



泰鼎國際股份有限公司

APEX INTERNATIONAL CO., LTD.

(Incorporated in Cayman Island with limited liability)

Minutes of the 2017 Annual General Meeting

Held on Thursday, 15 June 2017 at 09 : 00 am

At Landis Taipei Hotel, Banquet Hall

No.41, Sec. 2, Minquan E. Rd., Taipei City

(Translation)

Shareholders Present : The number of shares presented in person or by proxy is 81,207,783 shares (including 25,029,664 shares from electronic voting rights), representing 66.24% of total outstanding shares.

Directors Present: Director Mr. Wang, Shu-Mu, Director Mr. Chou, Jui-hsiang, Director Mr. Lan, Chai-Chen, Director Mr. Wu, Sen-Tien, Independent Director Mr. Su, Chau-Chin, Independent Director Mr. Chen, Yung-Tsai

Chairman : Mr. Wang, Shu-Mu, Chairman of the Board of Directors

Record : Tien, Chun-Ying

1. The Chairman called the meeting to order.

2. Chairman Address : skip.

3. Report Items :

(1) 2016 operation report, please refers to attachment 1.

(2) 2016 final accounting books and financial statements reviewed by Audit Committee, please refers to attachment 2.

4. Proposed Resolutions :

(1) (Proposed by the Board)

Proposal: To approve 2016 final accounting books and financial statements.

Explanation: 1. 2016 annual final accounting books and financial statements were audited by CPA Kuang, Chun-Shiu and CPA Lu, Li-Ly of KPMG who issued unqualified opinion report.

2. For 2016 operation report, CPA's audit report and financial statements, please refer to attachmen 1 and attachment 3.

3. For the shareholders to approve, please.

Voting Results: Shares represented at the time of voting:81,207,783

Voting Results		% of the total represented share present
Approval votes:	78,926,817 votes	97.19%
Disapproval votes:	28,381 votes	0.03%
Invalid votes:	0 votes	0%
Abstention votes/no votes:	2,252,585 votes	2.77%

RESOLVED, that 2016 final accounting books and financial statements be and hereby were accepted as submitted.

(2) (Proposed by the Board)

Proposal: To approve the proposal for distribution of 2016 profits.

Explanation: 1. Proposal of distribution of 2016 profits has been approved by Board of Director meeting on March 15, 2017.

2. 2016 audited annual net profit was NT\$ 273,099,395, after adding other comprehensive income NT\$1,078,264 caused by revaluation of defined benefit plan and retained earnings at end of 2015 NT\$ 1,068,572,280, by deducting special reserve caused by negative balance of exchange differences on translation of financial statements NT\$ 86,783,462, total distributable retained earnings is NT\$ 1,255,966,477. The Company proposes to distribute NT\$ 134,854,417 as 2016 shareholders' dividend. Total retained earnings after distribution will be NT\$ 1,121,112,060. Remuneration for Directors is NT\$720,000. Stock dividend per share is NT\$0.32 and cash dividend per share is NT\$0.78. The total cash dividend number will be round-down counted to zero decimal place. The fractional number after 1 decimal place will be taken as other income of the Company.
3. If the Company subsequently repurchases its common shares, or transfers, converts and retires treasury stocks, or executes employee stock option certificates, conversion of convertible bonds to stocks, issuance of new shares to increase capital etc. that may change total amount of common shares, share distribution rate and cash dividend distribution rate, it is proposed that Board of Directors be authorized to manage and adjust according to related laws and regulations.
4. Once the resolution is approved by Annual General Meeting, it is proposed to authorize Board of Director to set up the ex-dividend date and other related affairs.
5. For profit distribution table, Please refer to attachment 4.

6. For the shareholders to approve, please.

The company received the letter, No.1060001270, from SFIPC on 26 May, 2017, asking the company to explain the following thing on 15 June, 2017.

The 56.1 section of "Memorandum and Articles of Association" show that total Members' dividend shall be no less 10% of after surplus profit deduct the loss and the special surplus reserve. Besides, the cash portion shall be no less than 70% of total Members' dividend. The surplus profit of 2016 is NTD 273,099,395, and total Members' dividend is set to be NTD 134,854,417 which is equal to NTD 1.1 per share, accounting for 49% of the current year's final profit. The cash dividend is NTD 0.78 per share, accounting for 70% of total Members' dividend. According to the aforementioned numbers, the Company has authentically followed the dividend policy designed in "Memorandum and Articles of Association."

The Company proposes this distribution proposal by considering not only the responsibility to shareholders, but also the demand of cash caused by expansion. Therefore this distribution proposal is based on deliberate consideration of actual net profit, cash status, forecast of business growth in the future and shareholders' rights. In the future, the Company surely will constantly and thoroughly take shareholders' rights and practical business needs into account for evaluating dividend distribution plan.

Voting Results: Shares represented at the time of voting: 81,207,783

Voting Results		% of the total represented share present
Approval votes:	78,882,817 votes	97.13%
Disapproval votes:	76,381 votes	0.09%
Invalid votes:	0 votes	0%
Abstention votes/no votes:	2,248,585 votes	2.76%

RESOLVED, that the above proposal be and hereby was approved as proposed.

5. Discussion Matters :

(1) (Proposed by the Board)

Proposal: To amend and adopt "Memorandum and Articles of Association" of the Company.

Explanation: 1. To comply with the laws and regulations of competent authority and in compliance with the provisions of Article 22 of Corporate Governance Best Practice Principles for TWSE/GTSM Listed Companies, plan to amend "Memorandum and Articles of Association". For comparison table of before and after amendment, please refer to attachment 5.

2. For "Memorandum and Articles of Association" before amendment, please refer to Meeting Agenda , page 40~78.
3. For the shareholders to deliberate, please.

Voting Results: Shares represented at the time of voting: 81,207,783

Voting Results		% of the total represented share present
Approval votes:	78,926,814 votes	97.19%
Disapproval votes:	28,384 votes	0.03%
Invalid votes:	0 votes	0%
Abstention votes/no votes:	2,252,585 votes	2.77%

RESOLVED, (by way of a special resolution) that the above proposal be and hereby was approved as proposed. The Registered Office provider, Portcullis (Cayman) Ltd, be authorized to file the amended and restated Memorandum and Articles of Association with the Registrar of Companies as prescribed by Laws.

(2) (Proposed by the Board)

Proposal: To amend "Procedures of Acquisition and Disposal of Assets" of the Company.

Explanation: 1. To comply with the laws and regulations of competent authority, plan to amend "Procedures of Acquisition and Disposal of Assets". For comparison table of before and after amendment , please refer to attachment 6.

2. For "Procedures of Acquisition and Disposal of Assets" before amendment, please refer to Meeting Agenda , page 79~92.
3. For the shareholders to deliberate, please.

Voting Results: Shares represented at the time of voting: 81,207,783

Voting Results		% of the total represented share present
Approval votes:	78,926,813 votes	97.19%
Disapproval votes:	28,385 votes	0.03%
Invalid votes:	0 votes	0%
Abstention votes/no votes:	2,252,585 votes	2.77%

RESOLVED, that the above proposal be and hereby was approved as proposed.

(3) (Proposed by the Board)

Proposal: The proposal to approve issuance of new shares through capitalization of earnings.

Explanation: 1. In order to reinforce working capital, here we plan to set aside NT\$

39,230,380 from distribution of 2016 profit as stock dividends which will be capitalized as new issuance of shares. The face value of newly issued shares will be NT\$ 10, total number of newly issued shares will be 3,923,038 shares.

2. Based on number of presently issued common stocks for calculating the issuance of new shares of stock dividends, Apex will issue 32 new bonus shares for each 1,000 existed shares. If the distributed share is less than 1 share, Apex will pay by cash with counting to zero decimal place and authorize Chairman to find specific person or persons to subscribe.
3. The rights and obligations of newly issued shares are the same as those of existing shares.
4. If the number of outstanding shares is affected by buying back stocks or conversion of convertible corporate bonds, the Board of Directors is authorized to handle the details.
5. All the items related to this new issuance of shares is under authorization to Board of Directors if there is any need of practice or request of governmental supervisory institutions.
6. For the shareholders to deliberate, please.

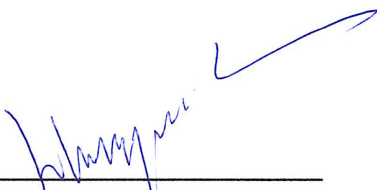
Voting Results: Shares represented at the time of voting: 81,207,783

Voting Results		% of the total represented share present
Approval votes:	78,918,811 votes	97.18%
Disapproval votes:	40,393 votes	0.04%
Invalid votes:	0 votes	0%
Abstention votes/no votes:	2,248,579 votes	2.76%

RESOLVED, that the above proposal be and hereby was approved as proposed.

6. Special motions:none

7. Adjournment: 9:48am



Mr. Wang, Shu-Mu
Chairman



Ms. Tien, Chun-Ying
Recorder

Attachments

Attachment I 2016 Operation Report.

1. 2016 operation report.

Dear Shareholders,

The Senior Management Team is pleased to report the operating result of 2016 by this report. Apex new plants located in Sinsakhon industrial zone of Thailand has gradually contributed her capacity in recent years that made Apex's sales volume in 2016 grow 10% more than 2015. However in 2016, Apex encountered 2 significant disadvantageous events. One is declining selling price, the other one is rising price of materials. Those disadvantages made Apex create lower profit in 2016 although sales amount grew up.

Although Apex faced with pressure of dropping price in 2016, management team remained to strengthen managing, improving production process which led improvement in manufacturing expense that reduced disadvantageous effect of declining selling price. Besides, by dealt with dropped selling price, Apex has set up plans in the fourth quarter of 2016 which has gradually generated positive effect in the first quarter of 2017. By looking back the way we have been, challenges never stopped. Apex kept facing challenges with cautious attitude, sustained efforts and cooperative spirits in order to continuously make operation move forward to positive cycle.

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. 2016 Business Report

(1) Results of Business Plans Implemented

Amount unit: NT\$million	2016		2015		Change %
	Amount	% to sales	Amount	% to sales	
Net Sales	8,560	100%	8,614	100%	-1%
Total income	8,585	100%	8,629	100%	-1%
Cost of goods sold	7,303	85%	6,988	81%	5%
Gross Profit	1,283	15%	1,641	19%	-22%
Operating income	443	5%	799	9%	-45%
Interest Expenses	102	1%	97	1%	5%
Income before tax	365	4%	624	7%	-42%
Net income	275	3%	534	6%	-49%

As new technologies and designs from our end customers require more layer count, the demand of multi-layers again increased. In 2016, multi-layers percentage grew up to 84% while it was 82% in 2015. In 2016, the main products are 4~6-layer boards which reached 75% of total sales revenue.

In the aspect of gross profit, it was 15% in 2016 which is lower than 19% of 2015. The main reason is that declining selling price and higher proposition of 4~6-layer boards in 2016.

As for the non-operating revenue, by comparing the exchange loss caused by Baht depreciation in 2015, we have exchange gain from appreciation in 2016. Meanwhile, Apex continuously executed appropriate hedge transaction to fluctuation of foreign exchange. The main tool was forward contract.

(2) Budget Implementation

Actual sales amount in 2016 was NT\$ 8.6 billion which is 101.89% of budgeted number 8.4 billion. Achievement percentage of net profit after tax was 55.78%. The reason of gap between actual and budgeted profit is the disadvantages described in previous paragraph. For this point, management team has set up plans and will continuously pay efforts to make it be improved in the next year.

(3) Financial Structure

Financial Ratio	2016	2015
Debt ratio (%)	63.40%	61.20%
Ratio of long-term capital to fixed assets (%)	94.54%	88.18%
Current ratio (%)	92.12%	85.07%
Receivables turnover ratio (time)	3.35	3.78
Inventory turnover ratio (time)	4.99	5.95
Return on assets ratio (%)	3.31%	6.00%
Return on equity ratio (%)	6.78%	13.00%
Earnings per share (NT dollar)	2.23	4.34

For the financial structure and debt-paying ability in 2016, because of increased capital expenditures generated by demand of applying to customers' requests, it led liability ratio a little higher than 2015. Ratio of long-term capital to fixed assets was improved because of that put provisions of convertible bonds due in 2016 then the liability of convertible bonds were reclassified to non-current liability.

In management ability, account receivables turnover rate was a little lower than 2015 because that the mix and ranks of customers were a little different in 2016, however the change was not significant. For inventory turnover rate, because the operating scale and output were larger in 2016 leading ending balance of inventory higher and turnover rate lower. However we can know that they were controlled well by observing amount of allowance of receivables and inventories.

In profitable ability, because of the disadvantages described in previous paragraph, profitability dropped in 2016 by comparing to 2015.

(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 upgraded, process and design in 2016 are as follows:

- Process of hot air solder leveling without lead
- Process of immersion tin
- Build manufacturing control system of VDA 6.3
- Develop process of copper thickness 3 oz
- Application of robot arms in production

In 2017, Apex will carry out the following plans:

- Drilling bit automatic re sharp process
- Routing efficiency improve 15%
- Automatic solder mask screen progress
- Inner process Automatic board shearing process
- Application of robot arms in production-stage 2

2. 2017 Business Plan Outline

(1) Business Policies

- A. Concentration on the traditional multi-layers rigid PCB from 4~12 layers.
- B. Increase major customer's 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

Inflation is anticipated gradually rise in 2017 which may bring over higher cost of raw materials and labors. Apex will continuously carry on proactive strategy to balance annual production and sales then to maintain annually high capacity utilization percentage and stable gross margin rate.

Meanwhile, GDP growth rate of emerging Asia, including south-east Asia and China, is anticipated to reach 6.5% in 2017. Apex, as a formidable PCB manufacturer in south-east Asia, will fully utilize our geographical advantage and competitiveness to obtain higher value-added products from key customers strategically, improve product mix structure and selling price and make the best of our capacity that can make sales revenue and profit be further improved in 2017.

(3) Production and Marketing Policy



After the new plants started production, Apex's capacity maintained at level of 400 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-2-3 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 complete 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 2017, 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

Apex, as a factory located in Thailand, keeps looking for stable sources of orders. In recent years, Apex was always being threatened by PCB competitors from China with their growing capacity and declining price. However Apex keeps pursuing higher internal operating performance in order to meet customers' requirements and provide qualified services. Therefore Apex still successfully developed market in Mainland China in recent years. Until 2016, sales proportion of China and Hong Kong already reached 32%.

By observing 2016, Apex faced with serious challenges of selling price and cost of materials. In 2017, our prior goals will be that to stabilize manufacturing ability, to cautiously control production cost and to keep capacity utilization staying at high level.

Competition and challenges will not stop in the future, but Apex is fully prepared. We believe that Apex still can keep growing in such tough environment by our competitive ability and new orders.

Sincerely yours,

Chairman Personnel



Chief Executive Officer



Accounting Managerial





APEX INTERNATIONAL CO., LTD

Audit Committee's Review Report

Board of Directors has prepared the Company's 2016 Business Report, Consolidated Financial Statement, and proposal for allocation of profits. The CPA firm of KPMG was retained to audit the Company's Consolidated Financial Statements. KPMG has completed audit procedures and issued Audit Opinion. Business Report, Financial Statements, and profit allocation proposal have been reviewed and determined to be correct and accurate by Audit Committee members of the Company. According to Article 14-4 of Securities and Exchange Act and Article 219 of Company Law, we hereby submit this report.

Apex International Co., Ltd.

Chairman of Audit Committee: Su, Chau-Chin

A handwritten signature in blue ink, appearing to read "Su Chau-Chin", is positioned to the right of the text identifying the Chairman of the Audit Committee.

Date: March 15, 2017

Attachment III CPA Audit Report and Financial Statements



安侯建業聯合會計師事務所

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Independent Auditors' Report

To the Board of Directors of Apex International Co., Ltd.:

Opinion

We have audited the consolidated financial statements of Apex International Co., Ltd. and subsidiaries ("the Group"), which comprise the consolidated statements of financial position as of December 31, 2016 and 2015, the consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for the years ended December 31, 2016 and 2015, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2016 and 2015, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and with the International Financial Reporting Standards ("IFRSs"), International Accounting Standards ("IASs"), interpretation as well as related guidance endorsed by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

We conducted our audit in accordance with the "Regulations Governing Auditing and Certification of Financial Statements by Certified Public Accountants" and the auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Certified Public Accountants Code of Professional Ethics in Republic of China ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were significant in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements taken as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. Based on our judgement, the key audit matters that should be disclosed in this audit report are as follows:

1. Revenue recognition

Please refer to note 4(13) "Revenue" for accounting policy related to revenue recognition, and note 22 for the information related to revenue of the consolidated financial statements

Description of key audit matter:

The Group entered into agreements or sales orders, with different terms and conditions, with its major customers, which increase the complexity of the timing of revenue recognition. Therefore, the revenue recognition was considered to be one of the key audit matters in our audit.

How the matter was addressed in our audit:

Our audit procedures included:

- Assessing and testing the design, as well as the effectiveness of the operation on the control over sales and collection cycle.
- Performing comparison analysis on sales of the current period to last period and the latest quarter, and performing trend analysis on operating income from each top ten customer to assess the existence of any significant exceptions, and further identify and analyze the reasons if there is any significant exception.
- Performing test-of-detail on sales to assess the assertions of existence and accuracy, as well as the appropriateness of recognition.
- Performing sales cut-off test of a period before and after the financial position date by vouching relevant documents of sales transactions to determine whether sales of goods, sales returns and allowances have been appropriately recognized.

2. Impairment of accounts receivable

Please refer to note 4(7) "Financial Instruments" 1. Financial Assets (C) Impairment of financial assets for accounting policy related to impairment of accounts receivable, note 5(1) for accounting assumptions and estimation uncertainties of impairment of accounts receivable, and note 9 "Notes receivable, accounts receivable (related parties included), and other receivable" for information related to impairment of accounts receivable of the consolidated financial statements

Description of key audit matter:

The accounts receivable of the Group stands a significant ratio in the total asset of the consolidated statement of financial position. Since the collectability of accounts receivable is subjected to significant judgment of the management, the impairment of accounts receivable was considered to be one of the key audit matters in our audit.

How the matter was addressed in our audit:

Our audit procedures included:

- Performing comparison analysis on turnover rates of accounts receivable and the movements in accounts receivable of the top ten customers of the current period to last period and the latest quarter to assess the existence of any significant exceptions, and further identify and analyze the reasons if there is any significant exception.
- Assessing whether appropriate provision policies for doubtful accounts are applied.
- Obtaining aging analysis of accounts receivable and examining relevant documents to verify the accuracy of the aging period. Understanding the reason on long overdue accounts receivable of major customers to identify whether signs of impairment loss exist in order to assess the appropriateness of provision for doubtful accounts.
- Assessing whether the Group's impairment of accounts receivable has been set aside in accordance with the Group's provision policy on a consistent basis.

- Assessing the appropriateness and adequacy of provision for doubtful accounts made by the management in accordance to the ratio of actual write-offs of accounts receivable that uncollectable over the sum of historical accounts receivable and subsequent collection of accounts receivable.

3. Subsequent measurements of inventories

Please refer to note 4(8) "Inventories" for accounting policy related to subsequent measurements of inventories, note 5(2) for accounting assumptions and estimation uncertainties of inventories and note 10 for information related to impairment of inventories of the consolidated financial statements.

Description of key audit matter:

Inventories of the Group are measured at the lower of cost and net realizable value. Since the market of printed circuit board is highly competitive, the fair value of inventories is vulnerable to the impact of the market price. Furthermore, the Group's major customers suffered from poor operational performance, so the customers continued to lower the sales price of the Group, which increase the risk of loss on market price decline, as a result, overestimation of the subsequent measurement of inventories became more likely to be happened. Therefore, the subsequent measurements of inventories was considered to be one of the key audit matters in our audit.

How the matter was addressed in our audit:

Our audit procedures included:

- Assessing whether appropriate provision policies for inventories are applied.
- Performing comparison analysis on inventory turnover rate of the current period to last period and the latest quarter, and performing trend analysis on loss on market price decline and obsolete and slow-moving inventories to assess the existence of any significant exceptions, and further identify and analyze the reasons if there is any significant exception.
- Assessing whether the Group's subsequent measurement of inventories has been evaluated in accordance with the Group's provision policy on a consistent basis.
- Obtaining aging analysis of inventories, assessing the appropriateness of provision set aside for obsolete and slow-moving inventories, and examining relevant documents to verify the accuracy of the aging period.
- Obtaining evaluation report of the net realizable value of inventories, assessing the appropriateness of provision set aside for loss on market price decline, and examining relevant documents to verify the accuracy of sales prices and calculation of net realizable value.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with Regulations Governing the Preparation of Financial Reports by Securities Issuers and IFRSs, IASs, interpretations as well as related guidance endorsed by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.



Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the auditing standards generally accepted in the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with auditing standards generally accepted in the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the consolidated financial statements whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters significant in our audit of the consolidated financial statements for the years ended December 31, 2016 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditor's report are Chun-Hsiu Kuang and Lily Lu.

KPMG

Taipei, Taiwan (Republic of China)
March 15, 2017



(English Translation of Consolidated Financial Statements and Report Originally Issued in Chinese)

Apex International Co., Ltd. and subsidiaries

Consolidated Statements of Financial Position

December 31, 2016 and 2015

(Amounts expressed in thousands of New Taiwan dollars)

Assets	December 31, 2016		December 31, 2015		Liabilities and Equity	December 31, 2016		December 31, 2015	
	Amount	%	Amount	%		Amount	%	Amount	%
Current assets:					Current liabilities:				
Cash and cash equivalents (note 6)	\$ 171,105	2	304,863	3	Short-term loans (notes 13, 28, 29 and 30)	\$ 1,485,259	14	1,385,212	13
Financial assets measured at fair value through profit or loss – current (note 7)	9,975	-	2,192	-	Financial liabilities measured at fair value through profit or loss – current (notes 7 and 15)	719	-	1,072	-
Accounts receivable, net (notes 9 and 28)	2,606,788	24	2,495,890	24	Accounts payable	1,950,448	18	1,709,184	16
Other receivables (note 9)	334,937	3	323,263	3	Other payables (note 28)	314,001	3	352,993	3
Inventories (note 10)	1,495,802	14	1,235,621	12	Payable for machinery and equipment	384,589	3	440,816	4
Other current assets	40,031	-	44,579	-	Current tax liabilities	37,123	-	50,410	1
Total current assets	4,658,638	43	4,406,408	42	Current portion of convertible bonds payable (notes 15 and 20)	-	-	569,928	6
Non-current assets:					Current portion of long-term loans (notes 8, 14, 28 and 29)	696,449	6	550,136	5
Property, plant and equipment (notes 11, 29 and 30)	6,177,648	57	6,130,939	58	Current portion of liabilities under finance leases (notes 16 and 29)	175,543	2	99,992	1
Intangible assets (note 12)	19,997	-	23,427	-	Other current liabilities	13,280	-	20,099	-
Deferred tax assets (note 19)	17,487	-	10,516	-	Total current liabilities	5,057,411	46	5,179,842	49
Prepayment for equipment	16,316	-	9,148	-	Long-term liabilities:				
Refundable deposits	7,543	-	5,790	-	Non-current derivative financial liabilities for hedging (note 8)	-	-	145	-
Total non-current assets	6,238,991	57	6,179,820	58	Convertible bonds payable (notes 15 and 20)	582,872	5	-	-
					Long-term loans (notes 8, 14, 28 and 29)	790,391	7	965,476	9
					Deferred tax liabilities (note 19)	44,053	1	20,811	-
					Long-term payable	45,606	1	77,631	1
					Liabilities under finance leases (notes 16 and 29)	363,825	3	214,238	2
					Other non-current liabilities (notes 16 and 18)	24,459	-	21,025	-
					Total long-term liabilities	1,851,206	17	1,299,326	12
					Total liabilities	6,908,617	63	6,479,168	61
					Equity attributable to shareholders of the Company (notes 15, 18, 19 and 20)				
					Common stock	1,225,950	11	1,225,950	12
					Capital surplus	1,483,703	14	1,483,703	14
					Retained earnings	1,556,222	14	1,588,532	15
					Exchange differences on translation of foreign financial statements	(300,256)	(2)	(213,473)	(2)
					Total equity attributable to shareholders of the Company	3,965,619	37	4,084,712	39
					Non-controlling interests	23,393	-	22,348	-
					Total equity	3,989,012	37	4,107,060	39
Total assets	\$ 10,897,629	100	10,586,228		Total liabilities and equity	\$ 10,897,629	100	10,586,228	100

(English Translation of Consolidated Financial Statements and Report Originally Issued in Chinese)

APEX INTERNATIONAL CO., LTD. AND SUBSIDIARIES

Consolidated Statements of Comprehensive Income

For the years ended December 31, 2016 and 2015

(Amounts expressed in thousands of New Taiwan dollars)

	2016		2015	
	Amount	%	Amount	%
Operating revenue (notes 22 and 28)	\$ 8,585,106	100	8,628,752	100
Operating costs (notes 10, 11, 12, 17, 18 and 28)	7,302,568	85	6,988,065	81
Gross profit	1,282,538	15	1,640,687	19
Operating expenses (notes 9, 11, 12, 17, 18, 20 and 28):				
Selling expenses	418,999	5	420,655	5
Administrative expenses	420,098	5	420,748	5
Total operating expenses	839,097	10	841,403	10
Operating income	443,441	5	799,284	9
Non-operating income and expenses (notes 7, 8, 11, 14, 15, 16 and 23):				
Other income	10,404	-	5,620	-
Other gains and losses	13,013	-	(83,949)	(1)
Finance costs	(101,608)	(1)	(97,340)	(1)
Total non-operating income and expenses	(78,191)	(1)	(175,669)	(2)
Income before income tax	365,250	4	623,615	7
Less: income tax expenses (note 19)	90,718	1	89,486	1
Net income	274,532	3	534,129	6
Other comprehensive income (loss) (notes 18 and 19):				
Items that will not be reclassified subsequently to profit or loss				
Remeasurements from defined benefit plans	1,241	-	2,987	-
Income tax related to items that will not be reclassified subsequently to profit or loss	(158)	-	(397)	-
	1,083	-	2,590	-
Items that may be subsequently reclassified to profit or loss				
Foreign currency translation differences for foreign operations	(87,176)	(1)	(238,651)	(3)
Income tax relating to items that are or may be subsequently reclassified to profit or loss	-	-	-	-
	(87,176)	(1)	(238,651)	(3)
Other comprehensive income (loss), net of tax	(86,093)	(1)	(236,061)	(3)
Total comprehensive income	\$ 188,439	2	298,068	3
Net income attributable to:				
Shareholders of the Company	273,099	3	531,517	6
Non-controlling interests	1,433	-	2,612	-
	\$ 274,532	3	534,129	6
Total comprehensive income attributable to:				
Shareholders of the Company	187,394	2	296,518	3
Non-controlling interests	1,045	-	1,550	-
	\$ 188,439	2	298,068	3
Earnings per share (expressed in New Taiwan dollars) (note 21)				
Basic earnings per share	\$	2.23		4.34
Diluted earnings per share	\$	2.06		3.94



(English Translation of Consolidated Financial Statements and Report Originally Issued in Chinese)

APEX INTERNATIONAL CO., LTD. AND SUBSIDIARIES

Consolidated Statements of Changes in Equity

For the years ended December 31, 2016 and 2015

(Amounts expressed in thousands of New Taiwan dollars)

	Equity attributable to shareholders of the Company					Exchange differences on translation of financial statements	Equity attributable to shareholders of the Company	Non- controlling interests	Total equity
	Common stock	Capital surplus	Special reserve	Unappropriated retained earnings	Total				
Balance at January 1, 2015	\$ 1,225,157	1,481,385	186,395	1,174,331	1,360,726	24,104	4,091,372	20,798	4,112,170
Appropriations and distributions									
Cash dividends	-	-	-	(306,289)	(306,289)	-	(306,289)	-	(306,289)
Net income for the year	-	-	-	531,517	531,517	-	531,517	2,612	534,129
Other comprehensive income (loss) for the year	-	-	-	2,578	2,578	(237,577)	(234,999)	(1,062)	(236,061)
Total comprehensive income (loss) for the year	-	-	-	534,095	534,095	(237,577)	296,518	1,550	298,068
Conversion of convertible bonds	793	2,318	-	-	-	-	3,111	-	3,111
Balance at December 31, 2015	1,225,950	1,483,703	186,395	1,402,137	1,588,532	(213,473)	4,084,712	22,348	4,107,060
Appropriations and distributions									
Special reserve	-	-	27,078	(27,078)	-	-	-	-	-
Cash dividends	-	-	-	(306,487)	(306,487)	-	(306,487)	-	(306,487)
Net income for the year	-	-	-	273,099	273,099	-	273,099	1,433	274,532
Other comprehensive income (loss) for the year	-	-	-	1,078	1,078	(86,783)	(85,705)	(388)	(86,093)
Total comprehensive income (loss) for the year	-	-	-	274,177	274,177	(86,783)	187,394	1,045	188,439
Balance at December 31, 2016	\$ 1,225,950	1,483,703	213,473	1,342,749	1,556,222	(300,256)	3,965,619	23,393	3,989,012

(English Translation of Consolidated Financial Statements and Report Originally Issued in Chinese)

APEX INTERNATIONAL CO., LTD. AND SUBSIDIARIES

Consolidated Statements of Cash Flows

For the years ended December 31, 2016 and 2015

(Amounts expressed in thousands of New Taiwan dollars)

	2016	2015
Cash flows from (used in) operating activities:		
Profit before income tax	\$ 365,250	623,615
Adjustments:		
Adjustments to reconcile profit:		
Depreciation expenses	580,290	548,573
Amortization expenses	7,509	7,377
Impairment losses (reversal of impairment losses) on trade receivable	(2,049)	186
Interest expense	101,608	97,341
Interest income	(354)	(945)
Losses (gains) on disposal of property, plant and equipment	2,134	(1,011)
Impairment losses on non-financial assets	26,094	20,321
Total adjustments to reconcile profit	<u>715,232</u>	<u>671,842</u>
Changes in operating assets and liabilities:		
Changes in operating assets:		
Financial assets held for trading	(7,783)	(271)
Notes receivable	-	9,063
Accounts receivable	(108,849)	(485,153)
Other receivables	(11,674)	(109,138)
Inventories	(260,181)	(268,587)
Other current assets	4,548	(5,998)
Total changes in operating assets	<u>(383,939)</u>	<u>(860,084)</u>
Changes in operating liabilities:		
Financial liabilities held for trading (including hedge)	(317)	(1,529)
Accounts payable	241,264	247,439
Other payables	(38,711)	71,146
Other current liabilities	(6,819)	4,775
Other non-current liabilities	4,704	3,140
Total changes in operating liabilities	<u>200,121</u>	<u>324,971</u>
Changes in operating assets and liabilities:	<u>(183,818)</u>	<u>(535,113)</u>
Total adjustments	<u>531,414</u>	<u>136,729</u>
Cash inflow generated from operations	896,664	760,344
Interest income received	354	945
Interest paid	(88,945)	(83,948)
Income taxes paid	(86,832)	(55,660)
Net cash flows used in operating activities	<u>721,241</u>	<u>621,681</u>
Cash flows from (used in) investing activities:		
Acquisition of property, plant and equipment	(848,831)	(1,215,994)
Proceeds from disposal of property, plant and equipment	14	2,525
Acquisition of intangible assets	(2,458)	(144)
Decrease (increase) in refundable deposits	(1,753)	2,220
Decrease (increase) in prepayment for equipment	(7,433)	9,988
Net cash flows used in investing activities	<u>(860,461)</u>	<u>(1,201,405)</u>
Cash flows from (used in) financing activities:		
Increase in short-term loans	100,047	7,679,519
Decrease in short-term loans	-	(7,608,658)
Proceeds from long-term loans	991,315	786,284
Repayments of long-term loans	(1,005,633)	(285,194)
Increase in liabilities under finance leases	362,011	163,260
Decrease in liabilities under finance leases	(128,090)	(61,119)
Capital injection by cash	(306,487)	(306,289)
Net cash flows from financing activities	<u>13,163</u>	<u>367,803</u>
Effect of exchange rate changes on cash and cash equivalents	<u>(7,701)</u>	<u>(237,708)</u>
Net decrease in cash and cash equivalents	<u>(133,758)</u>	<u>(449,629)</u>
Cash and cash equivalents at beginning of year	<u>304,863</u>	<u>754,492</u>
Cash and cash equivalents at end of year	<u>\$ 171,105</u>	<u>304,863</u>



Attachment IV 2016 Annual Profit Distribution Table

盈餘分配表
Profit Distribution Table
2016年
Year 2016

單位:新台幣元 (Unit: NTD\$)

項目 Items		金額 Total	備註 Notes
期初未分配盈餘	Beginning retained earnings	1,068,572,280	
加:稅後淨利	Add: net profit after tax	273,099,395	
加:其他綜合損益	Add: other comprehensive income	1,078,264	Caused by actuarial gains from revaluation of defined benefit plan (APT's employee benefit)
減:特別盈餘公積	Deduct: Special reserve	86,783,462	At 2016/Dec/31, ending balances of "exchange differences on translation of financial statements" was -300,256,205 and special reserve for this item was 213,472,743. Therefore we need to reserve the shortaged number: 300,256,205-213,472,743=86,783,462
可供分配餘額	Distributable net profit	1,255,966,477	
分配項目	Distributable items:		
現金股利	Cash dividend (NTD 0.78 per share)	95,624,037	1. Number of total shares is 122,594,919 shares 2. Plan to issue NTD 1.10 as dividend per share; NTD 0.78 for cash dividend and 0.32 for stock dividend
股票股利	Stock dividend (NTD 0.32 per share)	39,230,380	
期末未分配盈餘	Unappropriated retained earnings	1,121,112,060	
附註Notes:			
員工紅利	Employee bonus sharing	0	
董監事酬勞	Compensation of directors and supervisors	720,000	each independent director compensated NTD 240,000, total head count is 3

董事長:

總經理:

會計主管:

Attachment V Comparison Table of Amendment to “Memorandum and Articles of Association”

Articles of Amendment	Existing Articles	Description
<p>18.6 Member(s) holding 1% or more of the total number of the issued shares immediately prior to the relevant book close period, during which the Company closed its Register of Members, may by a written proposal to the Company propose a matter for discussion at <u>an annual</u> general meeting. <u>The Company shall give a public notice in such manner and at such time as permitted by Applicable Law specifying the place and a period of not less than ten days for Members to submit proposals. The Board may refuse to include the proposal in the agenda of the annual general meeting where</u> (a) the proposing Member(s) holds less than 1% of the total number of the issued shares, (b) where the subject matter of such proposal may not be resolved by a general meeting; (c) the proposing Member has proposed more than one proposal; <u>or (d) the proposal is submitted to the Company after the date fixed and announced by the Company for accepting Member(s)' proposal(s).</u></p>	<p>18.6 Member(s) holding 1% or more of the total number of the issued shares immediately prior to the relevant book close period, during which the Company closes its Register of Members, may by a written proposal to the Company propose a matter for discussion at a general meeting. Proposals shall not be included in the agenda where (a) the proposing Member(s) holds less than 1% of the total number of the issued shares, (b) where the subject matter of such proposal may not be resolved by a general meeting, or (c) the proposing Member has submitted more than one proposal.</p>	<p>According to Article 172-1 of the Company Act and Letter No. 09500537340 issued by the Ministry of Economic Affairs (MOEA) dated April 13, 2006, the Members' right to submit a proposal only applies to annual general meetings. Furthermore, the statement that the proposal should be submitted during the book close period is revised based on MOEA's Letter No. 09702032650 dated March 31, 2008. Furthermore, the relevant wording of this article is revised and item (d) is added in accordance with Article 172-1 of the Company Act.</p>
<p>30.2 The Directors shall be elected upon a poll vote by way of cumulative voting. The numbers of votes attached to each voting share held by a shareholder shall be cumulative and correspond to the number of Directors nominated for appointment at the general meeting (hereafter,</p>	<p>30.2 The Directors shall be elected upon a poll vote by way of cumulative voting. The numbers of votes attached to each voting share held by a shareholder shall be cumulative and correspond to the number of Directors nominated for appointment at the general meeting (hereafter,</p>	<p>According to Letter No. 09402115470 issued by the MOEA dated August 12, 2005, the Directors "shall", rather than "may", be nominated by adopting the candidate nomination system. The Independent Directors shall as well be nominated by adopting the</p>



<p>" Special Votes "). Each shareholder may vote all or part of his/her Special Votes in respect of one or more Director candidates. Within the number of Directors to be elected, the Director candidates receiving the highest number of votes shall be appointed. The Directors <u>(including Independent Directors) shall be nominated by adopting the candidate nomination system specified in the Applicable Public Company Rules for so long as the shares are listed on the TPEX or the TWSE.</u> The rules and procedures of the nomination of candidates shall comply with the procedure approved by the Board of Directors and ordinary resolution, provided that such procedure shall be in compliance with the Cayman Companies Law (Revised), Memorandum of Association, Articles of Association, and the Applicable Public Company Rules. For so long as the shares are listed on the TPEX or the TWSE, if considered necessary by the ROC Securities authority, the Independent Directors shall be nominated by adopting the candidate nomination system specified in the Applicable Public Company Rules.</p>	<p>"Special Votes"). Each shareholder may vote all or part of his/her Special Votes in respect of one or more Director candidates. Within the number of Directors to be elected, the Director candidates receiving the highest number of votes shall be appointed. The Directors <u>may be nominated by adopting the candidate nomination system specified in the Applicable Public Company Rules.</u> The rules and procedures of the nomination of candidates shall comply with the procedure approved by the Board of Directors and ordinary resolution, provided that such procedure shall be in compliance with the Cayman Companies Law (Revised), Memorandum of Association, Articles of Association, and the Applicable Public Company Rules. For so long as the shares are listed on the TPEX or the TWSE, if considered necessary by the ROC Securities authority, the Independent Directors shall be nominated by adopting the candidate nomination system specified in the Applicable Public Company Rules.</p>	<p>candidate nomination system specified in the Applicable Public Company Rules for the purpose of complying with the Corporate Governance Evaluation System.</p>
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Attachment VI Comparison Table of Amendment to “Procedures of Acquisition and Disposal of Assets”

Articles of Amendment	Existing Articles	Description
<p>Article 3: Appraisal procedures The methods and reference criteria for determining the price at which the Corporation acquires or disposes of assets shall comply with the following:</p> <ol style="list-style-type: none"> 1. ...(Omitted)... 2. Real property or equipment: Prices for the acquisition or disposal of real property shall be determined through negotiation, with reference to the announced current value and assessed value of the property and the actual transaction prices of neighboring real properties; in acquisition or disposal of equipment, the Corporation shall first collect relevant price information and make a price determination through one of three methods, either price comparison, price negotiation, or call for tenders. When the Corporation acquires or disposes of real property or equipment, if the transaction amount reaches 20 percent of paid-in capital or NT\$300 million or more, except in transactions with government <u>agencies</u>, hiring others to build on its own land, hiring others to build on rented land, or acquiring or disposing of operating machinery and equipment, it shall first obtain an appraisal report from a professional appraiser and shall further comply with the following provisions: ...(Omitted)... 	<p>Article 3: Appraisal procedures The methods and reference criteria for determining the price at which the Corporation acquires or disposes of assets shall comply with the following:</p> <ol style="list-style-type: none"> 1. ...(Omitted)... 2. Real property or equipment: Prices for the acquisition or disposal of real property shall be determined through negotiation, with reference to the announced current value and assessed value of the property and the actual transaction prices of neighboring real properties; in acquisition or disposal of equipment, the Corporation shall first collect relevant price information and make a price determination through one of three methods, either price comparison, price negotiation, or call for tenders. When the Corporation acquires or disposes of real property or equipment, if the transaction amount reaches 20 percent of paid-in capital or NT\$300 million or more, except in transactions with government agencies, hiring others to build on its own land, hiring others to build on rented land, or acquiring or disposing of operating machinery and equipment, it shall first obtain an appraisal report from a professional appraiser and shall further comply with the following provisions: ...(Omitted)... 	<p>To narrow the scope of exception according to SFB no.1060001296 announcement issued on 9-Feb-2017.</p>
<p>Article 7: Resolution procedures When the Corporation intends to acquire or dispose of real property from or to a related party, or when it intends to acquire or dispose of</p>	<p>Article 7: Resolution procedures When the Corporation intends to acquire or dispose of real property from or to a related party, or when it intends to acquire or dispose of</p>	<p>To make the scope of application more clear.</p>



<p>assets other than real property from or to a related party and the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the Corporation's total assets, or NT\$300 million or more, except in trading of government bonds or bonds under repurchase and resale agreements, or subscription or redemption of domestic money market funds <u>issued by domestic securities investment trust enterprises</u>, the Corporation may not proceed until the following matters have been deliberated by Audit Committee and approved by the board of directors: (Omitted)</p>	<p>assets other than real property from or to a related party and the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the Corporation's total assets, or NT\$300 million or more, except in trading of government bonds or bonds under repurchase and resale agreements, or subscription or redemption of domestic money market funds, the Corporation may not proceed until the following matters have been deliberated by Audit Committee and approved by the board of directors: ...(Omitted)...</p>	
<p>Article 11: Resolution procedures 1. When the Corporation conducts a merger, demerger, acquisition, or share transfer, prior to convening the board of directors to resolve on the matter, it shall engage a CPA, attorney, or securities underwriter to issue an opinion on the reasonableness of the share exchange ratio, acquisition price, or distribution of cash or other property to shareholders that is deliberated by Audit Committee and reported to the board of directors for deliberation and passage. <u>However, the requirement of obtaining an aforesaid opinion on reasonableness issued by an expert may be exempted in the case of a merger by a public company of a subsidiary in which it directly or indirectly holds 100 percent of the issued shares or authorized capital, and in the case of a merger between subsidiaries in which the public company directly or indirectly</u></p>	<p>Article 11: Resolution procedures 1. When the Corporation conducts a merger, demerger, acquisition, or share transfer, prior to convening the board of directors to resolve on the matter, it shall engage a CPA, attorney, or securities underwriter to issue an opinion on the reasonableness of the share exchange ratio, acquisition price, or distribution of cash or other property to shareholders that is deliberated by Audit Committee and reported to the board of directors for deliberation and passage. If approval of more than half of all audit committee members is not obtained, the Procedures may be implemented if approved by more than two-thirds of all directors, provided that the resolution of the audit committee is recorded in the minutes of the board of directors meeting. 2....(Omitted)...</p>	<p>Limit the scope of application.</p>

<p><u>holds 100 percent of the respective subsidiaries' issued shares or authorized capital.</u> If approval of more than half of all audit committee members is not obtained, the Procedures may be implemented if approved by more than two-thirds of all directors, provided that the resolution of the audit committee is recorded in the minutes of the board of directors meeting.</p> <p>2....(Omitted)...</p>		
<p>Article 17: Procedures for public announcement and reporting When the Corporation acquires or disposes of assets under any of the following circumstances, it shall publicly announce and report the relevant information, in accordance with the type of disposal or acquisition, on the SFB's designated website in the appropriate format as prescribed by regulations within two days from the date of occurrence:</p> <ol style="list-style-type: none"> 1. Acquisition or disposal of real property from or to a related party, or acquisition or disposal of assets other than real property from or to a related party where the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the Corporation's total assets, or NT\$300 million or more; this shall not apply to trading of government bonds or bonds under repurchase and resale agreements, domestic money market funds <u>issued by domestic securities investment trust enterprises.</u> 2. Merger, demerger, acquisition, or share transfer. 3. Losses from derivatives trading reach the limits on aggregate 	<p>Article 17: Procedures for public announcement and reporting When the Corporation acquires or disposes of assets under any of the following circumstances, it shall publicly announce and report the relevant information, in accordance with the type of disposal or acquisition, on the SFB's designated website in the appropriate format as prescribed by regulations within two days from the date of occurrence:</p> <ol style="list-style-type: none"> 1. Acquisition or disposal of real property from or to a related party, or acquisition or disposal of assets other than real property from or to a related party where the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the Corporation's total assets, or NT\$300 million or more; this shall not apply to trading of government bonds or bonds under repurchase and resale agreements, or subscription or redemption of domestic money market funds. 2. Merger, demerger, acquisition, or share transfer. 3. Losses from derivatives trading reach the limits on aggregate 	<ol style="list-style-type: none"> 1. To narrow the scope of announce affairs in order to reduce the frequency of announcement. 2. Define the deadline of announcement.

<p>losses or losses on individual contracts set out in the procedures adopted by the Corporation.</p> <p>4. Where the type of asset acquired or disposed is equipment for business use, the trading counterparty is not a related party, <u>and the transaction amount meets any of the following criteria:</u></p> <p><u>A. For a public company whose paid-in capital is less than NT\$10 billion, the transaction amount reaches NT\$500 million or more.</u></p> <p><u>B. For a public company whose paid-in capital is NT\$10 billion or more, the transaction amount reaches NT\$1 billion or more.</u></p> <p>5. Acquisition or disposal by a public company in the construction business of real property for construction use, where the trading counterparty is not a related party, and the transaction amount reaches NT\$500 million.</p> <p>6. Where land is acquired under an arrangement on engaging others to build on the Company's own land, engaging others to build on rented land, joint construction and allocation of housing units, joint construction and allocation of ownership percentages, or joint construction and separate sale, and the amount the Company expects to invest in the transaction reaches NT\$500 million.</p> <p>7. Where the amount of an asset transaction other than any of those referred to in the preceding three <u>six</u> subparagraphs or a disposal of receivables by a financial institution, or an investment in the mainland China area reaches 20 percent or more</p>	<p>losses or losses on individual contracts set out in the procedures adopted by the Corporation.</p> <p>5. Where the amount of an asset transaction other than any of those referred to in the preceding three subparagraphs or a disposal of receivables by a financial institution, or an investment in the mainland China area reaches 20 percent or more of paid-in capital or NT\$300 million. This restriction shall not apply, however, under the following circumstances:</p> <p>(1) Trades in government bonds.</p> <p>(2) Securities trading by investment professionals on foreign or domestic securities exchanges or over-the-counter markets, or subscription of securities by a securities firm, either in the primary market or in accordance with relevant regulations.</p> <p>(3) Trading of bonds under repurchase/resale agreements, or subscription or redemption of domestic money market funds.</p> <p>(4) The type of asset acquired or disposed is equipment/machinery for business use, the trading counterparty is not a related party, and the transaction amount is less than NT\$500 million.</p> <p>(5) The Corporation that operates construction business acquires or disposes of real property for use in construction, where the trading counterparty is not a related party, and the transaction amount is less than NT\$500 million.</p> <p>(6) Real property is acquired under an arrangement for commissioned construction on self-owned land and rented land,</p>	
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<p>of paid-in capital or NT\$300 million. This restriction shall not apply, however, under the following circumstances:</p> <p>(1) Trades in government bonds.</p> <p>(2) Securities trading by investment professionals on foreign or domestic securities exchanges or over-the-counter markets, <u>or subscription by investment professionals of ordinary corporate bonds or of general bank debentures without equity characteristics that are offered and issued in the domestic primary market, or subscription of securities by a securities firm of securities as necessitated by its undertaking business or as an advisory recommending securities firm for an emerging stock company, either in the primary market or in accordance with relevant regulations. the rules of the Taipei Exchange.</u></p> <p>(3) Trading of bonds under repurchase/resale agreements, or subscription or redemption of domestic <u>money market funds issued by domestic securities investment trust enterprises,</u></p> <p>(4) The type of asset acquired or disposed is equipment/machinery for business use, the trading counterparty is not a related party, and the transaction amount is less than NT\$500 million.—</p> <p>(5) The Corporation that operates construction business acquires or disposes of real property for use in construction, where the trading counterparty is not a related party, and the transaction amount is less than NT\$500 million.—</p> <p>(6) Real property is acquired under an arrangement for commissioned construction on self-owned land and rented land, joint construction and allocation</p>	<p>joint construction and allocation of housing units, joint construction and allocation of ownership percentages, or joint construction and separate sale, and the amount the Corporation expects to invest in the transaction is less than NT\$500 million.</p> <p>The amount of the transactions in the preceding paragraph shall be calculated as follows:</p> <ol style="list-style-type: none"> 1. As the amount of any individual transaction. 2. As the cumulative transaction amount of acquisitions and disposals of the same type of asset with the same trading counterparty within one year. 3. As the cumulative transaction amount of real property acquisitions and disposals (respective cumulative amounts for acquisitions and for disposals) in the same development project within one year. 4. As the cumulative transaction amount of acquisitions and disposals (respective cumulative amounts for acquisitions and for disposals) of the same security within one year. <p>"Within one year," as used in paragraph 2, refers to a preceding period of one-year calculated from the date of occurrence of the current transaction. Items duly announced in accordance with the Regulations need not be entered.</p> <p>The Corporation shall compile monthly reports, covering the period up to the end of the preceding month, on the status of derivatives trading made by it or</p>	
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<p>of housing units, joint construction and allocation of ownership percentages, or joint construction and separate sale, and the amount the Corporation expects to invest in the transaction is less than NT\$500 million.</p> <p>The amount of the transactions in the preceding paragraph shall be calculated as follows:</p> <ol style="list-style-type: none">1. As the amount of any individual transaction.2. As the cumulative transaction amount of acquisitions and disposals of the same type of asset with the same trading counterparty within one year.3. As the cumulative transaction amount of real property acquisitions and disposals (respective cumulative amounts for acquisitions and for disposals) in the same development project within one year.4. As the cumulative transaction amount of acquisitions and disposals (respective cumulative amounts for acquisitions and for disposals) of the same security within one year. <p>"Within one year," as used in paragraph 2, refers to a preceding period of one-year calculated from the date of occurrence of the current transaction. Items duly announced in accordance with the Regulations need not be entered.</p> <p>The Corporation shall compile monthly reports, covering the period up to the end of the preceding month, on the status of derivatives trading made by it or by any subsidiaries that are not public companies, and enter the</p>	<p>by any subsidiaries that are not public companies, and enter the information in the prescribed format into the information reporting website designated by the SFC SFB by the tenth day of each month.</p> <p>When an item that the Corporation is required by regulation to publicly announce is found at the time of announcement to contain an error or omission and correction is required, all announced items shall be again publicly announced and reported in their entirety. When the Corporation acquires or disposes of assets, it shall keep all relevant contracts, meeting minutes, logbooks, appraisal reports, and opinions from CPAs, attorneys, and securities underwriters at the headquarters of the Corporation, where, unless otherwise provided in another law, they shall be retained for at least five years.</p> <p>Information required to be publicly announced and reported in accordance with the provisions of Chapter 5 on acquisitions and disposals of assets by a subsidiary of a public company that is not itself a public company in Taiwan shall be reported by the Corporation.</p>	
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<p>information in the prescribed format into the information reporting website designated by the SFB by the tenth day of each month.</p> <p>When an item that the Corporation is required by regulation to publicly announce is found at the time of announcement to contain an error or omission and correction is required, all announced items shall be again publicly announced and reported in their entirety <u>within two days counting inclusively from the date of knowing of such error or omission.</u></p> <p>When the Corporation acquires or disposes of assets, it shall keep all relevant contracts, meeting minutes, logbooks, appraisal reports, and opinions from CPAs, attorneys, and securities underwriters at the headquarters of the Corporation, where, unless otherwise provided in another law, they shall be retained for at least five years.</p> <p>Information required to be publicly announced and reported in accordance with the provisions of Chapter 5 on acquisitions and disposals of assets by a subsidiary of a public company that is not itself a public company in Taiwan shall be reported by the Corporation.</p>		
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