

# **APEX Biotechnology Corp.**

## **2022 Annual Meeting of Shareholders Minutes (Translation)**

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

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

**Convening Method :** Entity Meeting of Shareholders

Attending shareholders and proxy represented 56,221,434 shares (including 5,087,935 shares which attended through electronic voting) accounting for 56.24% of 99,950,192 shares, the Company's total outstanding shares.

### **Directors Present**

Thomas Shen (Chairman), Mark Yang (Director), I-Tan, Chih (Independent Director & Chairman of the Audit Committee)

**Chairman:** Thomas Shen

**Recorder:** Sharon Kang

### **1. Call the Meeting to Order:**

The aggregate shareholding of the shareholders present constituted a quorum.

The Chairman called the meeting to order

### **2. Chairman's Remarks: Omitted.**

### **3. Report Items**

(1) Business report of 2021 (see Attachment)

(2) The Audit Committee's review report of 2021 (see Attachment)

(3) Report the 3rd domestic unsecured convertible bonds transferring

Explanation:

I The 3<sup>rd</sup> domestic unsecured convertible bond was issued on May 24<sup>th</sup>, 2018.

II 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.

- III 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:

- I 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.
- II 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.

#### 4. Proposal Items

**Proposal I** :Adoption of the 2021 Business Report and Financial Statements (Proposed by the Board)

**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 attachment.

**Resolution:** The result is as follows:

Shares represented at the time of voting: 56,221,434

Affirmative votes: 53,853,160 (including electronic voting 2,720,661) 95.78% of the total represented share present.

Dissenting votes: 4,855(including electronic voting 4,855) 0.00% of the total represented share

present.

Abstaining votes: 2,363,419 (including electronic voting 2,362,419) 4.20% of the total represented share present.

**It was resolved that the above proposal be approved as proposed.**

**Proposal II:** Adoption of the proposal for distribution of 2021 profits (Proposed by the Board)

**Explanation:**

- (1) The Distributable of net profit in 2021 are NT\$ 1.3 per cash share.
- (2) Please refer to attachment for the 2021 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:** The result is as follows:

Shares represented at the time of voting: 56,221,434

Affirmative votes: 53,864,157 (including electronic voting 2,731,658) 95.80% of the total represented share present.

Dissenting votes: 4,855 (including electronic voting 4,855) 0.00% of the total represented share present.

Abstaining votes: 2,352,422 (including electronic voting 2,351,422) 4.18% of the total represented share present.

**It was resolved that the above proposal be approved as proposed.**

## **5. Discussion Items**

**Proposal I :** Amendments to the "Articles of Incorporation" (Proposed by the Board)

**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 attachment.

**Resolution:** The result is as follows:

Shares represented at the time of voting: 56,221,434

Affirmative votes: 51,386,757 (including electronic voting 254,258) 91.40% of the total represented share present.

Dissenting votes: 2,475,103 (including electronic voting 2,475,103)) 4.40% of the total represented share present.

Abstaining votes: 2,359,574 (including electronic voting 2,358,574) 4.19% of the total represented share present.

**It was resolved that the above proposal be approved as proposed.**

**Proposal II:** Amendments to the “Procedures for Acquisition or Disposal of Assets” (Proposed by the Board)

**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 attachment.

**Resolution:** The result is as follows:

Shares represented at the time of voting: 56,221,434

Affirmative votes: 51,378,754 (including electronic voting 246,255) 91.38% of the total represented share present.

Dissenting votes: 2,483,105 (including electronic voting 2,483,105)) 4.41% of the total represented share present.

Abstaining votes: 2,359,575 (including electronic voting 2,358,575) 4.19% of the total represented share present.

**It was resolved that the above proposal be approved as proposed.**

**6. Extempore Motions: None.**

**7. Meeting Adjournment**

# **Attachment**

# 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

## **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



## **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)

<b>ASSETS</b>	Note	December 31, 2021		December 31, 2020		<b>LIABILITIES AND EQUITY</b>	Note	December 31, 2021		December 31, 2020	
		Amount	%	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		<u>1,752,630</u>	<u>67</u>	<u>1,713,336</u>	<u>65</u>	Other current liabilities	19	2,888	-	2,694	-
<b>Non-current assets</b>						Total current liabilities		<u>760,110</u>	<u>29</u>	<u>864,651</u>	<u>33</u>
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		<u>118,501</u>	<u>4</u>	<u>121,358</u>	<u>4</u>
Refundable deposits		2,905	-	703	-	Total liabilities		<u>878,611</u>	<u>33</u>	<u>986,009</u>	<u>37</u>
Net defined benefit asset, non-current	4,21	1,114	-	-	-	<b>Equity</b>	4,22				
Total non-current assets		<u>878,713</u>	<u>33</u>	<u>918,059</u>	<u>35</u>	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		<u>1,752,732</u>	<u>67</u>	<u>1,645,386</u>	<u>63</u>
<b>Total assets</b>		<u>\$ 2,631,343</u>	<u>100</u>	<u>\$ 2,631,395</u>	<u>100</u>	<b>Total liabilities and equity</b>		<u>\$ 2,631,343</u>	<u>100</u>	<u>\$ 2,631,395</u>	<u>100</u>

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)

		<u>2021</u>		<u>2020</u>	
	<u>Note</u>	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
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	<u>679</u>	<u>-</u>	<u>8,121</u>	<u>-</u>
GROSS PROFIT		<u>489,938</u>	<u>24</u>	<u>393,645</u>	<u>21</u>
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		<u>( 3,495)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total operating expenses		<u>283,163</u>	<u>14</u>	<u>266,600</u>	<u>14</u>
INCOME FROM OPERATIONS		<u>206,775</u>	<u>10</u>	<u>127,045</u>	<u>7</u>
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	<u>11,282</u>	<u>1</u>	<u>( 16,712)</u>	<u>( 1)</u>
Total non-operating income and expenses		<u>( 21,928)</u>	<u>( 1)</u>	<u>( 16,633)</u>	<u>( 1)</u>
INCOME BEFORE INCOME TAX		184,847		110,412	
INCOME TAX EXPENSE (INCOME)	4,25	<u>( 17,377)</u>	<u>( 1)</u>	<u>15,617</u>	<u>1</u>

(Continued)

		<u>2021</u>		<u>2020</u>	
	<u>Note</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>3,533</u> )	-
Other comprehensive income(loss) for the year, net of income tax		<u>599</u>	-	( <u>3,010</u> )	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u><u>\$ 202,823</u></u>	<u>10</u>	<u><u>\$ 91,785</u></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>Shares</u>	<u>Ordinary Share</u>	<u>Capital Surplus</u>	<u>Legal Reserve</u>	<u>Unappropriated Earnings</u>	<u>Foreign Currency Translation Reserve</u>	<u>Treasury Shares</u>	<u>Total Equity</u>
	<u>(In Thousands)</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)

	<b>2021</b>	<b>2020</b>
<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)
	<b>2021</b>	<b>2020</b>
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	<u>12,246</u>	<u>-</u>
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>	<u>( 233,414)</u>	<u>122,630</u>
<b>CASH, BEGINNING OF YEAR</b>	<u>757,014</u>	<u>634,384</u>
<b>CASH, END OF YEAR</b>	<u><u>\$ 523,600</u></u>	<u><u>\$ 757,014</u></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)

		December 31, 2021		December 31, 2020				December 31, 2021		December 31, 2020	
<b>ASSETS</b>	Note	Amount	%	Amount	%	<b>LIABILITIES AND EQUITY</b>	Note	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	-
						Bonds payable, current portion	4,17	-	-	389,875	15
						Other current liabilities	19	2,889	-	2,694	-
						Total current liabilities		<u>785,888</u>	<u>29</u>	<u>883,426</u>	<u>33</u>
<b>Non-current assets</b>						<b>Non-current liabilities</b>					
Financial assets at amortized cost-noncurrent	4,8,31	-	-	6,200	-	Deferred tax liabilities	4,25	2,883	-	1,214	-
Property, plant and equipment	4,12	664,029	25	707,239	27	Lease liabilities-noncurrent	4,5,13	127,661	5	118,280	5
Right-of-use assets	4,5,13	130,092	-	120,567	4	Net defined benefit liability-noncurrent	4,21	-	-	1,871	-
Intangible assets	4,5,14	106,478	-	128,920	-	Guarantee deposits received		479	-	484	-
Deferred tax assets	4,25	433	-	2,386	-	Total non-current liabilities		<u>131,023</u>	<u>5</u>	<u>121,849</u>	<u>5</u>
Prepayments for business facilities		4,462	-	469	-	Total liabilities		<u>916,911</u>	<u>34</u>	<u>1,005,275</u>	<u>38</u>
Refundable deposits		4,006	-	1,189	-						
Net defined benefit asset, non-current	4,21	1,114	-	-	-	<b>Equity attributable to shareholders of the parent</b>	4,22				
Total non-current assets		<u>910,614</u>	<u>34</u>	<u>966,970</u>	<u>36</u>	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		<u>1,752,732</u>	<u>66</u>	<u>1,645,386</u>	<u>62</u>
						<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)

		<u>2021</u>		<u>2020</u>	
	<u>Note</u>	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
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>2021</u>		<u>2020</u>	
	<u>Note</u>	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
OTHER COMPREHENSIVE INCOME 4,21,22 (LOSS)					
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>	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>\$ 202,866</u>	<u>10</u>	<u>\$ 91,579</u>	<u>5</u>
NET INCOME ATTRIBUTABLE TO :					
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>
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO :					
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>
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 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)

	<u>Share Capital</u>			<u>Retained Earnings</u>		<u>Other Equity</u>			<u>Non-controlling</u>	
	<u>Shares</u>	<u>Ordinary Share</u>	<u>Capital Surplus</u>	<u>Legal Reserve</u>	<u>Unappropriated Earnings</u>	<u>Foreign Currency Translation Reserve</u>	<u>Treasury Shares</u>	<u>Total</u>	<u>Interests</u>	<u>Total Equity</u>
	<u>(In thousands)</u>									
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)

	<b>2021</b>	<b>2020</b>
<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)
	<b>2021</b>	<b>2020</b>
Income taxes paid	( \$ 9,187)	( \$ 29,537)
Net cash generated from operating activities	179,868	280,603

**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	( 35,015)	78,828

**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	( 351,273)	( 224,846)

EFFECT OF EXCHANGE RATE CHANGES ON CASH	( 25,191)	( 1,337)
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NET INCREASE (DECREASE) IN CASH	( 231,611)	133,248
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CASH, BEGINNING OF YEAR	786,945	653,697
CASH, END OF YEAR	<u>\$ 555,334</u>	<u>\$ 786,945</u>

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

(Concluded)

**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.

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
	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.	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. 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.	
Article 31	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.	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, <u>23<sup>rd</sup> amendment on May 27,2022.</u>	Newly revision Serial Number and date



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\$<del>10</del> million or less, shall be approved by the head of the Finance Department, and the amount exceeds NT\$<del>10</del> million shall be <del>approved by the chairman in advance</del>. 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\$<u>30</u> million or less, shall be approved by the head of the Finance Department, and the amount exceeds NT\$<u>30</u> 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</p> <p>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</p> <p>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</p> <p>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</p> <p>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 ARDE.</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</p> <p>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.</p> <p>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.</p> <p>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</p> <p>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.</p> <p>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.</p> <p>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>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>	