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Information Reporting website : [http:// mops.twse.com.tw](http://mops.twse.com.tw)

Company website : [www.apexbio.com.tw](http://www.apexbio.com.tw)



# **Handbook for the 2022 Annual Meeting of Shareholders (Translation)**

Meeting Time: May 27, 2022

Place: No. 7, Li-Hsin 5th Rd., Hsinchu Science Park, Hsinchu,  
Taiwan 30078 ( Meeting room 101 )

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# APEX Biotechnology Corp.

## Procedure for the 2022 Annual Meeting of Shareholders

1. Call the Meeting to Order
2. Chairperson Remarks
3. Report Items
4. Proposal Items
5. Discussion Items
6. Extempore Motions
7. Meeting Adjournment

# APEX Biotechnology Corp.

## Agenda of 2022 Annual Meeting of Shareholders

**Meeting Time : 9:00 a.m. on May 27th, 2022**

**Meeting Place : No. 7, Li-Hsin 5th Rd., Hsinchu Science Park, Hsinchu, Taiwan, ROC  
(Meeting Room 101)**

**Convening Method : Entity Meeting of Shareholders**

**1. Call the Meeting to Order (declare the number of shares represented by shareholders present at the meeting)**

**2. Chairperson Remarks**

**3. Report Items**

- (1) Business report of 2021
- (2) The Audit Committee's review report of 2021
- (3) Report the 3rd domestic unsecured convertible bonds transferring
- (4) Implementation of Treasury shares buyback program
- (5) Report 2021 employees' profit sharing bonus and directors' compensation

**4. Proposal Items**

- (1) Adoption of the 2021 Business Report and Financial Statements
- (2) Adoption of the proposal for distribution of 2021 profits

**5. Discussion Items**

- (1) Amendments to the "Articles of Incorporation"
- (2) Amendments to the "Procedures for Acquisition or Disposal of Assets"

**6. Extempore Motions**

**7. Meeting Adjournment**

# Report Items

## 1. Business report of 2021

Explanation: Please refer to Appendix 1 (page 7).

## 2. The Audit Committee's review report of 2021

Explanation: Please refer to Appendix 2 (page 9)

## 3. Report the 3rd domestic unsecured convertible bonds transferring

Explanation:

- (1) The 3<sup>rd</sup> domestic unsecured convertible bond was issued on May 24<sup>th</sup>, 2018.
- (2) The total issued price was NT\$400,000,000, and NT\$100,000 for nominal amount issued. Three-year term and 0% of Par interest. The reason for raising was for the repayment of principal and interest for 2<sup>nd</sup> domestic unsecured convertible bond and enrich capital operation.
- (3) The 3<sup>rd</sup> domestic unsecured convertible bond was expired on May 24<sup>th</sup>, 2021 and repaid all in cash include interest.

## 4. Implementation of Treasury shares buyback program

Explanation:

The company bought 573,000 of treasury shares from Mar. 20<sup>th</sup>, 2020 to May 18<sup>th</sup>, 2020. According to the rules for 5<sup>th</sup> treasury shares buyback for transferring to employees, the transfer price was NT\$21.37 which was calculated on the average price of buyback shares and total treasury shares were transferred to employees on May 27<sup>th</sup>, 2021.

## 5. Report 2021 employees' profit sharing bonus and directors' compensation

Explanation:

- (1) According to Paragraph 1, Article 27 of the Article of Incorporation of the Company, no less than 3% (for the employees) and no more than 1% (for the directors) of the profit before tax, before deduction of employee and director remuneration, shall be allocated for remuneration. However, given the situation that the Company still has accumulated losses shall be reserved first.
- (2) The Company distribute the 2021 employees' profit sharing bonus of 7.5% at an amount of NT\$15,151,424 and 1% at an amount of NT\$2,020,189 to Directors in cash.

## Proposal Items

1.

**Proposed by the Board**

**Proposal:**

Adoption of the 2021 Business Report and Financial Statements

**Explanation:**

- (1) The 2021 Business Report, Individual Financial Statements and Consolidated Financial statements were prepared by the board of directors. The Individual Financial Statements and Consolidated Financial statements were audited by independent auditors, Tung-Hui Yeh and Yih-Shin Kao of Deloitte Touche Tohmatsu Limited. Also, Business Report have been approved by the Board and examined by the Audit Committee.
- (2) For the 2021 Business Report, Independent auditors' audit report, and the Financial Statements, please refer to page 7 and page 10 to page 30.

**Resolution:**

2.

**Proposed by the Board**

**Proposal:**

Adoption of the proposal for distribution of 2021 profits

**Explanation:**

- (1) The Distributable of net profit in 2021 are NT\$ 1.3 per cash share.
- (2) Please refer to page 31 for the Profit Distribution Proposal.
- (3) The cash dividends shall be calculated based on the portion of distribution. The amounts shall be rounded down zero decimal places. The total of fractional amounts less than one NTD shall be distributed in descending order of the original portion and in ascending order of the shareholder account numbers, until the total distributed amount meets the cash dividends amount.
- (4) Where the subsequent changes in the Company's share capital affect the number of shares outstanding and thus a change in the shareholders' cash dividend portions occurs, the Chairman of the Board shall handle the revision with sole discretion with the authorization granted in the General Shareholders' Meeting.
- (5) After the approval of this motion by the general shareholders' meeting, the Chairman of the Board shall set a base date of distribution.

**Resolution:**

## **Discussion Items**

**1.**

**Proposed by the Board**

**Proposal:**

Amendments to the “Articles of Incorporation”.

**Explanation:**

(1) Add the Article 13-1 to the “Articles of Incorporation” in accordance with the Article 127-2 of the Company Act, and amendments to the Article 27 of the “Articles of Incorporation” due to the needs for the company.

(2) Please refer to page 32 to page 33 for details.

**Resolution:**

**2.**

**Proposed by the Board**

**Proposal:**

Amendments to the “Procedures for Acquisition or Disposal of Assets”.

**Explanation:**

(1) Amendments to the “Procedures for Acquisition or Disposal of Assets” in accordance with the ruling (Chin-Kuan Cheng-Fa No. 11110380465) from Financial supervisory commission R.O.C

(2) To meet the company’ operating needs by adjusting the authorized quota for acquisition or disposal of securities.

(3) Please refer to page 34 to page 43 for details.

**Resolution:**

## **Extempore Motions**

## **Meeting Adjournment**

# Appendices



(Appendix 1)

## Business Report

### 1. 2021 Business Results:

(In Thousands of New Taiwan Dollars)

Annualized	FY2021	FY2020	Increase/Decrease	%
Operating Revenue	2,131,656	2,005,337	126,319	6.30%
Gross Profit	571,512	452,224	119,288	26.38%
Operating expenses	366,563	348,896	17,667	5.06%
Net Operating Income	204,949	103,328	101,621	98.35%
Net Income After Tax	202,289	94,629	107,660	113.77%

Total revenue in 2021 was NT\$2,131,656 thousand, with an 6.30% increase from NT\$2,005,337 thousand in 2020, Net income after tax in 2021 was NT\$202,289 thousand, which was an increase of NT\$107,660 from NT\$94,629 thousand in 2020. The operating performance in 2020 was affected by the COVID-19 pandemic. In 2021, the operating revenue and the gross profit were increased compared to 2020 since we were committed to the optimization of product mix, keeping the cost down, and adjusting the selling prices of products.

### 2. Research and Development Status

(1) Ratios of R&D expense to net operating revenue in the past three years.

(In Thousands of New Taiwan Dollars)

	FY2021	FY2020	FY2019
R&D Expense	153,289	150,771	155,123
Ratios of R&D expense to net operating revenue (%)	7.19%	7.52%	7.05%

(2) New product to be developed :

- A. Long-distance transmission instruments
- B. Handheld kidney function test systems
- C. Multifunctional cholesterol test kit
- D. Continuous blood glucose monitoring systems for Hospital use
- E. Continuous blood glucose monitoring systems for home use

### 3. Future development strategies

- (1) Stably manage products in strategic cooperation with clients and strengthen the operation performance management of subsidiaries.
- (2) Actively develop diversified new products, new clients, sales channels and markets.

- (3) Internally, continue to merge vertically and horizontally in order to enhance operating scale and efficiency. °

The Company will actively strengthen its competitiveness and improve its revenue and profitability. We extend our sincere gratitude to all shareholders for supporting the Company.

Best Regards

Chairman: Thomas Shen

President: Thomas Shen

Accounting Supervisor: James Chu

(Appendix 2)

## **Audit Committee's Review Report**

The Board of Directors has prepared the Company's Business Report, Financial Statements, and Earnings Distribution Proposal for the year of 2021. Tung-Hui Yeh and Yih-Shin Kao, Certified Public Accountants of Deloitte & Touche, have audited the Financial Statements. The 2021 Business Report, Financial Statements and Earnings Distribution Proposal have been reviewed and determined to be correct and accurate by the Audit Committee of APEX Biotechnology Corp. Therefore, this report is duly submitted in accordance with Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act.

APEX Biotechnology Corp.

Chairman of the Audit Committee:

I-Tan, Chih

Date: Mar. 18, 2022

(Appendix 3)

English Translation of Parent Company Only Financial Statements Originally Issued in Chinese

## **INDEPENDENT AUDITORS' REPORT**

The Board of Directors and Shareholders  
Apex Biotechnology Corp.

### **Opinion**

We have audited the accompanying parent company only financial statements of Apex Biotechnology Corp. (the "Company") which comprise the parent company only balance sheets as of December 31, 2021 and 2020, and the parent company only statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the parent company only financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying parent company only financial statements present fairly, in all material respects, the accompanying parent company only financial position of the Company as of December 31, 2021 and 2020, and its parent company only financial performance and its parent company only cash flows for the years then ended in accordance with the Regulation Governing the Preparation of Financial Reports by Securities Issuers.

### **Basis for Opinion**

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and 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 Parent Company Only Financial Statements section of our report. We are independent of the Company in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the parent company only financial statements for the year ended December 31, 2021. These matters were addressed in the context of our audit of the parent company only financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters for the Company's parent company only financial statements for the year ended December 31, 2021 are stated as follows:

## Revenue Recognition

For the year ended December 31,2021, the net operating revenue was NT\$2,005,990 thousand, for accounting policies and information related to revenue recognition, please refer to notes 4 and 23 to the parent company only financial statements. Revenue recognition is a risk preset in Statements of Auditing Standards. Because the Company's customers were relatively concentrated, for customers whose transaction amount and gross margin change over the two years are obviously abnormal, recognition of their revenue was identified as a key audit matter.

We have performed the main audit procedures for the above matters as follows:

1. Understand and test the design and operating effectiveness of the internal controls related to the process of revenue.
2. Perform authenticity audit for major customers, analyze the changes of major customers over the two years, and evaluate the reasonableness of their revenue and days sales outstanding.
3. For testing sales revenue transactions, we selected relevant documents and collection records from the ledger records, to verify the correctness of revenue recognize.
4. Review the significant sales returns and discounts after the balance sheet date which were not caused by the events in 2021, to avoid affecting the misstatements of revenue.

### **Responsibilities of Management and Those Charged with Governance for the Parent Company Only Financial Statements**

Management is responsible for the preparation and fair presentation of the parent company only financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and for such internal control as management determines is necessary to enable the preparation of parent company only financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the parent company only financial statements, management is responsible for assessing the Company'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 Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance (including members of the Audit Committee) are responsible for overseeing the Company's financial reporting process.

### **Auditors' Responsibilities for the Audit of the Parent Company Only Financial Statements**

Our objectives are to obtain reasonable assurance about whether the parent company only financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an

auditors' 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 parent company only financial statements.

As part of an audit in accordance with the 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 parent company only 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 Company'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 Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the parent company only 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 auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the parent company only financial statements, including the disclosures, and whether the parent company only 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 Company to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision and performance of the 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 that were of most significance in the audit of the parent company only financial statements for the year ended December 31, 2021, and are therefore the key audit matters. We describe these matters in our auditors' 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 auditors' report are Tung Hui Yeh and Yih Shin Kao.

Deloitte & Touche  
Taipei, Taiwan  
Republic of China

March 18, 2022

Notice to Readers

*The accompanying financial statements are intended only to present the financial position, financial performance and cash flows in accordance with accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such financial statements are those generally applied in the Republic of China.*

*For the convenience of readers, the independent auditors' report and the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' report and financial statements shall prevail.*

**APEX BIOTECHNOLOGY CORP.****PARENT COMPANY ONLY BALANCE SHEETS****DECEMBER 31, 2021 AND 2020**

(In Thousands of New Taiwan Dollars)

ASSETS	Note	December 31, 2021		December 31, 2020		LIABILITIES AND EQUITY	Note	December 31, 2021		December 31, 2020	
		Amount	%	Amount	%			Amount	%		
<b>Current assets</b>						<b>Current liabilities</b>					
Cash	4,6	\$ 523,600	20	\$ 757,014	29	Short-term loans	16	\$ 150,000	6	\$ -	-
Financial assets at fair value through profit or loss-current	4,7	69,715	3	36,013	1	Contract liabilities-current	4,23	92,891	4	41,458	2
Financial assets at amortized cost-current	4,8,31	6,200	-	-	-	Notes payable	18	58,733	2	58,087	2
Notes and accounts receivable, net	4,5,9	449,670	17	301,099	12	Accounts payable	18,30	272,680	10	177,029	7
Notes and accounts receivable from related parties, net	4,30	28,278	1	35,409	1	Other payables	19,30	129,549	5	112,701	4
Other receivables	9,30	13,972	1	8,835	-	Current tax liabilities	4,25	40,116	2	70,278	3
Other receivables from related parties	30	44,369	2	82,686	3	Current provisions	20	9,750	-	8,582	-
Inventories	4,5,10	606,269	23	479,456	18	Lease liabilities-current	4,5,13	3,503	-	3,947	-
Other current assets	15	10,557	-	12,824	1	Bonds payable, current portion	17	-	-	389,875	15
Total current assets		1,752,630	67	1,713,336	65	Other current liabilities	19	2,888	-	2,694	-
<b>Non-current assets</b>						Total current liabilities		760,110	29	864,651	33
Financial assets at amortized cost-noncurrent	4,8,31	-	-	6,200	-	<b>Non-current liabilities</b>					
Investments accounted for using equity method	4,11	72,002	3	61,737	2	Deferred tax liabilities	4,25	2,847	-	1,178	-
Property, plant and equipment	4,12	662,284	25	706,512	27	Lease liabilities-noncurrent	4,5,13	115,391	4	118,280	4
Right-of-use assets	4,5,13	114,422	4	119,072	5	Net defined benefit liability-noncurrent	4,21	-	-	1,871	-
Intangible assets	4,14	21,091	-	20,980	-	Guarantee deposits received		27	-	29	-
Deferred tax assets	4,25	433	-	2,386	-	Credit balance of investments accounted for using equity method	4,11	236	-	-	-
Prepayments for business facilities		4,462	-	469	-	Total non-current liabilities		118,501	4	121,358	4
Refundable deposits		2,905	-	703	-	Total liabilities		878,611	33	986,009	37
Net defined benefit asset, non-current	4,21	1,114	-	-	-	<b>Equity</b>	4,22				
Total non-current assets		878,713	33	918,059	35	Ordinary shares		999,502	38	999,502	38
						Capital surplus		68,368	3	66,776	3
						Retained earnings					
						Legal reserve		476,978	18	486,328	18
						Unappropriated retained earnings		205,366	8	100,576	4
						Total retained earnings		682,344	26	586,904	22
						Other equity		2,518	-	4,450	-
						Treasury shares		-	-	(12,246)	-
						Total equity		1,752,732	67	1,645,386	63
<b>Total assets</b>		\$ 2,631,343	100	\$ 2,631,395	100	<b>Total liabilities and equity</b>		\$ 2,631,343	100	\$ 2,631,395	100

The accompanying notes are an integral part of the parent company only financial statements.



**APEX BIOTECHNOLOGY CORP.**

**PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME**

**FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020**

(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

		2021		2020	
	Note	Amount	%	Amount	%
NET OPERATING REVENUE	4,23,30	\$ 2,005,990	100	\$ 1,874,087	100
OPERATING COSTS	4,10,24,30	1,516,731	76	1,488,563	79
UNREALIZED GROSS LOSS ON SALES	4	679	-	8,121	-
GROSS PROFIT		489,938	24	393,645	21
OPERATING EXPENSES	9,24,30				
Selling and marketing expenses		52,180	2	43,003	2
General and administrative expenses		81,189	4	72,826	4
Research and development expenses		153,289	8	150,771	8
Impairment gain determined in accordance with IFRS 9		(3,495)	-	-	-
Total operating expenses		283,163	14	266,600	14
INCOME FROM OPERATIONS		206,775	10	127,045	7
NON-OPERATING INCOME AND EXPENSES					
Interest income	24,30	500	-	2,466	-
Other income	4,24,27	3,913	-	1,676	-
Other gains and losses	4,24	(25,234)	(1)	4,622	-
Finance costs	24	(12,389)	(1)	(8,685)	-
Share of profit (loss) of subsidiaries accounted for using equity method	4,5,11	11,282	1	(16,712)	(1)
Total non-operating income and expenses		(21,928)	(1)	(16,633)	(1)
INCOME BEFORE INCOME TAX		184,847		110,412	
INCOME TAX EXPENSE (INCOME)	4,25	(17,377)	(1)	15,617	1

(Continued)

	<u>Note</u>	<u>2021</u>		<u>2020</u>	
		<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
NET INCOME		<u>\$ 202,224</u>	<u>10</u>	<u>\$ 94,795</u>	<u>5</u>
OTHER COMPREHENSIVE INCOME (LOSS)	4,21,22				
Items that will not be reclassified subsequently to profit or loss:					
Remeasurement of defined benefit plans			-	523	-
Items that may be reclassified subsequently to profit or loss:					
Exchange differences arising on translation of foreign operations		<u>( 1,932)</u>	<u>-</u>	<u>( 3,533)</u>	<u>-</u>
Other comprehensive income(loss) for the year, net of income tax		<u>599</u>	<u>-</u>	<u>( 3,010)</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>\$ 202,823</u>	<u>10</u>	<u>\$ 91,785</u>	<u>5</u>
EARNINGS PER SHARE	26				
Basic		<u>\$ 2.03</u>		<u>\$ 0.95</u>	
Diluted		<u>\$ 1.93</u>		<u>\$ 0.87</u>	

The accompanying notes are an integral part of the parent company only financial statements.

(Concluded)

**APEX BIOTECHNOLOGY CORP.**

**PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY**

**FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020**

(In Thousands of New Taiwan Dollars)

	<u>Share Capital</u>		<u>Retained Earnings</u>			<u>Other Equity</u>	<u>Treasury Shares</u>	<u>Total Equity</u>
	<u>Shares</u> <u>(In Thousands)</u>	<u>Ordinary Share</u>	<u>Capital Surplus</u>	<u>Legal Reserve</u>	<u>Unappropriated Earnings</u>	<u>Foreign Currency Translation Reserve</u>		
BALANCE AT JANUARY 1, 2020	99,986	\$ 999,862	\$ 67,597	\$ 47	\$ 126,589	\$	(\$ 1,181)	\$ 1,675,
Appropriation of 2019 earnings								
Legal reserve	-	-	-	11,386	( 11,386)	-	-	-
Cash dividends to shareholders	-	-	-	-	( 109,945)	-	-	( 109,945)
Net income in 2020	-	-	-	-	94,795	-	-	94,795
Other comprehensive income (loss) in 2020, net of income tax	-	-	-	-	523	( 3,533)	-	( 3,010)
Total comprehensive income in 2020	-	-	-	-	95,318	( 3,533)	-	91,785
Purchase of treasury shares	-	-	-	-	-	-	( 12,246)	( 12,246)
Retirement of treasury shares	( 36)	( 360)	( 821)	-	-	-	1,181	-
BALANCE AT DECEMBER 31, 2020	99,950	999,502	66,776	486,328	100,576	4,450	( 12,246)	1,645,386
Appropriation of 2020 earnings								
Legal reserve	-	-	-	9,532	( 9,532)	-	-	-
Cash dividends to shareholders	-	-	-	( 18,882)	( 90,433)	-	-	( 109,315)
Share-based payments	-	-	1,592	-	-	-	12,246	13,838
Net income in 2021	-	-	-	-	202,224	-	-	202,224
Other comprehensive income (loss) in 2021, net of income tax	-	-	-	-	2,531	( 1,932)	-	599
Total comprehensive income in 2021	-	-	-	-	204,755	( 1,932)	-	202,823
BALANCE AT DECEMBER 31, 2021	99,950	\$ 999,502	\$ 68,368	\$ 476,978	\$ 205,366	\$ 2,518	\$ -	\$ 1,752,732

The accompanying notes are an integral part of the parent company only financial statements.

**APEX BIOTECHNOLOGY CORP.**

**PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS**

**FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020**

(In Thousands of New Taiwan Dollars)

	<u>2021</u>	<u>2020</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Income before income tax	\$ 184,847	\$ 110,412
Adjustments for:		
Depreciation expense	69,562	77,863
Amortization expense	3,489	3,968
Expected credit gain	( 3,495)	-
Net gain on financial assets at fair value through profit or loss	( 31,703)	( 6,796)
Finance costs	12,389	8,685
Interest income	( 500)	( 2,466)
Dividend income	( 1,597)	( 333)
Share-based payments	1,592	-
Share of loss (profit) of subsidiaries accounted for using equity method	( 11,282)	16,712
Property, plant and equipment transferred to expenses	-	1,204
Impairment loss on non-financial assets	12,000	17,000
Unrealized loss from sales	( 679)	( 8,121)
Unrealized foreign exchange loss	42,585	5,044
Other adjustments to reconcile profit	1,168	755
Changes in operating assets and liabilities		
Notes and accounts receivable	( 160,120)	115,473
Notes and accounts receivable from related parties	6,911	1,882
Other receivable	( 5,137)	480
Other receivable from related parties	36,000	( 86,796)
Inventories	( 138,813)	( 34,397)
Other current assets	2,267	576
Contract liabilities	51,433	20,713
Notes payable	646	2,517
Accounts payable	96,716	( 29,511)
Other payables	17,881	( 5,600)
Other current liabilities	6,100	114
		(Continued)
	<u>2021</u>	<u>2020</u>
Net defined benefit assets / liabilities	( \$ 454)	( \$ 5,492)
Cash generated from operations	191,806	203,886
Interest received	419	2,508
Dividend received	1,597	333

Interest paid	( 10,456)	( 3,856)
Income taxes paid	( 9,128)	( 29,537)
Net cash generated from operating activities	<u>174,238</u>	<u>173,334</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from disposal of financial assets at amortized cost	-	123,015
Acquisition of financial assets at fair value through profit or loss	( 178,344)	( 275,000)
Proceeds from disposal of financial assets at fair value through profit or loss	176,345	275,170
Acquisition of property, plant and equipment	( 20,949)	( 45,214)
Increase in refundable deposits	( 2,202)	( 68)
Acquisition of intangible assets	( 3,600)	( 3,074)
Decrease (Increase) in prepayments for business facilities	( 3,993)	3,898
Net cash generated (used in) from investing activities	<u>( 32,743)</u>	<u>78,727</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Increase in short-term loans	1,620,020	200,000
Decrease in short-term loans	( 1,470,020)	( 200,000)
Repayments of bonds	( 397,706)	-
Increase (Decrease) in guarantee deposits received	( 2)	2
Payments of lease liabilities	( 4,090)	( 3,810)
Cash dividends paid	( 109,315)	( 109,945)
Payments to acquire treasury shares	-	( 12,246)
Treasury shares sold to employees	12,246	-
Net cash used in financing activities	<u>( 348,867)</u>	<u>( 125,999)</u>
<b>EFFECT OF EXCHANGE RATE CHANGES ON CASH</b>	<u>( 26,042)</u>	<u>( 3,432)</u>
<b>NET INCREASE (DECREASE) IN CASH</b>	( 233,414)	122,630
<b>CASH, BEGINNING OF YEAR</b>	<u>757,014</u>	<u>634,384</u>
<b>CASH, END OF YEAR</b>	<u>\$ 523,600</u>	<u>\$ 757,014</u>

The accompanying notes are an integral part of the parent company only financial statements.

(Concluded)

## **DECLARATION OF CONSOLIDATION OF FINANCIAL STATEMENTS OF AFFILIATES**

The entities that are required to be included in the combined financial statements of Apex Biotechnology Corp. as of and for the year ended December 31, 2021, under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with the International Financial Reporting Standard 10, "Consolidated Financial Statements." In addition, the information required to be disclosed in the combined financial statements is included in the consolidated financial statements. Consequently, Apex Biotechnology Corp. and Subsidiaries do not prepare a separate set of combined financial statements.

Very truly yours,

Apex Biotechnology Corp.

By

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Yen-Shih Shen  
Chairman

March 18, 2022

## **INDEPENDENT AUDITORS' REPORT**

The Board of Directors and Shareholders  
Apex Biotechnology Corp.

### **Opinion**

We have audited the accompanying consolidated financial statements of Apex Biotechnology Corp. and its subsidiaries (the "Company"), which comprise the consolidated balance sheets as of December 31, 2021 and 2020, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and the 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 Company as of December 31, 2021 and 2020, 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 International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

### **Basis for Opinion**

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and 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 Company in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2021. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters for the Company's consolidated financial statements for the year ended December 31, 2021 are stated as follows:

## Revenue Recognition

For the year ended December 31, 2021, the net operating revenue was NT\$2,131,656 thousand, for accounting policies and information related to revenue recognition, please refer to notes 4 and 23 to the consolidated financial statements. Revenue recognition is a risk preset in Statements of Auditing Standards. Because the Company's customers were relatively concentrated, for customers whose transaction amount and gross margin change over the two years are obviously abnormal, recognition of their revenue was identified as a key audit matter.

We have performed the main audit procedures for the above matters as follows:

5. Understand and test the design and operating effectiveness of the internal controls related to the process of revenue.
6. Perform authenticity audit for major customers, analyze the changes of major customers over the two years, and evaluate the reasonableness of their revenue and days sales outstanding.
7. For testing sales revenue transactions, we selected relevant documents and collection records from the ledger records, to verify the correctness of revenue recognize.
8. Review the significant sales returns and discounts after the balance sheet date which were not caused by the events in 2021, to avoid affecting the misstatements of revenue.

## **Other Matter**

We have also audited the parent company only financial statements of Apex Biotechnology Corp. as of and for the years ended December 31, 2021 and 2020 on which we have issued an unmodified opinion.

## **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 the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the IFRS, IAS, IFRIC, and SIC endorsed and issued into effect 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 Company'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 Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance (including members of the Audit Committee) are responsible for overseeing



the Company'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 auditors' 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 the auditing standards generally accepted in the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

7. 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.
8. 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 Company's internal control.
9. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
10. 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 Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
11. 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.
12. Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Company 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 that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 2021, and are therefore the key audit matters. We describe these matters in our auditors' 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 auditors' report are Tung Hui-Yeh and Yih-Shin Kao.

Deloitte & Touche  
Taipei, Taiwan  
Republic of China

March 18, 2022

Notice to Readers

*The accompanying consolidated financial statements are intended only to present the consolidated financial position, financial performance and cash flows in accordance with accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such consolidated financial statements are those generally applied in the Republic of China.*

*For the convenience of readers, the independent auditors' report and the accompanying consolidated financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' report and consolidated financial statements shall prevail.*

## APEX BIOTECHNOLOGY CORP. AND SUBSIDIARIES

## CONSOLIDATED BALANCE SHEETS

DECEMBER 31, 2021 AND 2020

(In Thousands of New Taiwan Dollars)

ASSETS	Note	December 31, 2021		December 31, 2020		LIABILITIES AND EQUITY	Note	December 31, 2021		December 31, 2020	
		Amount	%	Amount	%			Amount	%	Amount	%
<b>Current assets</b>						<b>Current liabilities</b>					
Cash	4,6	\$ 555,334	21	\$ 786,945	30	Short-term loans	16	\$ 150,000	6	\$ -	-
Financial assets at fair value through profit or loss-current	4,7	69,715	3	36,013	1	Contract liabilities-current	4,23	93,060	3	42,610	2
Financial assets at amortized cost-current	4,8,31	6,200	-	-	-	Notes payable	18	58,733	2	58,087	2
Notes and accounts receivable, net	4,5,9,30	474,408	18	325,406	12	Accounts payable	18,30	285,158	11	186,908	7
Other receivables	9	13,972	-	17,277	1	Other payables	19,30	139,298	5	118,832	4
Inventories	4,5,10	628,585	24	504,535	19	Current tax liabilities	4,25	40,116	2	70,278	3
Other current assets	15	11,639	-	14,296	1	Current provisions	20	9,750	-	8,582	-
Total current assets		<u>1,759,853</u>	<u>66</u>	<u>1,684,472</u>	<u>64</u>	Lease liabilities-current	4,5,13	6,884	-	5,560	-
<b>Non-current assets</b>						Bonds payable, current portion	4,17	-	-	389,875	15
Financial assets at amortized cost-noncurrent	4,8,31	-	-	6,200	-	Other current liabilities	19	2,889	-	2,694	-
Property, plant and equipment	4,12	664,029	25	707,239	27	Total current liabilities		<u>785,888</u>	<u>29</u>	<u>883,426</u>	<u>33</u>
Right-of-use assets	4,5,13	130,092	-	120,567	4	<b>Non-current liabilities</b>					
Intangible assets	4,5,14	106,478	-	128,920	-	Deferred tax liabilities	4,25	2,883	-	1,214	-
Deferred tax assets	4,25	433	-	2,386	-	Lease liabilities-noncurrent	4,5,13	127,661	5	118,280	5
Prepayments for business facilities		4,462	-	469	-	Net defined benefit liability-noncurrent	4,21	-	-	1,871	-
Refundable deposits		4,006	-	1,189	-	Guarantee deposits received		479	-	484	-
Net defined benefit asset, non-current	4,21	1,114	-	-	-	Total non-current liabilities		<u>131,023</u>	<u>5</u>	<u>121,849</u>	<u>5</u>
Total non-current assets		<u>910,614</u>	<u>34</u>	<u>966,970</u>	<u>36</u>	Total liabilities		<u>916,911</u>	<u>34</u>	<u>1,005,275</u>	<u>38</u>
						<b>Equity attributable to shareholders of the parent</b>	4,22				
						Ordinary shares		999,502	37	999,502	38
						Capital surplus		68,368	3	66,776	2
						Retained earnings					
						Legal reserve		476,978	18	486,328	18
						Unappropriated retained earnings		205,366	8	100,576	4
						Total retained earnings		682,344	26	586,904	22
						Other equity		2,518	-	4,450	-
						Treasury shares		-	-	(12,246)	-
						Equity attributable to shareholders of the parent		1,752,732	66	1,645,386	62
						<b>Non-controlling interests</b>	22	824	-	781	-
						Total equity		<u>1,753,556</u>	<u>66</u>	<u>1,646,167</u>	<u>62</u>
<b>Total assets</b>		<u>\$ 2,670,467</u>	<u>100</u>	<u>\$ 2,651,442</u>	<u>100</u>	<b>Total liabilities and equity</b>		<u>\$ 2,670,467</u>	<u>100</u>	<u>\$ 2,651,442</u>	<u>100</u>

The accompanying notes are an integral part of the consolidated financial statements.

**APEX BIOTECHNOLOGY CORP. AND SUBSIDIARIES**

**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**

**FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020**

(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

		2021		2020	
	Note	Amount	%	Amount	%
NET OPERATING REVENUE	4,23,30	\$ 2,131,656	100	\$ 2,005,337	100
OPERATING COSTS	4,10,24,30	<u>1,560,144</u>	<u>73</u>	<u>1,553,113</u>	<u>78</u>
GROSS PROFIT		<u>571,512</u>	<u>27</u>	<u>452,224</u>	<u>22</u>
OPERATING EXPENSES	9,24,30				
Selling and marketing expenses		106,909	5	97,885	5
General and administrative expenses		109,860	5	100,602	5
Research and development expenses		153,289	7	150,771	7
Impairment gain determined in accordance with IFRS 9		<u>( 3,495)</u>	<u>-</u>	<u>( 362)</u>	<u>-</u>
Total operating expenses		<u>366,563</u>	<u>17</u>	<u>348,896</u>	<u>17</u>
INCOME FROM OPERATIONS		<u>204,949</u>	<u>10</u>	<u>103,328</u>	<u>5</u>
NON-OPERATING INCOME AND EXPENSES					
Interest income	24	414	-	2,389	-
Other income	4,24,27	17,357	1	10,622	1
Other gains and losses	4,24	( 25,254)	( 1)	4,551	-
Finance costs	24	<u>( 12,530)</u>	<u>( 1)</u>	<u>( 10,275)</u>	<u>-</u>
Total non-operating income and expenses		<u>( 20,013)</u>	<u>( 1)</u>	<u>7,287</u>	<u>1</u>
INCOME BEFORE INCOME TAX		184,936		110,615	
INCOME TAX EXPENSE (INCOME)	4,25	<u>( 17,353)</u>	<u>( 1)</u>	<u>15,986</u>	<u>1</u>
NET INCOME		<u>202,289</u>	<u>10</u>	<u>94,629</u>	<u>5</u>

(Continued)

	<u>Note</u>	<u>2021</u>		<u>2020</u>	
		<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
OTHER COMPREHENSIVE INCOME (LOSS)	4,21,22				
Items that will not be reclassified subsequently to profit or loss:					
Remeasurement of defined benefit plans		\$ 2,531	-	\$ 523	-
Items that may be reclassified subsequently to profit or loss:					
Exchange differences arising on translation of foreign operations		( 1,954)	-	( 3,573)	-
Other comprehensive income(loss) for the year, net of income tax		<u>577</u>	-	<u>( 3,050)</u>	-
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>		<u>\$ 202,866</u>	<u>10</u>	<u>\$ 91,579</u>	<u>5</u>
<b>NET INCOME ATTRIBUTABLE TO :</b>					
Shareholders of the parent		\$ 202,224	10	\$ 94,795	5
Non-controlling interests		<u>65</u>	-	<u>( 166)</u>	-
		<u>\$ 202,289</u>	<u>10</u>	<u>\$ 94,629</u>	<u>5</u>
<b>TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO :</b>					
Shareholders of the parent		\$ 202,823	10	\$ 91,785	5
Non-controlling interests		<u>43</u>	-	<u>( 206)</u>	-
		<u>\$ 202,866</u>	<u>10</u>	<u>\$ 91,579</u>	<u>5</u>
<b>EARNINGS PER SHARE</b>	26				
Basic		<u>\$ 2.03</u>		<u>\$ 0.95</u>	
Diluted		<u>\$ 1.93</u>		<u>\$ 0.87</u>	

The accompanying notes are an integral part of the consolidated financial statements.

(Concluded)

## APEX BIOTECHNOLOGY CORP. AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

## FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

(In Thousands of New Taiwan Dollars)

	Share Capital		Capital Surplus	Retained Earnings		Other Equity	Treasury Shares	Total	Non-controlling Interests	Total Equity
	Shares (In thousands)	Ordinary Share		Legal Reserve	Unappropriated Earnings	Foreign Currency Translation Reserve				
BALANCE AT JANUARY 1, 2020	99,986	\$ 999,862	\$ 67,597	\$ 474,942	\$ 126,589	\$ 7,983	(\$ 1,181)	\$ 1,675,792	\$ 987	\$ 1,676,779
Appropriation of 2019 earnings										
Legal reserve	-	-	-	11,386	( 11,386)	-	-	-	-	-
Cash dividends to shareholders	-	-	-	-	( 109,945)	-	-	( 109,945)	-	( 109,945)
Net income in 2020	-	-	-	-	94,795	-	-	94,795	( 166)	94,629
Other comprehensive income (loss) in 2020, net of income tax	-	-	-	-	523	( 3)	-	( 3)	( 40)	( 3,050)
Total comprehensive income in 2020	-	-	-	-	95,318	( 3)	-	91,785	( 206)	91,579
Purchase of treasury shares	-	-	-	-	-	-	( 12,246)	( 12,246)	-	( 12,246)
Retirement of treasury shares	( 36)	( 360)	( 821)	-	-	-	1,181	-	-	-
BALANCE AT DECEMBER 31, 2020	99,950	999,502	66,776	486,328	100,576	4,450	( 12,246)	1,645,386	781	1,646,167
Appropriation of 2020 earnings										
Legal reserve	-	-	-	9,532	( 9,532)	-	-	-	-	-
Cash dividends to shareholders	-	-	-	( 18,882)	( 90,433)	-	-	( 109,315)	-	( 109,315)
Share-based payments	-	-	1,592	-	-	-	12,246	13,838	-	13,838
Net income in 2021	-	-	-	-	202,224	-	-	202,224	65	202,289
Other comprehensive income (loss) in 2021, net of income tax	-	-	-	-	2,531	( 1)	-	-	( 22)	577
Total comprehensive income in 2021	-	-	-	-	204,755	( 1)	-	202,823	43	202,866
BALANCE AT DECEMBER 31, 2021	99,950	\$ 999,502	\$ 68,368	\$ 476,978	\$ 205,366	\$ 2,518	\$ -	\$ 1,752,732	\$ 824	\$ 1,753,556

The accompanying notes are an integral part of the consolidated financial statements.

**APEX BIOTECHNOLOGY CORP.AND SUBSIDIARIES**

**CONSOLIDATED STATEMENTS OF CASH FLOWS**

**FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020**

(In Thousands of New Taiwan Dollars)

	<u>2021</u>	<u>2020</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Income before income tax	\$ 184,936	\$ 110,615
Adjustments for:		
Depreciation expense	72,434	80,234
Amortization expense	23,241	24,964
Expected credit gain	( 3,495)	( 362)
Net gain on financial assets at fair value through profit or loss	( 31,703)	( 6,796)
Finance costs	12,530	10,275
Interest income	( 414)	( 2,389)
Dividend income	( 1,597)	( 333)
Share-based payments	1,592	-
Property, plant and equipment transferred to expenses	-	1,204
Impairment loss on non-financial assets	12,000	18,767
Unrealized foreign exchange loss(gain)	40,263	( 512)
Other adjustments to reconcile profit	1,168	755
Changes in operating assets and liabilities		
Notes and accounts receivable	( 160,771)	110,137
Other receivable	3,305	( 7,751)
Inventories	( 136,050)	( 8,996)
Other current assets	2,657	93
Contract liabilities	50,450	21,838
Notes payable	646	2,517
Accounts payable	99,306	( 30,543)
Other payables	21,504	( 5,611)
Other current liabilities	195	113
Net defined benefit assets / liabilities	( 454)	( 5,492)
Cash generated from operations	191,743	312,727
Interest received	414	2,526
Dividend received	1,597	333
Interest paid	( 4,699)	( 5,446)
		(Continued)
	<u>2021</u>	<u>2020</u>
Income taxes paid	( \$ 9,187)	( \$ 29,537)
Net cash generated from operating activities	<u>179,868</u>	<u>280,603</u>

**CASH FLOWS FROM INVESTING ACTIVITIES**

Proceeds from disposal of financial assets at amortized cost	-	123,015
Acquisition of financial assets at fair value through profit or loss	( 178,344)	( 275,000)
Proceeds from disposal of financial assets at fair value through profit or loss	176,345	275,170
Acquisition of property, plant and equipment	( 22,597)	( 45,250)
Decrease (Increase) in refundable deposits	( 2,826)	70
Acquisition of intangible assets	( 3,600)	( 3,074)
Decrease (Increase) in prepayments for business facilities	( 3,993)	3,897
Net cash generated from (used in) investing activities	<u>( 35,015)</u>	<u>78,828</u>

**CASH FLOWS FROM FINANCING ACTIVITIES**

Increase in short-term loans	1,690,043	200,000
Decrease in short-term loans	( 1,540,043)	( 297,512)
Repayments of bonds	( 397,706)	-
Increase (Decrease) in guarantee deposits received	( 8)	363
Payments of lease liabilities	( 6,490)	( 5,506)
Cash dividends paid	( 109,315)	( 109,945)
Payments to acquire treasury shares	-	( 12,246)
Treasury shares sold to employees	12,246	-
Net cash used in financing activities	<u>( 351,273)</u>	<u>( 224,846)</u>

EFFECT OF EXCHANGE RATE CHANGES ON CASH ( 25,191) ( 1,337)

NET INCREASE (DECREASE) IN CASH ( 231,611) 133,248

CASH, BEGINNING OF YEAR 786,945 653,697

CASH, END OF YEAR \$ 555,334 \$ 786,945

The accompanying notes are an integral part of the consolidated financial statements.

(Concluded)



(Appendix 4)

**APEX Biotechnology Corp.**  
2021 Profit Distribution Proposal

(New Taiwan Dollars)

Beginning Balance of retained earnings	610,244
Add: 2021 Net profit after tax	202,224,070
Recognition of remeasurement of defined benefit plans	2,531,183
-Less: 10% Legal Reserve	(20,475,525)
2021 Unappropriated retained earnings	184,889,972
-Less: Distributable items:	
Cash Dividends to shareholders (NT\$1.3 per share)	(129,935,250)
Ending Balance of Undistribution Earning	54,954,722

Note 1. Priority distribution of year 2021.

Note 2. The Total dividend distribution to shareholders is calculated based on the 99,950,192 outstanding shares on Feb. 28<sup>th</sup>, 2022.

## (Appendix 5)

## Apex Biotechnology Corporation

## Comparison table for the amendments of the Articles of Incorporation

Article Number	Original Article	Amended Article	Reason for Amendment
Article 13-1	(new added)	The company's shareholders meeting can be hold via visual communication meeting or any other ways announced by Ministry of Economic Affairs, R.O.C..	1.new added 2.Added in accordance with Article 72-2 of the Company Act
Article 27	If Company has a profit in the total final account of a fiscal year, it shall first estimate and reserve the taxes to be paid, offset its losses, set aside a legal capital reserve at ten percent (10%) of the remaining profit provided that the amount of accumulated legal capital reserve has not reached the amount of the paid-in capital of the Company, then set aside or reverse special capital reserve in accordance with relevant laws or regulations or as requested by the authorities in charge. If there is still balance of the year, the residue plus the accumulated undistributed profit of the previous year. The dividend policy shall be conditioned by the business expansion and cash flow need of the company in the futures, the shareholders interest, balance of dividend payment and long-term financial planning shall also be considered. The total dividends amount shall be no less than fifty percent (50%) of the total accumulative distributed profit of	If Company has a profit in the total final account of a fiscal year, it shall first estimate and reserve the taxes to be paid, offset its losses, set aside a legal capital reserve at ten percent (10%) of the remaining profit provided that the amount of accumulated legal capital reserve has not reached the amount of the paid-in capital of the Company, then set aside or reverse special capital reserve in accordance with relevant laws or regulations or as requested by the authorities in charge. If there is still balance of the year, the residue plus the accumulated undistributed profit of the previous year. The dividend policy shall be conditioned by the business expansion and cash flow need of the company in the futures, the shareholders interest, balance of dividend payment and long-term financial planning shall also be considered. The total dividends amount shall be no less than fifty percent (50%) of the	Amended in accordance with related regulation and company's needs

Article Number	Original Article	Amended Article	Reason for Amendment
	<p>the year, amount which the cash dividend ratio shall be no less than twenty percent (20%) of the total dividends, the board of directors shall propose the profits distribution plan and submit to the shareholders' meeting for approval before distribution.</p>	<p>total accumulative distributed profit of the year, amount which the cash dividend ratio shall be no less than twenty percent (20%) of the total dividends, the board of directors shall propose the profits distribution plan and submit to the shareholders' meeting for approval before distribution.</p> <p>The distributable dividends and bonuses in whole or in part can be paid in cash after a resolution has been adopted by a majority vote at a meeting of the board of directors attended by two-thirds of the total number of directors; and in addition, thereto a report of such distribution shall be submitted to the shareholders' meeting, but the approval of shareholders' meeting is unnecessary.</p>	
Article 31	<p>The Articles of Incorporation were adopted on November 14, 1997, The first amendment on April 28, 1998, (Omitted) 22<sup>nd</sup> amendment on July 30,2021.</p>	<p>The Articles of Incorporation were adopted on November 14, 1997, The first amendment on April 28, 1998, (Omitted) 22<sup>nd</sup> amendment on July 30,2021, 23<sup>rd</sup> amendment on May 27,2022.</p>	<p>Newly revision Serial Number and date</p>

## Apex Biotechnology Corporation

## Comparison table for the Procedures for Acquisition or Disposal of Assets

Original Article	Amended Article	Reason for Amendment
<p><u>Article 8 Procedures for the acquisition or disposal of real property, equipment, or right-of-use assets thereof</u></p> <p>8.1~8.3 Omitted</p> <p>8.4 Appraisal report of real property, equipment, or right-of-use assets thereof</p> <p>8.4.1 In acquiring or disposing of real property, equipment, or right-of-use assets thereof where the transaction amount reaches 20 percent of the company's paid-in capital or NT\$300 million or more, the company, unless transacting with a domestic government agency, engaging others to build on its own land, engaging others to build on rented land, or acquiring or disposing of equipment or right-of-use assets thereof held for business use, shall obtain an appraisal report prior to the date of occurrence of the event from a professional appraiser and shall further comply with the following provisions:</p> <p>8.4.1.1 Where due to special circumstances it is necessary to give a limited price, specified price, or special price as a reference basis for the transaction price, the transaction shall be submitted for approval in advance by the board of directors; the same procedure shall also be followed whenever there is any subsequent change to</p>	<p><u>Article 8 Procedures for the acquisition or disposal of real property, equipment, or right-of-use assets thereof</u></p> <p>8.1~8.3 Omitted</p> <p>8.4 Appraisal report of real property, equipment, or right-of-use assets thereof</p> <p>8.4.1 In acquiring or disposing of real property, equipment, or right-of-use assets thereof where the transaction amount reaches 20 percent of the company's paid-in capital or NT\$300 million or more, the company, unless transacting with a domestic government agency, engaging others to build on its own land, engaging others to build on rented land, or acquiring or disposing of equipment or right-of-use assets thereof held for business use, shall obtain an appraisal report prior to the date of occurrence of the event from a professional appraiser and shall further comply with the following provisions:</p> <p>8.4.1.1 Where due to special circumstances it is necessary to give a limited price, specified price, or special price as a reference basis for the transaction price, the transaction shall be submitted for approval in advance by the board of directors; the same procedure shall also be followed whenever</p>	<p>Conform to the amendments to related regulations.</p>

Original Article	Amended Article	Reason for Amendment
<p>the terms and conditions of the transaction.</p> <p>8.4.1.2 Where the transaction amount is NT\$1 billion or more, appraisals from two or more professional appraisers shall be obtained.</p> <p>8.4.1.3 Where any one of the following circumstances applies with respect to the professional appraiser's appraisal results, 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 certified public accountant shall be engaged to perform the appraisal <del>in accordance with the provisions of Statement of Auditing Standards No. 20 published by the ROC Accounting Research and Development Foundation (ARDF)</del> and render a specific opinion regarding the reason for the discrepancy and the appropriateness of the transaction price:</p> <p>8.4.1.3.1 The discrepancy between the appraisal result and the transaction amount is 20 percent or more of the transaction amount.</p> <p>8.4.1.3.2 The discrepancy between the appraisal results of two or more professional appraisers is 10 percent or more of</p>	<p>there is any subsequent change to the terms and conditions of the transaction.</p> <p>8.4.1.2 Where the transaction amount is NT\$1 billion or more, appraisals from two or more professional appraisers shall be obtained.</p> <p>8.4.1.3 Where any one of the following circumstances applies with respect to the professional appraiser's appraisal results, 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 certified public accountant shall be engaged to perform the appraisal and render a specific opinion regarding the reason for the discrepancy and the appropriateness of the transaction price:</p> <p>8.4.1.3.1 The discrepancy between the appraisal result and the transaction amount is 20 percent or more of the transaction amount.</p> <p>8.4.1.3.2 The discrepancy between the appraisal results of two or more professional</p>	

Original Article	Amended Article	Reason for Amendment
<p>the transaction amount.</p> <p>8.4.1.4 No more than 3 months may elapse between the date of the appraisal report issued by a professional appraiser and the contract execution date; provided, where the publicly announced current value for the same period is used and not more than 6 months have elapsed, an opinion may still be issued by the original professional appraiser.</p>	<p>appraisers is 10 percent or more of the transaction amount.</p> <p>8.4.1.4 No more than 3 months may elapse between the date of the appraisal report issued by a professional appraiser and the contract execution date; provided, where the publicly announced current value for the same period is used and not more than 6 months have elapsed, an opinion may still be issued by the original professional appraiser.</p>	
<p><u>Article 9 Procedures for acquisition or disposal of securities</u></p> <p>9.1 Evaluation and Operating procedures</p> <p>9.1.1 In acquisition or disposal of securities, the Company shall follow the investment lifecycle management policy under the internal control system."</p> <p>9.2 Procedures to Determine Transaction Terms and Approval Limits</p> <p>9.2.1 In acquisition or disposal of securities traded on securities exchange or OTC venue, the authorized department shall make such determination based on market trends. For money market funds or bonds under repurchase and other principal guaranteed securities, the transaction amount is NT\$10 million or less, shall be approved by the head of the Finance Department, and the amount exceeds NT\$10 million shall be approved by the chairman in advance. For other securities, the</p>	<p><u>Article 9 Procedures for acquisition or disposal of securities</u></p> <p>9.1 Evaluation and Operating procedures</p> <p>9.1.1 In acquisition or disposal of securities, the Company shall follow the investment lifecycle management policy under the internal control system."</p> <p>9.2 Procedures to Determine Transaction Terms and Approval Limits</p> <p>9.2.1 In acquisition or disposal of securities traded on securities exchange or OTC venue, the authorized department shall make such determination based on market trends. For money market funds or bonds under repurchase and other principal guaranteed securities, the transaction amount is NT\$30 million or less, shall be approved by the head of the Finance Department, and the amount exceeds NT\$30 million</p>	<p>Conform to the amendments to related regulations and business needs.</p>

Original Article	Amended Article	Reason for Amendment
<p>transaction amount is NT\$30 million or less, shall be approved by the chairman, and the amount exceeds NT\$30 million shall be report to the next board of directors.</p> <p>9.2.2 The Company acquiring or disposing of securities not traded on securities exchange or OTC venue shall, prior to the date of occurrence of the event, obtain financial statements of the issuing company for the most recent period, certified or reviewed by a CPA, for reference in appraising the transaction price, consider its earnings per share, profitability, future development potential and so on, and the transaction amount is NT\$30 million or less, shall be approved by the chairman and report to the next board of directors, and the amount exceeds NT\$30 million shall be require the approval by the board of directors before implementation.</p> <p>9.3 The implementation unit 9.3.1 After the approval is submitted according to 9.2 approval authority, the accounting department is responsible for implementation.</p> <p>9.4 Expert opinions 9.4.1 For acquisition or disposition of securities with the transaction amount reaches 20 percent or more of the company's paid-in capital or NT\$300 million or</p>	<p>shall be <u>reported to the chairman afterwards</u>. For other securities, the transaction amount is NT\$30 million or less, shall be approved by the chairman, and the amount exceeds NT\$30 million shall be report to the next board of directors.</p> <p>9.2.2 The Company acquiring or disposing of securities not traded on securities exchange or OTC venue shall, prior to the date of occurrence of the event, obtain financial statements of the issuing company for the most recent period, certified or reviewed by a CPA, for reference in appraising the transaction price, consider its earnings per share, profitability, future development potential and so on, and the transaction amount is NT\$30 million or less, shall be approved by the chairman and report to the next board of directors, and the amount exceeds NT\$30 million shall be require the approval by the board of directors before implementation.</p> <p>9.3 The implementation unit 9.3.1 After the approval is submitted according to 9.2 approval authority, the accounting department is responsible for implementation.</p> <p>9.4 Expert opinions 9.4.1 For acquisition or disposition of securities with the transaction amount reaches 20 percent or more of the company's paid-in</p>	

Original Article	Amended Article	Reason for Amendment
<p>more, the Company shall additionally engage a certified public accountant prior to the date of occurrence of the event to provide an opinion regarding the reasonableness of the transaction price. <del>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 ARDF.</del> This requirement does not apply, however, to publicly quoted prices of securities that have an active market, or comply with the provisions 【Order No. Financial-Supervisory-Securities-Corporate-1070331908】 provided by the FSC as follows.</p>	<p>capital or NT\$300 million or more, the Company shall additionally engage a certified public accountant prior to the date of occurrence of the event to provide an opinion regarding the reasonableness of the transaction price. This requirement does not apply, however, to publicly quoted prices of securities that have an active market, or comply with the provisions 【Order No. Financial-Supervisory-Securities-Corporate-1070331908】 provided by the FSC as follows.</p>	
<p>10.4 Expert opinions report  10.4.1 Acquisition or disposal of memberships, the transaction amount reaches NT\$30 million or more, and the Company shall ask an expert to issue an appraisals report.   10.4.2 Acquisition or disposal of intangible assets, right-of-use assets thereof, the transaction amount reaches NT\$100 million or more, and the Company shall ask an expert to issue an appraisals report.   10.4.3 Where the Company acquires or disposes of intangible assets or right-of-use assets thereof or memberships and the transaction amount reaches 20 percent or more of paid-in capital or NT\$300 million or more, except in transactions with a domestic government agency, the Company shall engage a certified public accountant prior to the date of</p>	<p>10.4 Expert opinions report  10.4.1 Acquisition or disposal of memberships, the transaction amount reaches NT\$30 million or more, and the Company shall ask an expert to issue an appraisals report.   10.4.2 Acquisition or disposal of intangible assets, right-of-use assets thereof, the transaction amount reaches NT\$100 million or more, and the Company shall ask an expert to issue an appraisals report.   10.4.3 Where the Company acquires or disposes of intangible assets or right-of-use assets thereof or memberships and the transaction amount reaches 20 percent or more of paid-in capital or NT\$300 million or more, except in transactions with a domestic government agency, the Company shall</p>	<p>Conform to the amendments to related regulations.</p>



Original Article	Amended Article	Reason for Amendment
<p>occurrence of the event to provide an opinion on the reasonableness of the transaction price;<del>the CPA shall comply with the provisions of Statement of Auditing Standards No. 20 published by the ARDF.</del></p>	<p>engage a certified public accountant prior to the date of occurrence of the event to provide an opinion on the reasonableness of the transaction price.</p>	
<p><u>Article 12 Procedures for related party transactions</u>  12.1 Omitted  12.2 Procedures of resolutions  12.2.1 When the Company intends to acquire or dispose of real property or right-of-use assets thereof from or to a related party, or when it intends to acquire or dispose of assets other than real property or right-of-use assets thereof 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 Company's total assets, or NT\$300 million or more, except in trading of domestic government bonds or bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises, the Company may not proceed to enter into a transaction contract or make a payment until the following matters have been approved by one-half or more of all audit committee members and then submitted to the board of directors for a resolution, and shall be subject to mutatis mutandis application of 19.3、19.4 :</p>	<p><u>Article 12 Procedures for related party transactions</u>  12.1 Omitted  12.2 Procedures of resolutions  12.2.1 When the Company intends to acquire or dispose of real property or right-of-use assets thereof from or to a related party, or when it intends to acquire or dispose of assets other than real property or right-of-use assets thereof 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 Company's total assets, or NT\$300 million or more, except in trading of domestic government bonds or bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises, the Company may not proceed to enter into a transaction contract or make a payment until the following matters have been approved by one-half or more of all audit committee members and then submitted to the board of directors for a resolution, and shall be subject to mutatis mutandis application of 19.3、19.4 :</p>	<p>Conform to the amendments to related regulations.</p>

Original Article	Amended Article	Reason for Amendment
<p>12.2.1.1 The purpose, necessity and anticipated benefit of the acquisition or disposal of assets.</p> <p>12.2.1.2 The reason for choosing the related party as a transaction counterparty.</p> <p>12.2.1.3 With respect to the acquisition of real property or right-of-use assets thereof from a related party, information regarding appraisal of the reasonableness of the preliminary transaction terms in accordance with 12.3</p> <p>12.2.1.4 The date and price at which the related party originally acquired the real property, the original transaction counterparty, and that transaction counterparty's relationship to the company and the related party.</p> <p>12.2.1.5 Monthly cash flow forecasts for the year commencing from the anticipated month of signing of the contract, and evaluation of the necessity of the transaction, and reasonableness of the fund's utilization.</p> <p>12.2.1.6 An appraisal report from a professional appraiser or a CPA's opinion obtained in compliance with 12.1</p> <p>12.2.1.7 Restrictive covenants and other important stipulations associated with the transaction.</p>	<p>12.2.1.1 The purpose, necessity and anticipated benefit of the acquisition or disposal of assets.</p> <p>12.2.1.2 The reason for choosing the related party as a transaction counterparty.</p> <p>12.2.1.3 With respect to the acquisition of real property or right-of-use assets thereof from a related party, information regarding appraisal of the reasonableness of the preliminary transaction terms in accordance with 12.3</p> <p>12.2.1.4 The date and price at which the related party originally acquired the real property, the original transaction counterparty, and that transaction counterparty's relationship to the company and the related party.</p> <p>12.2.1.5 Monthly cash flow forecasts for the year commencing from the anticipated month of signing of the contract, and evaluation of the necessity of the transaction, and reasonableness of the fund's utilization.</p> <p>12.2.1.6 An appraisal report from a professional appraiser or a CPA's opinion obtained in compliance with 12.1</p> <p>12.2.1.7 Restrictive covenants and other important stipulations associated with the transaction.</p>	

Original Article	Amended Article	Reason for Amendment
<p>12.2.2 The calculation of the transaction amounts referred to in 12.2.1 shall be made in accordance with 16.1.7 herein, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items that have been approved by the audit committee and the board of directors pursuant to the Procedures need not be counted toward the transaction amount.</p> <p>12.2.3 With respect to the types of transactions listed below, when to be conducted between the Company and its subsidiaries, or between its subsidiaries in which it directly or indirectly holds 100 percent of the issued shares or authorized capital, authorized the Chairman to make a decision within 50 percent of the net value of the most recent financial statements, subsequently submitted to and ratified by the next board of directors meeting:</p> <p>12.2.3.1 Acquisition or disposal of equipment or right-of-use assets thereof held for business use.</p> <p>12.2.3.2 Acquisition or disposal of real property right-of-use assets held for business use.</p> <p>12.2.4 When a matter is submitted for discussion by the board of directors, the board of directors shall take into full consideration each independent director's opinions. If an independent director objects to or expresses</p>	<p>(This provision is moved to amended provision 12.2.5)</p> <p>12.2.2 With respect to the types of transactions listed below, when to be conducted between the Company and its subsidiaries, or between its subsidiaries in which it directly or indirectly holds 100 percent of the issued shares or authorized capital, authorized the Chairman to make a decision within 50 percent of the net value of the most recent financial statements, subsequently submitted to and ratified by the next board of directors meeting:</p> <p>12.2.2.1 Acquisition or disposal of equipment or right-of-use assets thereof held for business use.</p> <p>12.2.2.2 Acquisition or disposal of real property right-of-use assets held for business use.</p> <p>12.2.3 When a matter is submitted for discussion by the board of directors, the board of directors shall take into full consideration each independent director's opinions. If an independent</p>	

Original Article	Amended Article	Reason for Amendment
<p>reservations about any matter, it shall be recorded in the minutes of the board of directors meeting.</p> <p>(Added this new provision)</p> <p>(Current provision 12.2.2)</p> <p>12.3~12.4 Omitted</p>	<p>director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the board of directors meeting.</p> <p><u>12.2.4 If the Company or its subsidiary that is not a domestic public offering company conducts a transaction outlined in 12.2.1, and the transaction amount reaches 10 percent or more of the Company's total assets, the Company shall submit the materials listed in 12.2.1.1~12.2.1.7 to the shareholders meeting for approval before it may sign the transaction contract and make payments. However, transactions between the Company and its subsidiaries or between its subsidiaries shall not be subject to this provision.</u></p> <p>12.2.5 The calculation of the transaction amounts referred to in 12.2.1 and 12.2.4 shall be made in accordance with 16.1.7 herein, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items that have been approved by the audit committee and the shareholders meeting and the board of directors pursuant to the Procedures need not be counted toward the transaction amount.</p> <p>12.3~12.4 Omitted</p>	
<p><u>Article 16 Public Disclosure of Information</u></p> <p>16.1 Required Filings and Standards</p> <p>16.1.1~16.1.5 Omitted</p> <p>16.1.6 Where an asset transaction</p>	<p><u>Article 16 Public Disclosure of Information</u></p> <p>16.1 Required Filings and Standards</p> <p>16.1.1~16.1.5 Omitted</p> <p>16.1.6 Where an asset transaction</p>	<p>Conform to the amendments to related regulations.</p>

Original Article	Amended Article	Reason for Amendment
<p>other than any of those referred to in the preceding 16.1.1~16.1.5, a disposal of receivables by a financial institution, or an investment in the mainland China area reaches 20 percent or more of paid-in capital or NT\$300 million; provided, this shall not apply to the following circumstances:</p> <p>16.1.6.1 Trading of domestic government bonds.</p> <p>16.1.6.2 Trading of bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises.</p> <p>16.1.7 Omitted</p>	<p>other than any of those referred to in the preceding 16.1.1~16.1.5, a disposal of receivables by a financial institution, or an investment in the mainland China area reaches 20 percent or more of paid-in capital or NT\$300 million; provided, this shall not apply to the following circumstances:</p> <p>16.1.6.1 Trading of domestic government bonds <u>or the foreign government bonds with a credit rating not lower than our country's sovereign rating.</u></p> <p>16.1.6.2 Trading of bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises.</p> <p>16.1.7 Omitted</p>	

(Appendix 7)

Procedures for Acquisition or Disposal of Assets  
Of  
Apex Biotechnology Corporation (The “Company”)

Article 1 Purpose

- 1.1 The purpose of the Procedures is in order to protect assets and implement information disclosure.

Article 2 Legal Basis

- 2.1 The Procedures are adopted in accordance with the provisions of Article 36-1 of the Securities and Exchange Act ("the Act"), Regulations Governing the Acquisition and Disposal of Assets by Public Companies from Financial Supervisory Commission (FSC) and other relevant regulations.

Article 3 The term "assets" as used in the Procedures includes the following:

- 3.1 Securities : Including investments in stocks, government bonds, corporate bonds, financial bonds, securities representing interest in a fund, depository receipts, call (put) warrants, beneficial interest securities, and asset-backed securities.
- 3.2 Real property (including land, houses and buildings, investment property, and construction enterprise inventory) and equipment.
- 3.3 Memberships.
- 3.4 Intangible assets : Including patents, copyrights, trademarks, franchise rights, and other intangible assets.
- 3.5 Right-of-use assets.
- 3.6 Claims of financial institutions (including receivables, bills purchased and discounted, loans, and overdue receivables).
- 3.7 Derivatives.
- 3.8 Assets acquired or disposed of in connection with mergers, demergers, acquisitions, or transfer of shares in accordance with law.
- 3.9 Other major assets.

Article 4 Terms used in the Procedures are defined as follows:

- 4.1 Derivatives: Forward contracts, options contracts, futures contracts, leverage contracts, or swap contracts, whose value is derived from a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable; or hybrid contracts combining the above contracts; or hybrid contracts or structured products containing embedded derivatives. The term "forward contracts" does not include insurance contracts, performance contracts, after-sales

- service contracts, long-term leasing contracts, or long-term purchase (sales) contracts.
- 4.2 Assets acquired or disposed through mergers, demergers, acquisitions, or transfer of shares in accordance with law: Refers to assets acquired or disposed through mergers, demergers, or acquisitions conducted under the Business Mergers and Acquisitions Act, Financial Holding Company Act, Financial Institution Merger Act and other acts, or to transfer of shares from another company through issuance of new shares of its own as the consideration therefor (hereinafter "transfer of shares") under Article 156-3 of the Company Act.
- 4.3 Related party or subsidiary: As defined in the Regulations Governing the Preparation of Financial Reports by Securities Issuers.
- 4.4 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.
- 4.5 Date of occurrence: Refers to the date of contract signing, date of payment, date of consignment trade, date of transfer, dates of boards of directors resolutions, or other date that can confirm the counterpart and monetary amount of the transaction, whichever date is earlier; provided, for investment for which approval of the competent authority is required, the earlier of the above date or the date of receipt of approval by the competent authority shall apply.
- 4.6 Mainland China area investment: Refers to investments in the mainland China area approved by the Ministry of Economic Affairs Investment Commission or conducted in accordance with the provisions of the Regulations Governing Permission for Investment or Technical Cooperation in the Mainland Area.
- 4.7 Securities exchange: "Domestic securities exchange" refers to the Taiwan Stock Exchange Corporation; "foreign securities exchange" refers to any organized securities exchange market that is regulated by the competent securities authorities of the jurisdiction where it is located.
- 4.8 Over-the-counter venue ("OTC venue", "OTC"): "Domestic OTC venue" refers to a venue for OTC trading provided by a securities firm in accordance with the Regulations Governing Securities Trading on the Taipei Exchange; "foreign OTC venue" refers to a venue at a financial institution that is regulated by the foreign competent authority and that is permitted to conduct securities business.
- 4.9 "Within the preceding year" as used herein refers to the year preceding the date of acquiring or disposing of assets. Items duly announced in accordance with the Procedures need not be counted toward the transaction amount.
- 4.10 "Most recent Financial Statements" used herein means the financial statements of the Company audited or examined by a certified public accountant which has been disclosed in accordance with applicable regulation before the subject acquisition or disposal of assets.
- 4.11 For the calculation of 10 percent of total assets under the Procedures, the total assets stated in the most recent parent company only financial report or individual financial report

prepared under the Regulations Governing the Preparation of Financial Reports by Securities Issuers shall be used.

Article 5 Note for the Company to consult professional appraisers and their officers, certified public accounts, attorneys, and securities underwriters , etc.

5.1 Professional appraisers and their officers, certified public accounts, attorneys, and securities underwriters that provide the Company with appraisal reports, certified public accountant's opinions, attorney's opinions, or underwriter's opinions shall meet the following requirements:

5.1.1 May not have previously received a final and unappealable sentence to imprisonment for 1 year or longer for a violation of the Act, the Company Act, the Banking Act of The Republic of China, the Insurance Act, the Financial Holding Company Act, or the Business Entity Accounting Act, or for fraud, breach of trust, embezzlement, forgery of documents, or occupational crime. However, this provision does not apply if 3 years have already passed since completion of service of the sentence, since expiration of the period of a suspended sentence, or since a pardon was received.

5.1.2 May not be a related party or de facto related party of any party to the transaction.

5.1.3 If the company is required to obtain appraisal reports from two or more professional appraisers, the different professional appraisers or appraisal officers may not be related parties or de facto related parties of each other.

Article 6 Investment Limit on real property and right-of-use assets thereof or securities for Non-Business Use

6.1 The Company and its subsidiaries are each subject to the following limits when acquiring the aforementioned assets:

6.1.1 The amount of acquisition of real property or right-of-use assets thereof for non-business use shall not exceed 15 percent of the Company's net worth.

6.1.2 The total amount of all security investments of the Company shall not exceed 90 percent of the Company's net worth.

6.1.3 The amount of investment in each individual security shall not exceed 25 percent of the Company's net worth.

6.1.4 Above paragraphs shall not apply to holding company subsidiary.

Article 7 According to the Procedures or other applicable laws, acquisition and disposition of assets by the Company shall be approved by the Board of Directors, shall comply with the following provisions.

7.1 Major transaction of assets or derivatives shall be approved by half of all members of the audit committee or more and submitted to the board of directors for a resolution.

7.2 When a transaction involving the acquisition or disposal of assets is submitted for



discussion by the board of directors, the board of directors shall take into full consideration each independent director's opinions. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the board of directors meeting.

7.3 If approval of one-half or more of all audit committee members as required in 7.1 is not obtained, the transaction may still be implemented if approved by two-thirds or more of all directors, and the resolution of the audit committee shall be recorded in the minutes of the board of directors meeting.

7.4 The terms "all members of the audit committee" in 7.1 and "all directors" in 7.3 shall be counted as the actual number of persons currently holding those positions.

## Article 8 Procedures for the acquisition or disposal of real property, equipment, or right-of-use assets thereof

### 8.1 Evaluation and Operating procedures

8.1.1 In acquisition or disposal of real property, equipment, or right-of-use assets thereof, the Company shall comply with the property, plant and equipment lifecycle management policy under the internal control system.

### 8.2 Procedures to Determine Transaction Terms and Approval Limits

8.2.1 In acquisition or disposal of real property and right-of-use assets thereof, shall discuss and determine the transaction terms and price based on the current value published and assessed value of the property, as well as the prices of neighboring properties sold, and present an analysis report to the Chairman, and the transaction amount reaches NT\$100 million or more shall be approved by the chairman and report to the next board of directors. The transaction amount reaches 20 percent or more of the Company's paid-in capital, or NT\$300 million or more, shall be approved by the board of directors in advance.

8.2.2 In acquisition or disposal of other fixed assets or right-of-use assets shall be determined in any of the following methods: by inquiring quotations, collecting and comparing quotations, negotiating prices, or through a bid process. The transaction amount less than 20 percent of the Company's paid-in capital or NT\$300 million shall follow the approval hierarchy pursuant to the authorization rules, otherwise shall be approved by the board of directors in advance.

### 8.3 The implementation unit

8.3.1 After the approval is submitted according to 8.2 approval authority, the user department and management department are responsible for implementation.

### 8.4 Appraisal report of real property, equipment, or right-of-use assets thereof

8.4.1 In acquiring or disposing of real property, equipment, or right-of-use assets thereof where the transaction amount reaches 20 percent of the company's paid-in capital or NT\$300 million or more, the company, unless transacting with a domestic government

agency, engaging others to build on its own land, engaging others to build on rented land, or acquiring or disposing of equipment or right-of-use assets thereof held for business use, shall obtain an appraisal report prior to the date of occurrence of the event from a professional appraiser and shall further comply with the following provisions:

- 8.4.1.1 Where due to special circumstances it is necessary to give a limited price, specified price, or special price as a reference basis for the transaction price, the transaction shall be submitted for approval in advance by the board of directors; the same procedure shall also be followed whenever there is any subsequent change to the terms and conditions of the transaction.
- 8.4.1.2 Where the transaction amount is NT\$1 billion or more, appraisals from two or more professional appraisers shall be obtained.
- 8.4.1.3 Where any one of the following circumstances applies with respect to the professional appraiser's appraisal results, 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 certified public accountant shall be engaged to perform the appraisal in accordance with the provisions of Statement of Auditing Standards No. 20 published by the ROC Accounting Research and Development Foundation (ARDF) and render a specific opinion regarding the reason for the discrepancy and the appropriateness of the transaction price:
  - 8.4.1.3.1 The discrepancy between the appraisal result and the transaction amount is 20 percent or more of the transaction amount.
  - 8.4.1.3.2 The discrepancy between the appraisal results of two or more professional appraisers is 10 percent or more of the transaction amount.
- 8.4.1.4 No more than 3 months may elapse between the date of the appraisal report issued by a professional appraiser and the contract execution date; provided, where the publicly announced current value for the same period is used and not more than 6 months have elapsed, an opinion may still be issued by the original professional appraiser.

## Article 9 Procedures for acquisition or disposal of securities

### 9.1 Evaluation and Operating procedures

9.1.1 In acquisition or disposal of securities, the Company shall follow the investment lifecycle management policy under the internal control system.

### 9.2 Procedures to Determine Transaction Terms and Approval Limits

9.2.1 In acquisition or disposal of securities traded on securities exchange or OTC venue, the authorized department shall make such determination based on market trends. For money market funds or bonds under repurchase and other principal guaranteed

securities, the transaction amount is NT\$10 million or less, shall be approved by the head of the Finance Department, and the amount exceeds NT\$10 million shall be approved by the chairman in advance. For other securities, the transaction amount is NT\$30 million or less, shall be approved by the chairman, and the amount exceeds NT\$30 million shall be report to the next board of directors.

9.2.2 The Company acquiring or disposing of securities not traded on securities exchange or OTC venue shall, prior to the date of occurrence of the event, obtain financial statements of the issuing company for the most recent period, certified or reviewed by a CPA, for reference in appraising the transaction price, consider its earnings per share, profitability, future development potential and so on, and the transaction amount is NT\$30 million or less, shall be approved by the chairman and report to the next board of directors, and the amount exceeds NT\$30 million shall be require the approval by the board of directors before implementation.

### 9.3 The implementation unit

9.3.1 After the approval is submitted according to 9.2 approval authority, the accounting department is responsible for implementation.

### 9.4 Expert opinions

9.4.1 For acquisition or disposition of securities with the transaction amount reaches 20 percent or more of the company's paid-in capital or NT\$300 million or more, the Company shall additionally engage a certified public accountant prior to the date of occurrence of the event to provide an opinion regarding the reasonableness of the transaction 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 ARDF. This requirement does not apply, however, to publicly quoted prices of securities that have an active market, or comply with the provisions **【Order No. Financial-Supervisory-Securities-Corporate-1070331908】** provided by the FSC as follows.

9.4.1.1 Securities obtained via cash capital contribution for establishment or fundraising of companies in accordance with law where the rights represented by the securities obtained are equivalent to the proportion of cash capital contribution.

9.4.1.2 Participation in the subscription of securities issued at par value by companies for capital cash increase of the underlying company in accordance with relevant regulations.

9.4.1.3 Participation in subscription of securities issued by an investee which the Company directly or indirectly owns 100 percent of shares for cash capital increase or participation in cross subscription of securities issued by 100 percent-owned subsidiaries.

9.4.1.4 Securities listed on securities exchange or OTC venue and securities traded on the emerging market.

- 9.4.1.5 Domestic government bonds or bonds under redemption and resale.
- 9.4.1.6 Public offered funds.
- 9.4.1.7 Stocks of listed companies acquired or disposed of under TWSE or TPEX bidding rules or auction rules.
- 9.4.1.8 Participation in subscription of securities issued by a domestic public company for capital cash increase or subscription of domestic corporate bonds (including bank debentures) for which the securities are not private placement.
- 9.4.1.9 Subscription of domestic funds via private placement before the establishment of the fund in accordance with Article 11 of the Securities Investment Trust and Consulting Act or subscription or redemption of domestic private placement funds for which the trust contract specifies an investment strategy with the same investment scope as public offered funds except for securities credit transactions and unsettled positions held.

Article 10 Procedures for acquisition or disposal of intangible assets, right-of-use assets thereof, and memberships

10.1 Evaluation and Operating procedures

- 10.1.1 In acquisition or disposal of intangible assets, right-of-use assets thereof, and memberships, the Company shall comply with the policy AP70002 under the internal control system.

10.2 Procedures to Determine Transaction Terms and Approval Limits

- 10.2.1 In acquisition or disposal of memberships, the Company shall consider their fair market value in determining the transaction terms and price, and present an analysis report to the chairman, and the transaction amount reaches NT\$30 million or more shall be approved by the chairman and report to the next board of directors. The transaction amount reaches 20 percent or more of the Company's paid-in capital, or NT\$300 million or more, shall be approved by the board of directors in advance.

- 10.2.2 In acquisition or disposal of intangible assets or right-of-use assets thereof, the Company shall consider expert evaluation or their fair market value in determining transaction terms and price, and present an analysis report to the chairman, and the transaction amount reaches NT\$100 million or more shall be approved by the chairman and report to the next board of directors. The transaction amount reaches 20 percent or more of the Company's paid-in capital, or NT\$300 million or more, shall be approved by the board of directors in advance.

10.3 The implementation unit

- 10.3.1 After the approval is submitted according to 10.2 approval authority, the usage department and finance department or administration department are responsible for implementation.

10.4 Expert opinions report

- 10.4.1 Acquisition or disposal of memberships, the transaction amount reaches NT\$30 million or more, and the Company shall ask an expert to issue an appraisals report.
- 10.4.2 Acquisition or disposal of intangible assets, right-of-use assets thereof, the transaction amount reaches NT\$100 million or more, and the Company shall ask an expert to issue an appraisals report.
- 10.4.3 Where the Company acquires or disposes of intangible assets or right-of-use assets thereof or memberships and the transaction amount reaches 20 percent or more of paid-in capital or NT\$300 million or more, except in transactions with a domestic government agency, the Company shall engage a certified public accountant prior to the date of occurrence of the event to provide an opinion on the reasonableness of the transaction price; the CPA shall comply with the provisions of Statement of Auditing Standards No. 20 published by the ARDF.

#### Article 10-1

The calculation of the transaction amounts referred to 8.4.1 、 9.4.1 、 10.4.3 shall be done in accordance with 16.1.7 herein, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items 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 11

Where the Company 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.

#### Article 12 Procedures for related party transactions

12.1 When the Company engages in any acquisition or disposal of assets from or to a related party, in addition to ensuring that the necessary resolutions are adopted and the reasonableness of the transaction terms is appraised, if the transaction amount reaches 10 percent or more of the company's total assets, the company shall also obtain an appraisal report from a professional appraiser or a CPA's opinion in compliance with the provisions of the preceding Section and this Section. The calculation of the transaction amount referred to in the preceding paragraph shall be made in accordance with 10-1 herein. When judging whether a transaction counterparty is a related party, in addition to legal formalities, the substance of the relationship shall also be considered.

#### 12.2 Procedures of resolutions

12.2.1 When the Company intends to acquire or dispose of real property or right-of-use assets thereof from or to a related party, or when it intends to acquire or dispose of assets other than real property or right-of-use assets thereof 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 Company's total assets, or NT\$300 million or more, except in trading of domestic government bonds or bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises, the Company may not proceed to enter into a transaction contract or make a payment until the following matters have been approved by one-half or more of all audit committee members and then submitted to the board of directors for a resolution, and shall be subject to mutatis mutandis application of 19.3、19.4：

- 12.2.1.1 The purpose, necessity and anticipated benefit of the acquisition or disposal of assets.
- 12.2.1.2 The reason for choosing the related party as a transaction counterparty.
- 12.2.1.3 With respect to the acquisition of real property or right-of-use assets thereof from a related party, information regarding appraisal of the reasonableness of the preliminary transaction terms in accordance with 12.3
- 12.2.1.4 The date and price at which the related party originally acquired the real property, the original transaction counterparty, and that transaction counterparty's relationship to the company and the related party.
- 12.2.1.5 Monthly cash flow forecasts for the year commencing from the anticipated month of signing of the contract, and evaluation of the necessity of the transaction, and reasonableness of the fund's utilization.
- 12.2.1.6 An appraisal report from a professional appraiser or a CPA's opinion obtained in compliance with 12.1
- 12.2.1.7 Restrictive covenants and other important stipulations associated with the transaction.
- 12.2.2 The calculation of the transaction amounts referred to in 12.2.1 shall be made in accordance with 16.1.7 herein, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items that have been approved by the audit committee and the board of directors pursuant to the Procedures need not be counted toward the transaction amount.
- 12.2.3 With respect to the types of transactions listed below, when to be conducted between the Company and its subsidiaries, or between its subsidiaries in which it directly or indirectly holds 100 percent of the issued shares or authorized capital, authorized the Chairman to make a decision within 50 percent of the net value of the most recent financial statements, subsequently submitted to and ratified by the next board of directors meeting:
  - 12.2.3.1 Acquisition or disposal of equipment or right-of-use assets thereof held for business use.
  - 12.2.3.2 Acquisition or disposal of real property right-of-use assets held for business use.

- 12.2.4 When a matter is submitted for discussion by the board of directors, the board of directors shall take into full consideration each independent director's opinions. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the board of directors meeting.
- 12.3 Evaluation of the reasonableness of the transaction costs of the Company acquiring real property or right-of-use assets thereof from a related party.
- 12.3.1 The Company that acquires real property or right-of-use assets thereof from a related party shall evaluate the reasonableness of the transaction costs by the following means:
- 12.3.1.1 Based upon the related party's transaction price plus necessary interest on funding and the costs to be duly borne by the buyer. "Necessary interest on funding" is imputed as the weighted average interest rate on borrowing in the year the company purchases the property; provided, it may not be higher than the maximum non-financial industry lending rate announced by the Ministry of Finance.
- 12.3.1.2 Total loan value appraisal from a financial institution where the related party has previously created a mortgage on the property as security for a loan; provided, the actual cumulative amount loaned by the financial institution shall have been 70 percent or more of the financial institution's appraised loan value of the property and the period of the loan shall have been 1 year or more. However, this shall not apply where the financial institution is a related party of one of the transaction counterparties.
- 12.3.2 Where land and structures thereupon are combined as a single property purchased or leased in one transaction, the transaction costs for the land and the structures may be separately appraised in accordance with either of the means listed in 12.3.1
- 12.3.3 The Company that acquires real property or right-of-use assets thereof from a related party and appraises the cost of the real property or right-of-use assets thereof in accordance with 12.3.1 and 12.3.2 shall also engage a CPA to check the appraisal and render a specific opinion.
- 12.3.4 Where the Company acquires real property or right-of-use assets thereof from a related party and one of the following circumstances exists, the acquisition shall be conducted in accordance with 12.1 、 12.2, and 12.3.1 、 12.3.2 、 12.3.3 do not apply:
- 12.3.4.1 The related party acquired the real property or right-of-use assets thereof through inheritance or as a gift.
- 12.3.4.2 More than 5 years will have elapsed from the time the related party signed the contract to obtain the real property or right-of-use assets thereof to the signing date for the current transaction.
- 12.3.4.3 The real property is acquired through signing of a joint development contract with the related party, or through engaging a related party to build real property,

either on the company's own land or on rented land.

12.3.4.4 The real property right-of-use assets for business use are acquired by the Company with its subsidiaries, or by its subsidiaries in which it directly or indirectly holds 100 percent of the issued shares or authorized capital.

12.4 The results of appraisals are uniformly lower than the transaction price, the following steps shall be taken

12.4.1 When the results of the Company's appraisal conducted in accordance with 12.3.1 - 12.3.2, are uniformly lower than the transaction price, the matter shall be handled in compliance with 12.4.3. However, where the following circumstances exist, objective evidence has been submitted and specific opinions on reasonableness have been obtained from a professional real property appraiser and a CPA have been obtained, this restriction shall not apply:

12.4.1.1 Where the related party acquired undeveloped land or leased land for development, it may submit proof of compliance with one of the following conditions:

12.4.1.1.1 Where undeveloped land is appraised in accordance with the means in the preceding Article, and structures according to the related party's construction cost plus reasonable construction profit are valued in excess of the actual transaction price. The "Reasonable construction profit" shall be deemed the average gross operating profit margin of the related party's construction division over the most recent 3 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.

12.4.1.1.2 Completed transactions by unrelated parties within the preceding year involving other floors of the same property or neighboring or closely valued parcels of land, where the land area and transaction terms are similar after calculation of reasonable price discrepancies in floor or area land prices in accordance with standard property market sale or leasing practices.

12.4.1.2 Where the Company acquiring real property, or obtaining real property right-of-use assets through leasing, from a related party provides evidence that the terms of the transaction are similar to the terms of completed transactions involving neighboring or closely valued parcels of land of a similar size by unrelated parties within the preceding year.

12.4.2 Completed transactions involving neighboring or closely valued parcels of land in 12.4.1 in principle refers to parcels on the same or an adjacent block and within a distance of no more than 500 meters or parcels close in publicly announced current value; transactions involving similarly sized parcels in principle refers to transactions completed by unrelated parties for parcels with a land area of no less than 50 percent of the property in the planned transaction; within the preceding year refers to the year



preceding the date of occurrence of the acquisition of the real property or obtainment of the right-of-use assets thereof.

12.4.3 Where the Company acquires real property or right-of-use assets thereof from a related party and the results of appraisals conducted in accordance with 12.3、12.4.1、12.4.2 are uniformly lower than the transaction price, the following steps shall be taken:

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

12.4.3.2 Independent director members of the audit committee shall comply with Article 218 of the Company Act.

12.4.3.3 Actions taken pursuant to 12.4.3.1、12.4.3.2 shall be reported to a shareholders meeting, and the details of the transaction shall be disclosed in the annual report and any investment prospectus.

12.4.4 The Company that has set aside a special reserve under 12.4.3 may not utilize the special reserve until it has recognized a loss on decline in market value of the assets it purchased or leased at a premium, or they have been disposed of, or the leasing contract has been terminated, or adequate compensation has been made, or the status quo ante has been restored, or there is other evidence confirming that there was nothing unreasonable about the transaction, and the FSC has given its consent.

12.4.5 When the Company obtains real property or right-of-use assets thereof from a related party, it shall also comply with 12.4.3、12.4.4 if there is other evidence indicating that the acquisition was not an arms length transaction.

### Article 13 Procedures for acquisition or disposal of claims of financial institutions

13.1 In principle, the Company does not engage in acquisition or disposal of claims of financial institutions. If the Company intends to engage in acquisition or disposal of claims of financial institutions in the future, it will submit for approval in advance by the board of directors and then to establish its evaluation and operating procedures.

### Article 14 Procedures for the acquisition and disposal of Derivatives Trading

14.1 Transaction principles and guidelines

14.1.1 Types of Derivatives

14.1.1.1 Derivative financial products engaged in the Company refer to Pre-selling Forward Exchange Contract and Pre-buying Forward Exchange Contract.

#### 14.1.2 Management and hedging strategies

14.1.2.1 Financial derivatives are used by the Company for the purpose of hedging. The Company shall select derivatives mainly to hedge risks associated with its business operations, and as a general rule, take an offsetting position (i.e., in the receipts and disbursements of foreign currencies) by investing in currencies consistent with the Company's foreign exchange needs arising from actual import and export transactions in order to mitigate the overall foreign exchange risks and reduce foreign exchange operating costs of the Company.

#### 14.1.3 Authorization and Delegation

##### 14.1.3.1 Financial & Accounting Division

###### 14.1.3.1.1 Trading personnel

- A. Develop strategies for the financial derivatives transactions of the Company.
- B. Traders should regularly calculate the positions every two weeks, collect market information, perform trend analysis and risk assessment, and formulate operating strategies, on which the transactions will be based once approved by the approval authority.
- C. Execute transactions in compliance with their scope of authority and Company strategies.
- D. Submit an assessment report from time to time when it has been determined that existing strategies no longer apply due to major changes in the financial market and formulate new strategies, on which the transactions will be based once approved by the President.

###### 14.1.3.1.2 Accounting personnel

- A. Confirm transactions.
- B. Review whether the transactions are following the scope of authority and Company strategies.
- C. Conduct quarterly appraisals and submit appraisal reports to the President for approval.
- D. Bookkeeping.
- E. Make filings and announcements as required by the competent authority.

###### 14.1.3.1.3 Settlement personnel: settle transactions.

###### 14.1.3.1.4 Approval authority of financial derivatives

###### A. Approval Authority

	Delegated Amount of Each Transaction	Delegated Amount of Daily Transaction
Accounting director	Up to \$US0.5M	Up to \$US1M
President	Up to \$US1M	Up to \$US2M
Chairman	Up to \$US2M	Up to \$US4M

#### 14.1.3.2 Auditing Division

14.1.3.2.1 The Auditing Division is responsible for determining the adequacy of internal controls applied to financial derivatives transactions, conducting audit on the Trading Division for the compliance of operating procedures, analyzing trading cycle and preparing audit reports, and shall report to the Board of Directions when material deficiencies are discovered.

#### 14.1.3.3 Performance Evaluation

##### 14.1.3.3.1 Hedging Transactions

- A. Using exchange rate costs entered in the books and profit and loss from financial derivatives transactions as the basis of performance evaluation.
- B. To better understand and reflect valuation risks of the transactions, the Company adopts the monthly valuation method to assess profit and loss.
- C. The Financial & Accounting Division shall provide valuation of foreign exchange position, market trend and analysis to the President as the basis of management decisions and instructions.

##### 14.1.3.3.2 Specific Purpose Transactions

The performance evaluation based on the actual profit and loss, and the accountant must prepare reports on a regular basis to provide management as reference.

#### 14.1.3.4 Total contract value and Upper limit on losses

##### 14.1.3.4.1 The amount of total contracts outstanding

###### A. Limit for hedging transactions

The Financial & Accounting Division shall understand the overall position of the Company to avoid transaction risks. The amount of the hedging contracts shall not exceed two-thirds of accounts receivable or 100 percent of the operating income of the most recent financial statements of the Company.

###### B. Limit on specific purpose transactions

Based on the prediction of market changes, the finance department may formulate a strategy according to the needs and submit it to the President and the Chairman for approval before proceeding. The total amount of the contract for the Company's specific purpose transactions for the undelivered accumulated positions of the Company is limited to US\$10 million, exceeding the above amount, subject to the consent of the board of directors and in accordance with the policy instructions.

##### 14.1.3.4.2 Upper limit on losses

- A. The limit on losses from derivatives trading on aggregate losses or losses on individual contracts is 30 percent of contract amount.
- B. If the upper limit of loss exceeds the above range, the transaction authorization personnel shall submit a written report explaining the measures to reduce the

loss and the impact on the company, and after the approval of the President and the Chairman, the transaction authorization personnel will take corresponding measures in accordance with the approval resolution and submitted to the most recent meeting of the board of directors.

## 14.2 Risk Management

### 14.2.1 Credit risk management

14.2.1.1 As the market is susceptible to changes of various factors, resulting in operational risks associated with the use of financial derivatives, the market risk controls of the Company shall comply with the following rules:

14.2.1.1.1 Counterparties: domestically or internationally recognized financial institutions

14.2.1.1.2 Derivatives: derivatives offered by domestically or internationally recognized financial institutions

### 14.2.2 Market risk management

The Company mainly uses public foreign exchange market transactions provided by banks and currently does not consider futures market.

### 14.2.3 Liquidity risk management

To ensure market liquidity, the Company shall select financial derivatives with higher liquidity (i.e., an offsetting position on the market) and engage financial institutions having adequate information and the capability to enter into transactions in any market at any time."

### 14.2.4 Cash flow risk management

To ensure the stability of working capital turnover, the Company's financial derivatives transactions are limited to using regulatory capital as source of funds.

### 14.2.5 Operating risk management

14.2.5.1 Comply with the delegated authority and operating procedures of the Company, and include such items under internal audit to mitigate operational risks.

14.2.5.2 Personnel engaged in derivatives trading may not serve concurrently in other operations such as confirmation and settlement.

14.2.5.3 Risk measurement, monitoring, and control personnel shall be assigned to a different department than the personnel in the preceding subparagraph and shall report to the board of directors or senior management personnel with no responsibility for trading or position decision-making.

14.2.5.4. Derivatives trading positions held shall be evaluated at least once per week; however, positions for hedge trades required by business shall be evaluated at least twice per month. Evaluation reports shall be submitted to senior management personnel authorized by the board of directors.

### 14.2.6 Product risk management

Internal trading personnel shall have complete understanding and adequate knowledge

of financial derivatives, and require banks to fully disclose risk exposures to mitigate financial derivatives risks.

#### 14.2.7 Legal risk management

Transaction documents signed with the counterparty are mainly general contracts in the market, and any unique contracts must be reviewed by legal affairs department and/or legal counsel.

### 14.3 Internal audit

14.3.1 The company's internal audit personnel shall periodically make a determination of the suitability of internal controls on derivatives and conduct a monthly audit of how faithfully derivatives trading by the trading department adheres to the procedures for engaging in derivatives trading, and prepare an audit report. If any material violation is discovered, all the audit committee and the independent directors shall be notified in writing.

14.3.2 Internal audit personnel shall file with the SFI by submitting the audit report and annual internal audit results by the end of February of the following year and the improvements made in response to irregularities found by the end of May of the following year.

### 14.4 Regular evaluation methods and the handling of irregular circumstances

14.4.1 The Board of Directors shall authorize senior management personnel to periodically monitor and review whether the financial derivatives transactions are following the transaction procedures implemented by the Company and whether the associated risks are within the risk tolerance of the Company. The authorized senior management personnel shall report any irregularities found in the market valuation report (e.g., if positions held have exceeded the maximum loss) to the board of directors promptly and take countermeasures.

14.4.2 Derivatives trading positions held shall be evaluated at least once per week; however, positions for hedge trades required by business shall be evaluated at least twice per month. Evaluation reports shall be submitted to senior management personnel authorized by the board of directors.

### 14.5 Principles of Board Supervision and Management in Financial Derivatives Transactions

14.5.1 The Board of Directors shall designate senior management to oversee the monitoring and controls of financial derivatives transactions pursuant to the following management principles.

14.5.1.1 Periodically evaluate whether derivatives trading performance is consistent with established operational strategy and whether the risk undertaken is within the company's permitted scope of tolerance.

14.5.1.2 When irregular circumstances are found in the course of supervising trading and profit-loss circumstances, appropriate measures shall be adopted and a report immediately made to the board of directors; an independent director shall be

present at the meeting and express an opinion.

14.5.2 Periodically evaluate the risk management measures currently employed are appropriate and are faithfully conducted in accordance with these Regulations and the procedures for engaging in derivatives trading formulated by the company.

14.5.3 A company shall report to the soonest meeting of the board of directors after it authorizes the relevant personnel to handle derivatives trading in accordance with its Procedures for Engaging in Derivatives Trading.

14.5.4 The company engaging in derivatives trading shall establish a log book in which details of the types and amounts of derivatives trading engaged in, board of directors approval dates, and the matters required to be carefully evaluated under 14.4.2 and 14.5.1.1, and 14.5.2, of the preceding article shall be recorded in detail in the log book.

## Article 15 Procedures for the Mergers and Consolidations, Splits, Acquisitions, and Assignment of Shares

### 15.1 Evaluation and operating procedures

15.1.1 The company that conducts a merger, demerger, acquisition, or transfer of shares, is advised to appoint an attorney, CPA, and securities underwriter to formulate the schedule for legal procedures and form a dedicated team to implement the procedures in accordance with legal requirements. The company prior to convening the board of directors to resolve on the matter, shall engage a CPA, attorney, or securities underwriter to give an opinion on the reasonableness of the share exchange ratio, acquisition price, or distribution of cash or other property to shareholders, and submit it to the board of directors for deliberation and passage. 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 holds 100 percent of the respective subsidiaries' issued shares or authorized capital.

15.1.2 The company participating in a merger, demerger, acquisition, or transfer of shares shall prepare a public report to shareholders detailing important contractual content and matters relevant to the merger, demerger, or acquisition prior to the shareholders meeting and include it along with the expert opinion referred to in 15.1.1 when sending shareholders notification of the shareholders meeting for reference in deciding whether to approve the merger, demerger, or acquisition. Provided, where a provision of another act exempts a company from convening a shareholders meeting to approve the merger, demerger, or acquisition, this restriction shall not apply. 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.

15.1.3 When participating in a merger, demerger, acquisition, or transfer of another company's shares, the company that is listed on an exchange or has its shares traded on an OTC market shall prepare a full written record of the following information and retain it for 5 years for reference:

15.1.3.1 Basic identification data for personnel: 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 transfer of another company's shares prior to disclosure of the information.

15.1.3.2 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.

15.1.3.3 Important documents and minutes: Including merger, demerger, acquisition, and share transfer plans, any letter of intent or memorandum of understanding, material contracts, and minutes of board of directors meetings.

15.1.4 When participating in a merger, demerger, acquisition, or transfer of another company's shares, the company that is listed on an exchange or has its shares traded on an OTC market shall, within 2 days counting inclusively from the date of passage of a resolution by the board of directors, report (in the prescribed format and via the Internet-based information system) the information set out in 15.1.3.1 ~ 15.1.3.2 of the preceding paragraph to the FSC for recordation.

15.1.5 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(s) so listed or traded shall sign an agreement with such company whereby the latter is required to abide by the 15.1.3 ~ 15.1.4.

## 15.2 Other Important Information

15.2.1 Dates of a board of directors: The company participating in a merger, demerger, or acquisition shall convene a board of directors meeting and shareholders meeting on the day of the transaction to resolve matters relevant to the merger, demerger, or acquisition, unless another act provides otherwise or the FSC is notified in advance of extraordinary circumstances and grants consent. The company participating in a transfer of shares shall call a board of directors meeting on the day of the transaction, unless another act provides otherwise or the FSC is notified in advance of extraordinary circumstances and grants consent.

15.2.2 Prior confidentiality commitment: Every person participating in or privy to the plan

for merger, demerger, acquisition, or transfer of shares 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, in any stock or other equity security of any company related to the plan for merger, demerger, acquisition, or transfer of shares.

15.2.3 Principles of setting and adjusting share exchange ratio and acquisition price: Prior to convening the Board meetings, each company involved in the merger, demerger, acquisition, or transfer of shares shall engage auditors, lawyers, or underwriters to render opinions on the fairness of the exchange ratio, acquisition price, or distribution to the shareholders in cash or in kind. The proposal shall then be submitted to the shareholders meeting for approval. Generally, the share exchange ratio and acquisition price may not be arbitrarily altered unless clauses specifying conditions where adjustment is permitted are included in the contracts and have been disclosed to the public. The conditions are as follows:

15.2.3.1 Cash capital increase, issuance of convertible corporate bonds, or the issuance of bonus shares, issuance of corporate bonds with warrants, preferred shares with warrants, stock warrants, or other equity based securities.

15.2.3.2 An action, such as a disposal of major assets, that affects the company's financial operations.

15.2.3.3 An event, such as a major disaster or major change in technology, that affects shareholder equity or share price.

15.2.3.4 An adjustment where any of the companies participating in the merger, demerger, acquisition, or transfer of shares from another company, buys back treasury stock.

15.2.3.5 An increase or decrease in the number of entities or companies participating in the merger, demerger, acquisition, or transfer of shares.

15.2.3.6 Other terms/conditions that the contract stipulates may be altered and that have been publicly disclosed.

15.2.4 Mandatory clauses in the transaction contracts: Except as otherwise provided in Article 317-1 of the Company Act and Article 22 of the Business Mergers and Acquisitions Act, a merger, demerger, acquisition, or transfer of shares contract shall include the following:

15.2.4.1 Handling of breach of contract.

15.2.4.2 Principles for the handling of equity-type securities previously issued or treasury stock previously bought back by any company that is extinguished in a merger or that is demerged.

15.2.4.3 The amount of treasury stock participating companies are permitted under law to buy back after the record date of calculation of the share exchange ratio, and the principles for handling thereof.

15.2.4.4 The manner of handling changes in the number of participating entities or



companies.

15.2.4.5 Preliminary progress schedule for plan execution, and anticipated completion date.

15.2.4.6 Scheduled date for convening the legally mandated shareholders meeting if the plan exceeds the deadline without completion, and relevant procedures.

15.2.5 When the number of entities or companies participating in the merger, demerger, acquisition, or share transfer changes: After public disclosure of the information, if any company participating in the merger, demerger, acquisition, or share transfer intends further to carry out a merger, demerger, acquisition, or share transfer with another company, all of the participating companies shall carry out anew the procedures or legal actions that had originally been completed toward the merger, demerger, acquisition, or share transfer; except that where the number of participating companies is decreased and a participating company's shareholders meeting has adopted a resolution authorizing the board of directors to alter the limits of authority, such participating company may be exempted from calling another shareholders meeting to resolve on the matter anew.

15.2.6 Where any of the companies participating in a merger, demerger, acquisition, or transfer of shares is not a public company, the company shall sign an agreement with the non-public company whereby the latter is required to abide by the 15.1.3、15.1.4、15.2.2、15.2.5.

## Article 16 Public Disclosure of Information

### 16.1 Required Filings and Standards

16.1.1 Acquisition or disposal of real property or right-of-use assets thereof from or to a related party, or acquisition or disposal of assets other than real property or right-of-use assets thereof from or to a related party where the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the company's total assets, or NT\$300 million or more; provided, this shall not apply to trading of domestic government bonds or bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises.

16.1.2 Merger, demerger, acquisition, or transfer of shares.

16.1.3 Losses from derivatives trading reaching the limits on aggregate losses or losses on individual contracts set out in the procedures adopted by the company.

16.1.4 Where equipment or right-of-use assets thereof for business use are acquired or disposed of, and furthermore the transaction counterparty is not a related party, and the transaction amount reaches NT\$500 million or more.

16.1.5 Where land is acquired under an arrangement on engaging others to build on the company's own land, engaging others to build on rented land, joint construction and

allocation of housing units, joint construction and allocation of ownership percentages, or joint construction and separate sale, and furthermore the transaction counterparty is not a related party, and the amount the company expects to invest in the transaction reaches NT\$500 million.

16.1.6 Where an asset transaction other than any of those referred to in the preceding 16.1.1~16.1.5, a disposal of receivables by a financial institution, or an investment in the mainland China area reaches 20 percent or more of paid-in capital or NT\$300 million; provided, this shall not apply to the following circumstances:

16.1.6.1 Trading of domestic government bonds.

16.1.6.2 Trading of bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises.

16.1.7 The amount of transactions above shall be calculated as follows, and "Within the preceding year" as used in the preceding paragraph refers to the year preceding the date of occurrence of the current transaction. Items duly announced in accordance with these Regulations need not be counted toward the transaction amount.

16.1.7.1 The amount of any individual transaction.

16.1.7.2 The cumulative transaction amount of acquisitions and disposals of the same type of underlying asset with the same transaction counterparty within the preceding year.

16.1.7.3 The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of real property or right-of-use assets thereof within the same development project within the preceding year.

16.1.7.4 The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of the same security within the preceding year.

16.2 Time limit for public announcement and reporting

16.2.1 If the acquisition or disposition of assets fall under any of the 16.1 categories and reach a threshold required for public announcement, the Company shall submit relevant information on the website designated by FSC in the required format by type of transaction within two days as of the date of occurrence of the event.

16.3 Public announcement and reporting procedures

16.3.1 The company shall publicly announce and report the relevant information on the FSC's designated website in the appropriate format as prescribed by regulations.

16.3.2 The company shall compile monthly reports on the status of derivatives trading engaged in up to the end of the preceding month by the company and any subsidiaries that are not domestic public companies and enter the information in the prescribed format into the information reporting website designated by the FSC by the 10th day of each month.

16.3.3 When the company at the time of public announcement makes an error or omission in an item required by regulations to be publicly announced and so is required to correct it, all the items shall be again publicly announced and reported in their entirety within two days counting inclusively from the date of knowing of such error or omission.

16.3.4 The company acquiring or disposing of assets shall keep all relevant contracts, meeting minutes, log books, appraisal reports and CPA, attorney, and securities underwriter opinions at the company, where they shall be retained for 5 years except where another act provides otherwise.

16.3.5 Where any of the following circumstances occurs with respect to a transaction that the company has already publicly announced and reported in accordance with the preceding article, a public report of relevant information shall be made on the information reporting website designated by the FSC within 2 days counting inclusively from the date of occurrence of the event:

16.3.5.1 Change, termination, or rescission of a contract signed in regard to the original transaction.

16.3.5.2 The merger, demerger, acquisition, or transfer of shares is not completed by the scheduled date set forth in the contract.

16.3.5.3 Change to the originally publicly announced and reported information.

#### 16.4 Announcement format

16.4.1 The announcement format for announcing the acquisition or disposal of assets matters, please refer to the latest announcement format in the electronic certification and declaration system of the TWSE.

### Article 17 Acquisition or disposal of assets by the Company's Subsidiaries shall comply with the following rules

17.1 If the Company's subsidiary intends to engage in acquisition or disposal of assets, the board of directors and relevant department shall approve and implement it in accordance with the Procedures, and the subsidiary shall cooperate with the relevant matters.

17.2 If the acquisition or disposition of assets by a non-public subsidiary is subject to the filing requirement stated in Article 16, the parent company shall file the information on behalf of such subsidiary.

17.3 For the purpose of the filing requirement of subsidiaries, "at least 20 percent of the paid-in capital or 10 percent of the total assets of the company" shall mean the paid-in capital or total assets of the Company (parent company).

17.4 In the case of a company whose shares have no par value or a par value other than NT\$10, and the calculation of transaction amounts of 20 percent of paid-in capital under the Procedures, 10 percent of equity attributable to owners of the parent company shall be substituted.

#### Article 18 Penal provisions

18.1 Any employee of the Company who violates Regulations or the Procedures when processing the acquisition or disposal of assets shall be subject to disciplinary actions based on the severity of the violation and in accordance with the relevant human resources management policies and the Employee Handbook of the Company.

#### Article 19 Implementation and revisions

19.1 The implementation or revisions of the Procedures must be approved by half of all members of the audit committee or more and be submitted to the board of directors for a resolution, then submitted to the shareholders' meeting for approval.

19.2 IF a matter is submitted for discussion by the board of directors as require in 19.1, the board of directors shall take into full consideration each independent director's opinions. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the board of directors meeting.

19.3 If approval of one-half or more of all audit committee members as required in 19.1 is not obtained, the transaction may still be implemented if approved by two-thirds or more of all directors, and the resolution of the audit committee shall be recorded in the minutes of the board of directors meeting.

19.4 The terms "all members of the audit committee" in 19.1 and "all directors" in 19.3 shall be counted as the actual number of persons currently holding those positions.

#### Article 20 Supplementary provisions

Issues not addressed in the Procedures shall be governed by relevant regulations.

(Appendix 8)

## **Articles of Incorporation of Apex Biotechnology Corporation**

### Chapter 1. General Provisions

Article 1. The Company is organized in accordance with the Company Act and named Apex Biotechnology Corporation.

Article 2. The Scope of business of the Company is as follows:

- (1) CF01011 Medical Devices Manufacturing
  - (2) CE01010 General Instrument Manufacturing
  - (3) C199990 Manufacture of Other Food Products Not Elsewhere Classified
  - (4) C802041 Manufacture of Drug and Medicines
  - (5) C802051 Manufacture of Chinese Medicines
  - (6) F401010 International Trade
  - (7) IG01010 Biotechnology Services
  - (8) J101050 Environmental Testing Services
  - (9) CC01100 Controlled Telecommunications Radio-Frequency Devices and Materials Manufacturing
  - (10) F108031 Wholesale of Medical Devices
  - (11) F208031 Retail Sale of Medical Apparatus
  - (12) F213060 Retail Sale of Telecommunication Apparatus
  - (13) F113070 Wholesale Telecommunication Apparatus
  - (14) F108021 Wholesale of Western Pharmaceutical
  - (15) F208021 Retail Sale of Western Pharmaceutical
- 《Research, Develop, Produce, Manufacture and Sell the following Products:
- i. Biochemical inspection tester and its test piece
  - ii. In vitro test reagents
  - iii. Environmental Testing System
  - iv. Nutrient Food
  - v. Protein Pharmaceutical Products
  - vi. Western Medicine Type
  - vii. Radio Transmitter
  - viii. Radio Transceiver
  - ix. Radio Receiver
  - x. Trading Business of the above related products》

Article 3. To achieve the goal of diversified management, The total amount of reinvestment of the Company is not restricted by Article 13 of the Company Act. and may exceed forty percent (40%) of its paid-in capital.

Article 4. The Company is headquartered in Hsinchu Science Park and when necessary may establish branches or representative offices at proper locations at home and abroad as resolved by Board of Directors.

Article 5. Deleted.

## Chapter 2. Shares

Article 6. The authorized capital of the Company is NT\$2billion consisting of 200 million shares. The par value of each share is NT\$10, and the Board of Directors is authorized to issue the shares in separate installments.

Article 7. The share certificates of the Company shall without exception be in registered form, the share certificate shall be affixed with the signatures or personal seals of the director representing the company and shall be duly certified or authenticated by the bank which is competent to certify shares under the laws before issuance thereof. The Company may be exempted from printing any share certificate for the shares issued, and the company shall register the issued shares with a centralized securities depository enterprise and follow the regulations of that enterprise.

Article 8. The Company shall process the shareholder service in accordance with the “Regulations Governing the Administration of Stock Affairs of Public Companies” and related regulations.

Article 9. Deleted.

Article 10. Deleted.

Article 11. All entries in the shareholders register due to share transfers shall be suspended for 60 days prior to an General shareholders’ meeting, or for 30 days prior to an extra general shareholders’ meeting, or for 5days prior to the record date fixed for distributing dividends, bonus, or any other benefit.

Article 12. Deleted.

## Chapter 3. Shareholders’ Meeting

Article 13. Shareholder’s meetings of the Company are of two kinds: general shareholders’ meeting and extra general shareholders’ meeting. The General shareholders’ meeting is convened at least once per year within 6 months from the close of the fiscal year. Extra general shareholders’ meeting may be convened in accordance

with applicable laws and regulations whenever necessary.

Article 14. For General shareholders' meeting, the notice of meeting shall be served to each shareholder at least thirty days prior to the meeting; for extra General shareholders' meetings, a notice of meeting shall be served to each shareholder at least fifteen days prior to the meeting. The notice of meeting shall specify the date, location and reasons for convening the meeting. The shareholders' meeting notice may, as an alternative, be given by means of electronic transmission, after obtaining a prior consent from the recipient(s) thereof. For shareholders holding 1,000 registered shares, the notice of the shareholders meeting can be announced.

Article 15. Except as otherwise provided by the Company Act, resolutions of a shareholders' meeting shall be adopted at a meeting attended by shareholders representing a majority of the total number of issued shares and at which meeting a majority of the shareholders' vote in favor of such resolutions. A shareholder may also vote via an electronic voting system and those who do shall be deemed as attending the shareholders' meeting in person, electronic voting shall be conducted in accordance with the relevant laws and regulations.

Article 16. A shareholder shall be entitled to one vote for each share held, except when the shares are deemed non-voting shares under Article 179 of the Company Act.

Article 17. If for any reason, the shareholders cannot attend at the shareholders' meeting, a shareholder may appoint a proxy to attend the meeting by providing the proxy form and stating the scope of the proxy's authorization in accordance with the Article 177 of the Company Act and the "Regulations for the Use of Proxies for the Attendance at Stockholders Meeting of Public Companies", promulgated by the Competent governmental authority.

Article 17-1. The shareholders holding one percent or more of the total number of outstanding shares of the company may submit to the Company a proposal for discussion at a general shareholder meeting. Such proposal, however, are limited to one item only, and no proposal containing more than one item will be included in the meeting agenda, such related operating procedures shall be in accordance with the Company Act and related regulations.

Article 18. 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 power of the Chairperson, the Chairperson shall appoint one of the Directors to act as chair. Where the Chairperson does not make such a designation, the Directors shall select from among themselves one person to serve as chair ; 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.

Article 19. Matters relating to the resolutions of a shareholders meeting shall be recorded in the meeting minutes in accordance with the Article 183 of the Company Act.

#### Chapter 4. Directors, Audit Committee and Managerial Officers

Article 20. The Company shall have five to seven directors to be elected from person having legal capacity at a shareholders' meeting. Each director shall hold office for a term of three years. According to the Article 198 of the Company Act, the cumulative voting system is adopted for selection and directors may be eligible for re-election. Regarding to the percentage of shareholdings of all the directors selected shall be handled in according with the regulations of the Securities Authority.

Article 20-1. The number of independent directors, among the aforementioned number of directors, shall be no less than three, and shall be no less than one fifth of the total number of directors. Election of independent directors shall adopt the candidate nomination measure, and independent directors shall be deleted from among the list of candidates for independent directors by the shareholders' meeting in accordance with Article 192-1 of the Company Act.

Matters regarding professional qualification, restrictions on shareholdings, concurrent positions held, method of nomination and election and other matters for compliance with respect to independent directors shall be subject to the rules prescribed by the securities governing authorities.

Independent and non-independent directors shall be elected at the same time but in separately calculated numbers.

Article 21. The chairperson of the Board shall be elected from among the directors by a majority vote of the director present at a meeting attended by at least two-thirds of all directors and the chairperson represents the Company. 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 power of the Chairperson, the Chairperson shall appoint one of the Directors to act as chair. Where the Chairperson does not make such a designation, the Directors shall select from among themselves one person to serve as chair

Article 22. A directors' meeting shall be convened by the chairperson unless otherwise provided by the Company Act. Unless otherwise provided by the Company Act, resolutions of a directors' meeting shall be adopted by a majority vote of the director present at a meeting attended by a majority of all directors.



Article 22-1. The Board of directors' meeting shall be held no less than once a quarter, and the notice for the directors' meeting shall specify the reasons for the meeting and shall be served to each director at least seven days prior to the meeting. A board of directors' meeting may be held at any time in case of an emergency. The notice of directors' meeting may be served in writing, fax or e-mail and etc.

Article 23. In case a director cannot, for cause, attend a meeting, a director may appoint another director to attend the meeting by providing the proxy form in each time and stating the scope of the authority with reference to the subjects to be discussed at the meeting. A director may act as the proxy of only one other director. If the Board meeting is held in the form of video conference, those participated by video conference are deemed as participation in person.

Article 24. Pursuant to the Securities and Exchange Act, the Company shall set up the Audit Committee, which shall consist of the entire independent directors, the members shall be responsible for performing the functions and duties of supervisors provided under the Company Act, Securities and Exchange Act, and other laws and regulations. The members of the Audit Committee exercise of duties and other matters of compliance shall be handled in accordance with relevant laws and regulations, and the Board of directors shall establish the Audit Committee Charter. The Board of Director may establish compensation committee or other committee with different functions in accordance with the laws and regulations or Business operation needs.

Article 25. The Company may have one or more managerial personnel, the appointment and discharge and the remuneration of the managerial personnel shall be decided in accordance with Article 29 of the Company Act.

Article 25-1. Except for the remuneration for the distribution of surplus in the annual final accounts, which is subject to the provisions otherwise stipulated by the article 27 of Articles of Association, the remuneration of the Directors shall be determined by the Board of Directors in accordance with each Director's involvement in and contribution to the Company's operation and also taking into consideration the national remuneration standards of the industry.

#### Chapter 5. Accounting

Article 26. The Company's fiscal year is from January 1 to December 31 each year, and the end of each fiscal year, the closing of books shall be made, and the board of directors shall prepare the following statements in accordance with the Company Act, the statements shall be examined by the Audit Committee at least thirty days prior to the general meeting and the proposal shall be presented

at a general shareholders' meeting for recognition pursuant by the Audit Committee.

1). Business Report

2). Financial Report

3). Proposal for allocating profit or conversing loss

Article 27. If Company has a profit in the total final account of a fiscal year, it shall first estimate and reserve the taxes to be paid, offset its losses, set aside a legal capital reserve at ten percent (10%) of the remaining profit provided that the amount of accumulated legal capital reserve has not reached the amount of the paid-in capital of the Company, then set aside or reverse special capital reserve in accordance with relevant laws or regulations or as requested by the authorities in charge. If there is still balance of the year, the residue plus the accumulated undistributed profit of the previous year. The dividend policy shall be conditioned by the business expansion and cash flow need of the company in the futures, the shareholders interest, balance of dividend payment and long-term financial planning shall also be considered. The total dividends amount shall be no less than fifty percent (50%) of the total accumulative distributed profit of the year, amount which the cash dividend ratio shall be no less than twenty percent (20%) of the total dividends, the board of directors shall propose the profits distribution plan and submit to the shareholders' meeting for approval before distribution.

Article 27-1. From the pre-tax net profit of current year before deducting remuneration of employees and remuneration of directors, no more than 3% shall be allocated as remuneration of employees and no less than 1% shall be allocated as remuneration of directors. However, if the Company has accumulated losses in previous years, it shall reserve an amount of the pre-tax profit for offsetting the accumulated losses. The employee compensation in the preceding paragraph shall be distributed in stock or cash and maybe distributed to employees of the Company's subsidiaries, if such employees satisfy certain qualifications as may be resolved by the Board of Directors. The compensation for Directors shall be distributed in cash. In the preceding two paragraphs shall be resolved by the Board of Directors and shall be reported to Shareholders' meeting.

Article 28. A Member company may purchase Director and Officer liability insurance coverage against the liabilities for damage compensation for its supervisors during their tenure, so as to reduce and spread the risk of damages that may be sustained by the company or shareholders caused by any illegal act of its supervisors.

#### Chapter 6. Supplemental Provisions

Article 29. The organizational rules of the Company shall be separately stipulated.

Article 30. In case of any matters not covered herein, the Company Act shall govern.

Article 31. These Articles of Association were adopted on November 14, 1997

The first amendment on April 28, 1998,

2<sup>nd</sup> amendment on June 23, 1998,

3<sup>rd</sup> amendment on December 8, 1998,

4<sup>th</sup> amendment on June 1, 1999,

5<sup>th</sup> amendment on May 16, 2000.

6<sup>th</sup> amendment on May 18, 2001.

7<sup>th</sup> amendment on May 16, 2002.

8<sup>th</sup> amendment on May 16, 2003.

9<sup>th</sup> amendment on May 14, 2004.

10<sup>th</sup> amendment on May 8, 2006.

11<sup>th</sup> amendment on June 13, 2007.

12<sup>th</sup> amendment on August 31, 2009.

13<sup>th</sup> amendment on May 21, 2010.

14<sup>th</sup> amendment on May 8, 2012.

15<sup>th</sup> amendment on May 10, 2013.

16<sup>th</sup> amendment on June 17, 2014.

17<sup>th</sup> amendment on June 9, 2015.

18<sup>th</sup> amendment on May 31, 2016.

19<sup>th</sup> amendment on June 2, 2017.

20<sup>th</sup> amendment on May 25, 2018.

21<sup>st</sup> amendment on May 29, 2020.

22<sup>nd</sup> amendment on July 30, 2021.

APEX Biotechnology Corp.

Chairman: Thomas Shen

## **Rules and Procedures for Shareholder Meetings**

Article 1. Unless otherwise provided by law or regulation, this Corporation's shareholders meetings shall be convened by the board of directors.

Article 2. 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 or supervisors, and upload them to the Market Observation Post System (MOPS) before 30 days before the date of a regular shareholders meeting or before 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 before 21 days before the date of the regular shareholders meeting or before 15 days before the date of the special shareholders meeting. In addition, before 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 the professional shareholder services agent designated thereby as well as being distributed on-site at the meeting place.

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 or supervisors, amendments to the articles of incorporation, reduction of capital, application for the approval of ceasing its status as a public company, approval of competing with the company by directors, surplus profit distributed in the form of new shares, reserve distributed in the form of new shares, the dissolution, merger, or demerger of the corporation, or any matter under Article 185, paragraph 1 of the Company Act, Article 26-1 and Article 43-6 of the Securities and Exchange Act, Article 56-1 and Article 60-2 of the Regulations Governing the Offering and Issuance of Securities by Securities Issuers shall be set out and the essential contents explained in the notice of the reasons for convening the shareholders meeting. None of the above matters may be raised by an extraordinary motion; Where re-election of all directors and supervisors as well as their inauguration date is stated in the notice of the reasons for convening the shareholders meeting, after the completion of the re-election in said meeting such inauguration date may not be altered by any extraordinary motion or otherwise in the same meeting.

A shareholder holding one 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. The number of items so proposed, however, is limited to one 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 its acceptance of shareholder proposals in writing or electronically, 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.

Article 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 before five 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 before two 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.

Article 4. 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. This Corporation may not arbitrarily add requirements for other documents beyond those showing eligibility to attend presented by shareholders. Solicitors soliciting proxy forms shall also bring identification documents for verification.

A shareholder is required to submit attendance cards in lieu of signing in when attending the meeting. The number of Shares represented by Shareholders attending the general meeting shall be calculated in accordance with the number of attendance cards submitted by Shareholders in plus the number of shares whose voting rights are exercised by correspondence or electronically.

Article 5. Attendance at shareholders' meetings shall be calculated based on numbers of shares.

Article 6. 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.

Article 7. 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 in person and a majority of the directors attended in person, at least one member of each functional committee on behalf of the committee. The attendance shall be recorded in the meeting minutes.

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 select a chair from among themselves.

Article 8. 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.

Article 9. 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 of the preceding paragraph shall be retained for at least one 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.

Article 10. 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 by 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 and provide the information of non-voting right and number of shares attended.

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 one 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 one 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.

Article 11. If a shareholders meeting is convened by the board of directors, the meeting agenda shall be set by the board of directors. Votes shall be cast on each separate proposal in the agenda (including extraordinary motions and amendments to the original proposals set out in the agenda). 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. After a meeting is adjourned, Shareholders shall not elect a chairman and resume the meeting at the same or another venue; 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, call for a vote, and schedule sufficient time for voting.

Article 12. 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.

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.

Article 13. 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.

Article 14. When a juristic person is appointed to attend as proxy, it may designate only one person to represent it in the meeting.

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.

Article 15. After an attending shareholder has spoken, the chair may respond in person or direct relevant personnel to respond.

Article 16. 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 three 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.

Article 17. 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 the Company.

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 at the meeting and a record made of the vote.

Article 18. 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 shareholder meeting, it shall adopt exercise of voting rights by electronic means and may adopt exercise of voting rights by correspondence. 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 before two 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, before two 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 to the MOPS.

Article 19. 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.

Article 20. The election of directors 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 as well as the name of director that failed in the election and the number of votes they obtained.

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 one 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.

Article 21. 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 voting results (including the number of voting rights) and disclose the number of voting rights won by each candidate in the event of an election of directors or supervisors. The minutes shall be retained for the duration of the existence of this Corporation.

Article 22. 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 Taipei Exchange) regulations, this Corporation shall upload the content of such resolution to the MOPS within the prescribed period.

Article 23. 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.

Article 24. 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 five days in accordance with Article 182 of the Company Act.

Article 25. These Rules shall take effect after having been submitted to and approved by a shareholders meeting. Subsequent amendments thereto shall be effected in the same manner.

**Apex Biotechnology Corporation**  
**Shareholding of Directors**

Book closure date: Mar 29, 2022

Position	Name	Date elected	Term	Current shareholding	
				Shares	Shareholding ratio (%)
Chairman	Thomas Shen	2021.05.28	3	9,744,579	9.75%
Director	Mark Yang	2021.05.28	3	281,920	0.28%
Independent Director	I-Tan, Chih	2021.05.28	3	0	0%
Independent Director	Pai Jeng Ming	2021.05.28	3	0	0%
Independent Director	Bou, Jin-Chang	2021.05.28	3	0	0%
Independent Director	Yung-Luh, Tsaih	2021.05.28	3	0	0%
Total shares of shareholding of all directors				10,026,499	10.03%

1. Type of Share: Ordinary Shares
2. Total Issued shares: 99,950,192
3. The minimum required combined shareholding of all directors by law: 7,996,015
4. The Company has set up an Audit Committee and thus the requirement on the minimum shareholdings of all supervisors is not applicable.
5. As the Company has four independent directors, the shareholding shall be reduced to 80 percent in accordance with the article 2 of the “Rules and Review Procedures for Director and Supervisor Share Ownership Ratios at Public Companies”.