

Stock Code : 4927



**APEX INTERNATIONAL CO., LTD.**

**2017 Annual General Meeting**

**Meeting Agenda**  
(translation)

Meeting Time: June 15, 2017, 09:00 AM

Place: B1., The Landis Taipei Hotel, No. 41, Sec. 2,  
Minquan E. Rd., Zhongshan Dist., Taipei City 104,  
Taiwan ROC



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Apex International Co., Ltd.  
Procedure for 2017 Annual General Meeting

1. Call the Meeting to Order

2. Chairperson's Remarks

3. Report Items

4. Proposed Resolutions

5. Discussion Matters

6. Special Motions

7. Adjournment



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# Apex International Co., Ltd.

## Agenda of 2017 Annual General Meeting

Time: June 15, 2017, 09:00 AM

Place: B1., The Landis Taipei Hotel, No. 41, Sec. 2, Minquan E. Rd., Zhongshan Dist., Taipei City 104, Taiwan ROC

1. Call the Meeting to Order
2. Chairperson's Remarks
3. Report Items
  - 3.1. 2016 operation report.
  - 3.2. 2016 final accounting books and financial statements reviewed by Audit Committee.
4. Proposed Resolutions
  - 4.1. To approve 2016 final accounting books and financial statements.
  - 4.2. To approve the proposal for distribution of 2016 profits.
5. Discussion Matters
  - 5.1. To amend "Memorandum and Articles of Association" of the Company.
  - 5.2. To amend "Procedures of Acquisition and Disposal of Assets" of the Company.
  - 5.3. The proposal to approve issuance of new shares through capitalization of earnings.
6. Special Motions
7. Adjournment

## Report Items

Report No. 1

Proposal: 2016 operation report.

Explanation: 2016 operation report, please refer to attachment I ,page 9~13.

Report No. 2

Proposal: 2016 final accounting books and financial statements reviewed by Audit Committee.

Explanation: 2016 final accounting books and financial statements reviewed by Audit Committee, please refer to attachment II , page 14.



## Proposed Resolutions

1. (Proposed by the Board of Directors)

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 attachment I ,page 9~13 and attachment III ,page 15~23.
3. For the shareholders to approve, please.

Resolved:

2. (Proposed by the Board of Directors)

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 IV,page 24.
6. For the shareholders to approve, please.

Resolved:



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## Discussion Matters

1. (Proposed by the Board of Directors)

Proposal: To amend "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 V, page 25~26.

2. For "Memorandum and Articles of Association" before amendment, please see page 40~78.

3. For the shareholders to deliberate, please.

Resolved:

2. (Proposed by the Board of Directors)

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 VI, page 27~33.

2. For "Procedures of Acquisition and Disposal of Assets" before amendment, please see page 79~92.

3. For the shareholders to deliberate, please.

Resolved:

3. (Proposed by the Board of Directors)

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.

Resolved:



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# Special Motions

## Adjournment

## 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

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**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	%
<b>Current assets:</b>					<b>Current liabilities:</b>				
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
<b>Total current assets</b>	<b>4,658,638</b>	<b>43</b>	<b>4,406,408</b>	<b>42</b>	Current portion of convertible bonds payable (notes 15 and 20)	-	-	569,928	6
<b>Non-current assets:</b>					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	-	<b>Total current liabilities</b>	<b>5,057,411</b>	<b>46</b>	<b>5,179,842</b>	<b>49</b>
Prepayment for equipment	16,316	-	9,148	-	<b>Long-term liabilities:</b>				
Refundable deposits	7,543	-	5,790	-	Non-current derivative financial liabilities for hedging (note 8)	-	-	145	-
<b>Total non-current assets</b>	<b>6,238,991</b>	<b>57</b>	<b>6,179,820</b>	<b>58</b>	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	-
					<b>Total long-term liabilities</b>	<b>1,851,206</b>	<b>17</b>	<b>1,299,326</b>	<b>12</b>
					<b>Total liabilities</b>	<b>6,908,617</b>	<b>63</b>	<b>6,479,168</b>	<b>61</b>
					<b>Equity attributable to shareholders of the Company (notes 15, 18, 19 and 20)</b>				
					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
					<b>Non-controlling interests</b>	23,393	-	22,348	-
					<b>Total equity</b>	<b>3,989,012</b>	<b>37</b>	<b>4,107,060</b>	<b>39</b>
<b>Total assets</b>	<b>\$ 10,897,629</b>	<b>100</b>	<b>10,586,228</b>		<b>Total liabilities and equity</b>	<b>\$ 10,897,629</b>	<b>100</b>	<b>10,586,228</b>	<b>100</b>



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



(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				
<b>Balance at January 1, 2015</b>	\$ 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
<b>Balance at December 31, 2016</b>	<b>\$ 1,225,950</b>	<b>1,483,703</b>	<b>213,473</b>	<b>1,342,749</b>	<b>1,556,222</b>	<b>(300,256)</b>	<b>3,965,619</b>	<b>23,393</b>	<b>3,989,012</b>

(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
<b>Cash flows from (used in) operating activities:</b>		
<b>Profit before income tax</b>	\$ 365,250	623,615
<b>Adjustments:</b>		
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)
<b>Net cash flows used in operating activities</b>	<u>721,241</u>	<u>621,681</u>
<b>Cash flows from (used in) investing activities:</b>		
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
<b>Net cash flows used in investing activities</b>	<u>(860,461)</u>	<u>(1,201,405)</u>
<b>Cash flows from (used in) financing activities:</b>		
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)
<b>Net cash flows from financing activities</b>	<u>13,163</u>	<u>367,803</u>
<b>Effect of exchange rate changes on cash and cash equivalents</b>	<u>(7,701)</u>	<u>(237,708)</u>
<b>Net decrease in cash and cash equivalents</b>	(133,758)	(449,629)
<b>Cash and cash equivalents at beginning of year</b>	304,863	754,492
<b>Cash and cash equivalents at end of year</b>	<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. <del>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.</del></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><b>Article 3: Appraisal procedures</b>                      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"> <li>1. ...(Omitted)...</li> <li>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)...</li> </ol>	<p><b>Article 3: Appraisal procedures</b>                      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"> <li>1. ...(Omitted)...</li> <li>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)...</li> </ol>	<p>To narrow the scope of exception according to SFB no.1060001296 announcement issued on 9-Feb-2017.</p>
<p><b>Article 7: Resolution procedures</b>                      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><b>Article 7: Resolution procedures</b>                      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 <del>domestic</del> 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><b>Article 11: Resolution procedures</b> 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><b>Article 11: Resolution procedures</b> 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><b>Article 17: Procedures for public announcement and reporting</b>  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"> <li>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, <del>domestic</del> money market funds <u>issued by domestic securities investment trust enterprises.</u></li> <li>2. Merger, demerger, acquisition, or share transfer.</li> <li>3. Losses from derivatives trading reach the limits on aggregate</li> </ol>	<p><b>Article 17: Procedures for public announcement and reporting</b>  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"> <li>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.</li> <li>2. Merger, demerger, acquisition, or share transfer.</li> <li>3. Losses from derivatives trading reach the limits on aggregate</li> </ol>	<ol style="list-style-type: none"> <li>1. To narrow the scope of announce affairs in order to reduce the frequency of announcement.</li> <li>2. Define the deadline of announcement.</li> </ol>

<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 <del>three</del> <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 <u>domestic money market funds issued by domestic securities investment trust enterprises,</u></p> <p><del>(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.</del></p> <p><del>(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.</del></p> <p><del>(6) Real property is acquired under an arrangement for commissioned construction on self-owned land and rented land, joint construction and allocation</del></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"> <li>1. As the amount of any individual transaction.</li> <li>2. As the cumulative transaction amount of acquisitions and disposals of the same type of asset with the same trading counterparty within one year.</li> <li>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.</li> <li>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.</li> </ol> <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><del>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.</del></p> <p>The amount of the transactions in the preceding paragraph shall be calculated as follows:</p> <ol style="list-style-type: none"><li>1. As the amount of any individual transaction.</li><li>2. As the cumulative transaction amount of acquisitions and disposals of the same type of asset with the same trading counterparty within one year.</li><li>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.</li><li>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.</li></ol> <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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## Appendix

### Appendix I - Rules and Procedures of Shareholders' Meeting

## **Apex International Company Limited Rules and Procedures of Shareholders' Meeting**

1. The rules of procedures for this Corporation's shareholders meetings, except as otherwise provided by law, regulation, or the articles of incorporation, shall be as provided in these Rules.
2. Unless otherwise provided by law or regulation, this Corporation's shareholders meetings shall be convened by the board of directors.

This Corporation shall prepare electronic versions of the shareholders meeting notice and proxy forms, and the origins of and explanatory materials relating to all proposals, including proposals for ratification, matters for deliberation, or the election or dismissal of directors, and upload them to the Market Observation Post System (MOPS) 30 days before the date of a regular shareholders meeting or 15 days before the date of a special shareholders meeting. This Corporation shall prepare electronic versions of the shareholders meeting agenda and supplemental meeting materials and upload them to the MOPS 21 days before the date of the regular shareholders meeting or 15 days before the date of the special shareholders meeting. In addition, 15 days before the date of the shareholders meeting, this Corporation shall also have prepared the shareholders meeting agenda and supplemental meeting materials and made them available for review by shareholders at any time. The meeting agenda and supplemental materials shall also be displayed at this Corporation and its shareholder services agent as well as being distributed on-site at the meeting venue.

The reasons for convening a shareholders meeting shall be specified in the meeting notice and public announcement. With the consent of the addressee, the meeting notice may be given in electronic form.

Election or dismissal of directors, amendments to the articles of incorporation, the dissolution, merger, or demerger of the corporation, or any matter under Article 185, paragraph 1 of the Company Act, or Articles 26-1 and 43-6 of the Securities and Exchange Act, or Articles 56-1 and 60-2 of the Regulations Governing the Offering and Issuance of Securities by Securities Issuers shall be set out in the notice of the reasons for convening the shareholders meeting. None of the above matters may be raised by an extraordinary motion.

A shareholder holding 1 percent or more of the total number of issued shares may submit to this Corporation a written proposal for discussion at a regular shareholders meeting. Such proposals, however, are limited to one item only, and no proposal containing more than one item will be included in the meeting agenda. In addition, when the circumstances of any subparagraph of Article 172-1, paragraph 4 of the Company Act apply to a proposal put forward by a shareholder, the board of directors may exclude it from the agenda.

Prior to the book closure date before a regular shareholders meeting is held, this Corporation shall publicly announce that it will receive shareholder proposals, and the location and time period for their submission; the period for submission of shareholder proposals may not be less than 10 days.

Shareholder-submitted proposals are limited to 300 words, and no proposal containing more than 300 words will be included in the meeting agenda. The shareholder making the proposal shall be present in person or by proxy at the regular shareholders meeting and take part in

discussion of the proposal.

Prior to the date for issuance of notice of a shareholders meeting, this Corporation shall inform the shareholders who submitted proposals of the proposal screening results, and shall list in the meeting notice the proposals that conform to the provisions of this article. At the shareholders meeting the board of directors shall explain the reasons for exclusion of any shareholder proposals not included in the agenda.

3. For each shareholders meeting, a shareholder may appoint a proxy to attend the meeting by providing the proxy form issued by this Corporation and stating the scope of the proxy's authorization.

A shareholder may issue only one proxy form and appoint only one proxy for any given shareholders meeting, and shall deliver the proxy form to this Corporation 5 days before the date of the shareholders meeting. When duplicate proxy forms are delivered, the one received earliest shall prevail unless a declaration is made to cancel the previous proxy appointment.

After a proxy form has been delivered to this Corporation, if the shareholder intends to attend the meeting in person or to exercise voting rights by correspondence or electronically, a written notice of proxy cancellation shall be submitted to this Corporation 2 business days before the meeting date. If the cancellation notice is submitted after that time, votes cast at the meeting by the proxy shall prevail.

4. The venue for a shareholders meeting shall be the premises of this Corporation, or a place easily accessible to shareholders and suitable for a shareholders meeting. The meeting may begin no earlier than 9 a.m. and no later than 3 p.m. Full consideration shall be given to the opinions of the independent directors with respect to the place and time of the meeting.
5. This Corporation shall specify in its shareholders meeting notices the time during which shareholder attendance registrations will be accepted, the place to register for attendance, and other matters for attention.

The time during which shareholder attendance registrations will be accepted, as stated in the preceding paragraph, shall be at least 30 minutes prior to the time the meeting commences. The place at which attendance registrations are accepted shall be clearly marked and a sufficient number of suitable personnel assigned to handle the registrations.

Shareholders and their proxies (collectively, "shareholders") shall attend shareholders meetings based on attendance cards, sign-in cards, or other certificates of attendance. The Corporation shall not arbitrarily ask additional certificates to those used in shareholder attendance. Solicitors soliciting proxy forms shall also bring identification documents for verification.

This Corporation shall furnish the attending shareholders with an attendance book to sign, or attending shareholders may hand in a sign-in card in lieu of signing in.

This Corporation shall furnish attending shareholders with the meeting agenda book, annual report, attendance card, speaker's slips, voting slips, and other meeting materials. Where there is an election of directors or supervisors, pre-printed ballots shall also be furnished.

When the government or a juristic person is a shareholder, it may be represented by more than one representative at a shareholders meeting. When a juristic person is appointed to attend as proxy, it may designate only one person to represent it in the meeting.

6. If a shareholders meeting is convened by the board of directors, the meeting shall be chaired by the chairperson of the board. When the chairperson of the board is on leave or for any reason unable to exercise the powers of the chairperson, the vice chairperson shall act in place of the chairperson; if there is no vice chairperson or the vice chairperson also is on leave or for any



reason unable to exercise the powers of the vice chairperson, the chairperson shall appoint one of the managing directors to act as chair, or, if there are no managing directors, one of the directors shall be appointed to act as chair. Where the chairperson does not make such a designation, the managing directors or the directors shall select from among themselves one person to serve as chair.

When a managing director or a director serves as chair, as referred to in the preceding paragraph, the managing director or director shall be one who has held that position for six months or more and who understands the financial and business conditions of the company. The same shall be true for a representative of a juristic person director that serves as chair.

It is advisable that shareholders meetings convened by the board of directors be chaired by the chairperson of the board and attended by a majority of the directors and at least one representative from each functional committee. The attendance shall be recorded in the minutes of the shareholders meeting.

If a shareholders meeting is convened by a party with power to convene but other than the board of directors, the convening party shall chair the meeting. When there are two or more such convening parties, they shall mutually select a chair from among themselves.

This Corporation may appoint its attorneys, certified public accountants, or related persons retained by it to attend a shareholders meeting in a non-voting capacity.

7. This Corporation, beginning from the time it accepts shareholder attendance registrations, shall make an uninterrupted audio and video recording of the registration procedure, the proceedings of the shareholders meeting, and the voting and vote counting procedures.

The recorded materials stated in the preceding paragraph shall be retained for at least 1 year. If, however, a shareholder files a lawsuit pursuant to Article 189 of the Company Act, the recording shall be retained until the conclusion of the litigation.

8. Attendance at shareholders meetings shall be calculated based on numbers of shares. The number of shares in attendance shall be calculated according to the shares indicated in the attendance book and sign-in cards handed in plus the number of shares whose voting rights are exercised by correspondence or electronically.

The chair shall call the meeting to order at the appointed meeting time. However, when the attending shareholders do not represent a majority of the total number of issued shares, the chair may announce a postponement, provided that no more than two such postponements, for a combined total of no more than 1 hour, may be made. If the quorum is not met after two postponements and the attending shareholders still represent less than one third of the total number of issued shares, the chair shall declare the meeting adjourned.

If the quorum is not met after two postponements as referred to in the preceding paragraph, but the attending shareholders represent one third or more of the total number of issued shares, a tentative resolution may be adopted pursuant to Article 175, paragraph 1 of the Company Act; all shareholders shall be notified of the tentative resolution and another shareholders meeting shall be convened within 1 month.

When, prior to conclusion of the meeting, the attending shareholders represent a majority of the total number of issued shares, the chair may resubmit the tentative resolution for a vote by the shareholders meeting pursuant to Article 174 of the Company Act.

9. If a shareholders meeting is convened by the board of directors, the meeting agenda shall be set by the board of directors. The meeting shall proceed in the order set by the agenda, which may not be changed without a resolution of the shareholders meeting.

The provisions of the preceding paragraph apply mutatis mutandis to a shareholders meeting convened by a party with the power to convene that is not the board of directors.



The chair may not declare the meeting adjourned prior to completion of deliberation on the meeting agenda of the preceding two paragraphs (including extraordinary motions), except by a resolution of the shareholders meeting. If the chair declares the meeting adjourned in violation of the rules of procedure, the other members of the board of directors shall promptly assist the attending shareholders in electing a new chair in accordance with statutory procedures, by agreement of a majority of the votes represented by the attending shareholders, and then continue the meeting.

The chair shall allow ample opportunity during the meeting for explanation and discussion of proposals and of amendments or extraordinary motions put forward by the shareholders; when the chair is of the opinion that a proposal has been discussed sufficiently to put it to a vote, the chair may announce the discussion closed and call for a vote.

10. Before speaking, an attending shareholder must specify on a speaker's slip the subject of the speech, his/her shareholder account number (or attendance card number), and account name. The order in which shareholders speak will be set by the chair.

A shareholder in attendance who has submitted a speaker's slip but does not actually speak shall be deemed to have not spoken. When the content of the speech does not correspond to the subject given on the speaker's slip, the spoken content shall prevail.

Except with the consent of the chair, a shareholder may not speak more than twice on the same proposal, and a single speech may not exceed 5 minutes. If the shareholder's speech violates the rules or exceeds the scope of the agenda item, the chair may terminate the speech.

When an attending shareholder is speaking, other shareholders may not speak or interrupt unless they have sought and obtained the consent of the chair and the shareholder that has the floor; the chair shall stop any violation.

When a juristic person shareholder appoints two or more representatives to attend a shareholders meeting, only one of the representatives so appointed may speak on the same proposal.

After an attending shareholder has spoken, the chair may respond in person or direct relevant personnel to respond.

11. Voting at a shareholders meeting shall be calculated based the number of shares.

With respect to resolutions of shareholders meetings, the number of shares held by a shareholder with no voting rights shall not be calculated as part of the total number of issued shares.

When a shareholder is an interested party in relation to an agenda item, and there is the likelihood that such a relationship would prejudice the interests of this Corporation, that shareholder may not vote on that item, and may not exercise voting rights as proxy for any other shareholder.

The number of shares for which voting rights may not be exercised under the preceding paragraph shall not be calculated as part of the voting rights represented by attending shareholders.

With the exception of a trust enterprise or a shareholder services agent approved by the competent securities authority, when one person is concurrently appointed as proxy by two or more shareholders, the voting rights represented by that proxy may not exceed 3 percent of the voting rights represented by the total number of issued shares. If that percentage is exceeded, the voting rights in excess of that percentage shall not be included in the calculation.

12. A shareholder shall be entitled to one vote for each share held, except when the shares are restricted shares or are deemed non-voting shares under Article 179, paragraph 2 of the



Company Act.

When this Corporation holds a shareholders meeting, it may allow the shareholders to exercise voting rights by correspondence or electronic means. When voting rights are exercised by correspondence or electronic means, the method of exercise shall be specified in the shareholders meeting notice. A shareholder exercising voting rights by correspondence or electronic means will be deemed to have attended the meeting in person, but to have waived his/her rights with respect to the extraordinary motions and amendments to original proposals of that meeting; it is therefore advisable that this Corporation avoid the submission of extraordinary motions and amendments to original proposals.

A shareholder intending to exercise voting rights by correspondence or electronic means under the preceding paragraph shall deliver a written declaration of intent to this Corporation 2 days before the date of the shareholders meeting. When duplicate declarations of intent are delivered, the one received earliest shall prevail, except when a declaration is made to cancel the earlier declaration of intent.

After a shareholder has exercised voting rights by correspondence or electronic means, in the event the shareholder intends to attend the shareholders meeting in person, a written declaration of intent to retract the voting rights already exercised under the preceding paragraph shall be made known to this Corporation, by the same means by which the voting rights were exercised, 2 business days before the date of the shareholders meeting. If the notice of retraction is submitted after that time, the voting rights already exercised by correspondence or electronic means shall prevail. When a shareholder has exercised voting rights both by correspondence or electronic means and by appointing a proxy to attend a shareholders meeting, the voting rights exercised by the proxy in the meeting shall prevail.

Except as otherwise provided in the Company Act and in this Corporation's articles of incorporation, the passage of a proposal shall require an affirmative vote of a majority of the voting rights represented by the attending shareholders. At the time of a vote, for each proposal, the chair or a person designated by the chair shall first announce the total number of voting rights represented by the attending shareholders, followed by a poll of the shareholders. After the conclusion of the meeting, on the same day it is held, the results for each proposal, based on the numbers of votes for and against and the number of abstentions, shall be entered into the MOPS.

When there is an amendment or an alternative to a proposal, the chair shall present the amended or alternative proposal together with the original proposal and decide the order in which they will be put to a vote. When any one among them is passed, the other proposals will then be deemed rejected, and no further voting shall be required.

Vote monitoring and counting personnel for the voting on a proposal shall be appointed by the chair, provided that all monitoring personnel shall be shareholders of this Corporation.

Vote counting for shareholders meeting proposals or elections shall be conducted in public at the place of the shareholders meeting. Immediately after vote counting has been completed, the results of the voting, including the statistical tallies of the numbers of votes, shall be announced on-site at the meeting, and a record made of the vote.

13. The election of directors or supervisors at a shareholders meeting shall be held in accordance with the applicable election and appointment rules adopted by this Corporation, and the voting results shall be announced on-site immediately, including the names of those elected as directors and the numbers of votes with which they were elected.

The ballots for the election referred to in the preceding paragraph shall be sealed with the signatures of the monitoring personnel and kept in proper custody for at least 1 year. If, however, a shareholder files a lawsuit pursuant to Article 189 of the Company Act, the ballots shall be retained until the conclusion of the litigation.

14. Matters relating to the resolutions of a shareholders meeting shall be recorded in the meeting minutes. The meeting minutes shall be signed or sealed by the chair of the meeting and a copy distributed to each shareholder within 20 days after the conclusion of the meeting. The meeting minutes may be produced and distributed in electronic form.

This Corporation may distribute the meeting minutes of the preceding paragraph by means of a public announcement made through the MOPS.

The meeting minutes shall accurately record the year, month, day, and place of the meeting, the chair's full name, the methods by which resolutions were adopted, and a summary of the deliberations and their results, and shall be retained for the duration of the existence of this Corporation.
15. On the day of a shareholders meeting, this Corporation shall compile in the prescribed format a statistical statement of the number of shares obtained by solicitors through solicitation and the number of shares represented by proxies, and shall make an express disclosure of the same at the place of the shareholders meeting.

If matters put to a resolution at a shareholders meeting constitute material information under applicable laws or regulations or under Taiwan Stock Exchange Corporation (or GreTai Securities Market) regulations, this Corporation shall upload the content of such resolution to the MOPS within the prescribed time period.
16. Staff handling administrative affairs of a shareholders meeting shall wear identification cards or arm bands.

The chair may direct the proctors or security personnel to help maintain order at the meeting place. When proctors or security personnel help maintain order at the meeting place, they shall wear an identification card or armband bearing the word "Proctor."

At the place of a shareholders meeting, if a shareholder attempts to speak through any device other than the public address equipment set up by this Corporation, the chair may prevent the shareholder from so doing.

When a shareholder violates the rules of procedure and defies the chair's correction, obstructing the proceedings and refusing to heed calls to stop, the chair may direct the proctors or security personnel to escort the shareholder from the meeting.
17. When a meeting is in progress, the chair may announce a break based on time considerations. If a force majeure event occurs, the chair may rule the meeting temporarily suspended and announce a time when, in view of the circumstances, the meeting will be resumed.

If the meeting venue is no longer available for continued use and not all of the items (including extraordinary motions) on the meeting agenda have been addressed, the shareholders meeting may adopt a resolution to resume the meeting at another venue. A resolution may be adopted at a shareholders meeting to defer or resume the meeting within 5 days in accordance with Article 182 of the Company Act.
18. These Rules and Procedures shall be effective from the date of their approval by the Shareholders' Meeting. The same applies in case of revision.



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Appendix II 、 Memorandum and Articles of Association(Before Amendment)

THE COMPANIES LAW (2013 REVISION)

OF THE CAYMAN ISLANDS

COMPANY LIMITED BY SHARES

AMENDED AND RESTATED

MEMORANDUM AND ARTICLES

OF

ASSOCIATION

OF

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**APEX INTERNATIONAL CO., LTD.**

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**(adopted by Special Resolution dated June 2, 2015)**

THE COMPANIES LAW (2013 REVISION)

COMPANY LIMITED BY SHARES

**AMENDED AND RESTATED MEMORANDUM OF ASSOCIATION**

**OF**

**APEX INTERNATIONAL CO., LTD.**

**(adopted by Special Resolution dated June 2, 2015)**

1. The name of the Company is Apex International Co., Ltd.
2. The Registered Office shall be at the offices of Portcullis TrustNet (Cayman) Ltd., The Grand Pavilion Commercial Centre, Oleander Way, 802 West Bay Road, P.O. Box 32052, Grand Cayman KY1-1208, Cayman Islands, British West Indies.
3. Subject to the following provisions of this Memorandum, the objects for which the Company is established are unrestricted.
4. Subject to the following provisions of this Memorandum, the Company shall have and be capable of exercising all the functions of a natural person of full capacity irrespective of any question of corporate benefit, as provided by Section 27(2) of The Companies Law (2013 Revision).
5. Nothing in this Memorandum shall permit the Company to carry on a business for which a licence is required under the laws of the Cayman Islands unless duly licensed.
6. If the Company is exempted, it shall not trade in the Cayman Islands with any person, firm or corporation except in furtherance of the business of the Company carried on outside the Cayman Islands; provided that nothing in this clause shall be construed as to prevent the Company effecting and concluding contracts in the Cayman Islands, and exercising in the Cayman Islands all of its powers necessary for the carrying on of its business outside the Cayman Islands.
7. The liability of each member is limited to the amount from time to time unpaid on such member's shares.
8. The share capital of the Company is Taiwan Dollar 2,000,000,000.00 divided into 200,000,000 shares of a nominal or par value of Taiwan Dollar 10.00 each, with power for the Company insofar as is permitted by law to redeem or purchase any of its shares and to increase or reduce the said capital subject to the provisions of the Companies Law (2013 Revision) and the Articles of Association and to issue any part of its capital, whether original, redeemed or increased with or without any preference, priority or special privilege or subject to any postponement of rights or to any conditions or restrictions and so that unless the conditions of issue shall otherwise expressly declare every issue of shares whether stated to be preference or otherwise shall be subject to the powers hereinbefore contained.



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THE COMPANIES LAW (2013 REVISION)  
COMPANY LIMITED BY SHARES

**AMENDED AND RESTATED ARTICLES OF ASSOCIATION**

**OF**

**APEX INTERNATIONAL CO., LTD.**  
(adopted by Special Resolution dated June 2, 2015)

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**INTERPRETATION**

1. The Regulations contained or incorporated in Table A of the First Schedule of the Companies Law (2013 Revision) shall not apply to this Company.
2. (a) In these Articles the following terms shall have the meanings set opposite unless the context otherwise requires:-
  - (i) **Applicable Law** the Applicable Public Company Rules, the Law or such other rules or legislation applicable to the Company;
  - (ii) **Applicable Public Company Rules** the ROC laws, rules and regulations (including, without limitation, the Company Act, the Securities and Exchange Law, the rules and regulations promulgated by the FSC and rules and regulations promulgated by the TPEX or TWSE (as applicable), as amended from time to time) affecting the public reporting companies or companies listed on any ROC stock exchange or securities market that from time to time are required by the relevant regulator as applicable to the Company;
  - (iii) **Articles** these articles of association as from time to time amended by special resolution;
  - (iv) **Audit Committee** means the audit committee under the Board, which shall comprise solely the Independent Directors of the Company;
  - (v) **Board** the board of Directors appointed or elected pursuant to these Articles and acting at a meeting of directors at which there is a quorum

- in accordance with these Articles;
- (vi) Capital Reserve means the premium paid on the issuance of any share and income from donation received by the Company;
  - (vii) Cayman Islands company means a company formed and registered under the Law or an existing Cayman Islands company;
  - (viii) Company Apex International Co., Ltd.;
  - (ix) Compensation Committee means the compensation committee under the Board;
  - (x) Directors a director, including a sole director, for the time being of the Company and shall include any and all Independent Directors;
  - (xi) Electronic Record has the same meaning as in the Electronic Transactions Law;
  - (xii) Electronic Transactions Law means the Electronic Transactions Law (2003) of the Cayman Islands;
  - (xiii) FSC the Financial Supervisory Commission of the ROC;
  - (xiv) Independent Directors the Directors who are elected as "Independent Directors" for the purpose of Applicable Public Company Rules;
  - (xv) Law the Companies Law (2013 Revision) of the Cayman Islands and any amendment or other statutory modification thereof and where in these Articles any provision of the Law is referred to, the reference is to that provision as modified by any law for the time being in force;
  - (xvi) Market Observation Post System means the public company reporting system maintained by the Taiwan Stock Exchange Corporation, via <http://newmops.tse.com.tw/>;
  - (xvii) Member the person registered in the Register of Members as the holder of shares in the Company and, when two or more persons are so registered as joint holders of shares, means the person whose name stands first in the Register of Members as one of such joint holders or all of such person, as



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- the context so requires;
- (xviii) Memorandum the memorandum of association of the Company as from time to time amended by a special resolution;
- (xix) Merger means:
- (a) a "merger" or "consolidation" as defined under the Law; or
- (b) other forms of mergers and acquisitions which fall within the definition of "merger and/or consolidation" under the Applicable Public Company Rules;
- (xx) month a calendar month;
- (xxi) notice written notice as further provided in these Articles unless otherwise specifically stated;
- (xxii) Officer any person appointed by the Board to hold an office in the Company;
- (xxiii) ordinary resolution a resolution passed at a general meeting (or, if so specified, a meeting of Members holding a class of shares) of the Company by a simple majority of the votes cast;
- (xxiv) Preferred Shares has the meaning given thereto in Article 5.2;
- (xxv) Private Placement means the private placement by the Company of shares or other securities of the Company as permitted by the Applicable Public Company Rules;
- (xxvi) Register of Directors and Officers the register of directors and officers referred to in these Articles;
- (xxvii) Registered Office the registered office of the Company for the time being;
- (xxviii) Register of Members of the Company the principal register and where applicable, any branch Register of Members to be maintained at such place within or outside the Cayman Islands as the Board shall determine from time to time and referred to in these Articles;
- (xxix) Restricted has the meaning given thereto in Article 3.9;



Shares

- (xxx) ROC means Taiwan, the Republic of China;
- (xxxii) Seal the common seal or any official or duplicate seal of the Company;
- (xxxiii) Secretary the person appointed to perform any or all of the duties of secretary of the Company and includes any deputy or assistant secretary and any person appointed by the Board to perform any of the duties of the Secretary;
- (xxxiii)share a share in the Company and includes a fraction of a share;
- (xxxiv)Shareholders' Service Agent means, in respect of any class of share capital, the principal place of business of such security agent of the Company located in the ROC as the Board may from time to time determine to keep a Register of Members in respect of that class of share capital in accordance with the Law;
- (xxxv) special resolution a resolution shall be a special resolution when it has been passed by a majority of not less than two-thirds of the votes cast by such Member as, being entitled so to do, vote in person or, in the case of such Members are corporations, by their respective duly authorised representative or, where proxies are allowed, by proxy at a general meeting of which the quorum is present and not less than fifteen days' notice specifying (without prejudice to the power contained in these Articles to amend the same) the intention to propose the resolution as a special resolution, has been duly given;
- a special resolution shall be effective for any purpose for which an ordinary resolution is expressed to be required under any provision of these Articles;
- (xxxvi)Subsidiary means, with respect to any company, (1) the entity, one-half or more of whose total number of the voting shares or the total amount of the capital stock are directly or indirectly held by such company; (2) the entity that such company has a direct or indirect control over its personnel,

financial or business operation; (3) the entity, one-half or more of whose executive shareholders or board directors are concurrently acting as the executive shareholders or board directors of such company; and (4) the entity, one-half or more of whose total number of voting shares or the total amount of the capital stock are held by the same shareholder(s) of such company;

(xxxvii) supermajority resolution

a resolution adopted by a vote of the Members who represent one-half or more of the total number of shares entitled to vote at a general meeting attended by Members who represent two-thirds or more of the total issued shares of the Company or, if the total number of shares represented by the Members present at the general meeting is less than two-thirds of the total issued shares of the Company, but more than one-half of the total issued shares of the Company, means instead, a resolution adopted at such general meeting by the Members who represent two-thirds or more of the total number of shares entitled to vote on such resolution;

(xxxviii) TDCC

the Taiwan Depository and Clearing Corporation;

(xxxix) TPEX

the Taipei Exchange (formerly GreTai Securities Market);

(xl) Treasury Share

a share that was previously issued but was repurchased, redeemed or surrendered and not cancelled;

(xli) TWSE

the Taiwan Stock Exchange Corporation; and

(xlii) year

a calendar year.

(b) Unless the context otherwise requires, expressions defined in the Law and used herein shall have the meanings so defined.

(c) In these Articles unless the context otherwise requires:-

- (i) words importing the singular number shall include the plural number and vice-versa;
- (ii) words importing the masculine gender only shall include the feminine gender;

- (iii) words importing persons only shall include companies or associations or bodies of persons whether incorporated or not;
  - (iv) a notice provided for herein shall be in writing unless otherwise specified and all reference herein to "in writing" and "written" shall include printing, lithography, photography and other modes of representing or reproducing words in permanent visible form, including the form of an Electronic Record; and
  - (v) "may" shall be construed as permissive and "shall" shall be construed as imperative.
- (d) Headings used herein are intended for convenience only and shall not affect the construction of these Articles.

## **SHARES**

### **3. Power to Issue Shares**

- 3.1 Subject to these Articles, the Applicable Public Company Rules and the Law, and without prejudice to any special rights previously conferred on the holders of any existing shares or class of shares, the Board shall have the power to issue shares, with the approval of a majority of the Directors present at a meeting attended by two-thirds or more of the Directors, on such terms and conditions as the Directors may in their absolute discretion determine, and any shares or class of shares (including the issue or grant of options, warrants and other rights, renounceable or otherwise in respect of shares) may be issued with such preferred, deferred or other special rights or such restrictions, whether in regard to dividend, voting, return of capital or otherwise as the Company may by the resolution of the Members prescribe, provided that, (i) no shares shall be issued at a discount, and (ii) subject to the Law and Applicable Public Company Rules, the offer and issue price to each share of the same class to be issued in a given offering of shares shall be the same. The issue of new shares shall at all times be subject to the sufficiency of the authorized capital of the Company. So long as the shares have been listed on the TPEX or TWSE, notwithstanding anything contained in these Articles and subject always to the laws of the Cayman Islands, the details of the holders of scripless shares which are traded shall be recorded by the TDCC in accordance with the Applicable Public Company Rules and the Company shall recognize as a Member each person identified as a holder of a share in the records provided by the TDCC to the Company and such records shall form part of the Register of Members.
- 3.2 Unless otherwise resolved by the Members in general meeting by ordinary resolution, the Company shall, when increasing its issued share capital by issuing new shares in the ROC (other than those new shares issued resulting from or in connection with any merger, consolidation, spin-off, amalgamation, asset acquisition, group reorganization, share swap, share subdivision, exercise of share options, warrants or awards, conversion of convertible securities or debt instruments or pursuant to resolutions of the Board passed conditionally or unconditionally before the date on which these Articles became effective), subject to the allocation of the public offering portion, as provided in Article 3.3 below, and the newly issued shares as the Company may set aside for the employees of the Company and/or of the Company's Subsidiaries pursuant to the Employee's Pre-emptive Rights (as defined below), grant to the Members pre-emptive rights (the "Members Pre-emptive Rights") to

subscribe for remaining new shares of the Company in proportion respectively to their then shareholdings and notify Members, by public announcement in such manner as may be permitted by the Applicable Public Company Rules and give notice to the Members. The Company shall state in such announcement and notices to the Members, among other things, the procedures for exercising such Members Pre-emptive Rights and that if any Member fails to purchase his/her/its pro rata portion of such remaining shares to be issued within the prescribed period, such Member shall be deemed to forfeit his/her/its pre-emptive right to purchase such shares to be issued. In the event that shares held by a Member are insufficient for such Member to exercise the pre-emptive right to purchase one new share to be issued, shares held by several Members may be calculated together for joint purchase of shares to be issued or for purchase of shares to be issued in the name of a single Member pursuant to the Applicable Public Company Rules. If the total number of the shares to be issued has not been fully subscribed by the Members within the prescribed period, the Company may consolidate such shares into the public offering tranche or offer any un-subscribed shares to a specific person or persons in accordance with the Applicable Public Company Rules. In addition, the Company may, if so resolved by the Board, grant to the employees of the Company and/or of the Company's Subsidiaries pre-emptive rights to subscribe for 10% to 15% of the total number of such shares to be issued for subscription (the "Employees Pre-emptive Rights").

- 3.3 Where the Company increases its issued share capital by issuing new shares in the ROC (other than those new shares issued resulting from or in connection with any merger, consolidation, spin-off, amalgamation, asset acquisition, group reorganization, share swap, share subdivision, exercise of share options, warrants or awards, conversion of convertible securities or debt instruments) unless the ROC competent authority deems the public offering of the new shares to be unnecessary or inappropriate, the Company shall allocate 10% of the total number of new shares to be issued or any percentage that may be greater than 10% of the total number of new shares to be issued as resolved by the Members by way of ordinary resolution at a general meeting for public offering within the ROC in accordance with the Applicable Public Company Rules.
- 3.4 The Company shall not issue any unpaid shares or partly paid-up shares.
- 3.5 Notwithstanding Article 3.9 hereof, subject to the Applicable Public Company Rules and the Law, the Company may, by a majority vote cast at a meeting of the Board with two-third (2/3) or more of the Directors present at the Board meeting, adopt one or more incentive programmes and may issue shares or options, warrants or other similar instruments, to employees of the Company and its Subsidiaries, provided that in no event shall (i) the number of shares to be issued pursuant to each of any such programmes exceed ten percentage (10%) of then total issued and outstanding shares of the Company and (ii) the aggregate number of shares to be issued pursuant to any board approved incentive programmes exceed fifteen percentage (15%) of the then total issued and outstanding shares of the Company.
- 3.6 Options, warrants or other similar instruments issued in accordance with Article 3.5 are not transferable save by inheritance.
- 3.7 The Company may enter into agreements with employees of the Company and the employees of its Subsidiaries in relation to the incentive programme approved pursuant to Article 3.5, whereby employees may subscribe, within a specific period of time, a specific

number of the shares. The terms and conditions of such agreements shall be no less restrictive on the relevant employee than the terms specified in the applicable incentive programme.

3.8 [deleted]

3.9 Subject to the provisions of the Law, the Company may issue new shares with restricted rights (“**Restricted Shares**”) to employees of the Company and its Subsidiaries with the sanction of a Supermajority Resolution; provided that Article 3.3 hereof shall not apply in respect of the issue of such shares. The terms of issue of Restricted Shares, including but not limited to the number of Restricted Shares so issued, issue price of Restricted Shares and other related matters shall be in accordance with the Applicable Public Company Rules.

#### 4. Redemption and Purchase of Shares and Treasury Shares

4.1 Subject to the Law, the Company is authorized to issue shares which are to be redeemed or are liable to be redeemed at the option of the Company or a Member.

4.2 Subject to the provisions of the Applicable Law and these Articles, the Company is hereby authorised to, upon approval by a majority of the Directors at a meeting attended by two-thirds or more of the total number of the Directors, repurchase its own shares (including the shares listed on the TPEX or TWSE) on such terms and in such manner as the Directors may determine.

4.3 The manner and terms of purchase, including the redemption price of a redeemable share, or the method of calculation thereof, shall be fixed by the Directors at or before the time of issue.

4.4 Every share certificate representing a redeemable share shall indicate that the share is redeemable.

4.5 In the event that the Company proposes to repurchase the share listed on the TPEX or TWSE pursuant to Article 4.2, the resolution of the Board approving such proposal and the implementation thereof shall be reported to the Members in the next general meeting in accordance with the Applicable Public Company Rules. Such reporting obligation shall also apply even if the Company does not implement the proposal to repurchase the shares listed on the TPEX or TWSE for any reason.

4.6 The redemption price may be paid in any manner authorised by these Articles for the payment of dividends.

4.7 A delay in payment of the redemption price shall not affect the redemption but, in the case of a delay of more than thirty days, interest shall be paid for the period from the due date until actual payment at a rate which the Directors, after due enquiry, estimate to be representative of the rates being offered by banks in the ROC for thirty day deposits in the same currency.



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- 4.8 The Directors may exercise as they think fit the powers conferred on the Company by Section 37(5) of the Law (payment out of capital) but only if and to the extent that the redemption could not otherwise be made (or not without making a fresh issue of shares for this purpose).
- 4.9 Subject as aforesaid, the Directors may determine, as they think fit all questions that may arise concerning the manner in which the redemption of the shares shall or may be effected.
- 4.10 Shares that the Company purchases or redeems pursuant to these Articles may be held as Treasury Shares until such Treasury Shares are either cancelled or transferred in accordance with the Law.
- 4.11 A treasury share shall not be voted, directly or indirectly, at any general meeting of the Company and shall not be counted in determining the total number of issued shares at any given time.
- 4.12 No dividend may be declared or paid, and no other distribution (whether in cash or otherwise) of the Company's assets (including any distribution of assets to Shareholders on a winding up) may be made to the Company, in respect of a Treasury Share.
- 4.13 A proposal to transfer the Treasury Shares to the employees of the Company and its Subsidiaries at a price below the average actual repurchase price shall be approved by special resolution in the most recent general meeting and the items required by the Applicable Public Company Rules shall be specified in the notice of the general meeting and may not be proposed as an ad hoc motion. The aggregate number of Treasury Shares resolved at the general meetings and transferred to the employees of the Company and its Subsidiaries shall not exceed 5% of the total issued and outstanding shares, and each employee may not subscribe for more than 0.5% of the total issued and outstanding shares in aggregate. The Company may prohibit such employees from transferring such shares formerly held as Treasury Shares within a certain period; provided, however, that such a period cannot be more than two years.

## 5. Rights Attaching to Shares

- 5.1 Subject to Article 3.1, the Memorandum and any resolution of the Members to the contrary and without prejudice to any special rights conferred thereby on the holders of any other shares or class of shares, the share capital of the Company shall be divided into shares of a single class the holders of which shall, subject to the provisions of these Articles:
- (a) be entitled to one vote per share;
  - (b) be entitled to such dividends as the Members at general meeting may from time to time declare;
  - (c) in the event of a winding-up or dissolution of the Company, whether voluntary or involuntary or for the purpose of a reorganization or otherwise or upon any distribution of capital, be entitled to the surplus assets of the Company; and

(d) generally be entitled to enjoy all of the rights attaching to shares.

5.2 Notwithstanding any provisions of these Articles, the Company may by Special Resolution designate one or more classes of shares with preferred or other special rights as the Company, by Special Resolution, may determine (shares with such preferred or other special rights, the "**Preferred Shares**"), and cause the rights and obligations of Preferred Shares to be set forth in these Articles.

5.3 The rights and obligations of Preferred Shares may include (without limitation to) the following terms and shall comply with the Applicable Public Company Rules to the extent permissible under the Law:

- (a) the order of priority and the amount or rate of the Dividends and bonus on Preferred Shares;
- (b) the preferences, if any, and the amounts thereof, which the Preferred Shares shall be entitled to receive upon the winding up of the Company;
- (c) the voting power, if any, of the Preferred Shares and any restriction on the voting power of the Preferred Shares;
- (d) whether or not the Preferred Shares are redeemable and, if they are redeemable, the circumstances and the manner in which the Company is authorized or compelled to redeem the Preferred Shares; and
- (e) other terms, conditions, rights and obligations concerning the Preferred Shares.

## 6. Share Certificates

6.1 Shares of the Company shall be issued in uncertificated/scripless form unless the issuance of share certificates is required by the provisions of the Applicable Public Company Rules. Where share certificates are issued, every Member shall be entitled to a share certificate issued under the seal of the Company (or a facsimile thereof), which shall be affixed or imprinted with the authority of the Board, specifying the number and, where appropriate, the class of shares held by such Member. The Board may by resolution determine, either generally or in a particular case, that any or all signatures on share certificates may be printed thereon or affixed by mechanical means.

6.2 If any share certificate shall be proved to the satisfaction of the Board to have been worn out, lost, mislaid, or destroyed, the Board may cause a new share certificate to be issued on payment on such fee, if any, and on such terms, if any, as to evidence and indemnity, as it sees fit.

6.3 Share certificates may not be issued in bearer form.

6.4 The Company shall deliver the share certificates in physical form or by way of book-entry to the subscribers within thirty days from the date such share certificates may be issued pursuant the Applicable Public Company Rules, and shall make a public announcement prior to the delivery of such share certificates pursuant to the Applicable Public Company Rules. Where the shares are issued in scripless form and where applicable, the Company shall procure and instruct the relevant depository or clearing house to make the necessary



book entries to reflect the entitlement of the relevant Member in accordance with the Applicable Public Company Rules.

#### 7. Fractional Shares

The Company may issue its shares in fractional denominations and deal with such fractions to the same extent as its whole shares and shares in fractional denominations shall have in proportion to the respective fractions represented thereby all of the rights of whole shares including (but without limiting the generality of the foregoing) the right to vote, to receive dividends and distributions and to participate in a winding-up.

### **REGISTRATION OF SHARES**

#### 8. Register of Members

The Board shall cause to be kept in one or more books a Register of Members which, subject to Article 15.8, may be kept outside the Cayman Islands at such place as the Directors shall appoint including the Shareholders' Service Agent and shall enter therein the following particulars:

- (a) the name and address of each Member, the number, and (where appropriate) the class of shares held by such Member and the amount paid or agreed to be considered as paid on such shares;
- (b) the date on which each person was entered in the Register of Members; and
- (c) the date on which any person ceased to be a Member.

#### 9. Registered Holder As Absolute Owner

9.1 The Company shall be entitled to treat the registered holder of any share as the absolute owner thereof and accordingly shall not be bound to recognise any equitable claim or other claim to or interest in, such share on the part of any other person.

9.2 No person shall be entitled to recognition by the Company as holding any share through any trust and the Company shall not be bound by, or be compelled in any way to recognise, (even when having notice thereof) any equitable, contingent, future or partial interest in any share or any other right in respect of any share except an absolute right to the entirety of the share in the holder. If, notwithstanding this Article, notice of any trust is at the holder's request entered in the Register of Members or on a share certificate in respect of a share, then, except as aforesaid:

- (a) such notice shall be deemed to be solely for the holder's convenience;
- (b) the Company shall not be required in any way to recognise any beneficiary, or the beneficiary of the trust as having an interest in the share or shares concerned;
- (c) the Company shall not be concerned with the trust in any way, as to the identity or powers of the trustees, the validity, purposes or terms of the trust, the question of



whether anything done in relation to the shares may amount to a breach of trust or otherwise; and

- (d) the holder shall keep the Company fully indemnified against any liability or expense which may be incurred or suffered as a direct or indirect consequence of the Company entering notice of the trust in the Register of Members or on a share certificate and continuing to recognise the holder as having an absolute right to the entirety of the share or shares concerned.

10. Transfer and Transmissions of Shares

10.1 The instrument of transfer of any share shall be executed by or on behalf of the transferor and transferee; provided that, in the case of a fully paid share, the Board may accept the instrument signed by or on behalf of the transferor alone. The transferor shall be deemed to remain a holder of the share until the name of the transferee is entered in the Register of Members in respect thereof.

10.2 Shares shall be transferred in the following form, or in any usual or common form approved by the Board:

Transfer of a Share or Shares  
Apex International Co., Ltd. (the "Company")

FOR VALUE RECEIVED \_\_\_\_\_ [amount], [name of Transferor] hereby sell assign and transfer unto [Transferee] of [address], [number] shares of the Company.

DATED this [ ] day of [ ], 20[ ]

Signed by:

In the presence of:

\_\_\_\_\_  
Transferor

\_\_\_\_\_  
Witness

\_\_\_\_\_  
Transferee

\_\_\_\_\_  
Witness

10.3 The Directors may suspend the registration of transfers for a period not less than the minimum period of time immediately preceding a general meeting, as prescribed by the Applicable Public Company Rules.

10.4 The legal personal representative of a deceased sole holder of a share shall be the only person recognised by the Company as having any title to the share. In case of a share registered in the names of two or more holders, the survivors or survivor, or the legal personal representatives of the deceased, shall be the only persons recognised by the Company as having any title to the share.



- 10.5 Any person becoming entitled to a share in consequence of the death or bankruptcy of a Member shall upon such evidence being produced as may from time to time be properly required by the Directors, have the right either to be registered as a Member in respect of the share or, instead of being registered himself, to make such transfer of the share as the deceased or bankrupt person could have made.
- 10.6 A person becoming entitled to a share by reason of the death or bankruptcy of the holder shall be entitled to the same dividends and other advantages to which he would be entitled if he were the registered holder of the share, except that he shall not, before being registered as a Member in respect of the share, be entitled in respect of it to exercise any right conferred by membership in relation to general meetings of the Company.
- 10.7 Notwithstanding the above, in the event that the Company's shares are listed on the TPEX or TWSE, the transfer and transmission of shares of the Company may be effected through the book-entry system of the TDCC in accordance with the Applicable Public Company Rules.

### **ALTERATION OF CAPITAL**

#### **11. Power to Alter Capital**

- 11.1 Subject to the Law, the Company may from time to time by special resolution alter the conditions of its Memorandum of Association to increase its share capital by such amount as it thinks expedient.
- 11.2 Subject to the Law, the Company may from time to time by special resolution alter the conditions of its Memorandum of Association to:
  - (a) consolidate and divide all or any of its share capital into shares of larger amount than its existing shares; or
  - (b) cancel shares which at the date of the passing of the resolution have not been taken or agreed to be taken by any person.
- 11.3 Subject to the Law and without prejudice to other provisions of these Articles as regards the matters to be dealt with by special resolution, the Company may from time to time by special resolution reduce its share capital. Any such reduction of share capital shall be effected based on the percentage of shareholding of the Members pro rata, unless otherwise provided for in the Law or the Applicable Public Company Rules. Capital Reduction may be conducted by way of distributing specific assets other than cash. The type of assets to be distributed and the quantum of such substitutive distribution shall be approved by general meeting and the consent from the Member who will receive such assets shall be obtained. The value of assets to be distributed and the quantum of such substitutive distribution shall be assessed by an ROC certified public accountant before the Board submit the same to a general meeting for approval.
- 11.4 Subject to the Law, the Company may not, unless authorised or approved by a supermajority resolution:

- (a) enter into, amend, or terminate any contract for lease of the Company's business in whole, or for the delegation of management of the Company's business, or for regular joint operation with others;
- (b) transfer its business or assets, in whole or in any essential part;
- (c) acquire or assume the whole business or assets of another person, which has a material effect on the Company's operations;
- (d) resolve that any declared dividend be satisfied by the issuance of new shares credited as fully paid to the Members; or
- (e) effect any Merger (except for any Merger which falls within the definition of "merger" and/or "consolidation" under the Law, which requires the approval of the Company by Special Resolution only) or spin-off of the Company.

11.5 Subject to the provisions of the Law, the Company shall not, without special resolution by Members, issue equity-linked securities, including options, warrants and convertible bonds, in the manner of Private Placement pursuant to the Applicable Public Company Rules.

## 12. Variation of Rights Attaching to Shares

If, at any time, the share capital is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class) may, whether or not the Company is being wound-up, be varied with the sanction of a special resolution passed by the holders of the shares of that class. Notwithstanding the foregoing, if any modification or alteration in these Articles is prejudicial to the preferential rights of any class of shares, such modification or alteration shall be adopted by a special resolution and shall also be adopted by a separate special resolution passed by Members of that class of shares. The rights conferred upon the holders of the shares of any class issued with preferred or other rights shall not, unless otherwise expressly provided by the terms of issue of the shares of that class, be deemed to be varied by the creation or issue of further shares ranking *pari passu* therewith or subsequent thereto.

## **MEETINGS OF MEMBERS**

### 13. Annual General Meetings

- 13.1 The Company shall hold a general meeting as its annual general meeting within six months following the end of each financial year.
- 13.2 The Company shall hold an annual general meeting in each calendar year.
- 13.3 The general meetings shall be held at such time and place as the Board shall appoint provided that unless otherwise provided by the Law, the general meetings shall be held in the ROC. If the Board resolves to hold a general meeting outside the ROC, the Company



shall apply for the approval of the TPEX or TWSE (as applicable) thereof within two days after the Board adopts such resolution. Where a general meeting is to be held outside the ROC, the Company shall engage a professional securities agent in the ROC to handle the administration of such general meeting (including but not limited to the handling of the voting of proxies submitted by Members).

#### 14. Extraordinary General Meetings

- 14.1 General meetings other than annual general meetings shall be called extraordinary general meetings.
- 14.2 The Board may convene an extraordinary general meeting of the Company whenever in their judgment such a meeting is necessary or desirable, and they shall on a Members requisition as defined in Article 14.3 forthwith proceed to convene an extraordinary general meeting of the Company.
- 14.3 A Members requisition is a requisition of Member(s) holding at the date of deposit of the requisition not less than 3% of the total issued shares at the time of requisition and whose shares shall have been held by such Member(s) for one consecutive year or more at the date of deposit of the requisition.
- 14.4 The requisition must state in writing the matters to be discussed at the extraordinary general meeting and the reason therefor and must be signed by the requisitionists and deposited at the Registered Office or the Shareholders' Service Agent, and may consist of several documents in like form each signed by one or more requisitionists.
- 14.5 If the Board does not within fifteen days from the date of the deposit of the requisition dispatch the notice of an extraordinary general meeting, the requisitionists may themselves convene an extraordinary general meeting, provided that if the extraordinary general meeting will be held outside the ROC, an application shall be submitted by such requisitionists to the TPEX or TWSE (as applicable) for its prior approval.

#### 15. Notice

- 15.1 At least thirty days' notice of an annual general meeting shall be given to each Member entitled to attend and vote thereat, stating the date, place and time at which the meeting is to be held and the general nature of business to be conducted at the meeting.
- 15.2 At least fifteen days' notice of an extraordinary general meeting shall be given to each Member entitled to attend and vote thereat, stating the date, place and time at which the meeting is to be held and the general nature of the business to be considered at the meeting.
- 15.3 The Board may fix any date as the record date for determining the Members entitled to receive notice of and to vote at any general meeting of the Company in accordance with Applicable Public Company Rules and close its Register of Members accordingly in accordance with Applicable Public Company Rules but, unless so fixed, as regards the entitlement to receive notice of a meeting or notice of any other matter, the record date shall be the date of despatch of the notice and, as regards the entitlement to vote at a

- meeting, and any adjournment thereof, the record date shall be the date of the original meeting.
- 15.4 A general meeting of the Company shall, notwithstanding that it is called on shorter notice than that specified in these Articles, be deemed to have been properly called if it is so agreed by all the Members entitled to attend an annual general meeting or an extraordinary general meeting (as the case may be).
- 15.5 The accidental omission to give notice of a general meeting to, or the non-receipt of a notice of a general meeting by, any person entitled to receive notice shall not invalidate the proceedings at that meeting.
- 15.6 The Company shall announce to the public the notice of a general meeting, the proxy instrument, agendas and materials relating to the matters to be reported and discussed at the meetings, including but not limited to, election or discharge of Directors, before the time limit set forth in Article 15.1 and Article 15.2 hereof, and shall transmit the same via the Market Observation Post System in accordance with Applicable Public Company Rules. If the voting power of a Member at a general meeting shall be exercised by way of a written ballot, the Company shall also send the written document for the Member to exercise his voting power together with the above mentioned materials in accordance with Articles 15.1 and 15.2. The Directors shall prepare a meeting handbook of the relevant general meeting and supplemental materials, which will be sent to or made available to all Members and shall be transmitted to the Market Observation Post System in accordance with Applicable Public Company Rules twenty-one days prior to annual general meetings or fifteen days prior to extraordinary general meetings, as the case may be.
- 15.7 Subject to Applicable Public Company Rules and the Law, ad hoc motions may be proposed by Members in general meetings; provided, however, that matters pertaining to (a) election or removal of Directors, (b) amendment of the Memorandum or Articles, and (c) (i) dissolution, Merger or spin-off, (ii) entering into, amending, or terminating any contract for lease of the Company's business in whole, or the delegation of management of the Company's business to others or the regular joint operation of the Company with others, (iii) transfer of the business or assets of the Company, in whole or in any essential part, (iv) the acquisition or assumption of the transfer of the whole business or assets of a third party, which has a material effect on the operation of the Company, and (d) ratification of an action by Director(s) who engage(s) in business for him/herself or on behalf of another person that is within the scope of the Company's business, (e) payment of dividends or bonuses in whole or in part by way of issuance of new shares, (f) distribution of Capital Reserve in the form of new shares or cash to its Members in accordance with Article 59 and (g) Private Placement of any equity-type securities issued by the Company, shall be indicated in the notice of general meeting, with a summary of the material content to be discussed, and shall not be brought up as an ad hoc motion.
- 15.8 The Board shall keep a copy of the Articles, minutes of general meetings, financial statements, the Register of Members, and the counterfoil of any corporate bonds issued by the Company at the Registered Office (if applicable) and the Shareholders' Service Agent. The Members may request, from time to time, by submitting document(s) evidencing his/her interests involved and indicating the designated scope of the inspection, access to inspect, review or make copies of the foregoing documents.



15.9 The Company shall make available all statements and records prepared by the Board and reports prepared by the Audit Committee which will be submitted to the Members at the annual general meeting at the Registered Office (if applicable) and the Shareholders' Service Agent in accordance with Applicable Public Company Rules at least ten days before annual general meetings. Members may inspect and review the foregoing documents from time to time and may be accompanied by their lawyers or certified public accountants for the purpose of such an inspection and review.

## 16. Giving Notice

16.1 A notice may be given by the Company to any Member either by delivering it to such Member in person or by sending it to such Member's address in the Register of Members or to such other address given for the purpose. For the purposes of this Article, a notice may be sent by letter mail, courier service, facsimile, electronic mail or other mode of representing words in a legible form.

16.2 Any notice required to be given to a Member shall, with respect to any shares held jointly by two or more persons, be given to whichever of such persons is named first in the Register of Members and notice so given shall be sufficient notice to all the holders of such shares.

16.3 Any notice shall be deemed to have been served at the time when the same would be delivered in the ordinary course of transmission and, in proving such service, it shall be sufficient to prove that the notice was properly addressed and prepaid, if posted, and the time when it was posted, delivered to the courier or transmitted by facsimile, electronic mail, or such other method as the case may be.

## 17. Postponement of General Meeting

The Board may postpone any general meeting called in accordance with the provisions of these Articles provided that notice of postponement is given to each Member before the time for such meeting. Fresh notice of the date, time and place for the postponed meeting shall be given to each member in accordance with the provisions of these Articles.

## 18. Quorum and Proceedings at General Meetings

18.1 No business shall be transacted at any general meeting unless a quorum is present. Unless otherwise provided for in these Articles, Members present in person or by proxy, representing more than one-half of the total issued shares, shall constitute a quorum for any general meeting.

18.2 The Board shall submit business reports, financial statements and proposals for distribution of profits or losses prepared by it for the purposes of annual general meetings of the Company for ratification by the Members as required by the Applicable Public Company Rules. After ratification by the general meeting, the Board shall publish the ratified financial statements and the Company's resolutions on the allocation and distribution of profits or loss or distribute copies thereof to each Member.

- 18.3 A resolution put to the vote of the meeting shall be decided on a poll. No resolution put to the vote of the meeting shall be decided by a show of hands.
- 18.4 If and to the extent permitted under the Cayman Islands law, nothing in these Articles shall prevent any Member from issuing proceedings in a court of competent jurisdiction for an appropriate remedy in connection with the convening of any general meeting or the passage of any resolution in violation of applicable laws or regulations or the Articles within 30 days after passing of such resolution. The Taiwan Taipei District Court, ROC, may be the court of the first instance for adjudicating any disputes arising out of the foregoing.
- 18.5 Unless otherwise expressly required by the Law, the Memorandum or the Articles, any matter which has been presented for resolution, approval, confirmation or adoption by the Members at any general meeting may be passed by an ordinary resolution.
- 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.

#### 19. Chairman to Preside

The Chairman, if any, of the Board shall preside as chairman at every general meeting of the Company. If there is no such chairman, or if at any meeting he is not present within fifteen minutes after the time appointed for holding the meeting or is unwilling to act as chairman, the Members present shall choose one of them to be chairman.

#### 20. Voting on Resolutions

- 20.1 Subject to any rights or restrictions attached to any shares, every Member who is present in person or by proxy shall have one vote for every share of which he is the holder. Notwithstanding Article 9.1 hereof, when shares are held for the benefit of others, a Member shall be entitled to divide its shareholding into two or more parts for the purpose of exercising its voting rights to the effect that it shall be entitled to exercise its votes in respect of each part as if it were separate and distinct shareholders. The qualifications, scope, methods of exercise, operating procedures and other matters for compliance with respect to exercising voting power separately shall be subject to the Applicable Public Company Rules.
- 20.2 Votes may be cast either personally or by proxy. A Member may appoint another person as his/her/its proxy by specifying the scope of appointment in the proxy instrument prepared by the Company to attend to vote at a general meeting; provided that a Member may appoint only one proxy under one instrument to attend and vote at a meeting.
- 20.3 Subject to the Law and the Articles, Members may vote by way of a written ballot, electronic transmission, or any other means in any other manner prescribed in the Rules and Procedures of Shareholders' Meeting, as amended by Directors and approved by Members by



way of a special resolution; provided, however, that if a general meeting is to be held outside the ROC, the Company shall provide the Members with a method for exercising their voting power by means of a written ballot or electronic transmission. If required by the Applicable Public Company Rules, the Company shall adopt electronic transmission as one of the voting methods. The method for exercising such voting power shall be described in the notice of general meeting to be given to the Members if the voting power may be exercised by way of a written ballot or by way of electronic transmission. Any Member who intends to exercise his voting power by way of a written ballot or by way of electronic transmission shall serve the Company with his voting decision at least two days prior to the date of such general meeting. Where more than one voting decision is received from the same Member by the Company, the first voting decision shall prevail, unless an explicit written statement is made by the relevant Member to revoke the previous voting decision in the later-received voting decision. A Member who exercises his/her/its voting power at a general meeting by way of a written ballot or by electronic transmission shall be deemed present in person at such general meeting, but any Member voting in such manner shall not be entitled to notice of, and the right to vote in regard to, any ad hoc motion or amendment to the original agenda items to be resolved at the said general meeting. For the purposes of clarification, such Member voting in such manner shall be deemed to have waived notice of, and the right to vote in regard to, any ad hoc motion or amendment to the original agenda items to be resolved at the said general meeting.

- 20.4 In the event any Member who has served the Company with his/her/its declaration of intention to exercise his/her/its voting power by means of a written ballot or by means of electronic transmission pursuant to Article 20.3 hereof later intends to attend general meetings in person, he/she/it shall, at least two days prior to the date of the meeting, serve a separate declaration of intention to revoke his/her/its previous declaration of intention in the same manner previously used in exercising his/her/its voting power. Votes by means of written ballot or electronic transmission shall be valid if the relevant Member fails to revoke the declaration of intention before the prescribed time.

## 21. Proxies

- 21.1 An instrument of proxy shall be in writing, be executed under the hand of the appointor or of his attorney duly authorised in writing, or, if the appointor is a corporation, under the hand of an officer or attorney duly authorised for that purpose. A proxy need not be a Member.
- 21.2 Except for trust enterprises organized under the laws of the ROC or a securities agent approved pursuant to the Applicable Public Company Rules, in the event a person acts as the proxy for two or more Members, the sum of shares entitled to be voted as represented by such proxy shall be no more than 3% of the total voting shares immediately prior to the relevant book closed period, during which the Company closes its Register of Members; any vote in respect of the portion in excess of such 3% threshold shall not be counted.
- 21.3 The instrument of proxy shall be deposited at the Registered Office or the Shareholders' Service Agent or at such other place as is specified for that purpose in the notice convening the meeting, or in any instrument of proxy sent out by the Company not less than five days before the time for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote. Where more than one instrument to vote received from the same Member by the Company, the first instrument received shall prevail, unless an



explicit written statement is made by the relevant Member to revoke the previous proxy in the later-received instrument.

- 21.4 In the event that a Member exercises his/her/its voting power by means of a written ballot or by means of electronic transmission and has also authorized a proxy to attend a general meeting, then the voting power exercised by the proxy at the general meeting shall prevail. In the event that any Member who has authorised a proxy to attend a general meeting later intends to attend the general meeting in person or to exercise his voting power by way of a written ballot or electronic transmission, he shall, at least two days prior to the date of such general meeting, serve the Company with a separate written notice revoking his previous appointment of the proxy. Votes by way of proxy shall remain valid if the relevant Member fails to revoke his appointment of such proxy before the prescribed time.
- 21.5 The instrument of proxy shall be in the form approved by the Company and be expressed to be for a particular meeting only. The form of proxy shall include at least the following information: (a) instructions on how to complete such proxy, (b) the matters to be voted upon pursuant to such proxy, and (c) basic identification information relating to the relevant Member, proxy and the solicitor (any Member, a trust enterprise or a securities agent mandated by Member(s), who solicits an instrument of proxy from any (other) Member to appoint him/it as a proxy to attend and vote at a general meeting, pursuant to the Applicable Public Company Rules) (if any). The form of proxy shall be provided to the Members together with the relevant notice for the relevant general meeting, and such notice and proxy materials shall be distributed to all Members on the same day.
- 21.6 Votes given in accordance with the terms of an instrument of proxy shall be valid unless notice in writing was received by the Company at the Registered Office or the Shareholders' Service Agent before the commencement of the general meeting, or adjourned meeting at which it is sought to use the proxy. The notice must set out expressly the reason for the revocation of the proxy, whether due to the incapacity or the lack in authority of the principal at the time issuing the proxy or otherwise.

## 22.Proxy Solicitation

Subject to these Articles, so long as the shares are listed on the TPEX or TWSE, the use and solicitation of proxies at general meetings of the Company shall be in accordance with the Regulations Governing the Use of Proxies for Attendance at Shareholder Meetings of Public Companies of the Republic of China, as from time to time amended.

## 23.Dissenting Member's Appraisal Right

- 23.1 In the event any of the following resolutions is adopted at general meetings, any Member who has notified the Company in writing of his objection to such a resolution prior to the meeting and has raised again his/her/its objection at the meeting, may request the Company to purchase all of his/her/its shares at the then prevailing fair price:
- (a) The Company enters into, amends, or terminates any contract for lease of the Company's business in whole, or the delegation of management of the Company's business to others or the regular joint operation of the Company with others;



- (b) The Company transfers its business or assets, in whole or in any essential part; provided that, the foregoing does not apply where such transfer is pursuant to the dissolution of the Company; or
- (c) The Company acquires or assumes the transfer of the whole business or assets of another person, which has a material effect on the Company's business operations.

23.2 In the event any part of the Company's business is spun off or involved in any Merger with any other company, the Member, who has forfeited his/her/its right to vote on such matter and expressed his dissent therefor, in writing or verbally (with a record) before or during the general meeting, may request the Company to buy back all of his/her/its shares at the then prevailing fair price.

#### 24. Shares that May Not be Voted

24.1 The shares in the Company as set out below shall not be voted at any general meeting and shall not be counted in determining the total number of issued shares at any given time:

- (a) shares in the Company that are beneficially owned by the Company;
- (b) shares in the Company that are beneficially owned by its Subsidiary, one-half or more of whose total number of voting shares or paid-in capital are directly or indirectly owned by the Company; and
- (c) shares in the Company that are beneficially owned by an entity in which the Company, together with (i) the holding company of the Company, (ii) any subsidiary of the holding company of the Company and/or (iii) any Subsidiary of the Company, own, legally or beneficially, directly or indirectly, more than one-half of its issued and voting shares or paid-in capital.

24.2 A Member who has a personal interest in any motion discussed at a general meeting, which interest may be in conflict with and impair those of the Company, shall abstain from voting such Member's shares in regard to such motion. Such shares may be counted for the purposes of determining the quorum but may not be included when determining the total number of shares entitled to vote at such general meeting. The aforementioned Member shall also not vote on behalf of any other Member.

24.3 If the number of shares over which a security interest is granted by a Director at any time amounts to more than fifty per cent of the total shares held by such Director at the time of his latest election, such pledged shares exceeding fifty per cent of the total shares held by such Director at the time of his latest appointment, shall not carry any voting rights and such above-threshold shares shall not be counted in determining the number of votes of the Members present at a general meeting but shall be counted towards the quorum of the general meeting; provided however, if the Director is an authorised representative of a corporate Member elected in accordance with Article 30.5 hereof, the calculation shall be made based on the number of shares held and pledged by such corporate Member.

#### 25. Voting by Joint Holders of Shares

In the case of joint holders, the vote of the senior who tenders a vote (whether in person or by proxy) shall be accepted to the exclusion of the votes of the other joint holders, and for this purpose seniority shall be determined by the order in which the names stand in the Register of Members.

#### 26. Representation of Corporate Member

26.1 A corporation which is a Member may, by written instrument, authorise such person as it thinks fit to act as its representative at any meeting of the Members and any person so authorised shall be entitled to exercise the same powers on behalf of the corporation which such person represents as that corporation could exercise if it were an individual Member, and that Member shall be deemed to be present in person at any such meeting attended by its authorised representative or representatives.

26.2 Notwithstanding the foregoing, the chairman of the meeting may accept such assurances as he thinks fit as to the right of any person to attend and vote at general meetings on behalf of a corporation which is a Member.

#### 27. Adjournment of General Meeting

27.1 Unless otherwise expressly provided herein, if a quorum is not present at the time appointed for the general meeting or if during such a general meeting a quorum ceases to be present, the chairman may postpone the general meeting to a later time, provided, however, that the maximum number of times a general meeting may be postponed shall be two and the total time postponed shall not exceed one hour. If the general meeting has been postponed for two times, but at the postponed general meeting a quorum is still not present, the chairman shall declare the general meeting is dissolved, and if it is still necessary to convene a general meeting, it shall be reconvened as a new general meeting in accordance with these Articles.

27.2 The chairman of a general meeting may, with the consent of a majority in number of those present at any general meeting at which a quorum is present, and shall if so directed, adjourn the meeting. The Company shall re-convene such general meeting within 5 days after the adjourned general meeting or at such other date fixed by an ordinary resolution adopted by the Members within such five days. If the meeting is adjourned for more than 60 days, fresh notice of the date, time and place for the resumption of the adjourned meeting shall be given to each Member entitled to attend and vote thereat, in accordance with the provisions of these Articles.

#### 28. Directors Attendance at General Meetings

The Directors shall be entitled to receive notice of, attend and be heard at any general meeting.

### **DIRECTORS AND OFFICERS**

#### 29. Number and Term of Office of Directors

29.1 There shall be a board of Directors consisting of 11 persons, each of whom shall be appointed to a term of office of three (3) years. Directors may be eligible for re-election. The Company may from time to time by special resolution increase or reduce the number of Directors subject to the above number limitation provided that the requirements by the



Applicable Public Company Rules (including but not limited to any listing requirements) are met.

- 29.2 Unless otherwise approved by GTSM or TWSE (as applicable), the number of Directors having a spousal relationship or familial relationship within the second degree of kinship with any other Directors shall be less than half of the total number of Directors.
- 29.3 In the event that the Company convenes a general meeting for the election of Directors and any of the Directors elected does not meet the requirements provided in Article 29.2 hereof, the non-qualifying Director(s) who was elected with the fewer number of votes shall be deemed not to have been elected, to the extent necessary to meet the requirements provided for in Article 29.2 hereof. Any person who has already served as a Director but is in violation of the aforementioned requirements shall vacate his/her/its position of Director automatically.
- 29.4 Unless otherwise permitted under the Applicable Public Company Rules, there shall be at least three (3) Independent Directors and the number of Independent Directors shall consist of at least one-fifth of the Board. To the extent required by the Applicable Public Company Rules, at least one of the Independent Directors shall be domiciled in the ROC and at least one of the same shall have accounting or financial expertise.
- 29.5 Independent Directors shall have professional knowledge and shall maintain independence within the scope of their directorial duties, and shall not have any direct or indirect interests in the Company. The professional qualifications, restrictions on shareholdings and concurrent positions, and assessment of independence with respect to Independent Directors shall be governed by the Applicable Public Company Rules.
- 29.6 Unless provided otherwise in these Articles, the qualifications, composition, appointment, removal, exercise of power in performing duties and other matters with respect to the Directors, Independent Directors, Compensation Committee and Audit Committee members, shall comply with the provisions under ROC Securities and Exchange Act and the regulations issued pursuant to the ROC Securities and Exchange Act applicable to the Company.

### 30. Election of Directors

- 30.1 The Company may by a general meeting elect any person to be a Director, which vote shall be calculated in accordance with Article 30.2 below. Members present in person or by proxy, representing more than one-half of the total issued shares shall constitute a quorum for any general meeting to elect one or more Directors.
- 30.2 Directors shall be elected pursuant to a cumulative voting mechanism pursuant to a poll vote, where the number of votes exercisable by any Member shall be the same as the product of the number of shares held by such Member and the number of Directors to be elected ("Special Ballot Votes"), and the total number of Special Ballot Votes cast by any Member may be consolidated for election of one Director candidate or may be split for election amongst multiple Director candidates, as specified by the Member pursuant to the poll vote ballot. The top candidates in the number equal to the number of the Directors to be elected, to whom the votes cast represent a prevailing number of votes relative to the other candidates, shall be deemed Directors elected. The Directors may adopt a candidate

nomination mechanism which is in compliance with Applicable Public Company Rules. The rules and procedures for such candidate nomination shall be in accordance with policies established by the Directors and by an ordinary resolution from time to time, which policies shall be in accordance with the Law, the Memorandum, the Articles and the Applicable Public Company Rules. For so long as the shares are listed on the TPEX or TWSE, subject to the requirement of the competent securities authority in the ROC, such candidate nomination mechanism in compliance with Applicable Public Company Rules shall also be used for an election of Independent Directors, provided that it is required by the competent securities authority in the ROC.

- 30.3 If the number of Independent Directors is less than three (3) persons due to the resignation or removal of such Independent Directors for any reason, the Company shall hold an election of Independent Directors at the next following general meeting. If all of the Independent Directors are resigned or removed, the board of Directors shall hold, within sixty days, an extraordinary general meeting to elect succeeding Independent Directors to fill the vacancies.
- 30.4 If the number of Directors is less than five persons due to the vacancy of Director(s) for any reason, the Company shall hold an election of Director(s) at the next following general meeting. When the number of vacancies in the Board is equivalent to one-third of the total number prescribed by these Articles, the Board shall hold, within sixty days of such occurrence, an extraordinary general meeting of Members to elect succeeding Directors to fill in the vacancies.
- 30.5 Where a legal entity is a Member, its authorized representative(s) may also be elected as Director of the Company in accordance with these Articles. If there are multiple authorized representatives, each of them may be so elected.

### 31.Proxy

Any Director may appoint another Director to be the proxy of that Director to attend and vote on his behalf, in accordance with instructions given by that Director at a meeting or meetings of the Directors which that Director is unable to attend personally. The instrument appointing the proxy shall be in writing under the hand of the appointing Director and shall be in any usual or common form or such other form as the Directors may approve, and must be lodged with the chairman of the meeting of the Directors at which such proxy is to be used, or first used, prior to the commencement of the meeting.

### 32.Removal of Directors

- 32.1 The Company may from time to time by supermajority resolution remove any Director from office, whether or not appointing another in his stead. Prior to the expiration of the term of office of the incumbent Directors, the Members may at a general meeting elect or re-elect all Directors, which vote shall be calculated in accordance with Article 30.2 above. If no resolution is passed to approve that the existing Director(s) who is/are not re-elected at the general meeting that such Director(s) shall remain in office until expiry of his/her original term of office, such non-re-elected Directors shall vacate their office with effect from the date the other Directors elected or re-elected at the same general meeting commence office. Members present in person or by proxy, representing more than one-half of the total issued shares shall constitute a quorum for any general meeting to re-elect all



Directors. If the term of office of all Directors expires at the same time and no general meeting was held before such expiry for re-election, their term of office shall continue and be extended to such time when new Directors are elected or re-elected in the next general meeting and they commence their office.

32.2 In case a Director has, in the course of performing his/her duties, committed any act resulting in material damages to the Company or in serious violation of applicable laws, regulations and/or the Articles, but not being removed by a supermajority resolution of a general meeting, the Member(s) holding 3% or more of the total number of issued shares of the Company may, within thirty days after that general meeting, institute a lawsuit in the court for a judgment to remove such Director. The Taipei District Court, ROC, may be the court of the first instance for this matter.

### 33. Vacancy in the Office of Director

33.1 The office of Director shall be vacated if the Director:

- (a) is removed from office pursuant to these Articles;
- (b) is or becomes of unsound mind or an order for his detention is made under the Mental Health Law of the Cayman Islands or any analogous law of a jurisdiction outside the Cayman Islands, or dies;
- (c) resigns his office by notice in writing to the Company;
- (d) having committed an offence as specified in the ROC statute of prevention of organizational crimes and subsequently adjudicated guilty by a final judgment, and the time elapsed after he has served the full term of the sentence is less than five years;
- (e) having committed an offence involving fraud, breach of trust or misappropriation and subsequently punished with imprisonment for a term of more than one year, and the time elapsed after he has served the full term of such sentence is less than two years;
- (f) having been adjudicated guilty by a final judgment for misappropriating public funds during the time of his public service, and the time elapsed after he has served the full term of such sentence is less than two years;
- (g) having been dishonored for unlawful use of credit instruments, and the term of such sanction has not expired yet;
- (h) dies or becomes bankrupt, or makes any arrangement or composition with his creditors generally; or
- (i) an order is made by any competent court or official on the grounds that he is or will be suffering from mental disorder or is otherwise incapable of managing his/her affairs, or his/her legal capacity is restricted according to the applicable laws.

In the event that the foregoing events described in clauses (d), (e), (f), (g), (h) or (i) has occurred in relation to a Director elect, such Director elect shall be disqualified from being elected as a Director.

- 33.2 In case a Director has, during the term of office as a Director, transferred more than one half of the Company's shares being held by him at the time he is elected, he shall, ipso facto, be removed automatically from the position of Director with immediate effect and no shareholders' approval shall be required.
- 33.3 If any Director has, after having been elected as a Director and before his inauguration of the office of director, transferred more than one half of the Company's shares being held by him at the time of his election as a Director, then he shall immediately cease to be a Director and no shareholders' approval shall be required. If any Director has transferred more than one half of the Company's shares then being held by him within the share transfer prohibition period prior to a shareholders' meeting according to the Applicable Public Company Rules, then he shall immediately cease to be a Director and no shareholders' approval shall be required.

#### 34. Remuneration of Directors

The remuneration of the Directors is authorized to be decided by the Board by reference to the standard generally adopted by other enterprises in the same industry, and shall be paid regardless whether the Company has profits or suffers losses. The Directors may also be paid all travel, hotel and other expenses properly incurred by them in attending and returning from the meetings of the Board, any committee appointed by the Board, general meetings of the Company, or in connection with the business of the Company or their duties as Directors generally. A Director is also entitled to distribution of profits of the Company pursuant to the Applicable Public Company Rules, the service agreement or other similar contract that he/she has entered into with the Company.

#### 35. Defect in Election of Director

All acts done in good faith by the Board or by a committee of the Board or by any person acting as a Director shall, notwithstanding that it be afterwards discovered that there was some defect in the election of any Director, or that they or any of them were disqualified, be as valid as if every such person had been duly elected and was qualified to be a Director.

#### 36. Directors to Manage Business

The business of the Company shall be managed by the Board, which may exercise all such powers of the Company as are not, by the Law or these Articles, required to be exercised by the Company in general meeting, subject, nevertheless, to any clause of these Articles, to the provisions of the Law, and to such regulations, being not inconsistent with the aforesaid clauses or provisions, as may be prescribed by the Company in general meeting but no regulation made by the Company in general meeting shall invalidate any prior act of the Board which would have been valid if that regulation had not been made.

#### 37. Powers of the Board of Directors

Without limiting the generality of Article 36, the Board may:

- (a) appoint, suspend, or remove any manager, secretary, clerk, agent or employee of the Company and may fix their remuneration and determine their duties;



- (b) exercise all the powers of the Company to borrow money and to mortgage or charge its undertaking, property and uncalled capital, or any part thereof, and may issue debentures, debenture stock and other securities whether outright or as security for any debt, liability or obligation of the Company or any third party;
- (c) appoint one or more Directors to the office of managing director or chief executive officer of the Company, who shall, subject to the control of the Board, supervise and administer all of the general business and affairs of the Company;
- (d) appoint a person to act as manager of the Company's day-to-day business and may entrust to and confer upon such manager such powers and duties as it deems appropriate for the transaction or conduct of such business;
- (e) by power of attorney, appoint any company, firm, person or body of persons, whether nominated directly or indirectly by the Board, to be an attorney of the Company for such purposes and with such powers, authorities and discretions (not exceeding those vested in or exercisable by the Board) and for such period and subject to such conditions as it may think fit and any such power of attorney may contain such provisions for the protection and convenience of persons dealing with any such attorney as the Board may think fit and may also authorise any such attorney to sub-delegate all or any of the powers, authorities and discretions so vested in the attorney. Such attorney may, if so authorised under the seal of the Company, execute any deed or instrument under such attorney's personal seal with the same effect as the affixation of the seal of the Company;
- (f) procure that the Company pays all expenses incurred in promoting and incorporating the Company;
- (g) delegate any of its powers (including the power to sub-delegate) to a committee of one or more persons appointed by the Board and every such committee shall conform to such directions as the Board shall impose on them. Subject to any directions or regulations made by the Directors for this purpose, the meetings and proceedings of any such committee shall be governed by the provisions of these Articles regulating the meetings and proceedings of the Board;
- (h) delegate any of its powers (including the power to sub-delegate) to any person on such terms and in such manner as the Board sees fit;
- (i) present any petition and make any application in connection with the liquidation or reorganisation of the Company;
- (j) in connection with the issue of any share, pay such commission and brokerage as may be permitted by law; and
- (k) authorise any company, firm, person or body of persons to act on behalf of the Company for any specific purpose and in connection therewith to execute any agreement, document or instrument on behalf of the Company.

### 38. Register of Directors and Officers



38.1 The Board shall cause to be kept in one or more books of the Register of Directors and Officers at the Registered Office in accordance with the Law and shall enter therein the following particulars with respect to each Director and Officer:

- (a) first name and surname; and
- (b) address.

38.2 The Board shall, within the period of thirty days from the occurrence of:

- (a) any change among its Directors and Officers; or
- (b) any change in the particulars contained in the Register of Directors and Officers;

cause to be entered on the Register of Directors and Officers the particulars of such change and the date on which such change occurred, and shall notify the Registrar of Companies of any such change that takes place.

#### 39. Officers

39.1 The Officers shall consist of a Secretary and such additional Officers as the Board may determine all of whom shall be deemed to be Officers for the purposes of these Articles.

39.2 The Company shall appoint a litigious and non-litigious agent pursuant to the Applicable Public Company Rules to act as the Company's responsible person in the ROC under the ROC Securities and Exchange Act. The Company's litigious and non-litigious agent shall be a natural person and have a residence or domicile in the ROC.

#### 40. Appointment of Officers

The Secretary (and additional Officers, if any) shall be appointed by the Board from time to time.

#### 41. Duties of Officers

The Officers shall have such powers and perform such duties in the management, business and affairs of the Company as may be delegated to them by the Board from time to time.

#### 42. Remuneration of Officers

The Officers shall receive such remuneration as the Board may determine.

#### 43. Conflicts of Interest

43.1 Any Director, or any Director's firm, partner or any company with whom any Director is associated, may act in any capacity for, be employed by or render services to the Company and such Director or such Director's firm, partner or company shall be entitled to remuneration as if such Director were not a Director.

43.2 A Director who is directly or indirectly interested in a contract or proposed contract or arrangement with the Company shall declare the nature of such interest as required by law.



Notwithstanding anything to the contrary contained in this Article 43, a Director who has a personal interest in the matter under discussion at a meeting of the Board shall declare the nature of and the essential contents of his interest at the relevant meeting of the Board.

- 43.3 Notwithstanding anything to the contrary contained in this Article 43, a Director who has a personal interest in the matter under discussion at a meeting of the Directors, which may conflict with and impair the interest of the Company, shall not vote nor exercise voting rights on behalf of another Director; the voting right of such Director who cannot vote or exercise any voting right as prescribed above shall not be counted in the number of votes of Directors present at the board meeting.

#### 44. Indemnification and Exculpation of Directors and Officers

- 44.1 The Directors and Officers and any trustee for the time being acting in relation to any of the affairs of the Company and every former director, officer, auditor or trustee and their respective heirs, executors, administrators, and personal representatives (each of which persons being referred to in this Article as an "indemnified party") shall be indemnified and secured harmless out of the assets of the Company from and against all actions, costs, charges, losses, damages and expenses which they or any of them shall or may incur or sustain by or by reason of any act done, concurred in or omitted in or about the execution of their duty, or supposed duty, or in their respective offices or trusts, and no indemnified party shall be answerable for the acts, receipts, neglects or defaults of the others of them or for joining in any receipts for the sake of conformity, or for any bankers or other persons with whom any moneys or effects belonging to the Company shall or may be lodged or deposited for safe custody, or for insufficiency or deficiency of any security upon which any moneys of or belonging to the Company shall be placed out on or invested, or for any other loss, misfortune or damage which may happen in the execution of their respective offices or trusts, or in relation thereto, PROVIDED THAT this indemnity shall not extend to any matter in respect of any fraud or dishonesty or wilful default or wilful neglect or violation of duties under Article 44.4 which may attach to any of the said persons.
- 44.2 The Company may purchase and maintain insurance for the benefit of any Director or Officer against any liability incurred by him in his capacity as a Director or Officer or indemnifying such Director or Officer in respect of any loss arising or liability attaching to him by virtue of any rule of law in respect of any negligence, default, breach of duty or breach of trust of which the Director or Officer may be guilty in relation to the Company or any Subsidiary thereof.
- 44.3 In addition to and without prejudice to members' right to commence derivative actions as permitted under the law of the Cayman Islands, members continuously holding 3% or more of the total issued shares of the Company for one year or longer may:
- (a) request in writing the Board to authorise any Independent Director of the Audit Committee to file a petition with the Taiwan Taipei District Court, ROC for and on behalf of the Company against any of the Directors; or
  - (b) request in writing any Independent Director of the Audit Committee to file a petition with the Taiwan Taipei District Court, ROC for and on behalf of the Company against any of the Directors;

within thirty (30) days after the Member(s) having made the request under the preceding clause (a) or (b), if (i) in the case of clause (a), the Board fails to make such authorisation or the Independent Director of the Audit Committee having been authorised by the Board fails to file such petition, or (ii) in the case of clause (b), the Independent Director of the Audit Committee fails to file such petition, to the extent permitted under the laws of the Cayman Islands, such Member(s) may file a petition with the Taiwan Taipei District Court, ROC for and on behalf of the Company against any of the Directors.

44.4 Without prejudice and subject to the general directors' duties that a Director owe to the Company and its shareholders under common law principals and the laws of the Cayman Islands, a Director shall perform his fiduciary duties of loyalty and due care of a good administrator in the course of conducting the Company's business, and shall indemnify the Company, to the maximum extent legally permissible, from any loss incurred or suffered by the Company arising from breach of his fiduciary duties. If a Director has made any profit for the benefit of himself or any third party as a result of any breach of his fiduciary duties, the Company shall, if so resolved by the Members by way of an Ordinary Resolution, take all such actions and steps as may be appropriate and to the maximum extent legally permissible to seek to recover such profit from such relevant Director. If a Director of the Company has, in the course of conducting the business operations, violated any provision of the applicable laws and/or regulations that causes the Company to become liable for any compensation or damages to any person, such Director shall become jointly and severally liable for such compensation or damages with the Company and if any reason such Director is not made jointly and severally liable with the Company, such Director shall indemnify the Company for any loss incurred or suffered by the Company caused by a breach of duties by such Director.     The Officers, in the course of performing their duties to the Company, shall assume such duties and obligations to indemnify the Company in the same manner as if they are Directors.

## **MEETINGS OF THE BOARD OF DIRECTORS**

### **45. Board Meetings**

The Board may meet for the transaction of business, adjourn and otherwise regulate its meetings as it sees fit. During a meeting, if upon inquisition by the chairman, none of the Directors raises objection to the proposal being reviewed, the chairman may declare the resolution adopted. If, however, a director objects to the proposal, the resolution shall be put to vote and carried by the affirmative votes of a majority of the votes cast and in the case of an equality of votes the resolution shall fail.

### **46. Notice of Board Meetings**

The Chairman shall summon a meeting of the Board. Notice of a meeting of the Board shall be deemed to be duly given to a Director if it is sent to such Director by post, facsimile, electronic mail or other mode of representing words in a legible form at such Director's last known address or any other address given by such Director to the Company for this purpose. Notice of a meeting of Board shall state the time and place of the meeting and meeting agenda and be given to all Directors at least 7 days prior to the meeting, provided that upon the occurrence of emergencies, the Chairman may summon a meeting of the Board at any time.



#### 47. Participation in Meetings by Web Cam or Video Conference

Directors may participate in any meeting of the Board by means of web cam or video conference as permit all persons participating in the meeting to communicate with each other simultaneously and instantaneously, and participation in a meeting by such means shall constitute presence in person at such a meeting.

#### 48. Quorum at Board Meetings

The quorum necessary for the transaction of business at a meeting of the Board shall be more than one-half of the Board, provided that if there is only one Director for the time being in office the quorum shall be one.

#### 49. Board to Continue in the Event of Vacancy

The Board may act notwithstanding any vacancy in its number.

#### 50. Chairman to Preside

Unless otherwise agreed by a majority of the Directors attending, the Chairman, if there be one, shall act as chairman at all meetings of the Board at which such person is present. In his absence a chairman shall be appointed or elected by the Directors present at the meeting.

#### 51. Tender Offer

Within seven days after the receipt of the copy of a tender offer application form and relevant documents by the Company or its litigation or non-litigation agent appointed pursuant to the Applicable Public Company Rules, the Board shall resolve to recommend to the Members whether to accept or object to the tender offer and make a public announcement of the following:

- (a) The types and number of the shares held by the Directors and the Members holding more than 10% of the issued shares in their own names or in the names of other persons.
- (b) Recommendations to the Members on the tender offer, which shall set forth the names of the Directors who abstain or object to the tender offer and the reason(s) therefor.
- (c) Whether there is any material change in the financial condition of the Company after the submission of the latest financial report and an explanation of the change, if any.
- (d) The types, numbers and amount of the shares of the tender offeror or its affiliates held by the Directors and the Members holding more than 10% of the issued shares held in their own names or in the name of other persons.

### **AUDIT COMMITTEE**

#### 51A. Audit Committee

The Company shall establish an Audit Committee. The Audit Committee shall comprise of all Independent Directors and the number of committee members shall not be less than three. One of the Audit Committee members shall be appointed as the convener to convene meetings of the Audit Committee from time to time and at least one of the Audit Committee members shall have accounting or financial expertise. A valid resolution of the Audit Committee requires approval of one-half or more of all its members.

Any of the following matters of the Company shall require the consent of one-half or more of all Audit Committee members and be submitted to the Board of Directors for resolution:

- (a) adoption of or amendment to an internal control system;
- (b) assessment of the effectiveness of the internal control system;
- (c) adoption of or amendment to the handling procedures for financial or operational actions of material significance, such as acquisition or disposal of assets, derivatives trading, extension of monetary loans to others, or endorsements or guarantees for others;
- (d) any matter relating to the personal interest of the Directors;
- (e) a material asset or derivatives transaction;
- (f) a material monetary loan, endorsement, or provision of guarantee;
- (g) the offering, issuance, or Private Placement of any equity-type securities;
- (h) the hiring or dismissal of an attesting certified public accountant, or the compensation given thereto;
- (i) the appointment or discharge of a financial, accounting, or internal auditing officer;
- (j) approval of annual and semi-annual financial reports; and
- (k) any other matter so determined by the Company from time to time or required by any competent authority overseeing the Company.

With the exception of item (j), any other matter that has not been approved with the consent of one-half or more of all Audit Committee members may be undertaken upon the consent of two-thirds or more of the members of the Board, and the resolution of the Audit Committee shall be recorded in the minutes of the Directors meeting.

## **COMPENSATION COMMITTEE**

### **51B. Compensation Committee**

The Company shall establish a Compensation Committee. The qualifications, appointment, composition, voting methods and powers of the Compensation Committee and the terms of its



members shall conform with the Applicable Public Company Rules and specified in the Company's internal rules.

The Compensation Committee shall:

- (a) draft and regularly review the policy, system, standards and structure of the performance evaluation and remuneration, including compensation, stock option programs and other incentive payments of Directors and Officers; and
- (b) regularly review and decide the remuneration of Directors and Officers.

Any of the above-mentioned matters of the Company shall require the consent of one-half or more of all Compensation Committee members and be submitted to the Board of Directors for resolution. If any of the Compensation Committee's recommendations is not approved or is revised by the Directors, such a resolution shall be passed with the approval of a majority of the Directors present at a meeting attended by two-thirds or more of the Directors and the Directors shall take into account all relevant factors and indicate in the resolution whether the compensation packages that they adopted are more favourable than the recommendations made by the Compensation Committee.

## **CORPORATE RECORDS**

### 52. Records

#### 52.1 Minutes

The Board shall cause minutes to be duly entered in books provided for the purpose:

- (a) of all elections and appointments of Officers;
- (b) of the names of the Directors present at each meeting of the Board and of any committee appointed by the Board; and
- (c) of all resolutions and proceedings of general meetings of the Members, meetings of the Board, meetings of managers and meetings of committees appointed by the Board.

#### 52.2 Register of Mortgages and Charges

- (a) The Directors shall cause to be kept the Register of Mortgages and Charges required by the Law; and
- (b) The Register of Mortgages and Charges shall be open to inspection in accordance with the Law, at the Registered Office on every business day, subject to such reasonable restrictions as the Board may impose, so that not less than two hours in each such business day be allowed for inspection.

52.3 The instruments of proxy, documents, forms/statements and information in electronic media prepared in accordance with these Articles and relevant rules and regulations shall be kept for at least twelve months. However, if a Member institutes a lawsuit with respect

to such instruments of proxy, documents, forms/statements and/or information mentioned herein, they shall be kept until the conclusion of the litigation if longer than twelve months.

#### 53. Form and Use of Seal

- 53.1 The Company shall adopt a Seal in such form as the Board may determine.
- 53.2 The Seal shall only be used by the authority of the Directors or of a committee of the Directors authorised by the Directors in that behalf; and, until otherwise determined by the Directors, the Seal shall be affixed in the presence of a Director, Secretary or some other person authorised for this purpose by the Directors or the committee of Directors.
- 53.3 Notwithstanding the foregoing, the Seal may without further authority be affixed by way of authentication to any document required to be filed with the Registrar of Companies in the Cayman Islands, and may be so affixed by any Director, Secretary or any other person or institution having authority to file the document as aforesaid.
- 53.4 The Company may have one or more duplicate Seals for use in or outside the Cayman Islands, as permitted by the Law; and, if the Directors think fit, a duplicate Seal may bear on its face of the name of the country, territory, district or place where it is to be issued.

#### 54. Books of Account

- 54.1 The Board shall cause to be kept proper records of account with respect to all transactions of the Company and in particular with respect to:-
- (a) all sums of money received and expended by the Company and the matters in respect of which the receipt and expenditure relates;
  - (b) all sales and purchases of goods by the Company; and
  - (c) the assets and liabilities of the Company.
- 54.2 Such records of account shall be kept and proper books of account shall not be deemed to be kept with respect to the matters aforesaid if there are not kept, at such place as the Board thinks fit, such books as are necessary to give a true and fair view of the state of the Company's affairs and to explain its transactions.

#### 55. Financial Year End

The financial year end of the Company shall be 31st December in each year but, subject to any direction of the Company in general meeting, the Board may from time to time prescribe some other period to be the financial year, provided that the Board may not without the sanction of an ordinary resolution prescribe or allow any financial year longer than twelve months.

### **DIVIDENDS AND CAPITALISATION**

#### 56. Dividends

- 56.1



(1) Subject to these Articles, the Company may distribute profits in accordance with a proposal for profits distribution recommended by the Board and approved by the Members by the sanction of an ordinary resolution or in the case of Article 11.4(d), a supermajority resolution, in annual general meetings. If there are profits, the Company shall first make up the losses for the previous years, and then set aside a special surplus reserve as required by the competent securities authority under the Applicable Public Company Rules. The balance shall be appropriated in the following manner:

- (1) no more than 2% as employees' bonus;
- (2) no more than 2% as directors and supervisors' bonus; and
- (3) no less than 10% as dividend to be paid to the Members in proportion to the number of shares held by them. In addition, the Board may make proposals for the distribution of the accumulated undistributed earnings from the previous years after taking into account the actual operations, future capital expenditures or other material matters related to the operations.

When employees' bonus is distributed by way of stock dividend, the recipients may include qualified employees of the Company's Subsidiaries. No unpaid dividend and bonus shall bear interest as against the Company.

(2) The Company operates in a mature industry, and is in the growth stage. In determining Members' dividend, the Company shall consider its future capital expenditure budgeting and evaluate its capital requirement in the next year, in order to determine the amount of profits for retention and distribution. The amount of profits for retention and distribution, and the types of dividend and their ratio shall be proposed by the Board, after consideration of the Company's profitability and capital level, and approved by the Members in the annual general meetings; provided that, the cash portion shall be no less than 70% of total Members' dividend.

56.2 Dividends may be declared and paid out of profits of the Company, realised or unrealised, or from any reserve set aside from profits which the Directors determine is no longer needed, or not in the same amount. Dividends may also be declared and paid out of share premium account or any other fund or account which can be authorised for this purpose in accordance with the Law.

56.3 Subject to these Articles, with the sanction of an ordinary resolution of the Members, the Board may determine that a dividend shall be paid wholly or partly by the distribution of specific assets (which may consist of the shares or securities of any other company) and may settle all questions concerning such distribution. Without limiting the foregoing generally, the Directors may fix the value of such specific assets, may determine that cash payments shall be made to some Members in lieu of specific assets and may vest any such specific assets in trustees on such terms as the Directors think fit.

56.4 Subject to these Articles, with the sanction of an ordinary resolution of the Members, the Board may declare and make such other distributions (in cash or in specie) to the Members as may be lawfully made out of the assets of the Company. No unpaid distribution shall bear interest as against the Company.



56.5 The Board shall fix any date as the record date for determining the Members entitled to receive any dividend or other distribution.

56.6 For the purpose of determining Members entitled to receive payment of any dividend, the Directors may provide that the Register of Members shall be closed for transfers for a period of five days before the relevant record date or such other period as may be required by the Applicable Public Company Rules or the Law.

#### 57. Method of Payment

57.1 Any dividend, interest, or other monies payable in cash in respect of the shares may be paid by cheque or draft sent through the post directed to the Member at such Member's address in the Register of Members.

57.2 In the case of joint holders of shares, any dividend, interest or other monies payable in cash in respect of shares may be paid by cheque or draft sent through the post directed to the address of the holder first named in the Register of Members, or to such person and to such address as the joint holders may in writing direct. If two or more persons are registered as joint holders of any shares, any one can give an effectual receipt for any dividend paid or other monies payable on or in respect of such shares.

#### 58. Power to Set Aside Profits

58.1 The Board may, before declaring a dividend, set aside out of the surplus or profits of the Company, such sum as it thinks proper as a reserve to be used to meet contingencies or for meeting the deficiencies for implementing dividend distribution plans or for any other purpose. Pending distribution of profit, such sums may be employed in the business of, or investment by, the Company, and need not be kept separate from other assets of the Company. The Directors may also, without placing the same to reserve, carry forward any profit which they decide not to distribute.

58.2 Subject to any direction from the Company in general meeting, the Directors may on behalf of the Company exercise all the powers and options conferred on the Company by the Law in regard to Company's share premium account.

#### 59. Capitalisation

Provided that the Company has no accumulated losses, the Company may, with a proposal recommended by the Board and approved by the Members by the sanction of a supermajority resolution in annual general meetings, distribute new shares or cash arising out of the Capital Reserve to the Members.

### **VOLUNTARY WINDING-UP AND DISSOLUTION**

#### 60. Winding-Up



60.1 Subject to the Law, the Company may be voluntarily wound-up by a special resolution of the Members.

60.2 If the Company shall be wound up, the liquidator may, with the sanction of a special resolution, divide amongst the Members in specie or in kind the whole or any part of the assets of the Company (whether they shall consist of property of the same kind or not) and may, for such purpose, set such value as it deems fair upon any property to be divided as aforesaid and may determine how such division shall be carried out as between the Members or different classes of Members. Upon completion of the winding-up, the Company shall be dissolved. The liquidator may, with the like sanction, vest the whole or any part of such assets in the trustees upon such trusts for the benefit of the Members as the liquidator shall think fit, and the liquidation of the Company may be closed and the Company dissolved, but so that no Member shall be compelled to accept any shares or other securities or assets whereon there is any liability.

## **CHANGES TO CONSTITUTION**

### **61.Changes to Articles**

Subject to the Law and to the conditions contained in its memorandum, the Company may, by special resolution, alter or add to its Articles.

### **62.Changes to the Memorandum of Association**

Subject to the Law, the Company may from time to time by special resolution alter its Memorandum of Association with respect to any objects, powers or other matters specified therein.

### **63.Change of Name**

Subject to the Law, the Company may from time to time by special resolution change the name of the Company.

### **64.Internal Rules**

The Board and/or general meeting may adopt internal rules of the Company from time to time. In case of inconsistency between these Articles and the internal rules of the Company, these Articles shall prevail.

Dated **June 2, 2015**

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Appendix III 、 Procedures for the Acquisition or Disposal of Assets(Before Amendment)

## **Apex International Company Limited Procedures for the Acquisition or Disposal of Assets**

### **Chapter 1: General Principles**

#### **Article 1: Objectives and basis**

For purposes of enhancing the Corporation's asset management and effecting public disclosure of information, these Procedures for the Acquisition or Disposal of Assets ("Procedures") are adopted in accordance with Article 36-1 of the Securities and Exchange Act and the Regulations Governing the Acquisition or Disposal of Assets by Public Companies issued by the Securities and Futures Bureau of the Financial Supervisory Commission.

#### **Article 2: Scope of assets and definitions**

1. The term "assets" in these Procedures shall apply to the following:
  - (1) Stocks, government bonds, corporate bonds, financial bonds, securities representing interest in a fund, depositary receipts, call (put) warrants, beneficial interest securities, and asset-backed securities.
  - (2) Real property and equipment.
  - (3) Membership certificates.
  - (4) Intangible assets such as patents, copyrights, trademarks, and franchise rights.
  - (5) Claims of financial institutions (including receivables, bills purchased and discounted, loans, and overdue receivables).
  - (6) Derivatives.
  - (7) Assets acquired or disposed of through lawful mergers, demergers, acquisitions, or share transfers.
  - (8) Other major assets.
2. The terms in these Procedures are defined as follows:
  - (1) Derivatives: Refers to forward contracts, options contracts, futures contracts, leverage contracts, and swap contracts, and compound contracts combining the above products, whose value is derived from assets, interest rates, foreign exchange rates, indexes or other interests. The term "forward contracts" does not include insurance contracts, performance contracts, after-sales service contracts, long-term leasing contracts, or long-term purchase (or sales) agreements.
  - (2) Assets acquired or disposed of through lawful mergers, demergers, acquisitions, or share transfers: Refers to assets acquired or disposed through mergers, demergers, or acquisitions conducted under the Business Mergers and Acquisitions Act, Financial Holding Company Act, Financial Institution Merger Act and other laws, or to transfers of shares from another company for which new shares of its own are issued as consideration (hereinafter, "share transfer") under Article 156, paragraph 6 of the Company Act.
  - (3) Related party, subsidiary: As defined in the Regulations Governing the Preparation of Financial Reports by Securities Issuers.
  - (4) Professional appraiser: Refers to a real property appraiser or other person duly authorized by law to engage in the value appraisal of real property or equipment.

- (5) Date of occurrence: Refers to the earliest of the following dates: the date of contract signing, date of payment, date of consignment, date of transfer, date of a board of directors resolution, or other date from which the counterparty and monetary amount of a transaction can be determined; provided that for investments requiring the approval of the Competent Authority, the earlier of either an abovementioned date or the date of receipt of approval by the Competent Authority shall apply.
- (6) Mainland China area investment: Refers to investments in China approved by the Ministry of Economic Affairs Investment Commission or conducted in accordance with the Regulations Governing Permission for Investment or Technical Cooperation in the Mainland Area.

## Chapter 2: Acquisition or Disposal of Assets

### 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:

1. Securities investments: Before acquiring or disposing of securities, the Corporation shall first obtain, for reference in appraising the transaction price, a financial statement of the subject company for the most recent period that has been audited and certified or reviewed by a certified public accountant (CPA), or an investor memorandum, prospectus, or financial information regarding the subject securities, and shall determine the transaction price using the following methods:
  - (1) For acquisition or disposal of securities traded on the centralized securities exchange market or an OTC market, the price shall be determined according to the current trading price.
  - (2) For acquisition or disposal of securities not traded on the centralized securities exchange market or an OTC market, the price shall be determined through negotiation after consideration of net worth per share, profitability, and future development potential, taking current market prices as a reference, or by negotiation after reference to current market interest rates, bond coupon rates, and debtor creditworthiness.

In addition, when the amount of a transaction reaches 20 percent of paid-in capital or NT\$300 million or more, the Corporation shall obtain an opinion from a CPA on the reasonableness of the trading price. If the CPA needs to use the report of an expert as evidence, the CPA shall do so in accordance with the provisions of Statement of Auditing Standards No. 20 published by the Accounting Research and Development Foundation (ARDF). This requirement does not apply, however, to publicly quoted prices of securities that have an active market or that are subject to Financial Supervisory Commission's Interpretation concerning the Article 10 proviso in the Regulations Governing the Acquisition or Disposal of Assets by Public Companies.

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:

- (1) Where due to special circumstances it is necessary to use a limited price, specified price, or

special price as reference criteria for the transaction price, the transaction shall first be submitted for approval by the board of directors, and the same procedure shall be followed for any future changes to the terms and conditions of the transaction.

- (2) Where the transaction amount reaches NT\$1 billion or more, two or more professional appraisers shall be engaged to provide appraisals.
- (3) Where any of the following circumstances applies with respect to the results of a professional appraisal, unless all the appraisal results for the assets to be acquired are higher than the transaction amount, or all the appraisal results for the assets to be disposed of are lower than the transaction amount, a CPA shall be engaged to perform the appraisal in accordance with the provisions of the Statement of Auditing Standards No. 20 issued by the ARDF and to issue a specific opinion regarding the reason for the discrepancy and the appropriateness of the transaction price:
  1. The discrepancy between the appraisal result and the transaction amount is 20 percent or more of the transaction amount.
  2. The discrepancy between the results of two or more professional appraisals is 10 percent or more of the transaction amount.
- (4) Where an appraisal is conducted before a contract execution date, no more than three months may pass between the date of the appraisal report and the contract execution date, provided that where the announced current value used in the appraisal is for the same period and not more than six months have elapsed, the original professional appraiser may issue an opinion.

### 3. Membership certificates or intangible assets

When acquiring or disposing of membership certificates, the Corporation shall first collect relevant price information and use one of two methods, price comparison or price negotiation, to effect acquisition or disposal. When acquiring or disposing of intangible assets, the Corporation shall also collect relevant price information, and shall make a careful assessment of the relevant laws and regulations and the content of the contract in order to decide the transaction price. When a transaction amount for acquisition or disposal of membership certificates or intangible assets reaches 20 percent of paid-in capital or NT\$300 million or more, except in transactions with a government agency, the Corporation shall seek an opinion from a CPA on the reasonableness of the transaction price. The CPA shall issue its opinion in accordance with the provisions of the Statement of Auditing Standards No. 20 issued by the ARDF.

### 4. Other major assets

In acquiring or disposing of claims of financial institutions, derivatives, assets transferred by means of lawful mergers, demergers, acquisitions, or share transfers, or other major assets, the Corporation shall collect relevant price information, depending on the nature of the subject asset of the transaction, and make a careful assessment of the relevant laws and regulations and the content of the contract in order to decide the transaction price.

5. When the Corporation acquires or disposes of assets through court auction procedures, the evidentiary documentation issued by the court may be substituted for the appraisal report or CPA opinion.
6. The calculation of the transaction amounts referred to in the first three Paragraphs of this Article and the Article 4 shall be done one year preceding the date of occurrence of the current transaction. Items for which an appraisal report from a professional appraiser or a CPA's opinion has been obtained need not be counted toward the transaction amount.

## **Article 4: Operating procedures**

### 1. Levels of authorization

- (1) When the Corporation acquires or disposes of assets, the unit handling the transaction shall compile information on each asset to be transacted, including the reasons for the proposed



acquisition or disposal, the target asset, the trading counterparty, the transfer price, the terms of payment, and the price reference criteria, and submit them to the unit with overall authority for a decision on the transaction.

1. Acquisitions or disposals of securities:

- 1.1 Each individual transaction in an amount equal to or greater than 20 percent of paid-in capital or NT\$300 million shall be reported to and approved by the board of directors prior to its execution.
- 1.2 For any individual transaction that is less than both 20 percent of paid-in capital and NT\$300 million, the board of directors authorizes the execution of the transaction subsequent to approval by the chairman, with a report on the status of the transaction to be submitted to the board of directors after its execution.
- 1.3 In addition to the provisions of 1.1 and 1.2 above, any equity investment in the mainland China region shall be subject to the provisions of the Investment Commission of the Ministry of Economic Affairs.
- 1.4 When the purpose of an acquisition or disposal is short-term allocation of funds, the transaction shall be submitted to supervisors for approval in order of their increasing authority in accordance with the transaction amounts and procedures for approval set out in the "internal decision authorization limits."
- 1.5 Where the transaction counterparty is a related party, each transaction in whatsoever amount shall be submitted to and approved by the board of directors prior to its execution.

2. Acquisitions or disposals of real property:

2.1 Acquisition or disposal of real property for business use:

- 2.1.1 Each individual transaction in an amount equal to or greater than 20 percent of paid-in capital or NT\$300 million shall be reported to and approved by the board of directors prior to its execution.
- 2.1.2 For any individual transaction amount that is less than both 20 percent of paid-in capital and NT\$300 million, the board of directors authorizes the execution of the transaction subsequent to approval by the chairman, with a report on the status of the transaction to be submitted to the board of directors after its execution.
- 2.1.3 A transaction for the acquisition of real property from a related party must be submitted to and approved by the board of directors prior to execution in accordance with the relevant provisions of Chapter 3 of these Procedures.

2.2 The acquisition or disposal of real property for non-business use, within the limits for transaction amounts set out in paragraph 2 of this article, may be executed after submission to and approval by the board of directors. If the transaction counterparty is a related party, submission to and approval by the board of directors in accordance with the provisions of Chapter 3 of these Procedures is still required prior to execution.

3. Acquisition or disposal of equipment:

3.1 Acquisition or disposal of assets for business use:

- 3.1.1 Each transaction in an amount equal to or greater than 20 percent of paid-in capital or NT\$300 million or more shall be submitted to and approved by the board of directors prior to its execution.
- 3.1.2 Where the transaction counterparty is a related party and each transaction is less than 20 percent of the Corporation's paid-in capital, 10 percent of total assets and NT\$300 million:
  - 3.1.2a If the related party is not a subsidiary in which the Corporation directly or indirectly holds 99% or more of the shares, each transaction in whatsoever amount shall be submitted to and approved by the board of directors prior to its execution.
  - 3.1.2b If the related party is a subsidiary in which the Corporation directly or indirectly holds 99% or more of the shares, the transaction shall be submitted to and approved by the Senior Vice President prior to its execution.

3.1.3 Transactions in amounts less than those in 3.1.1 or 3.1.2 above shall be submitted to supervisors for approval in order of their increasing authority in accordance with the "internal decision authorization limits."

3.2 Acquisitions or disposals of assets that are not intended for business use shall be submitted to and approved by the board of directors prior to their execution.

4. Acquisition or disposal of membership certificates:

4.1 Where the transaction counterparty is not a related party, the board of directors authorizes the execution of the transaction subsequent to approval by the chairman, with a report on the status of the transaction to be submitted to the board of directors after its execution.

4.2 Where the transaction counterparty is a related party, each transaction in whatsoever amount shall be submitted to and approved by the board of directors prior to its execution.

5. Acquisition or disposal of intangible assets and other major assets:

5.1 Each individual transaction in an amount equal to or greater than 20 percent of paid-in capital or NT\$300 million shall be reported to and approved by the board of directors prior to its execution.

5.2 For any individual transaction amount that is less than both 20 percent of paid-in capital and NT\$300 million, the board of directors authorizes the execution of the transaction subsequent to approval by the chairman, with a report on the status of the transaction to be submitted to the board of directors after its execution.

5.3 Where the transaction counterparty is a related party, each transaction in whatsoever amount shall be submitted to and approved by the board of directors prior to its execution.

6. In acquisition or disposal of assets by means of lawful mergers, demergers, acquisitions, or share transfers, the unit executing the transaction shall first conduct an appraisal and thereafter carry out the transaction in accordance with relevant laws and regulations and Chapter 4 of these Procedures.

(2) After the Corporation has created independent director position(s), in accordance with the preceding provision, major asset acquisition or disposal transactions shall be deliberated by Audit Committee then submitted to Board of Directors for approval. If approval of more than half of all audit committee members - is not obtained, with a proposal by the chair to the board of directors, 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. During deliberation by the board of directors -, adequate consideration shall be given to the opinions of each independent director, and where an independent director has dissenting or qualified opinion, such opinion shall be entered into the minutes of the board of directors meeting.

## 2. Amount limits

(1) The total amount of any real property purchased by the Corporation for non-business use may not exceed 20 percent of the Corporation's net worth; the total amount of any real property purchased by a subsidiary of the Corporation for non-business use may not exceed 20 percent of the Corporation's net worth, and may not exceed the subsidiary's net worth.

(2) Unless with the approval of a shareholders meeting, the total amount of investment by the Corporation in securities may not exceed its net worth; the total amount of investment in securities by a subsidiary of the Corporation may not exceed the subsidiary's net worth.

(3) Unless with the approval of a shareholders meeting, the amount of the Corporation's investment in any single security may not exceed 50 percent of its net worth; the amount of investment by a subsidiary of the Corporation in any single security may not exceed 50 percent of the Corporation's net worth and may not exceed the subsidiary's net worth.

(4) Securities acquired by the Corporation or a subsidiary for the purpose of short-term allocation of funds, or acquired through the conduct of M&A activities such as mergers, demergers, acquisitions, or share transfers carried out in accordance with relevant domestic or foreign laws, shall not be subject to the restrictions on amounts in (2) and (3) above.



### 3. Units executing transactions

- (1) For acquisition or disposal of securities: the financial unit or related unit.
- (2) For acquisition or disposal of real property and equipment: the general affairs unit, financial unit, or other related unit.

### 4. Transaction procedures

Procedures and operations in relation to the acquisition or disposal of assets shall be carried out in accordance with relevant provisions of laws and regulations and the internal rules of the Corporation.

## **Article 5: Other important matters**

For any appraisal report or any written opinion from a CPA, attorney, or securities underwriter obtained by the Corporation, the professional appraiser and appraiser's officers, CPA, attorney, or securities underwriter may not be a related party of the trading counterparty.

## Chapter 3: Acquisition of Real Property from Related Parties

### **Article 6: Scope of applicability**

For the acquisition or disposal of assets by the Corporation with a related party, the relevant resolution procedures and appraisals of the reasonableness of the transaction terms shall be carried out in accordance with the provisions of this chapter and the preceding chapter. If the transaction amount reaches 10 percent or more of the Corporation's total assets, the Corporation shall also obtain an appraisal report from a professional appraiser or a CPA's opinion in compliance with the provisions of the preceding Section.

The calculation of the transaction amount referred to in the preceding paragraph shall be done in compliance with the paragraph 6 of Article 3.

In judging whether a trading counterparty is a related party, consideration shall be given to the substantive nature of the relationship in addition to its legal form.

### **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 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:

1. The purpose, necessity, and anticipated benefit of the acquisition or disposal of assets.
2. The reason for choosing the related party as a trading counterparty.
3. Information regarding appraisal of the reasonableness of the preliminary transaction terms in accordance with the provisions of Articles 8 through 10.
4. The date and price at which the related party originally acquired the real property, the original trading counterparty, and that trading counterparty's relationship to the company and the related party.
5. Monthly cash flow forecasts for the year commencing from the anticipated month of signing of the contract and an evaluation of the necessity of the transaction and the reasonableness of funds



utilization.

6. An appraisal report from a professional appraiser or a CPA's opinion obtained in compliance with the preceding article.

7. Any restrictive covenants or other important stipulations associated with the transaction.

The calculation of the transaction amounts referred to in the preceding paragraph shall be done in accordance with the paragraph 2 of Article 17, and "within one year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items for which had been submitted to Audit Committee for deliberation and then submitted to Board of Directors for approval in accordance with the Procedures need not be counted toward the transaction amount.

Subsequent to the creation of independent director(s) by this Corporation in accordance with the Securities and Exchange Act, when asset acquisition or disposal transactions are reported if approval of more than half of all audit committee members as required in the preceding paragraph is not obtained, with a proposal by the chair to the board of directors, 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. During deliberation by the board of directors, adequate consideration shall be given to the opinions of each independent director, and their dissenting or qualified opinions, if any, and the reasons for them shall be entered into the minutes of the board of directors meeting.

#### **Article 8: Appraisal procedures**

When acquiring real property from a related party, the Corporation shall assess the reasonableness of the transaction costs by the following methods:

1. Based upon the related party transaction price plus necessary interest on funding and the costs to be borne by the buyer in accordance with the law. "Necessary interest on funding" is the imputed weighted average interest rate on borrowing in the year the company purchases the property. That rate, however, may not be higher than the maximum lending rate for non-financial enterprises announced by the Ministry of Finance.
2. Where the related party has previously created a mortgage on the property as security for a loan, based on the total loan value appraisal from the financial institution. The actual cumulative value of the financial institution's loan shall have reached 70 percent or more of the appraised loan value of the property and the loan period shall have been one year or more, provided that this shall not apply when the financial institution and one of the trading counterparties are related parties.

When land and structures thereon are combined as a single property purchase, separate appraisals of the transaction costs for the land and the structures may be carried in accordance with either of the means listed in the preceding paragraph.

When the Corporation acquires real property from a related party and appraises the cost of the real property in accordance with the provisions of paragraph 1 and paragraph 2, it shall also engage a CPA to conduct a secondary review and render a specific opinion.

When the Corporation acquires real property from a related party and one of the following circumstances exists, the acquisition shall be conducted in accordance with the provisions of Article 9 and the provisions of the preceding three paragraphs shall not apply:

1. The related party acquired the real property through inheritance or as a gift.
2. More than five years have elapsed from the time the related party signed the contract to obtain the real property to the signing date for the current transaction.
3. The real property is acquired through signing of a joint development contract with the related party, or hiring others to build on its own land, hiring others to build on rented land.



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**Article 9: Procedures for handling appraised prices lower than the proposed transaction price (1)**

When the results of the Corporation's appraisals under paragraph 1 and paragraph 2 of the preceding Article are all lower than the proposed transaction price, the matter shall be handled in accordance with Article 10. Where the following circumstances exist, however, and the Corporation puts forward objective evidence and obtains specific opinions on reasonableness from a professional real property appraiser and a CPA, the above condition shall not apply:

1. Where the related party has acquired undeveloped land or leased land for development, it may submit proof that the transaction complies with one of the following conditions:
  - (1) Where the undeveloped land has been appraised in accordance with the means in the preceding Article, and the structures based on the related party's construction costs plus reasonable profit from construction, and in combination with the land, are valued in excess of the actual transaction price. "Reasonable profit from construction" shall be deemed the average gross operating profit margin of the related party's construction division over the most recent three years or the gross profit margin for the construction industry for the most recent period as announced by the Ministry of Finance, whichever is lower.
  - (2) There are cases of completed transactions by unrelated parties within the preceding year involving other floors of the same property or property in an adjacent area in which the properties are similar in area and the terms of the transactions in those cases are found to be similar after assessment of reasonable discrepancies in the prices of different floors or districts in accordance with standard property market practices.
  - (3) There are cases of leasing transactions completed by unrelated parties for other floors of the same property within the preceding year in which the transaction terms are estimated to be similar based on reasonable price discrepancies among floors in accordance with standard property leasing market practices.
2. The Corporation provides evidence that, for the real property it purchases from a related party, the terms of the transaction are similar to cases of transactions completed in adjacent areas by unrelated parties within the preceding year and the property involved is also similar in area.

"Cases of transactions completed in adjacent areas" in the preceding paragraph in principle refers to property on the same or an adjacent block and within a distance of no more than 500 meters or property whose publicly announced current value is similar. "Similar in area" in principle refers to transactions completed by unrelated parties for property with an area of no less than 50 percent of the property in the planned transaction. "Within the preceding year" refers to a preceding period of one year calculated from the actual date of occurrence of the real property acquisition.

**Article 10: Procedures for handling appraised prices lower than the proposed transaction price (2)**

When the Corporation acquires real property from a related party and the results of the appraisals under Articles 8 and 9 are all lower than the proposed transaction price, the following steps shall be taken:

1. A special reserve shall be set aside in accordance with the provisions of Article 41, paragraph 1 of the Securities and Exchange Act against the difference between the real property transaction price and the appraised cost, which may not be distributed or used for capital increase or issuance of bonus shares. Where the Corporation uses the equity method to account for its investment in another company, then the special reserve called for under Article 41, paragraph of the Securities and Exchange Act shall be set aside pro rata in a proportion consistent with the share of the Corporation's equity stake in the other company.
2. Independent Director of Audit Committee shall comply with the provisions of Article 218 of the Company Act.

3. Actions taken pursuant to subparagraphs 1 shall be reported to the shareholders meeting, and the details of the transaction shall be disclosed in the annual report and in prospectuses.

When the Corporation sets aside a special reserve under the preceding paragraph, it may not utilize the special reserve until it has recognized a loss on decline in market value of the assets it purchased at a premium, or they have been disposed of, or adequate compensation has been made, or the status quo ante has been restored, or there is other evidence to confirm there was nothing unreasonable in the transaction, and the Financial Supervisory Commission has given its consent.

When the Corporation acquires or disposes of real property against a related party and other evidence indicates that the transaction was at non-arm's length, it shall also comply with the provisions of the preceding two paragraphs.

## Chapter 4: Mergers, Demergers, Acquisitions, and Share Transfers

### **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. When the Corporation participates in a merger, demerger, or acquisition, then prior to the shareholders meeting, it shall prepare a public report to shareholders detailing major contractual content and matters relevant to the merger, demerger, or acquisition, along with the expert opinion referred to in the preceding paragraph and the notification of the shareholders meeting for reference by shareholders in deciding whether to approve the merger, demerger, or acquisition. This restriction shall not apply, however, where there are other provisions of law that exempt a company from convening a shareholders meeting to approve the merger, demerger, or acquisition. Where the shareholders meeting of any one of the companies participating in a merger, demerger, or acquisition fails to convene or pass a resolution due to lack of a quorum, insufficient votes, or other legal restriction, or the proposal is rejected by the shareholders meeting, the companies participating in the merger, demerger or acquisition shall immediately publicly explain the reason, the follow-up measures, and the preliminary date of the next shareholders meeting.
3. When the companies participating in a merger, demerger, or acquisition convene board of directors meetings or shareholders meetings to resolve matters concerning the merger, demerger, or acquisition, they shall do so on the same day, unless another law provides otherwise or the Commission is notified in advance of extraordinary circumstances and grants consent. The companies participating in a share transfer shall convene their board of directors meetings on the same day, unless another law provides otherwise or the Commission is notified in advance of extraordinary circumstances and grants consent.

An exchange-listed company or one whose shares are traded on an OTC market that participates in a merger, demerger, acquisition, or share transfer shall make a comprehensive written record of the following information, to be retained for five years for reference:



1. Basic personnel information: including the occupational titles, names, and national ID numbers (or passport numbers in the case of foreign nationals) of all persons involved in the planning or implementation of any merger, demerger, acquisition, or share transfer prior to public disclosure of the plan.
2. Dates of material events: including the signing of any letter of intent or memorandum of understanding, the hiring of a financial or legal advisor, the execution of a contract, and the convening of a board of directors meeting.
3. Important documents and minutes: Including merger, demerger, acquisition, or share transfer plans, any letter of intent or memorandum of understanding, material contracts, and minutes of board of directors meetings.

An exchange-listed company or one whose shares are traded on an OTC market that participates in a merger, demerger, acquisition, or share transfer shall, within two days after the date of passage of the board of directors resolution, report the information under subparagraphs 1 and 2 of the preceding paragraph for reference by the FSC, in the prescribed format, through its Internet information reporting system.

Where any of the companies participating in a merger, demerger, acquisition, or transfer of another company's shares is neither listed on an exchange nor has its shares traded on an OTC market, the company(ies) so listed or traded shall sign an agreement with such company, and the provisions of paragraphs 3 and 4 shall be complied with.

#### **Article 12: Confidentiality commitments**

Every person participating in or privy to the plan for merger, demerger, acquisition, or share transfer shall issue a written undertaking of confidentiality and may not disclose the content of the plan prior to public disclosure of the information, and may not trade, in their own name or under the name of another person, any stock or other equity security of any company related to the plan for merger, demerger, acquisition, or share transfer.

#### **Article 13: Change of share exchange ratio or acquisition price**

When the Corporation participates in a merger, demerger, acquisition, or share transfer, it may not arbitrarily alter the share exchange ratio or acquisition price except under the circumstances listed below, and it shall stipulate in the contract for the merger, demerger, acquisition, or share transfer the circumstances under which alteration is permitted:

1. A cash capital increase, an issuance of convertible corporate bonds or bonus shares, an issuance of corporate bonds with warrants, preferred shares with warrants, stock warrants, or other equity-based securities.
2. An action, such as a disposal of major assets, that affects the company's finances or business.
3. An event, such as a major disaster or major change in technology, that affects shareholder equity or share price.
4. An adjustment where any of the companies participating in the merger, demerger, acquisition, or transfer of shares from another company duly repurchases treasury stock.
5. An increase or decrease in the number of entities or companies participating in the merger, demerger, acquisition, or share transfer.
6. Any other condition under which such alteration may take place that has been stipulated in the contract and has been publicly disclosed.

#### **Article 14: Particulars to be set out in the contract**

The contract for the Corporation's participation in a merger, demerger, acquisition, or share transfer shall set out the rights and obligations of the companies participating in the merger, demerger, acquisition, or share transfer, and shall also set out the following:

1. Handling of breach of contract.
2. The principles for handling of equity-type securities previously issued or treasury stock previously repurchased by any company that is extinguished in a merger or that is demerged.
3. The amount of treasury stock participating companies may duly repurchase after the record date of calculation of the share exchange ratio and the principles for handling of repurchases.
4. The method of handling changes in the number of participating entities or companies.
5. A preliminary progress schedule for execution of the plan and the anticipated completion date.
6. Handling procedures in relation to matters such as the scheduled date for convening the legally mandated shareholders meeting if the plan exceeds the deadline without completion.

#### **Article 15: Changes in other participants**

When any company participating in a merger, demerger, acquisition, or share transfer, after public disclosure of such information, subsequently forms an intention to undertake another merger, demerger, acquisition, or share transfer with another company, then except in a case where the number of participants is decreased and the shareholders meeting has resolved and authorized the board of directors to change the limits of authority, in which case the participant company may be exempt from the requirement to convene a shareholders meeting for a new resolution, any procedures or juristic acts already brought to completion in the original case of merger, demerger, acquisition, or share transfer shall be performed over again by all participating companies.

#### **Article 16: Method of handling in respect of a participating company that is not a public company**

When any company participating in a merger, demerger, acquisition, or share transfer is not a public company, the Corporation shall sign an agreement with that company and shall proceed in accordance with paragraph 3 of Article 11, Article 12, and Article 15.

## **Chapter 5: Public Disclosure of Information**

#### **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:

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 losses or losses on individual contracts set out in the procedures adopted by the Corporation.
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:

- (1) Trades in government bonds.
- (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.
- (3) Trading of bonds under repurchase/resale agreements, or subscription or redemption of domestic money market funds.
- (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.
- (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.
- (6) Real property is acquired under an arrangement for commissioned construction on self-owned land and 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 Corporation expects to invest in the transaction is less than NT\$500 million.

The amount of the transactions in the preceding paragraph shall be calculated as follows:

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.

"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.

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 information in the prescribed format into the information reporting website designated by the SFC by the tenth day of each month.

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.

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.

#### **Article 18: Other matters of material significance**

Under any of the following circumstances, after the Corporation has publicly announced and reported a

transaction in accordance with the preceding article, it shall publicly announce and report related information through the information reporting website designated by the Commission within two days from the date of occurrence:

1. There is a change in or termination or rescission of a contract signed in connection with the original transaction.
2. The merger, demerger, acquisition, or share transfer is not completed by the scheduled date set forth in the contract.
3. Change to the originally publicly announced and reported information.

## **Chapter 6: Supplementary Provisions**

### **Article 19: Penalties**

Any relevant person who violates these Procedures or any provision herein shall be subject to penalization in accordance with the relevant provisions of the Corporation.

### **Article 20: Procedures for controlling the acquisition or disposal of assets by subsidiaries**

1. The Corporation shall oversee its subsidiaries to ensure their adoption of procedures for the acquisition or disposal of assets in accordance with the related Regulations Governing Public Companies adopted by the Securities and Futures Commission of the Ministry of Finance.
2. Subsidiaries shall themselves conduct reviews of the procedures that they adopt to ensure that they conform with the provisions of relevant regulations and shall conduct reviews of acquisitions or disposals of assets to ensure that they are carried out in accordance with the adopted procedures.
3. The Corporation's internal auditing personnel shall conduct a secondary review of the review reports of the subsidiaries, and shall notify each supervisor in writing upon the discovery of any material violation.
4. When a subsidiary of the Corporation is not a domestic public company, any announcement and reporting of information in connection with its acquisition or disposal of assets that is required pursuant to Chapter 5 herein shall be performed by the Corporation.

A subsidiary referred to in the preceding paragraph is subject to the public announcement and reporting standards of Article 17, paragraph 1, subparagraph 5 concerning reaching 20 percent of paid-in capital. The standard shall be based on the paid-in capital amount of the Corporation.

### **Article 21: Derivatives product transactions**

The Corporation shall comply with its Procedures for the Handling of Derivatives Trading when engaging in derivatives transactions, and shall be duly diligent to risk management and auditing matters, to fully implement its internal control system,

### **Article 22: Other matters of material significance**

Any matter on which these Procedures are silent, or in which any doubt arises regarding the application hereof, shall be handled in accordance with relevant laws and regulations. Where laws and regulations contain no applicable provisions, the matter shall be handled in accordance with the relevant rules of the Corporation or through discussion and resolution by the board of directors.

### **Article 23:**



The Corporation shall not renounce its annual capital increase to Apex Circuit (Thailand) Co., Ltd. And Approach Excellence Trading Ltd. Where strategic alliance is under consideration, or other matters are approved by Taipei Exchange, the Corporation intends to renounce its capital increase to the aforementioned companies or dispose of the equity of the aforementioned companies, the procedures may be implemented in compliance with the resolution approved by more than half of all directors against over two-thirds of all directors present.

#### **Article 24: Procedures for amendment**

After their passage is deliberated by Audit Committee and approved by the board of directors, these Procedures shall be reported to the shareholders meeting for approval; the same shall apply to any amendment hereto. If approval of more than half of all audit committee members as required in the preceding paragraph is not obtained, the Procedures may be implemented if approved by more than two-thirds of all directors, provided that the resolution of the audit committee is recorded in the minutes of the board of directors meeting.

During deliberation by the board of directors, the opinions of each independent director shall be given adequate consideration, and their consenting or dissenting opinions and the reasons for them shall be entered into the minutes of the board of directors meeting.

Any amendment to the Procedures, if any, shall be reported in writing to Taipei Exchange on the disclosure of material information through the Internet information reporting system designated by Taipei Exchange.



Appendix IV 、 Shareholding of All Directors

Record Date: April 17, 2017(The book closure date)

Unit : Share ; %

Position	Name	Appointment Date	Number of shares held at appointment time		Number of shares held at present time	
			Number of Shares	Issued Shares %	Number of Shares	Issued Shares %
Chairman	Wang,Shu-Mu	2016.06.15	1,000,000	0.82%	1,000,000	0.82%
Director	Chou, Jui-Hsiang	2016.06.15	458,216	0.37%	458,216	0.37%
Director	Lan, Chia-Chen	2016.06.15	222,976	0.18%	222,976	0.18%
Director	Cheng, Yung-Yuan	2016.06.15	334,464	0.27%	334,464	0.27%
Director	Shohara Masashi	2016.06.15	0	0.00%	0	0.00%
Director	Somkiat Krajangjaeng	2016.06.15	0	0.00%	0	0.00%
Director	Lee,Shun-Chung	2016.06.15	0	0.00%	0	0.00%
Director	Wu, Sen-Tien	2016.06.15	0	0.00%	0	0.00%
Independent Director	Su, Chau-Chin	2016.06.15	35,000	0.03%	35,000	0.03%
Independent Director	Chen, Yung-Tsai	2016.06.15	0	0.00%	0	0.00%
Independent Director	Jesadavat Priebjrivat	2016.06.15	0	0.00%	0	0.00%
Total			2,050,656		2,050,656	

Total issued share on 15th June 2016:122,594,919 shares

Total issued share on 17th April 2017:122,594,919 shares



Appendix V 、 The Impact of Stock Dividend Issuance on Business Performance, EPS, and ROE

Item		2017	
Beginning paid-in Capital(NT\$)		1,225,949,190	
Dividend Distribution	Cash dividend per share (NT\$)	0.78(Note 1)	
	Stock dividend per share for capital increase from retained earnings (Share)	0.32(Note 1)	
	Stock dividend per share for capital increase from capital reserve (Share)	0	
Business Performance Variation	Operating profit	N/A (Note 2)	
	Year-on-year increase / decrease (%) of operating profit		
	Net profit after tax		
	Year-on-year increase / decrease (%) of net profit after tax		
	Earnings per share		
	Year-on-year increase / decrease of earnings per share		
Average return over investment (annualized)			
Pro forma earnings per share and its P/E ratio	If cash dividend is distributed instead of capital increase from retained earnings	Pro forma earnings per share (NTD)	N/A (Note 2)
		Pro forma average return over investment (annualized)	
	If no capital increase from capital reserve	Pro forma earnings per share (NTD)	
		Pro forma average return over investment (annualized)	
	If no capital reserve and cash dividend is distributed instead of capital increase from retained earnings	Pro forma earnings per share (NTD)	
		Pro forma average return over investment (annualized)	

Note 1: Pending by waiting resolution of 2017 Annual General Shareholders' Meeting.

Note 2: Apex is not required to disclose its 2017 financial forecast pursuant to "Regulations Governing the Publication of Financial Forecasts of Public Companies."

## Appendix VI Statement of Proposals Proposed by Shareholders

The Annual General meeting, a shareholder proposal dealing description:

- Description: (1) According to Section 172 of the Companies Act, shareholders who own more than one percent of the issued shares of the total amount of shares of the company, they are able to propose in paper at AGM, but the proposal is limited to three hundred words.
- (2) The proposal application of 2017 AGM was from 17 April to 27 April 2017, and was legally announced at MOPS.
- (3) The company did not receive any application from shareholders during the period above.