6. Disposal of individual real estate at price of at least NT\$300 million or 20% of the paid-in capital: None.
7. Purchase from or sale to related parties amounting to at least NT\$100 million or 20% of the paid-in capital:

(In Thousands of Dollars)

Company name	Counterparty	Nature of relationship	Transaction details				Transactions in terms other than the regular terms		Notes and accounts receivable (payable)		Remarks
			Purchases / Sales	Amount	Percentage of total purchases (sales) (%)	Credit terms (days)	Unit price	Payment terms	Ending balance of notes and accounts receivable (payable)	Percentage of total notes and accounts receivable (payable)(%)	
Approach Excellence Trading Co., Ltd.	Apex Circuit (Thailand) Co., Ltd.	3	Sales	(116,194) (THB(298,263))	100.00	Note 1	-	-	37,815	100.00	Note 3

Note 1: There were no significant differences between the terms of transactions with related parties and those carried out with other normal clients.

Note 2: 1. Parent company to subsidiary company.

2. Subsidiary company to parent company.

3. Subsidiary company to subsidiary.

Note 3: Related-party transactions have been eliminated in the preparation of the consolidated financial statements.

8. Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital: None.
9. Derivative financial instrument transactions: Notes 7, 8 and 16.
10. Details of material transactions between parent company and subsidiaries:

No. (Note 1)	Company's name	Name of counter-party	Nature of relationship (Note 2)	Transaction details			
				Account	Amount	Collection/payment terms	Percentage of total income or total assets
2	Approach Excellence Trading Co., Ltd.	APEX Circuit (Thailand) Co., Ltd.	3	Sales	116,194	not significantly different from market prices	1.58%
2	Approach Excellence Trading Co., Ltd.	APEX Circuit (Thailand) Co., Ltd.	3	Accounts receivable	37,815	not significantly different from market prices	0.38%

Note 1: 1. 0 represents parent company.

2. 1 and thereafter represent subsidiary companies.

Note 2: 1. Parent company to subsidiary company.

2. Subsidiary company to parent company.

3. Subsidiary company to subsidiary company

2) Related information on investee companies

Name of, location of, and related information on investees from January 1 to December 31, 2014, were as follows:

Name of investor	Name of investee	Investee location	Main business and products	Original investment amount		Balance as of December 31, 2014			Highest holding during the year	Net income (loss) of investee (Note 1)	Investment gain (loss) (Note 1)	Remarks
				December 31, 2014	December 31, 2013	Shares	Percentage of ownership	Book value (Note 1)				
Apex International Co., Ltd.	Apex Circuit (Thailand) Co., Ltd.	Thailand	PCB manufacturing and sales	3,004,742	2,028,510	135,394	99.55%	4,600,996	135,394	459,031	456,668	Note 2
Apex International Co., Ltd.	Approach Excellence Trading Ltd.	British Virgin Islands	Supply chain integration	10,000	10,000	1,000	100.00%	14,341	1,000	6,173	5,939	Note 2

Note 1: Investment gains have been recognized by the equity method based on the financial statements of the investee companies audited by auditors.

Note 2: The long-term investment and investment gain or loss have been eliminated in the preparation of the consolidated financial statements.

3) Related information on investee companies in China: None.

(36) Segment information

1) General information

The Consolidated Company has a reportable segment, Thailand, which manufactures and sells PCBs. The Consolidated Company's reportable segment is a regional business unit. Because each regional business unit requires different technology and marketing strategies, they need to be managed separately. The Consolidated Company did not allocate income tax expense to reportable segments. Each reportable segment's profit or loss included depreciation expenses, amortization expenses, and all other material non-cash items. The amount reported should be consistent with the report used by the chief operating decision maker. The accounting policies of the operating segments are the same as described in Note 4: Summary of significant accounting policies. The Consolidated Company's operating segments' profits and losses are measured based on the income before income tax, and used as the basis for assessing the segments' performance.

"Other" operating segments of the Consolidated Company include one company engaging in sales of materials for PCBs and one holding company, both of which have not exceeded the quantitative thresholds to disclose.

	December 31, 2014			
	Adjustments and eliminations			
	Thailand	Other	eliminations	Consolidated
Revenue:				
Revenue from external customers	\$ 7,366,819	-	-	7,366,819
Revenue from transactions with other operating segments	-	116,194	(116,194)	-
Total revenue	<u>\$ 7,366,819</u>	<u>116,194</u>	<u>(116,194)</u>	<u>7,366,819</u>
Interest expense	<u>\$ 89,111</u>	<u>13,409</u>	<u>-</u>	<u>102,520</u>
Depreciation and amortization	<u>486,139</u>	<u>702</u>	<u>-</u>	<u>486,841</u>
Segment's profit or loss	<u>\$ 491,156</u>	<u>(27,784)</u>	<u>(233)</u>	<u>463,139</u>
Segment's assets	<u>\$ 9,765,044</u>	<u>99,700</u>	<u>(40,105)</u>	<u>9,824,639</u>

	December 31, 2013			
	Thailand	Other	Adjustments and eliminations	Consolidated
Revenue:				
Revenue from external customers	\$ 6,340,786	-	-	6,340,786
Revenue from transactions with other operating segments	-	107,594	(107,594)	-
Total revenue	\$ 6,340,786	107,594	(107,594)	6,340,786
Interest expense	\$ 45,785	10,900	-	56,685
Depreciation and amortization	334,686	679	-	335,365
Segment's profit or loss	\$ 413,216	(26,618)	4,541	391,139
Segment's assets	\$ 7,862,030	117,917	(28,640)	7,951,307

2) Product and service information

The Consolidated Company operates in a single industry: manufacturing and selling printed circuit boards. Hence, the disclosure of business segment information is not required.

3) Geographic financial information

Export sales revenue by country is based on the billing location of the customer, and non-current assets by location are based on where the assets are located. The information is as follows:

Export sales

Region	2014	2013
Thailand	\$ 2,877,105	2,683,120
Singapore	1,082,797	1,164,403
Other	3,406,917	2,493,263
Total	\$ 7,366,819	6,340,786

Non-current assets:

Region	December 31, 2014	December 31, 2013
Taiwan	\$ 1,954	1,960
Thailand	5,811,366	5,129,565
Total	\$ 5,813,320	5,131,525

Non-current assets include property, plant and equipment, intangible assets, and prepayment for equipment, not including financial instruments, deferred tax assets, pension fund assets, and rights arising from an insurance contract (non-current).

4) Information on major customers

	2014	2013
A customer of Thailand division	<u>\$ 1,090,310</u>	<u>1,024,614</u>
B customer of Thailand division	<u>\$ 1,293,510</u>	<u>994,344</u>

5. CPA-audited/certified individual financial statements in recent years: Not applicable
6. The impact on company finance from cash flow problems encountered by the company or any of its affiliates in the most recent year and prior to the date of printing of the annual report: None

VII. Review and Analysis of Financial Status and Performance and Risks

1. Financial Status

Main causes of significant asset, liability and shareholders' equity changes in the two most recent years and their impact

Item	Year	2013 (IFRS adopted)	2014 (IFRS adopted)	Difference	
				Amount	%
Current Assets		2,757,009	3,996,139	1,239,130	44.94%
Net Fixed Assets		5,122,041	5,765,439	643,398	12.56%
Other Assets		72,257	63,061	-9,196	-12.73%
Total Assets		7,951,307	9,824,639	1,873,332	23.56%
Current Liabilities		3,560,253	4,129,807	569,554	16.00%
Non-current liabilities		1,774,709	1,582,662	-192,047	-10.82%
Total Liabilities		5,334,962	5,712,469	377,507	7.08%
Share Capital		970,514	1,225,157	254,643	26.24%
Capital Reserves		700,903	1,481,385	780,482	111.35%
Retained Earnings		1,114,020	1,360,726	246,706	22.15%
Total Shareholders' Equity		2,616,345	4,112,170	1,495,825	57.17%

Explanation for ratio increase/decrease changes achieving over 20%:

1. In 2014, the Company issued second convertible corporate bond and cash capital increase. It made bank deposits increase around 600 million by comparing to the previous period. This was the main reason making current asset, total asset share capital and capital reserve higher.
2. Increase of retained earnings: mainly because of growth of 2014 net profit.
3. Increase of total shareholders' equity: mainly because of growth of 2014 net profit and fund raising plan.

2. Financial Performance

(1) Main causes of significant operating revenue, net profit and before-tax net profit changes in the two most recent years

Item	Year		Amount of Increase or Decrease	Ratio of Change
	2013	2014		
Net Operating Revenue	6,340,786	7,366,819	1,026,033	16.18%
Operating Costs	5,095,825	6,044,806	948,981	18.62%
Gross Operating Profit	1,244,961	1,322,013	77,052	6.19%
Operating Expenses	712,632	782,431	69,799	9.79%
Operating Income	532,329	539,582	7,253	1.36%
Non-operating Revenue and Expenditure	(141,190)	(76,443)	64,747	-45.86%
Before-tax Net Profit	391,139	463,139	72,000	18.41%
Income Tax	38,364	33,495	-4,869	-12.69%
Net Profit for the Year	352,775	429,644	76,869	21.79%

Explanation of ratio increase/decrease changes achieving over 20%:

1. Decrease of net non-operating expenditure: THB appreciated in 2014 by comparing to 2013. Besides, APT had more USD liabilities than USD assets that made the Company gain more FX gain in 2014 and less net non-operating expenditure.
2. Increase of net profit for the year: mainly because of growth of 2014 sales amount and FX gain.

(2) Under the premise that the production capacity of the new plants is ready and the earlier estimate of 10~15% revenue growth remains unchanged, the new plants can handle existing customer's demand for higher-end products as well as establish new sales plans and seek new clients. Apex will focus on production of existing products for printers, STBs and LCD TVs and use it as the foundation to develop new customers. Therefore, Apex Group is rather optimistic about revenue growth in the future.

(3) Likely influence on company finance in the future and contingency plans

The main business target is expanding production capacity to meet additional demands from customers. Apex will increase important capital expenditure and support investment plans by acquiring loans and conducting cash capital increase.

3. Cash Flow

(1) Analysis of cash flow changes in the most recent year

Item	Year	2013	2014	Ratio of Increase (Decrease) (%)
	Cash Flow Ratio (%)		9.73	22.89
Cash Flow Adequacy Ratio (%)		36.44	40.70	11.69%
Cash Reinvestment Ratio (%)		1.14	9.76	756.14%

Explanantion for ratio increase/decrease changes:
In 2014, all related ratios went higher because that the operating cash flow in more than 2013. It was because the continuous growth of sales amount and net profit.

(2) Liquidity shortage improvement plan: Apex Group's consolidated cash flow is still positive and the business condition is good; therefore, there is no liquidity shortage.

(3) Analysis of cash liquidity in the coming year

Unit: NT\$ thousand

OPenign Cash Balance (1)	Net Cash Flow from Operating Activities in the Year (2)	Other Cash Inflows (Outflows) (including exchange influence) (3)	Cash Balance (Shortage) (1)+(2)-(3)	Remedial Measures for Cash Shortages	
				Investme nt Plan	Financi al Plan
754,492	627,139	(436,703)	944,928	-	-

(1) Cash Flow change analysis:
In 2015, expansion of Apex II will be continued. Major expenditure of capital will be supported by fundraising in 2014. As for shortage of working capital, the Company will work with banks to get financing facilities.

(2) Remedial measures for expected cash shortges and liquidity analysis: None

4. Influence on financial operations from significant capital expenditure in most recent years

(1) Purposes of significant capital expenditure and sources of funds

Unit: NT\$ million

Plan Item	Sources of Funds	Completion Date	Total Funds	Year		
				2014	2015	2016
Expansion of stage 2-1	Operating funds, 2014 fundraising and bank loans	2013 Q4	152	56	73	23
Expansion of stage 2-A	Operating funds, 2014 fundraising and bank loans	2014 Q3	194	102	80	12
Stage 2-2	Operating funds, 2014 fundraising and bank loans	2015 Q2	698	27	467	177
Expansion of Inner capacity	Operating funds, 2014 fundraising and bank loans	2015 Q2	67		67	
Upgrade automatic equipment	Operating funds, 2014 fundraising and bank loans	2015 Q2	249		183	65

(2) Expected effects

Year	Item	Productivity	Sales	Sales Income	Gross Profit
2015	Investment of 2-1 expansion/2-A expansion/2-2	400 thousand square meters	320 thousand square meters	NT\$ 1,000 million	NT\$ 200 million

5. Reinvestment conducted in the most recent years

Unit: NT\$ thousand

Item Description	Policy	Profit Amount Recognized	Main cause of profit gain or loss	Improvement Plan	Other Future Investment Plans
APT	Investment to gain controlling shares	456,668	Deent management and operating efficiency	None	None
AET	Supply chain consolidation	5,939	Deent management and operating efficiency	None	None

6. Risks

(1) Influence of interest rate changes, exchange rate fluctuations and inflations on company gains and losses and future countermeasures

1. Influence of interest rate changes on company gains and losses in the most recent years and future countermeasures

Apex's main interest income comes from bank deposit interests while the main interest expenses are bank loan interests. In 2013, 2014 and Q1 of 2015, Apex's interest income respectively accounted for 0.02%, 0.02% and 0.01% of Apex's annual operating revenue whereas the interest expenses respectively made up 0.89%, 1.39% and 1.30% of the operating revenues in those years. Such percentages are low and interest rate changes therefore do not have any significant influence on the company.

There are designated personnel in Apex's financial department to keep a close watch on interest rate changes and adjust fund utilization at the right time to avoid financial risk resulted from interest rate changes.

2. Influence of exchange rate fluctuations on company gains and losses in the most recent years and future countermeasures

The payments Apex Group receives are mainly in Thai baht and then in US dollar. Purchases are paid for mainly in US dollar, then in Thai baht. Only a small portion is settled in Japanese yen, Euro or Singapore dollar. In 2013, the net exchange loss was NT\$99,172 thousands, accounting for 1.56% of the operating revenue. In 2014, the net exchange gain was NT\$16,910 thousands, accounting for 0.23% of the operating revenue. In Q1 of 2015, the net exchange gain was NT\$27,809 thousands, accounting for 1.60% of the operating revenue. The concrete measures taken by Apex's internal financial specialists to cope with risk from exchange rate fluctuations include the following:

- The financial department keeps a close watch on changes in the exchange market, collect related information and assess future tendencies to make currency exchanges and also evaluate the status of forward exchange contracts and foreign exchange options.

- Purchases and expenses are paid as much as possible in the same currency used for related sales items to achieve natural hedging.

3. Influence of inflations on company gains and losses in the most recent years and future countermeasures

Inflations have never had any significant influence on Apex's gains and losses in the past. If inflations cause purchase costs to increase, Apex will make appropriate adjustments to product prices. In addition, Apex also regularly or irregularly studies economic data and reports from governments and research institutions, reviews its policies and operations, and collects related information to serve as references for the management in decision making.

(2) Company policies for high-risk, high-leverage investment, loaning of funds to others, endorsement for others and engagement in derivative transactions, main causes of profit gains or losses, and future countermeasures

1. Policy for high-risk, high-leverage investment, main causes of profit gains and losses and future countermeasures:

Apex focuses on managing its own line of business and does not engage in other any high-risk commercial activities. Plus, the company adopts the conservatism principle as part of its financial policy and makes no high-leverage investment. Therefore, risk is limited in this respect.

2. Policy for loaning funds to others, main causes of profit gains and losses and future countermeasures:

Apex did not loan funds to others in the most recent years and prior to the date of printing of the annual report.

3. Policy for endorsement for others, main causes of profit gains and losses and future countermeasures:

Besides its own subsidiaries, Apex did not make any endorsement for others in the most recent years and prior to the date of printing of the annual report and endorsement for the subsidiaries was conducted in compliance with Apex's internal procedures and related regulations.

4. Policy for engagement in derivative transactions, main causes of profit gains and losses and future countermeasures:

Apex and its subsidiaries have established each's own "derivative transaction procedures." They have been approved by the board of directors and the shareholders' meeting to serve as the basis for derivative transactions. Apex does not engage in derivative transactions. Its subsidiary APT has bought and sold forward exchange derivatives in the three most recent years. The derivative contracts remaining valid at the end of the year are as shown in the table below:

Unit: thousand dollars

Year	Derivative	Amount
End of 2012	Prepurchased forward exchange contracts	Contract Amount USD 6,922
End of 2013	Foreign exchange call options	Notional Amount USD 6,973
End of 2014	Prepurchased forward exchange contracts	Contract Amount USD 12,661
End of Q1, 2015	Prepurchased forward exchange contracts	Contract Amount USD 23,300

APT conducted transactions of forward exchange contracts and foreign exchange options in US dollar in the three most recent years and prior to the date of printing of the annual report. The counterparts were financial institutions within Thailand that are well known and have decent credit ratings. The transaction amounts were all presented to the chairperson or concerned units with the authority to give approval and transactions were carried out after they were ratified. Each month, Apex announced and filed the status of such derivative transactions according to regulations.

APT adopted interest rate swaps in 2014 as hedging instruments. The related information is as follows:

Unit: NT\$thousand

	Dec. 31, 2014		Mar. 31, 2015	
	Loan Balance	Interest Expenses	Loan Balance	Interest Expenses
Undue Balance	149,436	8,156	135,058	1,660

The abovementioned derivative transactions were conducted in accordance with related regulations and Apex's internal control system.

(3) Future R&D projects and funds to be invested

Apex hopes to improve the functions and characteristics of current products to increase their added value and strengthen the company's competitiveness through repeatedly innovated R&D capacity in response to market tendencies and product diversity. In the coming 2 years, Apex expects to invest around 400 million in capital expenditure and expense to enhance production processes and capacity to upgrade product yield rates as well as reduce scrap rates and production costs.

Apex's future R&D projects will focus on improving current technical capacity and responding to the tendencies in product and technology demand. Once market positioning and tendencies are ascertained, the priorities of the projects will be determined in accordance with their level of difficulty and timeliness. In 2015, the following R&D items and expenditure will be conducted:

Development Item	Mass Production Schedule	Main Item	Present Progress	Expected Expenditure
Process scaling control	2015 Q3	High precision product (<3 mils)	Partial completed	USD 6 million
2mils precision process	2015 Q4	High precision product (<3 mils)	Planning and investigating	USD 1 million
Gold finger process	2016 Q1	Modular product	Planning and investigating	USD 3 million
Product production traceability system	2016 Q4	Product Quality upgrade project	Planning and investigating	USD 2 million
Product defect analysis	2016 Q4	Product Quality upgrade project	Planning and investigating	USD 2 million

(4) Influence of important policy and law changes in and outside the country on company financial operations and countermeasures

Apex is registered in the Cayman Islands and operates mainly in Thailand. Provision of financial services is the principal economic activity of the Cayman Islands. Thailand is a major economy in Southeast Asia with open economic policies and no exchange control and its political and economic environments are rather stable today. The products developed and sold by Apex are applied in various electronic products. They are consumer products and Apex therefore does not belong to an industry that requires special permission or is restricted. Hence, Apex's financial operations are unlikely to be affected by important policy or law changes in the Cayman Islands or Thailand. Moreover, Apex conducts its operations in compliance with important policies and laws in and outside the country and also pays attention to the tendencies of important policies and law changes in and outside the country in order to take appropriate countermeasures in response to changes in the market and the environment.

(5) Influence of technological and industrial changes on company financial operations and countermeasures

Apex keeps track of changes in related technologies and market tendencies and assesses their influence on company management. In the most recent years and prior to the date of printing of the annual report, there were no important technological or industrial changes of significant influence on Apex's financial operations.

(6) Influence of change of corporate image on corporate crisis management and countermeasures

Apex Group became listed at Taipei Exchange on Oct. 18, 2011. Since it was founded, Apex has made continuous efforts to reinforce its internal control and improve its quality control capacity to establish its brand image and increase customers' confidence in the company. In the most recent years and prior to the date of printing of the annual report, there was no important change of corporate image for Apex.

(7) Expected benefits from acquisition, likely risk and countermeasures

As of the date of printing of the annual report, Apex did not carry out any acquisition plan. If Apex conducts any acquisition plan in the future, it will cautiously assess whether such a plan

can bring concrete benefits for the company to ensure shareholders' rights and interests are protected.

(8) Expected benefits from plant expansion, likely risk and countermeasures

To cope with increasing orders and sales, the new plants were constructed and the production capacity was upgraded from 320 thousand square meters per month in 2014 to 410 thousand square meters per month in 2015. The growth was about 28%.

(9) Likely risk from concentration of suppliers and sales and countermeasures

(1) Risk from concentration of suppliers and countermeasures

Apex's main products are double side and multi-layer PCBs and the principal materials applied are copper clad laminates, prepreg and copper foil. Apex has cooperated with its main material suppliers for years and the relationships have been good. However, Apex maintains at least two suppliers for each main material to ensure stable supply. No material shortage and discontinuation of supply has ever taken place.

(2) Risk from concentration of sales and countermeasures

In the most recent years and prior to the date of printing of the annual report, no one single client has accounted for over 20% of Apex's annual sales. Besides the two top clients, the purchases from each client accounted for less than 10% of Apex's annual revenue. Therefore, there is no risk from concentration of sales.

(10) Influence on the company from large share transfers or conversions by directors, supervisors or major shareholders in possession of more than 10% of total company shares: None

(11) Influence of change of management rights on the company, likely risk and countermeasures
There was no change of management rights in Apex Group in the most recent years and prior to the date of printing of the annual report; therefore this does not apply.

(12) Litigation or non-litigation events: None

(13) Other important risks and countermeasures: None

7. Other Important Matters: None

VIII. Additional Information

1. Information on Affiliates

(1) The consolidated business report of affiliates

1. Organization charts of affiliates
Organization charts of affiliates: See Section 1 Organization Charts in Chapter III Corporate Governance Report.
2. Name, date of establishment, address, paid-in capital and main business items of each affiliate

Dec. 31, 2014

Name of Enterprise	Date of Establishment	Address	Paid-in Capital	Main Business of Production Items
Apex Circuit (Thailand) Co., Ltd.	2001.9.27	39/234-236 Moo 2, Rama 2 Road, Tambol Bangkrachao, Amphur Muang, Samutsakhon 74000, Thailand	THB1,360,000,000	Production and sales of PCBs
Approach Excellence Trading Ltd.	2010.11.25	Palm Grove House, P.O. Box438, Road Town, Tortola, British Virgin Islands	NT\$10,000,000	Import and export business

3. Controlling-subordinate relationships assumed according to Article 360-3 of the Company Act: None
4. The industries covered by the business operated by the affiliates overall. Where connections exist among the business operated by individual affiliates, a description of the mutual dealings and division of work among such affiliates should be provided.

Name of Enterprise	Business Operations	Mutual Dealings and Division of Work
Apex Circuit (Thailand) Co., Ltd.	Main business operations include production, processing and sales of PCBs and production, processing and sales of multi-layer PCBs.	Not applicable
Approach Excellence Trading Ltd.	Main business operations include import and export business.	Procurement in Taiwan for Apex Group

5. Names of directors and general manager of each affiliate and their shareholding or capital contribution

Apr. 30, 2015

Name of Enterprise	Title	Name or Representative	Shareholding	
			No. of Shares	Shareholding Ratio (%)
Apex Circuit (Thailand) Co., Ltd.	Chairman	Wang, Shu Mu	11	0.00
	Director and CEO	Chou, Jui Hsiang	0	0.00
	Director	Lan, Chai Chen	0	0.00
	Director	Maliwan Chinvorakijul	0	0.00
	Director	Greg Lucini	0	0.00
	Independent Director	Jesadavat Priebjrivat	0	0.00
	Independent Director	Thongchai Nitithum	0	0.00
Approach Excellence Trading Ltd.	Chairperson	Wang, Shu Mu	0	0.00
	Assitant General Manager	Hus, Shou Hua	0	0.00

6. Business status of affiliates

Dec. 31, 2014; thousands

Name of Enterprise	Capital	Total Assets	Total Liabilities	Net Value	Operating Revenue	Operating Gains (Losses)	Net Income or Loss for the Period (After-tax)	After-tax Earnings per Share (baht)
Apex Circuit (Thailand) Co., Ltd.	THB1,360,000	THB10,128,663	THB5,334,768	THB4,793,895	THB7,874,740	THB595,531	THB490,680	THB4.05
Approach Excellence Trading LTD.	NT\$ 10,000	NT\$ 57,807	NT\$ 41,634	NT\$ 16,173	NT\$ 116,368	NT\$ 4,343	NT\$ 6,173	NT 6.17

(2) The consolidated financial statement of affiliates

See Section 7 Consolidated Financial Statement in Chapter VI Financial Overview.

(3) Affiliation report: None

2. Non-public offering of securities in the most recent year and prior to the date of printing of the annual report: None

3. Company shares held or disposed of by subsidiaries in the most recent year and prior to the date of printing of the annual report: None

4. Description of important differences between company practices and those set forth in domestic regulations on protection of shareholders' rights and interests

Apex has disclosed its company M&A within the range permitted by the law of the Cayman Islands and according to the regulations of Taipei Exchange and has also specified concretely the company's measures for protection of shareholders' rights and interests according to the "Shareholders' Rights Protection Checklist for Foreign Issuers" amended in Apr. 2012. However, due to the restrictions in the regulations of the Cayman Islands, Apex's handling of the following items is different from the approaches specified in the Shareholders' Rights Protection Checklist and the explanation is as follows:

1. Establishment of resolutions by the shareholders' meeting

Besides the special (supermajority) resolutions described in the Company Act of the ROC, Apex has also adopted in Article 2 of its company charter the definition of "special resolution" set forth in the Company Law of the Cayman Islands as a resolution achieved with the approval of no less than two thirds of the attending shareholders (or a higher percentage if it is so specified in the company charter of an enterprise) in a meeting with the attendance of shareholders having the right to vote (in person or by proxy if allowed) complying with related regulations. Any resolution achieved without meeting the criteria for special resolutions set forth in Cayman Islands law will be regarded invalid. This difference exists because of the regulation in the Company Law of the Cayman Islands. However, Apex has specified respectively in Articles 3.9, 11.4, 11.5, 12, and 59 to 63 of its company M&A whether resolutions for matters described in the Shareholders' Rights Protection Checklist are to be considered "special (supermajority) resolutions" according to the Company Act of the ROC or "special resolutions" as defined in the Company Law of the Cayman Islands."

2. Merger resolutions

According to the regulations in the Shareholders' Rights Protection Checklist, mergers concern the rights and interests of shareholders and have to be decided with "special (supermajority) resolutions." However, the Company Law of the Cayman Islands specifies that resolutions on mergers must be established in accordance with the Company Law of the Cayman Islands. The shareholders of the merging parties have to approve the merger plan through (A) achieving a special resolution as specified in the Company Law of the Cayman Islands and (B) meeting other authorization regulations (if available) set forth in the company charters of the merging parties. This is a compulsory regulation in the Company Law of the Cayman Islands and it is different from the regulation in the Shareholders' Rights Protection Checklist that all merger decisions are to be achieved with "special (supermajority) resolutions."

Article 11.6 of Apex's company M&A stipulates that merger plans must be approved by the shareholders of the merging parties with resolutions established in accordance with approaches specified in the Company Law of the Cayman Islands.

3. Non-public offering of securities

According to the Shareholders' Rights Protection Checklist, non-public offering of common bonds may be conducted in batches within one year after the board of directors makes its decision. Apex intends to propose addition of this regulation to the company charter in the

annual meeting of shareholders next year.

4. Convention of ad hoc shareholders' meetings by shareholders

According to the Company Law of the Cayman Islands, convention of ad hoc shareholders' meetings by shareholders does not need approval from the competent authority of the Cayman Islands and this is different from the regulation regarding "convention of ad hoc shareholders' meetings by shareholders" in Article 173 of the Company Act of the ROC. Article 14.5 of Apex's company M&A does not stipulate that shareholders need to acquire the permission of the competent authority before convening ad hoc meetings. It only specifies that the approval of Taipei Exchange is required if the location of an ad hoc meeting is outside the territory of the ROC. This is different from the regulation in the Shareholders' Rights Protection Checklist that "shareholders need to apply for the approval of Taipei Exchange within two days after obtaining the permission of the competent authority for convention of an ad hoc meeting."

5. Supervisors

The Company Law of the Cayman Islands does not mention anything about the supervisor system and the related regulations in the ROC also do not specify that foreign companies need to have supervisors. Hence, Apex's company charter does not include any provisions regarding supervisors. However, according to Article 51A of Apex's company M&A, Apex is required to create an audit committee and Apex's independent directors are the committee members. The committee must be composed of no less than three members and one of them is the convener to be in charge of convention of meetings on an irregular basis. At least one of the members must specialize in accounting or finance. It is also stipulated that decisions made by the committee and proposals that require the approval of the committee must comply with the content of the Shareholders' Rights Protection Checklist.

6. Preferred shares

Apex has not issued preferred shares. Therefore, there are no concrete regulations on the rights and obligations attached to preferred shares in the company M&A. It is set forth in Article 3.8 of the company charter that if the company issues preferred shares, the issuing conditions must include the rights, obligations and other matters that are different between preferred and common shares, such as the sequence for distribution of remaining company property and restrictions on shareholders' voting right, etc.

7. Use and acquisition of powers of attorney

The regulation on proxy attendance in the Shareholders' Rights Protection Checklist is mainly based on Articles 5, 6, 6-1, 7, 8 (4) and 10 of the Regulations Governing the Use of Proxies for Attendance at Shareholder Meetings of Public Companies. There is no regulation in the Company Law of the Cayman Islands with regard to use and acquisition of powers of attorneys but Apex, in order to comply with the regulations of the ROC, has included an all-inclusive regulation in Article 22 of the company M&A to request the shareholders' meeting, without violating the company charter, to use or acquire powers of attorney according to the Regulations Governing the Use of Proxies for Attendance at Shareholder Meetings of Public Companies.

8. Damages incurred from execution of duties by directors

The regulation on the handling procedure for damages incurred from execution of duties by

directors in the Shareholders’ Rights Protection Checklist is mainly based on Article 214 of the Company Act of the ROC that shareholders continuously holding 3% or more of the total number of the outstanding shares of a company for over one year may request the supervisors of the company in writing to file lawsuits for the company against the directors of the company. If the supervisors do not comply within 30 days, the shareholders may file such lawsuits for the company.

There is no regulation in the law of the Cayman Islands with regard to “supervisors.” Apex has added in Article 44.3 of its company M&A: “Besides filing lawsuits on behalf of the company according to the law of the Cayman Islands, Apex’s shareholders who have continuously held 3% or more of Apex’s total number of the outstanding shares for over one year may, without violating the law of the Cayman Islands, file lawsuits for the company against the directors and use Taipei District Court as the court of competent jurisdiction. However, this article has no effect on the right of shareholders not holding 3% or more of the total outstanding shares of the company for over a year. According to the Common Law of the Cayman Islands, all minority shareholders, regardless of their shareholding ratios and duration, have the right to file lawsuits against the directors when related regulations are met. Once a shareholder files a lawsuit, a court in the Cayman Islands will decide whether the lawsuit may be continued. Hence, the regulation in the company charter has no effect (no intentional effect) on the right of minority shareholders to act according to the law of the Cayman Islands which authorizes them the right to file lawsuits against the directors.

5. Other necessary supplementary explanations:

- (1) Apex’s promises at the time of becoming listed that remain unfulfilled.
- (2) Continuing education and training taken by directors and managers

Continuing education courses attended by Apex’s directors and managers in 2014 are as follows:

Title	Name	Date of Continuing education	Organizer	Course Title	Hours of Continuing education	Whether the Continuing education Meets Regulations
Chairman and Chief Strategy Officer	Wang, Shu Mu	2014.06.25	Taiwan Corporate Governance Association	An Introduction to Corporate Governance Systems	3	Yes (Note 1)
Director and Chief Executive Officer	Chou, Jui Hsiang	2014.06.25	Taiwan Corporate Governance Association	An Introduction to Corporate Governance Systems	3	Yes (Note 1)
Director and Executive Vice President	Lan, Chai Chen	2014.06.25	Taiwan Corporate Governance Association	An Introduction to Corporate Governance Systems	3	Yes (Note 1)
Director	Cheng, Yung	2014.06.25	Taiwan	An Introduction	3	Yes (Note

Title	Name	Date of Continuing education	Organizer	Course Title	Hours of Continuing education	Whether the Continuing education Meets Regulations
and Chief Sales and Materials Officer	Yuan		Corporate Governance Association	to Corporate Governance Systems		1)
Director	Tsai, Jui Hung	2014.06.25	Taiwan Corporate Governance Association	An Introduction to Corporate Governance Systems	3	Yes (Note 1)
Director and Chief Financial Officer	Maliwan Chinvorakijkul	2014.06.25	Taiwan Corporate Governance Association	An Introduction to Corporate Governance Systems	3	Yes (Note 1)
		2014.09.25	Accounting Research and Development Foundation	A Discussion of Illegal Conduct in the Securities Market and the Legal Responsibility of International Vulture Investors	3	Yes (Note 2)
		2014.11.22	NYC Management Co., Ltd.	Property, plant and equipment and related financial reporting standard	6	Yes (Note 2)
		2014.11.26	Overseas Continuing education Institution	TFRS 2015	6	Yes (Note 2)
Director and Vice President	Pisit Lerdananporn	2014.06.25	Taiwan Corporate Governance Association	Taiwan Corporate Governance Association	3	Yes (Note 1)
Director and Vice President	Shohara Masashi	2014.06.25	Taiwan Corporate Governance Association	Taiwan Corporate Governance Association	3	Yes (Note 1)
Independent Director	Lin, Chin Miao	2014.06.25	Securities and Futures Institute	Taiwan Corporate Governance Association	3	Yes (Note 1)

Title	Name	Date of Continuing education	Organizer	Course Title	Hours of Continuing education	Whether the Continuing education Meets Regulations
Independent Director	Chang, Chung Chiu	2014.06.25	Taiwan Corporate Governance Association	Taiwan Corporate Governance Association	3	Yes (Note 1)
Independent Director	Jesadavat Priebjrivat	2014.06.25	Taiwan Corporate Governance Association	Taiwan Corporate Governance Association	3	Yes (Note 1)
Internal Audit Managerial Personnel	Hsu, Shou Hua	2014.09.22	Accounting Research and Development Foundation	Prevention to employee fraud by internal audit and case study	6	Yes (Note 3)
		2014.09.25	Accounting Research and Development Foundation	A Discussion of Illegal Conduct in the Securities Market and the Legal Responsibility of International Vulture Investors	3	Yes (Note 3)
		2014.09.26	Accounting Research and Development Foundation	Discussion of internal control of management by comparing ISO	6	Yes (Note 3)

Note 1: This refers to whether it complies with the hours, range, system, arrangement and content of continuing education specified in the Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE Listed and GTSM Listed Companies

Note 2: This refers to whether it complies with the hours, range, system, arrangement and content of continuing education specified in the Regulations Governing the Qualification Requirements and Professional Development of Principal Accounting Officers of Issuers, Securities Firms, and Securities Exchanges.

Note 3: This refers to whether it complies with the hours, range, system, arrangement and content of continuing education specified in the Regulations Governing Establishment of Internal Control Systems by Public Companies.

IX. Matters with Significant Influence on Shareholders' Rights and Interests or Securities Prices

Matters of critical influence on shareholders' rights and interests as described in Subparagraph 2 of Paragraph 2 of Article 36 of the Securities and Exchange Act in the most recent year and prior to the date of printing of the annual report: None

APEX INTERNATIONAL CO., LTD.

A handwritten signature in black ink, appearing to read 'Wang Shumu', with a checkmark-like flourish at the end.

Chairman Wang, Shu Mu