

Stock Code: : 4583



**APEX DYNAMICS, INC.**

**Handbook for the  
2023 Annual Meeting of Shareholders**

**Meeting Time : May 26, 2023 (Friday)**

**Meeting Place : APEX DYNAMICS, INC.**

**NO.10, Keyuan 3rd Rd., Situn District, Taichuag City, Taiwan**

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# **APEX DYNAMICS, INC.**

## **Procedure for the 2023 Annual Meeting of Shareholders**

**Convocation method** : Physical shareholder meeting

**Meeting Time** : May 26, 2023 2:00PM

**Meeting Place** : NO.10, Keyuan 3rd Rd., Situn District, Taichuag City, Taiwan

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

### **2. Chairperson Remarks**

### **3. Reporting Matters**

- (1) Annual Business Report for 2022.
- (2) Annual Audit Committee Review Report for 2022.
- (3) Annual Employee Remuneration and Director Remuneration Distribution Report for 2022.
- (4) Annual Surplus Distribution Cash Dividend Status Report for 2022.
- (5) Amendments to the company's "Procedures for Ethical Management and Guidelines for Conduct".

### **4. Proposals**

- (1) Annual Business Report and Financial Statements for 2022.

### **5. Election Matters**

- (1) Election proposal for the ninth session of directors (including independent directors).

### **6. Discussion**

- (1) Removal of non-compete restrictions on new directors of the company.

### **7. Questions and Motions**

### **8. Adjournment**

# Reporting Matters

## Report No.1 (Proposed by the board of directors)

**Explanation: The 2022 Business Report is attached as P.6~P.9.**

## Report No.2 (Proposed by the board of directors)

**Explanation: Supervisor's (Audit Committee's) Review Report on the 2022 Financial Statements as P.10**

## Report No.3 (Proposed by the board of directors)

**Explanation: 2022 Report on Distribution of Employee Remuneration and Directors' Remuneration.**

Illustrate: The employee's remuneration for company and director's remuneration in 2022 were approved by the board of directors on February 24, 2023. The distribution of employee remuneration of NT\$7,008,643 and director's remuneration of NT\$4,522,000 will be paid in cash.

## Report No.4 (Proposed by the board of directors)

**Explanation: 2022 annual profit distribution cash dividend report.**

Illustrate: 1. The company's net profit after tax in 2022 was NT\$1,124,093,533, According to Article 237 of the Company Law and the company's articles of association, when the statutory surplus reserve has reached the paid-in capital, there is no need to set aside 10% as the statutory surplus reserve, On February 24, 2023, it was approved by the audit committee and the board of directors, and 10% of the statutory surplus reserve was still set aside, with an amount of NT\$112,409,353.

2. The company distributed a cash dividend of NT\$10 per share in 2022, calculated on the basis of surplus distribution of NT\$8 per share and capital reserve of NT\$2 per share. Based on the number of 80,171,351 shares issued and entitled to participate in the distribution, NT\$801,713,510 will be distributed, and release completed on May 25, 2023.

## Report No.5 (Proposed by the board of directors)

**Explanation: Amended the "Procedures for Ethical Management and Guidelines for Conduct" of our company.**

Illustrate: In response to the needs of corporate governance, it is proposed to amend some of the articles of "Procedures for Ethical Management and Guidelines for Conduct" of the company, and the relevant content is as a comparison table of revised articles. Please refer to P.11~P.12

# Proposals

## Proposal No.1 (Proposed by the board of directors)

### Explanation: Adoption of the 2022 Business Report and Financial Statements.

- Illustrate:
1. The Company's 2022 Financial Statements, including the balance sheet, income statement, statement of changes in shareholders' equity, and statement of cash flows, were audited by independent auditors, Chen, Cheng-Hsueh and Chang, Tsu-Hsin of KPMG.
  2. 2022 Business Report, Accountant audit report, the above financial statements and Disposition of net income. Please refer to P.6~9, P.13~29.
  3. This proposal has been reviewed and approved by the Audit Committee, also passed by the Board of Directors, and submitted to the general meeting of shareholders for review and approval.

### Resolution:

# Election Matters

## Proposal No.1 (Proposed by the board of directors)

### Explanation: Election of the Ninth Directors (Including Independent Directors).

### Please proceed to vote.

- Illustrate:
1. Directors and independent directors of the 8th Board will be end on May 21, 2023. Accordingly, the company proposes to duly elect new Board members at this year's Annual Meeting of Shareholders.
  2. According to the Corporate Charter, proposed to elect seven directors of the ninth session (including three independent directors), From May 26, 2023 to May 25, 2026, the term of office is three years, and the second audit committee is composed of all independent directors.
  3. The election of directors and independent directors of the company adopts a candidate nomination system, and shareholders should be elected from the list of candidates, name, education background, experience and other relevant information lease refer to P.30~32.

### Voting Results:

## **Discussion**

### **Proposal No.1 (Proposed by the board of directors)**

**Explanation: Proposal for Release the Prohibition on Directors from Participation in Competitive Business. Please proceed to discuss.**

- Illustrate: 1. According to Article 209 of the Company Law, a director shall obtain the permission of the shareholders' meeting for himself or others to act within the scope of the company's business.
2. In accordance with Article 209 of the Company Law, it is proposed to submit to the general meeting of shareholders for approval to lift the restrictions on the non-compete of the new directors and independent directors of the current session. Please refer to P.33. Please proceed to discuss.

**Resolution:**

## **Questions and Motions**

## **Adjournment**

# APEX DYNAMICS, INC.

## Annual Business Report

【Appendix 1】

### 1. 2022 Annual Business Results

#### (1) Business plan implementation results:

The APEX DYNAMICS, INC. in 2022 consolidated operating income increased by 4.22%, net profit before tax increased by 31.62%, net profit after tax increased by 30.34%, after tax was EPSNT\$14.47, an increase of 22.32%, as shown in the following table:

#### Group merger

Unit: NT\$1000; %

Item	2021	2022	Increase (decrease) ratio
Operating Revenue	3,291,062	3,429,784	4.22
Gross Profit	1,635,607	1,740,582	6.42
Operating Profits	1,091,623	1,154,187	5.73
Pre-Tax Income	1,056,242	1,390,199	31.62
Net Income	862,450	1,124,094	30.34

#### Individual (Machinery Industry)

Unit: NT\$1000; %

Item	2021	2022	Increase (decrease) ratio
Operating Revenue	2,920,885	2,966,054	1.55
Gross Profit	1,415,996	1,435,921	1.41
Operating Profits	1,152,895	1,153,118	0.02

#### (2) Budget Execution Status:

The company has not disclosed its financial forecast for 2022, so there is no disclosure of the previous year's budget execution.

#### (3) Financial balance and profitability analysis

Unit: %

Item	2021	2022
Return on Assets	8.41	10.09
Return On Equity	11.47	12.83
Pre-Tax Income	144.83	173.40
Net profit margin	26.21	32.77
Earnings Per Share (NT\$)	11.83	14.47

#### (4) Operating Results:

In 2022, the new crown epidemic around the world has fluctuated to varying degrees, simultaneous, Ukrainian-Russian War and high inflation affected the global economic situation, the business activity across countries has had varying degrees of impact, China's trade market was closed due to the epidemic, and its performance has shrunk sharply since the second half of 2022. Fortunately, the European and American trade markets recovered to a greater extent, The overall global economic operation has picked up compared to 2021, but it has not yet returned to the growth momentum before the epidemic.

The APEX DYNAMICS, INC. has a global presence, therefore, it is less affected by a single regional market, the domestic epidemic situation in Taiwan was properly controlled, so that the production capacity of the APEX DYNAMICS, INC.'s machinery industry was not disturbed, and the existing efficient production could be maintained to respond to orders and consistent fast delivery strategy. The global production and marketing activities remain sluggish, the APEX DYNAMICS, INC.'s machinery industry can still gain a comparative advantage, machinery business grew slightly by 1.55%.

In the second half of 2022, the government has gradually opened up the control of the epidemic, driving tourism and catering consumption, and the tourism market was rebound considerably. In addition, the APEX DYNAMICS, INC.'s subsidiary- Millennium VEE Hotel Taichung, part of the depreciation of fixed assets will be fully amortized in the third quarter of 2022, reduced depreciation expense and reduced operating burden. In 2022, the Millennium VEE Hotel Taichung will be able to significantly reduce losses, almost breaking even.

With the support of foreign exchange benefits and Millennium VEE Hotel Taichung turned from loss to profit, The APEX DYNAMICS, INC. consolidated operating net profit, net profit margin and earnings per share have all increased in 2022.

## (5) Research Development Status:

Research and Development Products	Purpose and Function
SS Series High Performance Teach-In Programmer Wing Type Robot	Added EURMAP 12 interface. Integrated circuit board design reduces manufacturing costs and reduces assembly time.
AExxS / AERxxS for IP69(K)	Comply with the protection level requirements of ISO 20653-2013, the grade can reach IP 69(K), the highest level of protection requirements at present, which can meet the needs of harsh environments with high temperature and high pressure.
PF Series Gear Reducer	The hollow output shaft can be fully matched with the automation system to protect the transmission components.

## 2. Outline of business plan for 2023

### (1) Business policy and production and marketing policy

In response to the liberalization of epidemic control policies in various countries, marketing activities have rebounded to a greater extent compared to the two years before the epidemic, but, due to the impact of the Ukrainian-Russian War and high inflation, world economic activities are still somewhat limited. The company's agents in various countries still communicate with customers or with the parent company by telephone, email and online video, Actively consolidate existing customers and develop new customers. With the strong production capacity support of the parent company - the company, agents in various countries can also undertake the transfer order effect of the industry

The company currently has 36 general agents in 30 countries around the world, In the midst of the epidemic, we are still actively seeking agents, expanding marketing channels, opening up new markets, and promoting our brand image.

### (2) Expected Sales Volume and Rationale

The company refers to the market analysis of major research institutions, and according to the estimated needs of customers, considers production capacity planning, and sets annual sales targets based on past operating performance.

### **3. The future development strategy of the company will be affected by the external competitive environment, regulatory environment and overall business environment.**

The company's third factory located in Central Taiwan Science Park (Houli Park), the production machines in the factory building have been stationed in batches, in addition to strongly increasing production capacity and production of existing products, At the same time, new product development projects were carried out to expand product lines, provide more industrial application solutions, and join new markets.

Looking forward to 2023, under the guidance of the principles of ESG and energy conservation and carbon reduction, the company will continue to improve various management processes within the company, Optimize the cross-departmental information system, real-time and accurate control of the production process, and improve the power of the production line, and continue to optimize the processing and assembly process, strengthen personnel training, and further improve efficiency and yield, continuous optimization of the consistent fast delivery strategy. Among them, the re-optimization of production automation will be used to cope with the increasingly serious shortage of personnel.

We hope the epidemic will ease in the future, entry and exit will be opened, international business travelers and domestic and foreign tourists will continue to come back, and the previous good operating performance of MILLENNIUM VEE Hotel Taichung will surely be reproduced, it will also be a positive help to APEX DYNAMICS, INC.

In this way, the company maintains its growth momentum at a steady pace and enters the next wave of economic cycle.

Finally, I would like to thank all shareholders for their long-term support and encouragement to the company. Here, on behalf of APEX DYNAMICS, INC., I would like to extend my sincerest thanks to all shareholders, and wish all shareholders good health!

President

Chang, Chung-Hsing

General Manager

Kuo, Chung-Che

Accounting Supervisor

Hung, Hsiu-Min

# **APEX DYNAMICS, INC.**

## **Audit Committee's Review Report**      **【Appendix 2】**

The board of directors has prepared and submitted to the undersigned, audit committee of APEX DYNAMICS, INC., 2022 business report consolidated financial statements and dividend distribution proposal.

The consolidated financial statements have been duly audited by certified public accountants Chen, Cheng-Hsueh and Chang, Tsu-Hsin of KPMG. The above business reports, consolidated financial statements and dividend distribution proposal have been examined and determined to be correct and accurate by the undersigned. This report is duly submitted in accordance with Exchange Law and Company Law.

The Audit Committee, Chairman :

Mr. Kao, Cheng-Shu

February 24, 2023

# APEX DYNAMICS, INC.

## Clause Amendment Comparison Table of the 【Appendix 3】

### Procedures for Ethical Management and Guidelines for Conduct

No.	Before Amendment	After Amendment	Illustrate
7	<p>The company shall not provide or promise any facilitation payments, and upholds a politically neutral position and <u>does not provide political donations.</u></p> <p>If the personnel of the company provide or promise facilitation payments due to threats or intimidation, they should record the process and report to the immediate supervisor, and notify the company's dedicated unit.</p> <p>The company's dedicated unit should deal with it immediately after receiving the notification in the preceding paragraph, and review the relevant situation to reduce the risk of recurrence.</p> <p>If illegal activities are found, they should report to the judicial unit in conjunction with the company's legal unit.</p>	<p>The company shall not offer or promise any facilitation payments, and upholds a politically neutral position and <u>refrains from making political donations.</u></p> <p><u>The company's direct or indirect donations to political parties or organizations or individuals involved in political activities shall comply with the Political Contribution Law and relevant laws and regulations, and shall not be used to seek commercial benefits or transaction advantages. If the single transaction amount exceeds NT\$1 million for a single object, it shall be reported to the board of directors for approval.</u></p> <p>If the personnel of the company provide or promise facilitation payments due to threats or intimidation, they should record the process and report to the immediate supervisor, and notify the company's dedicated unit.</p> <p>The company's dedicated unit should deal with it immediately after receiving the notification in the preceding paragraph, and review the relevant situation to reduce the risk of recurrence.</p> <p>If illegal activities are found, they should report to the judiciary unit in conjunction with the company's legal unit.</p>	<p>Amendment of some provisions in response to corporate governance needs.</p>

No.	Before Amendment	After Amendment	Illustrate
8	<p>Charitable donations or sponsorships provided by the company shall be handled in accordance with the following matters, <del>and shall be reported to the board of directors for approval before it can be done:</del></p> <p>8.1 It should comply with the company's internal regulations and relevant laws and regulations.</p> <p>8.2 Decisions should be made in writing.</p> <p>8.3 The objects of charitable donations should be charitable organizations and shall not be disguised bribes.</p> <p>8.4 The feedback that can be obtained through sponsorship is clear and reasonable, and should not be the object of business dealings with the company or anyone who has an interest in the company's personnel.</p> <p>8.5 After charitable donation or sponsorship, it should be confirmed that the purpose of the money flow is consistent with the purpose of the donation.</p>	<p>The company provides charitable donations or sponsorships, which must be handled in accordance with the following:</p> <p>8.1 It should comply with the company's internal regulations and relevant laws and regulations.</p> <p>8.2 Decisions should be made in writing.</p> <p>8.3 The objects of charitable donations <u>should be charities, non-profit organizations or government agencies</u>, shall not be disguised bribes.</p> <p>8.4 The feedback that can be obtained through sponsorship is clear and reasonable, and should not be the object of business dealings with the company or anyone who has an interest in the company's personnel.</p> <p>8.5 After charitable donation or sponsorship, it should be confirmed that the purpose of the money flow is consistent with the purpose of the donation.</p> <p><u>8.6 If the single transaction amount exceeds NT\$1 million for a single object, it shall be reported to the board of directors for approval.</u></p>	<p>Amendment of some provisions in response to corporate governance needs.</p>

## INDEPENDENT AUDITORS' REPORT

To the Board of Directors of APEX Company :

### Opinion

We have audited the consolidated financial statements of APEX Company and its subsidiaries (“the Group”), which comprise the consolidated balance sheets as of December 31, 2022 and 2021, the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2022 and 2021, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and with the International Financial Reporting Standards (“IFRSs”), International Accounting Standards (“IASs”), Interpretations developed by the International Financial Reporting Interpretations Committee (“IFRIC”) or the former Standing Interpretations Committee (“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 Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors’ Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with The 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 of 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 of the current period. 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. We have determined the matters described below to be the key audit matters to be communicated in our report.

## 1. Revenue recognition

Please refer to Note 4(13) "Revenue" and Note 6(21) "Revenue from contracts with customers" to the consolidated financial statements.

Description of key audit matter:

Revenue is the key performance indicator to evaluate the performance by the investors and management. Since the revenue is recognized based on each sale order and contract terms to be identified and because the timing and amount of revenue recognition have a significant impact on the financial statement. Therefore, the test for revenue recognition is one of the important assessment items performed by the accountants for the purpose of auditing the financial statements of the Group.

How the matter was addressed in our audit:

Our principal audit procedures included: the principal audit procedures for the above key audit matters by the accountant include testing the controls surrounding revenue recognition; Analyzing there is any significant abnormality in a change in customers between the current year and the prior year, sampling the top ten customers, and reviewing the contracts and sales orders to evaluate the influence on revenue recognition and assess the accounting treatment of related contracts is applied appropriately, performing a sample test on sales transactions that took place before and after the balance sheet date, reviewing the relevant documents, and assessing the accuracy of the timing of revenue recognition.

## 2. Assessment of Inventory

The accounting principle of inventory, refer to consolidated financial statements Note 4 (8)"inventory", the assessment of accounting estimate and assumption uncertainty, refer to consolidated financial statements Note 5; the explanation of inventory assessment refers to consolidated financial statements Note 6 (5).

Description of key audit matter:

The Group's inventories are measured at the lower of cost and net realizable value. However, the cost of inventory might exceed its net realizable value due to the rapid advancement of technology and the changes in market demand. Therefore, inventory evaluation is one of our key audit matters.

How the matter was addressed in our audit:

In relation to the key audit matter above, our principal audit procedures included conducting sampling to examine accuracy of inventory aging; assessing the Group's inventory decline or rationality of debt ratio; examining accuracy of allowance amount of inventory of past years, and comparing with this period; assessing whether estimation method this period presents fairly; examining whether the valuation of inventories is in compliance with the accounting policies of the Group; understanding the basis of the selling price the management used to ensure the reasonableness of net realizable value of inventories to determine the sufficiency of allowance of inventories and whether the related disclosures are appropriate.

## Other Matter

APEX Company has prepared its parent-company-only financial statements as of and for the years ended December 31, 2022 and 2021, 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 with the IFRSs, IASs, IFRC, 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 Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance (including the Audit Committee or supervisors) are responsible for overseeing the Group's financial reporting process.

## **Auditors' Responsibilities for the Audit of the Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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 Standards on Auditing of 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 Standards on Auditing of the Republic of China, we exercise professional judgment and professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our 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 Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period 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 Cheng Hsueh, Chen and Tsu-Hsin, Chang.

## **KPMG**

Taipei, Taiwan (Republic of China)  
February 24, 2023

### **Notes to Readers**

*The accompanying consolidated financial statements are intended only to present the consolidated financial position, financial performance and cash flows in accordance with the 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 accepted and applied in the Republic of China.*

*The independent auditors' report and the accompanying consolidated financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors' report and consolidated financial statements, the Chinese version shall prevail.*

## APEX DYNAMICS, INC. and Subsidiaries

### Consolidated Balance Sheet

December 31, 2022 and 2021

(In Thousands of New Taiwan Dollars)

		December 31, 2022		December 31, 2021				December 31, 2022		December 31, 2021	
		Amount	%	Amount	%			Amount	%	Amount	%
<b>Assets</b>						<b>Liabilities and Equity</b>					
<b>Current assets:</b>						<b>Current liabilities:</b>					
1100	Cash and cash equivalents (Note 6(1))	\$ 2,454,539	22	1,912,707	17	2100	Short-term borrowings (Note 6(11) and 8)	\$ -	-	1,611,000	14
1110	Current financial assets at fair value through profit or loss (Note 6(2))	127	-	62,697	1	2130	Current contract liabilities (Note 6 (21))	31,149	-	25,257	-
1150	Notes receivable, net (Note 6(3))	1,985	-	7,679	-	2170	Accounts payable	111,751	1	79,233	1
1170	Accounts receivable, net (Note 6(3))	313,578	3	267,990	2	2200	Other payables	159,014	2	121,646	1
1180	Accounts receivable due from related parties, net (Notes 6(3) and 7)	65,813	1	78,716	1	2230	Current tax liabilities	254,064	2	222,411	2
1200	Other receivables, net (Note 6(4))	18,006	-	13,923	-	2280	Current lease liabilities (Note 6(14) )	51,293	1	40,212	1
1220	Current tax assets	4,819	-	21,910	-	2300	Other Current Liabilities (Note 6 (12)(13)(15) and 8)	<u>6,156</u>	-	<u>23,968</u>	-
130X	Inventory(Note 6(5))	1,461,473	13	1,432,528	12	<b>Total Current Liabilities</b>		<u>613,427</u>	<u>6</u>	<u>2,123,727</u>	<u>19</u>
1410	Prepayments (Note 6(6))	11,578	-	10,408	-	<b>Non-Current Liabilities:</b>					
1476	Other current financial assets (Note 6(10) and 8)	2,082,414	19	2,872,987	25	2540	Long-term borrowings (Note 6(13) and 8)	-	-	990,131	9
1479	Other current assets, others (Note 6(10))	<u>281</u>	-	<u>249</u>	-	2570	Deferred tax liabilities (Note 6(17) )	365	-	-	-
<b>Total current assets</b>		<u>6,414,613</u>	<u>58</u>	<u>6,681,794</u>	<u>58</u>	2580	Non-current lease liabilities (Note 6(14) )	579,056	5	609,032	5
<b>Non-current assets:</b>						2630	Long-term deferred revenue (Note 6(15) )	5,749	-	16,869	-
1600	Property, plant and equipment (Note 6(7) 8 and 9)	3,706,923	34	3,810,290	33	2645	Guarantee deposits (Note 6(12) )	<u>228</u>	-	<u>228</u>	-
1755	Right-of-use asset (Note 6(8))	582,888	6	617,842	6	<b>Total Non-Current Liabilities</b>		<u>585,398</u>	<u>5</u>	<u>1,616,260</u>	<u>14</u>
1780	Intangible assets (Note 6(9))	224,184	2	223,723	2	<b>Total Liabilities</b>		<u>1,198,825</u>	<u>11</u>	<u>3,739,987</u>	<u>33</u>
1840	Deferred tax assets (Note 6(17))	15,064	-	27,217	-	<b>Equity-Parent company (Note 6(18) )</b>					
1920	Refundable deposits (Note 6(10))	2,019	-	1,960	-	3100	Capital stock	801,714	7	729,284	6
1990	Other Non-Current Assets – Other (Note 6 (10))	<u>38,600</u>	-	<u>107,904</u>	<u>1</u>	3200	Capital surplus	1,524,628	14	83,002	1
<b>Total Non-current assets</b>		4,569,678	42	4,788,936	42	3300	Retained earnings	<u>7,459,124</u>	<u>68</u>	<u>6,918,457</u>	<u>60</u>
<b>Total assets</b>		<u>\$ 10,984,291</u>	<u>100</u>	<u>11,470,730</u>	<u>100</u>	<b>Total equity</b>		<u>9,785,466</u>	<u>89</u>	<u>7,730,743</u>	<u>67</u>
						<b>Total Liabilities and Equity</b>		<u>\$ 10,984,291</u>	<u>100</u>	<u>11,470,730</u>	<u>100</u>

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

**APEX DYNAMICS, INC. and Subsidiaries**  
**Consolidated Statements of Comprehensive Income**  
**For the years ended December 31, 2022 and 2021**  
(In Thousands of New Taiwan Dollars)

		<b>2022</b>		<b>2021</b>	
		<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
4000	<b>Operating revenue (Note 6(21) and 7)</b>	3,429,784	10	3,291,062	10
5000	<b>Operating costs (Note 6(5) (7) (8) (14) (16) (19) (22) and 7)</b>	<u>1,689,202</u>	<u>49</u>	<u>1,655,455</u>	<u>50</u>
	<b>Gross Profit</b>	<u>1,740,582</u>	<u>51</u>	<u>1,635,607</u>	<u>50</u>
	<b>Operating Expense (Note 6(7) (8) (9) (14) (16) (19) (22) and 7):</b>				
6100	Selling expenses	37,908	1	36,533	1
6200	Administrative expenses	505,424	15	474,881	15
6300	Research and development expenses	<u>43,063</u>	<u>1</u>	<u>32,570</u>	<u>1</u>
		<u>586,395</u>	<u>17</u>	<u>543,984</u>	<u>17</u>
	<b>Net operating income</b>	<u>1,154,187</u>	<u>34</u>	<u>1,091,623</u>	<u>33</u>
	<b>Non-operating revenue and expenses (Note 6(23)):</b>				
7100	Interest income	46,471	1	44,797	1
7010	Other income	1,777	-	12,661	-
7020	Other gains and losses, net	198,874	6	(73,064)	(2)
7050	Finance costs, net (Note 6(14))	<u>(11,110)</u>	<u>-</u>	<u>(19,775)</u>	<u>(1)</u>
		<u>236,012</u>	<u>7</u>	<u>(35,381)</u>	<u>(2)</u>
7900	<b>Profit before tax</b>	1,390,199	41	1,056,242	31
7950	Total tax expense (Note 6(17))	<u>266,105</u>	<u>8</u>	<u>193,792</u>	<u>6</u>
	<b>Profit</b>	<u>1,124,094</u>	<u>33</u>	<u>862,450</u>	<u>25</u>
8300	<b>Other comprehensive income, net</b>	-	-	-	-
8500	<b>Total comprehensive income</b>	<u><b>\$ 1,124,094</b></u>	<u><b>33</b></u>	<u><b>862,450</b></u>	<u><b>25</b></u>
	<b>Total comprehensive income belongs to:</b>				
	<b>Parent company, owner</b>	\$ 1,124,094	33	862,450	25
	<b>Non-controlling interests</b>	-	-	-	-
		<u><b>\$ 1,124,094</b></u>	<u><b>33</b></u>	<u><b>862,450</b></u>	<u><b>25</b></u>
	<b>Total comprehensive profit and loss belongs to:</b>				
	Parent company, owner	\$ 1,124,094	33	862,450	25
	Non-controlling interests	-	-	-	-
		<u><b>\$ 1,124,094</b></u>	<u><b>33</b></u>	<u><b>862,450</b></u>	<u><b>25</b></u>
	<b>Earnings per share (Note 6(20))</b>				
9750	Basic earnings per share (NT\$)	<u><b>\$ 14.47</b></u>		<u><b>11.83</b></u>	
9850	Diluted earnings per share (NT\$)	<u><b>\$ 14.46</b></u>		<u><b>11.82</b></u>	

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

**APEX DYNAMICS, INC. and Subsidiaries**  
**Consolidated Statements of Changes in Equity**  
**For the years ended December 31, 2022 and 2021**

(In Thousands of New Taiwan Dollars)

	Ownership interest - Attributable to the parent company					
	Share capital	Additional paid-in capital	Retained earnings			Total Equity
			Legal reserve	Undistributed earnings	Total	
<b>Balance on January 1, 2021</b>	\$ 729,284	83,002	715,436	5,778,141	6,493,577	7,305,863
Profit	-	-	-	862,450	862,450	862,450
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income	-	-	-	862,450	862,450	862,450
Appropriation and distribution of retained earnings:						
Legal reserve appropriated	-	-	68,162	(68,162)	-	-
Cash dividends of ordinary share	-	-	-	(437,570)	(437,570)	(437,570)
	-	-	68,162	(505,732)	(437,570)	(437,570)
<b>Balance on December 31, 2021</b>	<b>\$ 729,284</b>	<b>83,002</b>	<b>783,598</b>	<b>6,134,859</b>	<b>6,918,457</b>	<b>7,730,743</b>
<b>Balance on January 1, 2022</b>	\$ 729,284	83,002	783,598	6,134,859	6,918,457	7,730,743
Profit	-	-	-	1,124,094	1,124,094	1,124,094
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income	-	-	-	1,124,094	1,124,094	1,124,094
Appropriation and distribution of retained earnings:						
Legal reserve appropriated	-	-	86,245	(86,245)	-	-
Cash dividends of ordinary share	-	-	-	(583,427)	(583,427)	(583,427)
	-	-	86,245	(669,672)	(583,427)	(583,427)
Cash Capital Increase	72,430	1,432,524	-	-	-	1,504,954
Cost of employee stock options payable	-	9,102	-	-	-	9,102
<b>Balance on December 31, 2022</b>	<b>\$ 801,714</b>	<b>1,524,628</b>	<b>869,843</b>	<b>6,589,281</b>	<b>7,459,124</b>	<b>9,785,466</b>

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

**APEX DYNAMICS, INC. and Subsidiaries**  
**Consolidated Statements of Cash Flows**  
**For the years ended December 31, 2022 and 2021**  
(In Thousands of New Taiwan Dollars)

	<b>2022</b>	<b>2021</b>
<b>Cash flows from operating activities:</b>		
Profit before tax	\$ 1,390,199	1,056,242
<b>Adjustments:</b>		
<b>Adjustments to reconcile profit (loss):</b>		
Depreciation expense	365,144	388,107
Amortization expense	735	666
Net gains on financial assets or liabilities at fair value through profit	1,277	2,668
Interest expense	11,110	19,775
Interest income	(46,471)	(44,797)
Dividend income	(11)	(9)
Cost of share-based payment payable	9,102	-
Gains on disposal of property, plan and equipment	(11)	(135)
<b>Total adjustments to reconcile profit (loss)</b>	<u>340,875</u>	<u>366,275</u>
<b>Changes in operating assets and liabilities:</b>		
<b>Changes in operating assets</b>		
Decrease in notes receivable	5,694	3,932
Increase in accounts receivable	(45,588)	(34,573)
Decrease in accounts receivable due from related parties	12,903	24,649
Decrease (increase) in other accounts receivable	(1,071)	3,929
Decrease (increase) in inventory	(28,945)	158,336
Decrease (increase) in prepaid accounts	(1,648)	1,657
Decrease (increase) in other current assets	(32)	147
Increase in other finance assets	(6)	(4)
<b>Total change in operating assets</b>	<u>(58,693)</u>	<u>158,073</u>
<b>Total changes in operating liabilities</b>		
Increase in contract liabilities	5,892	5,177
Increase in accounts payable	32,518	17,155
Decrease in accounts payable due from related parties	-	(12,297)
Increase in Other payables	42,254	8,734
Decrease (increase) in other current liabilities	82	(379)
<b>Total changes in operating liabilities</b>	<u>80,746</u>	<u>18,390</u>
<b>Total changes in operating assets and liabilities</b>	<u>22,053</u>	<u>176,463</u>
<b>Total adjustments</b>	<u>362,928</u>	<u>542,738</u>
Cash flows from operating activities	1,753,127	1,598,980
Interest received	43,459	40,279
Dividends received	11	9
Interest paid	(11,681)	(19,385)
Income tax paid	(204,843)	(81,204)
<b>Net cash flows from operating activities</b>	<u>1,580,073</u>	<u>1,538,679</u>
<b>Cash Flows from Investing Activities</b>		
Fair Value Through Other Comprehensive Income Financial Assets	61,293	-
Acquisition of disposal of property, plant and equipment	(125,790)	(376,852)
Proceeds from disposal of property, plant and equipment	11	150
Decrease (increase) in refundable deposits	(59)	360
Acquisition of intangible asset	(801)	(231)
Increase (Decrease) in other financial assets	790,579	(1,662,865)
Increase in other non-current assets	(34,049)	(26,911)
<b>Net cash flows from (used in) investing activities</b>	<u>691,184</u>	<u>(2,066,349)</u>
<b>Cash flows from (used in) financing activities:</b>		
Increase in short-term loans	328,000	3,484,000
Decrease in short-term loans	(1,939,000)	(2,341,000)
Long-term borrowing	44,955	333,693
Repayment of long-term loans	(1,064,100)	-
Repayment of lease principal	(20,807)	(20,617)
Cash dividend	(583,427)	(437,570)
Cash capital increase	1,504,954	-
<b>Net cash flows from (used in) investing activities</b>	<u>(1,729,425)</u>	<u>1,018,506</u>
Net increase in cash and cash equivalents	541,832	490,836
Cash and cash equivalents at beginning of period	1,912,707	1,421,871
Cash and cash equivalents at end of period	<u>\$ 2,454,539</u>	<u>1,912,707</u>

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

## INDEPENDENT AUDITORS' REPORT

To the Board of Directors of APEX Company:

### Opinion

We have audited the financial statements of APEX Company (“the Company”), which comprise the balance sheets as of December 31, 2022 and 2021, the statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2022 and 2021, and its financial performance and its cash flows for the years then ended in accordance with the Regulations 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 Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the 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 of 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 financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the Material Uncertainty Related to Going Concern section, we have determined the matters described below to be the key audit matters to be communicated in our report.

#### 1. Revenue recognition

Please refer to Note 4(13) “Revenue” and Note 6(22) “Revenue from contracts with customers” to the consolidated financial statements.

Description of key audit matter:

Revenue is the key performance indicator to evaluate the performance by the investors and management, since the revenue is recognized based on each sale order and contract terms to be identified and because the timing and amount of revenue recognition have a significant impact on the financial statement. Therefore, the test for revenue recognition is one of the important assessment items performed by the accountants for the purpose of auditing the financial statements of the Company.

How the matter was addressed in our audit:

Our principal audit procedures included: the principal audit procedures for the above key audit matters by the accountant include testing the controls surrounding revenue recognition; Analyzing there is any significant abnormality in a change in customers between the current year and the prior year, sampling the top ten customers, and reviewing the contracts and sales orders to evaluate the influence on revenue recognition and assess the accounting treatment of related contracts is applied appropriately, performing a sample test on sales transactions that took place before and after the balance sheet date, reviewing the relevant documents, and assessing the accuracy of the timing of revenue recognition.

## **2. Assessment of Inventory**

The accounting principle of inventory, refer to consolidated financial statements Note 4 (7)“inventory”, the assessment of accounting estimate and assumption uncertainty, refer to consolidated financial statements Note 5; the explanation of inventory assessment refers to consolidated financial statements Note 6 (5).

Description of key audit matter:

The Company’s inventories are measured at the lower of cost and net realizable value. However, the cost of inventory might exceed its net realizable value due to the rapid advancement of technology and the changes in market demand. Therefore, inventory evaluation is one of our key audit matters.

How the matter was addressed in our audit:

In relation to the key audit matter above, our principal audit procedures included conducting sampling to examine accuracy of inventory aging; assessing the Company’s inventory decline or rationality of debt ratio; examining accuracy of allowance amount of inventory of past years, and comparing with this period; assessing whether estimation method this period presents fairly; examining whether the valuation of inventories is in compliance with the accounting policies of the Company; understanding the basis of the selling price the management used to ensure the reasonableness of net realizable value of inventories to determine the sufficiency of allowance of inventories and whether the related disclosures are appropriate.

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

Management is responsible for the preparation and fair presentation of the 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 financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the 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 the Audit Committee or supervisors) are responsible for overseeing the Company's financial reporting process.

## **Auditors' Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the 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 Standards on Auditing of 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 financial statements.

As part of an audit in accordance with the Standards on Auditing of the Republic of China, we exercise professional judgment and professional skepticism throughout the audit. We also:

- (1) Identify and assess the risks of material misstatement of the 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 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 financial statements, including the disclosures, and whether the 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 investment in other entities accounted for using the equity method to express an opinion on these 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 financial statements of the current period 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 Cheng Hsueh, Chen and Tsu-Hsin, Chang.

## **KPMG**

Taipei, Taiwan (Republic of China)

February 24, 2023

### **Notes to Readers**

*The accompanying financial statements are intended only to present the financial position, financial performance and cash flows in accordance with the 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 accepted and applied in the Republic of China.*

*The independent auditors' report and the accompanying financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors' report and financial statements, the Chinese version shall prevail.*

**APEX DYNAMICS, INC.**  
**PARENT COMPANY ONLY BALANCE SHEETS**  
**December 31, 2022 and 2021**  
(In Thousands of New Taiwan Dollars)

Assets	December 31, 2022		December 31, 2021		Liabilities and Equity	December 31, 2022		December 31, 2021	
	Amount	%	Amount	%		Amount	%	Amount	%
<b>Current assets:</b>					<b>Current liabilities:</b>				
1100 Cash and cash equivalents (Note 6(1))	\$ 2,389,845	23	1,860,714	17	2100 Short-term borrowings (Note 6(12) and 8)	\$ -	-	1,579,000	15
1110 Current financial assets at fair value through profit or loss (Note 6(2))	127	-	62,697	1	2130 Current contract liabilities (Note 6 (22)and7)	3,778	-	902	-
1150 Notes receivable, net (Note 6(3))	1,985	-	7,679	-	2170 Accounts payable	97,991	1	66,062	1
1170 Accounts receivable, net (Note 6(3))	306,966	3	261,187	3	2200 Other payables	111,064	1	86,492	1
1180 Accounts receivable due from related parties, net (Notes 6(3) and 7)	65,813	-	78,716	1	2220 Other payables-Related person (Note 7)	65	-	12	-
1200 Other receivables, net (Note 6(4))	17,975	-	13,502	-	2230 Current tax liabilities	254,064	3	222,411	2
1210 Other receivables due from related parties, net (Notes 6(4))	596,390	6	650,424	6	2280 Current lease liabilities (Note 6(15) )	16,990	-	16,402	-
1220 Current tax assets	4,814	-	21,910	-	2300 Other Current Liabilities (Note 6 (13)(14)(16))	<u>2,046</u>	-	<u>20,358</u>	-
130X Inventory(Note 6(5))	1,458,107	14	1,429,191	13	<b>Total Current Liabilities</b>	<u>485,998</u>	<u>5</u>	<u>1,991,639</u>	<u>19</u>
1410 Prepayments (Note 6(6))	5,120	-	4,946	-	<b>Non-Current Liabilities:</b>				
1476 Other current financial assets (Note 6(11) and 8)	2,061,569	20	2,856,606	26	2540 Long-term borrowings (Note 6(14) and 8)	-	-	990,131	9
1479 Other current assets, others (Note 6(11))	<u>-</u>	<u>-</u>	<u>24</u>	<u>-</u>	2570 Deferred tax liabilities (Note 6(18) )	364	-	-	-
<b>Total current assets</b>	<u>6,908,711</u>	<u>66</u>	<u>7,247,596</u>	<u>67</u>	2580 Non-current lease liabilities (Note 6(15) )	111,638	1	126,975	1
<b>Non-current assets:</b>					2630 Long-term deferred revenue (Note 6(16) )	<u>5,749</u>	-	<u>16,869</u>	-
1550 Investments accounted for using equity method (Note 6(7))	779,562	8	784,288	7	<b>Total Non-Current Liabilities</b>	<u>117,751</u>	<u>1</u>	<u>1,133,975</u>	<u>10</u>
1600 Property, plant and equipment (Note 6(8). 8 and 9)	2,528,062	25	2,545,735	24	<b>Total Liabilities</b>	<u>603,749</u>	<u>6</u>	<u>3,125,614</u>	<u>29</u>
1755 Right-of-use asset (Note 6(9))	125,939	1	141,097	1	<b>Equity (Note 6(19) )</b>				
1780 Intangible assets (Note 6(10))	2,836	-	2,375	-	3100 Capital stock	801,714	8	729,284	7
1840 Deferred tax assets (Note 6(18))	15,064	-	27,217	-	3200 Capital surplus	1,524,628	14	83,002	1
1920 Refundable deposits (Note 6(11))	183	-	145	-	3300 Retained earnings	<u>7,459,124</u>	<u>72</u>	<u>6,918,457</u>	<u>63</u>
1990 Other Non-Current Assets—Other (Note 6 (11))	<u>28,858</u>	<u>-</u>	<u>107,904</u>	<u>1</u>	<b>Total equity</b>	<u>9,785,466</u>	<u>94</u>	<u>7,730,743</u>	<u>71</u>
<b>Total Non-current assets</b>	<u>3,480,504</u>	<u>34</u>	<u>3,608,761</u>	<u>33</u>	<b>Total Liabilities and Equity</b>	<u>\$ 10,389,215</u>	<u>100</u>	<u>10,856,357</u>	<u>100</u>
<b>Total assets</b>	<u>\$ 10,389,215</u>	<u>100</u>	<u>10,856,357</u>	<u>100</u>					

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

**APEX DYNAMICS, INC.**

**PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME**

**For the years ended December 31, 2022 and 2021**

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

		For the years ended December 31			
		<b>2022</b>		<b>2021</b>	
		Amount	%	Amount	%
4000	<b>Operating revenue (Note 6(22) and 7)</b>	2,966,054	100	2,920,885	100
5000	<b>Operating costs (Note 6(5) (8) (9) (15) (17) (23) and 7)</b>	<u>1,530,133</u>	<u>52</u>	<u>1,504,889</u>	<u>52</u>
	<b>Gross Profit</b>	<u>1,435,921</u>	<u>48</u>	<u>1,415,996</u>	<u>48</u>
	<b>Operating Expense (Note 6(8) (9) (10) (15) (17) (23) and 7):</b>				
6100	Selling expenses	37,908	1	36,533	1
6200	Administrative expenses	201,832	7	193,998	7
6300	Research and development expenses	<u>43,063</u>	<u>1</u>	<u>32,570</u>	<u>1</u>
		<u>282,803</u>	<u>9</u>	<u>263,101</u>	<u>9</u>
	<b>Net operating income</b>	<u>1,153,118</u>	<u>39</u>	<u>1,152,895</u>	<u>39</u>
	<b>Non-operating revenue and expenses (Note 6(24)):</b>				
7100	Interest income	51,102	2	49,664	2
7010	Other income	1,171	-	1,621	-
7020	Other gains and losses, net	195,375	6	(75,251)	(3)
7050	Finance costs, net (Note 6(15))	(5,842)	-	(13,737)	-
7070	Share of profit (loss) of associates and joint ventures accounted for using equity method, net	<u>(4,726)</u>	<u>-</u>	<u>(58,949)</u>	<u>(2)</u>
		<u>237,080</u>	<u>8</u>	<u>(96,652)</u>	<u>(3)</u>
7900	<u>Profit before tax</u>	1,390,198	47	1,056,243	36
7950	<b>Total tax expense (Note 6(18))</b>	<u>266,104</u>	<u>9</u>	<u>193,793</u>	<u>6</u>
	<b>Profit</b>	<u>1,124,094</u>	<u>38</u>	<u>862,450</u>	<u>30</u>
8300	Other comprehensive income, net	-	-	-	-
8500	<b>Total comprehensive income</b>	<u><b>\$ 1,124,094</b></u>	<u><b>38</b></u>	<u><b>862,450</b></u>	<u><b>30</b></u>
	<b>Earnings per share (Note 6(21))</b>				
9750	Basic earnings per share (NT\$)	<u>\$ 14.47</u>		<u>11.83</u>	
9850	Diluted earnings per share (NT\$)	<u>\$ 14.46</u>		<u>11.82</u>	

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

**APEX DYNAMICS, INC.**

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

**For the years ended December 31, 2022 and 2021**

(In Thousands of New Taiwan Dollars)

	Retained earnings					Total Equity
	Ordinary shares	Capital surplus	Legal reserve	Undistributed earnings	Total	
<b>Balance at January 1, 2021</b>	\$ 729,284	83,002	715,436	5,778,141	6,493,577	7,305,863
Profit	-	-	-	862,450	862,450	862,450
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income	-	-	-	862,450	862,450	862,450
Appropriation and distribution of retained earnings:						
Legal reserve appropriated	-	-	68,162	(68,162)	-	-
Cash dividends of ordinary share	-	-	-	(437,570)	(437,570)	(437,570)
	-	-	68,162	(505,732)	(437,570)	(437,570)
<b>Balance at December 31, 2021</b>	<b>\$ 729,284</b>	<b>83,002</b>	<b>783,598</b>	<b>6,134,859</b>	<b>6,918,457</b>	<b>7,730,743</b>
<b>Balance at January 1, 2022</b>	\$ 729,284	83,002	783,598	6,134,859	6,918,457	7,730,743
Profit	-	-	-	1,124,094	1,124,094	1,124,094
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income	-	-	-	1,124,094	1,124,094	1,124,094
Appropriation and distribution of retained earnings:						
Legal reserve appropriated	-	-	86,245	(86,245)	-	-
Cash dividends of ordinary share	-	-	-	(583,427)	(583,427)	(583,427)
	-	-	86,245	(669,672)	(583,427)	(583,427)
Cash Capital Increase	72,430	1,432,524	-	-	-	1,504,954
Cost of employee stock options payable	-	9,102	-	-	-	9,102
<b>Balance at December 31, 2022</b>	<b>\$ 801,714</b>	<b>1,524,628</b>	<b>869,843</b>	<b>6,589,281</b>	<b>7,459,124</b>	<b>9,785,466</b>

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

# APEX DYNAMICS, INC.

## PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS

**For the years ended December 31, 2022 and 2021**

(In Thousands of New Taiwan Dollars)

	<b>2022</b>	<b>2021</b>
<b>Cash flows from (used in) operating activities:</b>		
<b>Profit before tax</b>	\$ 1,390,198	1,056,243
<b>Adjustments:</b>		
<b>Adjustments to reconcile profit (loss):</b>		
Depreciation expense	255,199	262,077
Amortization expense	735	666
Net gains on financial assets or liabilities at fair value through profit or loss	1,277	2,668
Interest expense	5,842	13,737
Interest income	(51,102)	(49,664)
Dividend income	(11)	(9)
Cost of share-based payment payable	9,102	-
Share of Profit or Loss of Associates & Joint Ventures Accounted for Using Equity Method	4,726	58,949
Gains on disposal of property, plan and equipment	(11)	(135)
<b>Total adjustments to reconcile profit (loss)</b>	<b>225,757</b>	<b>288,289</b>
<b>Changes in operating assets and liabilities:</b>		
<b>Changes in operating assets</b>		
Decrease in notes receivable due from related parties	5,694	3,933
Increase in notes receivable	(45,779)	(34,705)
Accounts payable – related parties reduce	12,903	24,649
Decrease(increase) in other accounts	(1,460)	4,321
Decrease (increase) in inventories	(28,916)	157,554
Decrease (increase) in prepaid accounts	(252)	709
Decrease (increase) in other current assets	24	(12)
Increase in other finance assets	(6)	(4)
<b>Total change in operating assets</b>	<b>(57,792)</b>	<b>156,445</b>
<b>Total changes in operating liabilities</b>		
Increase (decrease) in contract liabilities	2,876	(1,873)
Increase in accounts payable	31,929	19,004
Decrease in accounts payable – related parties	-	(12,297)
Decrease in Other payables	29,446	6,260
Increase (decrease) in other payables – related parties	53	(68)
Decrease in other current liabilities	(418)	(1,021)
<b>Total changes in operating liabilities</b>	<b>63,886</b>	<b>10,005</b>
<b>Total changes in operating assets and liabilities</b>	<b>6,094</b>	<b>166,450</b>
<b>Total adjustments</b>	<b>231,851</b>	<b>454,739</b>
<b>Cash flows from operating activities</b>	<b>1,622,049</b>	<b>1,510,982</b>
Interest received	48,123	45,148
Dividend received	11	9
Interest paid	(6,401)	(13,329)
Income tax paid	(204,838)	(81,206)
<b>Net cash flows from operating activities</b>	<b>1,458,944</b>	<b>1,461,604</b>
<b>Cash Flows from Investing Activities</b>		
Fair Value Through Other Comprehensive Income Financial Assets	61,293	-
Acquisition of disposal of property, plant and equipment	(121,735)	(365,359)
Proceeds from disposal of property, plant and equipment	11	150
Decrease (increase) in refundable deposits	(38)	360
Decrease (increase) in other receivable- related parties	54,000	-
Acquisition of intangible assets	(801)	(231)
Increase (Decrease) in other financial assets Ts	795,043	(1,655,590)
Increase in other non-current assets	(24,307)	(26,911)
<b>Net cash flows from (used in) investing activities</b>	<b>763,466</b>	<b>(2,047,581)</b>
<b>Cash flows from (used in) financing activities:</b>		
Increase in short-term loans	118,000	3,462,000
Decrease in short-term loans	(1,697,000)	(2,270,000)
Proceeds from long-term debt	44,955	333,693
Repayments of long-term debt	(1,064,100)	-
Payments of lease liabilities	(16,661)	(16,627)
Cash dividend	(583,427)	(437,570)
Proceeds from issuing shares	1,504,954	-
<b>Net cash flows from (used in) investing activities</b>	<b>(1,693,279)</b>	<b>1,071,496</b>
<b>Net increase in cash and cash equivalents</b>	<b>529,131</b>	<b>485,519</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>1,860,714</b>	<b>1,375,195</b>
<b>Cash and cash equivalents at end of period</b>	<b>\$ 2,389,845</b>	<b>1,860,714</b>

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

# APEX DYNAMICS, INC.

## Disposition of Net Income

【Appendix 6】

2022

Unit: NT\$

Item	Amount
1. Available for distribution	
(1) Accumulated surplus	5,465,186,505
(2) Net Operating Profit After Tax of this year	1,124,093,533
(3) Minus: Legal Reserve	<u>(112,409,353)</u>
Total:	<u>6,476,870,685</u>
2. Assign items	
(1) Shareholder cash dividend 80,171,351 shares * NT\$8 per share	<u>(641,370,808)</u>
Total:	<u>(641,370,808)</u>
3. Undistributed earnings	<u>5,835,499,877</u>

President

General Manager

Accounting Supervisor

Chang, Chung-Hsing

Kuo, Chung-Che

Hung, Hsiu-Min

# APEX DYNAMICS, INC.

## List of Director Candidates

【Appendix 7】

No.	Name	Gender	Academic Qualifications	Present Job
1	Chang, Chung-Hsing	M	National Ilan University Major in Mechanical Engineering	<ul style="list-style-type: none"> <li>■ APEX DYNAMICS, INC. : President and CEO</li> <li>■ MILLENNIUM VEE Hotel Taichung: President</li> <li>■ Titan Sheet Metal Making Technique INC. : President</li> <li>■ Pu-Mei Co., Ltd. : President</li> <li>■ APEX Construction Co., Ltd: Director</li> <li>■ Hsing-Chang Investment Co., LTD: President</li> </ul>
2	Chang, Yao-Tung	M	Vanung University Major in Civil Engineering	<ul style="list-style-type: none"> <li>■ Min-Da Land Administration Agents Office: Person in charge</li> <li>■ APEX DYNAMICS, INC. : Director</li> <li>■ Titan Sheet Metal Making Technique INC. : Supervisor</li> <li>■ Hsing-Chang Investment Co., LTD: Supervisor</li> </ul>
3	Huang, Yu-Wen	M	Tunghai University Institute Master of Architecture	<ul style="list-style-type: none"> <li>■ Huang-Yu-Wen Architects Office: Person in charge</li> <li>■ Taichung Architects Association: President</li> <li>■ APEX DYNAMICS, INC. : Director</li> </ul>
4	Hsu, Che-Chia	M	National Taipei University Institute Master of Law	<ul style="list-style-type: none"> <li>■ Ann-Hsing Cooperative Law Office: Person in charge</li> <li>■ APEX DYNAMICS, INC. : Director</li> <li>■ MILLENNIUM VEE Hotel Taichun: Supervisor</li> </ul>

# APEX DYNAMICS, INC.

## List of Independent Director Candidates

No	Name	Gender	Academic Qualifications	Present Job or Experience
1	Chuang, Po-Nien	M	Nationa Changhua University of EDU Institute Doctor of Industrial EDU	<p><b>Current Position:</b></p> <ul style="list-style-type: none"> <li>■ Industrial Technology Research Institute: Coordinator and Deputy Director-General of Operations Development Division</li> <li>■ APEX DYNAMICS, INC. : Independent Director</li> </ul> <p><b>Experience:</b></p> <ul style="list-style-type: none"> <li>■ Executive Yuan: Technology Consultant and Research Fellow</li> <li>■ Industrial Technology Research Institute: Vice Supervisor of Center for Measurement Standards</li> <li>■ Industrial Technology Research Institute: Administrator and Vice CEO of the South Branch</li> </ul>

No	Name	Gender	Academic Qualifications	Present Job or Experience
2	Tsai, Yu-Ching	F	Natiuna Taiwan University Institute Master of Accounting	<p><b>Current Position:</b></p> <ul style="list-style-type: none"> <li>■ Everwell &amp; Co., CPASs. : Accountant</li> <li>■ Formosa Optical Technology Co., Ltd. : Independent Director and Remuneration Committee</li> <li>■ Auden Techno CORP. : Independent Director and Remuneration Committee</li> <li>■ Paiho Shih Holdings CORP. : Independent Director</li> <li>■ Aker Technology Co., Ltd.: Remuneration Committee</li> <li>■ Chuan Da Technology Co., Ltd. : Supervisor</li> <li>■ APEX DYNAMICS, INC. : Independent Director</li> </ul> <p><b>Experience:</b></p> <ul style="list-style-type: none"> <li>■ Shih Her Technologies Inc. : Supervisor</li> <li>■ YoungTek Electronics CORP. : Supervisor</li> <li>■ Tera Autotech CORP. : Independent Director</li> </ul>
3	Cheng, Wen-Cheng	M	Feng Chia University: Institute Master of Business Administration	<p><b>Current Position:</b></p> <ul style="list-style-type: none"> <li>■ Designed by G.T. Internet Info. Co., Ltd. : Independent Director</li> <li>■ <b>SDI CORP.</b> : Independent Director</li> <li>■ MILLENNIUM VEE Hotel Taichung: Supervisor</li> </ul> <p><b>Experience:</b></p> <ul style="list-style-type: none"> <li>■ Esun Bank: Senior Deputy General Manager</li> <li>■ TCB Bank :Assistant Banking Officer</li> <li>■ Examination Yuan : Financial staff of Civil Service Special Examination</li> </ul>

# APEX DYNAMICS, INC.

## Detailed list of Lifting non-compete restrictions

### for Directors and Independent Directors

【Appendix 8】

Title	Name	Employment in other for-profit undertakings
Director	Chang, Chung-Hsing	<ul style="list-style-type: none"> <li>■ MILLENNIUM VEE Hotel Taichung: President</li> <li>■ Titan Sheet Metal Making Technique INC. : President</li> <li>■ Pu-Mei Co., Ltd. : President</li> <li>■ APEX Construction Co., Ltd: Director</li> <li>■ Hsing-Chang Investment Co., LTD: President</li> <li>■ Apex Steel Technology Inc : Director</li> <li>■ Golden Peak International Limited : Director</li> <li>■ Best Elite International Limited : Director</li> </ul>
Director	Chang, Yao-Tung	<ul style="list-style-type: none"> <li>■ Min-Da Land Administration Agents Office: Person in charge</li> <li>■ Titan Sheet Metal Making Technique INC. : Supervisor</li> <li>■ Hsing-Chang Investment Co., LTD: Supervisor</li> </ul>
Director	Huang, Yu-Wen	<ul style="list-style-type: none"> <li>■ Huang-Yu-Wen Architects Office: Person in charge</li> <li>■ Taichung Architects Association: President</li> </ul>
Director	Hsu, Che-Chia	<ul style="list-style-type: none"> <li>■ Ann-Hsing Cooperative Law Office: Person in charge</li> <li>■ MILLENNIUM VEE Hotel Taichung: Supervisor</li> </ul>
Independent Director	Chuang, Po-Nien	<ul style="list-style-type: none"> <li>■ Industrial Technology Research Institute: Coordinator and Deputy Director-General of Operations Development Division</li> </ul>
Independent Director	Tsai, Yu-Ching	<ul style="list-style-type: none"> <li>■ Everwell &amp;Co., CPASs. : Accountant</li> <li>■ Formosa Optical Technology Co., Ltd. : Independent Director and Remuneration Committee</li> <li>■ Auden Techno CORP. : Independent Director and Remuneration Committee</li> <li>■ Paiho Shih Holdings CORP. : Independent Director</li> <li>■ Aker Technology Co., Ltd.: Remuneration Committee</li> <li>■ Chuan Da Technology Co., Ltd. : Supervisor</li> </ul>
Independent Director	Cheng, Wen-Cheng	<ul style="list-style-type: none"> <li>■ Designed by G.T. Internet Info. Co., Ltd. : Independent Director</li> <li>■ SDI CORP. : Independent Director</li> <li>■ MILLENNIUM VEE Hotel Taichung: Supervisor</li> </ul>

# APEX DYNAMICS, INC.

## Rules of Procedure for Shareholder Meetings 【Appendices 1】

### 1. Basis

In order to establish a good shareholder governance system, improve the supervision function and strengthen the management function of the company, this rule is formulated in accordance with Article 5 of the "Code of Practice for Governance of Listed OTC Companies" for compliance.

### 2. The rules of procedure for the company's shareholders' meeting shall be in accordance with the provisions of these rules, unless otherwise stipulated by laws and regulations or the articles of association.

### 3. General meeting of shareholders and meeting notice

The company's shareholders' meeting shall be convened by the board of directors unless otherwise stipulated by laws and regulations.

Thirty days before the regular shareholders' meeting or 15 days before the extraordinary shareholders' meeting, the company shall submit the notice of the shareholders' meeting, the power of attorney, the relevant confirmation proposal, discussion proposal, election or dismissal of directors (including independent directors) and other matters. Proposals and explanatory materials are made into electronic files and sent to the public information observation station. And 21 days before the regular shareholders' meeting or 15 days before the extraordinary shareholders' meeting, the shareholders' meeting manual and supplementary materials for the meeting will be prepared and sent to the public information observation station as electronic files. Fifteen days before the shareholders' meeting, the manual of the shareholders' meeting and supplementary materials for the meeting shall be prepared for shareholders to request and read at any time, and they shall be displayed at the company and the stock affairs agency, and shall be distributed on-site at the shareholders' meeting.

The notice and announcement shall specify the reason for the convening; if the notice is approved by the counterparty, it may be done electronically.

Appointment or dismissal of directors (including independent directors), change of articles of association, capital reduction, application for cessation of public offering, directors' non-compete permit, capital increase from surplus, capital increase from public reserve, company dissolution, merger, division or Article 185 of the Company Law Items in the subparagraphs of Paragraph 1, Article 26-1 and Article 43-6 of the Securities and Exchange Law, Issuer's Guidelines for Handling the Offering and Issuance of Securities Article 56-1 and Article 60-2 Matters should be listed in the reasons for the convening, and cannot be proposed as an interim motion. Its main content may be placed on the website designated by the securities authority or the company, and the website address shall be specified in the notice. The reason for the convening of the shareholders' meeting has stated the full re-election of directors (including independent directors) and the date of inauguration. After the re-election of the shareholders' meeting is completed, the same meeting shall not change the date of inauguration by temporary motion or other means. Shareholders who hold more than 1% of the total number of issued shares may submit written proposals to the Company for general meeting of shareholders. However, there is a limit of one proposal, and those with more than one proposal shall not be included in the proposal.

In addition, if a proposal proposed by a shareholder falls under any of the circumstances in Item 4 of Article 172-1 of the Company Law, the board of directors may not include it as a proposal.

The company shall announce the acceptance of shareholders' proposals, the place of acceptance, and the acceptance period prior to the closing date of stock transfer before the general meeting of shareholders; the acceptance period shall not be less than ten days.

Proposals proposed by shareholders are limited to 300 words, and those exceeding 300 words will not be included in the proposal; the proposing shareholder should attend the general meeting of shareholders in person or entrust others to participate in the discussion of the proposal.

The company shall notify the proposing shareholders of the results of the handling before the notice date for the convening of the shareholders' meeting, and list the proposals that meet the provisions of this article in the meeting notice. For shareholder proposals that are not included in the proposal, the board of directors shall explain the reasons for not including them at the shareholders' meeting.

#### 4. Proxy to attend shareholders' meeting and authorize

Shareholders must issue a power of attorney issued by the company at each shareholders' meeting, specifying the scope of authorization, and appoint a proxy to attend the shareholders' meeting. Those who need to entrust are limited to one person and issue a power of attorney. The power of attorney should be sent to the company before the meeting at the latest. If there are duplicate power of attorneys, the one delivered first shall prevail. However, this does not apply to those entrusted before the declaration is revoked. After the power of attorney is delivered to the company, if the shareholder wishes to attend the shareholders' meeting in person or exercise voting rights in writing or electronically, he shall notify the company in writing of the cancellation of the proxy before the shareholders' meeting, the voting rights exercised in attendance shall prevail.

#### 5. Principles of convening shareholders' meeting, time and method

The place where the shareholders' meeting is held shall be the location of the company or a place that is convenient for shareholders to attend and is suitable for holding the shareholders' meeting. The starting time of the meeting shall not be earlier than 9:00 am or later than 3:00 pm. Opinions of independent directors. The method of convening the shareholders' meeting can be held by the resolution of the board of directors, physical shareholders' meeting, video-assisted shareholders' meeting, video-conference shareholders' meeting or other methods announced by the central competent authority. The conditions and operating procedures that the company should meet are in accordance with the "Standards for Handling Share Affairs of Companies Offering Shares to the Public".

#### 6. Preparation of signature book and other documents

The company shall set up a signature book for the attending shareholders themselves or proxies entrusted by the shareholders (hereinafter referred to as shareholders) to sign in, or for the attending shareholders to submit a sign-in card to sign in on their behalf.

The company shall deliver the procedural manual, annual report, speech notes, votes and other meeting materials to the shareholders attending the shareholders' meeting; if there are directors

to be elected, the ballots shall be attached.

Shareholders should present their attendance cards or other attendance certificates to attend the shareholders' meeting. Those who are entrusted to attend should bring their identity documents for verification.

When the government or legal person is the shareholder, the representative attending the shareholders meeting is not limited to one person. When a legal person is entrusted to attend a shareholders' meeting, it may only designate one representative to attend.

#### 7. Chairman of the shareholders meeting, attendees

If the shareholders' meeting is convened by the board of directors, the chairman shall be the directors. When the chairman is on leave or unable to exercise his powers for some reason, the chairman shall designate a director to act as an agent. If the chairman does not designate an agent, the director shall recommend an agent.

The shareholder meeting convened by the board of directors should preferably be held by the person authorized to convene by the board of directors. If there are two or more persons authorized to convene, one person shall be recommended.

The company can appoint lawyers, accountants or related personnel to attend the shareholders' meeting.

#### 8. Audio recording or video recording of the shareholder meeting

The company shall make audio or video recordings of the entire process of the shareholders' meeting and keep them for at least one year. However, if a shareholder files a lawsuit in accordance with Article 189 of the Company Law, it shall be preserved until the lawsuit is concluded.

#### 9. Calculation of the number of shares attended by shareholders meeting

Attendance at the shareholders' meeting shall be calculated on the basis of shares. The number of shares attended is calculated based on the signature book or attendance card, plus the number of shares that exercise voting rights in writing or electronically.

When the meeting time has expired, the chairman shall immediately announce the opening of the meeting, and at the same time announce relevant information such as the number of non-voting rights and the number of shares present. If shareholders representing more than half of the total number of issued shares are present, the chairman may announce the postponement of the meeting. The number of postponements is limited to two times, and the total delay time shall not exceed one hour. If there are still not enough shareholders representing more than one-third of the total issued shares to attend after the second postponement, the chairman will announce that the meeting will be adjourned.

If the preceding paragraph is postponed twice and the amount is still insufficient and there are shareholders representing more than one-third of the total issued shares present, a false resolution may be made in accordance with Article 175, Paragraph 1 of the Company Law, and the false resolution shall be notified to all parties. Shareholders shall convene another shareholders' meeting within one month.

Before the end of the current meeting, if the number of shares represented by the attending shareholders reaches more than half of the total number of issued shares, the chairman may resubmit the false resolution made to the shareholders' meeting for voting in accordance with Article 174 of the Company Law.

#### 10. Motion discussion

If the shareholders' meeting is convened by the board of directors, the agenda shall be determined by the board of directors, and the meeting shall be conducted in accordance with the scheduled agenda, which shall not be changed without a resolution of the shareholders' meeting.

If the shareholders' meeting is convened by a person other than the board of directors who has the right to convene, the provisions of the preceding paragraph shall apply mutatis mutandis.

Before the end of the agenda (including temporary motions) scheduled in the first two items, the chairman shall not declare the meeting closed unless a resolution is passed. Before the end of the agenda (including temporary motions) scheduled in the first two items, the chairman shall not declare the meeting closed unless a resolution is passed. If the chairman violates the rules of procedure and announces the adjournment of the meeting, other members of the board of directors shall promptly assist the attending shareholders in accordance with legal procedures, and elect a person as the chairman with the consent of more than half of the voting rights of the attending shareholders to continue the meeting.

The chairman shall give full explanations and opportunities for discussion on proposals and amendments or temporary motions proposed by shareholders, and may announce the cessation of discussion and put for voting when he considers that the resolution has reached a level that can be voted on.

#### 11. Shareholder statement

Before a shareholder makes a speech, he must first fill out a speech slip indicating the gist of the speech, shareholder account number (or attendance card number) and account name, and the chairman will determine the order of their speeches. Shareholders attending the meeting who only put forward speech slips but did not make a speech shall be deemed as having not made a speech. If the content of the speech is inconsistent with the record of the speech, the content of the speech shall prevail.

Each shareholder's speech on the same proposal shall not exceed two times without the consent of the chairman, and each time shall not exceed five minutes. However, if a shareholder's speech violates the regulations or exceeds the scope of the topic, the chairman may stop the speech.

When a shareholder present speaks, other shareholders are not allowed to interfere with the

speech unless the chairman and the shareholder who speaks agree, and the chairman should stop the violation.

When a legal person shareholder appoints two or more representatives to attend the shareholders' meeting, only one person may speak on the same proposal. After attending shareholders' speeches, the chairman may reply in person or by designating relevant personnel.

## 12. Calculation of the number of voting shares and avoidance system

Voting at the shareholders' meeting shall be based on shares.

The number of shares of non-voting shareholders shall not be included in the total number of issued shares for the resolutions of the shareholders' meeting.

Shareholders are not allowed to participate in voting if they have their own interests in the matters of the meeting that may harm the interests of the company, and they are not allowed to exercise their voting rights on behalf of other shareholders.

The number of shares that cannot exercise voting rights in the preceding paragraph shall not be included in the number of voting rights of shareholders present.

Except for a trust enterprise or a stock affairs agency approved by the competent securities authority, when one person is entrusted by two or more shareholders at the same time, the voting rights of the agent shall not exceed 3% of the total number of issued shares. Not counted.

## 13. Proposal voting, scrutiny and counting methods

Shareholders have one vote per share, however, those who are restricted or have no voting rights listed in the company law are not subject to this restriction.

When the company convenes a shareholders' meeting, it may exercise its voting rights in written or electronic means; when voting, if there is no objection after consultation with the chairman, it is deemed to be passed, and its effect is the same as that of voting, if voting rights are exercised in written or electronic means, the method of exercise shall be specified in the shareholders meeting convening notice, shareholders who exercise their voting rights in writing or electronically shall be deemed to have attended the meeting in person.

However, the interim motions and amendments to the original proposals at the shareholders' meeting are deemed as abstentions, so the company should avoid proposing interim motions and amendments to the original proposals.

For those who exercise their voting rights in writing or electronically in the preceding paragraph, their declaration of intent shall be delivered to the company two days before the shareholders' meeting. However, this does not apply to those who express their intention before the declaration is revoked.

After shareholders exercise their voting rights in writing or electronically, if they want to attend the shareholders' meeting in person, they should revoke the declaration of intention to exercise voting rights in the preceding paragraph in the same way as exercising voting rights two days before the shareholders' meeting; voting rights shall prevail. If voting rights are exercised in writing or electronically and a proxy is entrusted to attend the shareholders' meeting with a power of attorney, the voting rights entrusted to the proxy shall prevail.

Unless otherwise provided for by the Company Law and the Articles of Association of the company, voting on proposals shall be passed with the consent of more than half of the voting rights of the shareholders present. When voting, the chairman or his designated person shall announce the total number of voting rights of the shareholders present on a case-by-case basis, and then the shareholders shall vote on a case-by-case basis, and on the day after the shareholders' meeting, the shareholders' approval, objection or abstention results shall be entered into the Public Information Observatory.

When there is an amendment or alternative to the same proposal, the chairman shall determine the order of voting with the original proposal. If one of the proposals has been passed, the other proposals shall be deemed to be rejected, and there shall be no further voting.

The scrutiny and counting personnel for voting on proposals shall be designated by the chairman, but the scrutiny personnel shall have the status of shareholders.

Counting of votes shall be done publicly at the shareholder meeting, and the vote results shall be reported on the spot and recorded.

#### 14. Election

When the shareholders' meeting elects directors (including independent directors), it shall follow the relevant selection and appointment rules stipulated by the company, and shall announce the election results on the spot, including the list of elected directors and their voting rights.

The ballots for the elections mentioned in the preceding paragraph shall be sealed and signed by the scrutineer, and shall be kept in a safe place for at least one year. However, if a shareholder initiates a lawsuit in accordance with Article 189 of the Company Law, it shall be kept until the lawsuit is concluded.

#### 15. Meeting minutes and resolutions

The resolutions of the shareholders' meeting shall be recorded in minutes, signed or sealed by the chairman, and distributed to all shareholders within 20 days after the meeting. Minutes can be produced and distributed electronically.

The Company may announce the distribution of the minutes of the proceedings in the preceding paragraph on the Market Observation Post System.

The minutes of the meeting shall be accurately recorded according to the year, month, day, place, name of the chairman, resolution method, essentials of the proceedings and the results of the meeting, and shall be permanently preserved during the existence of the company.

#### 16. External announcement

The company shall prepare a statistical table in accordance with the prescribed format, for the number of shares acquired by the solicitor and the number of shares represented by the entrusted agent, make an announcement on the day of the shareholders' meeting.

For resolutions of the shareholders' meeting, if there is any important information required by the law or specified by Taiwan Stock Exchange, the company shall upload the content to the Market Observation Post System within the specified time.

#### 17. Maintenance of meeting order

Personnel handling the shareholders' meeting shall wear identification badges or armbands.

The chairman may direct pickets or security personnel to assist in maintaining order at the venue. When pickets or security personnel are present to help maintain order, they should wear armbands or identification cards with the words "Pickets".

If the venue is equipped with amplifying equipment, but the shareholders do not use the equipment to speak, the chairman may stop it.

The shareholder who violate the rules of procedure and refuse to obey the chairman's correction, obstruct the progress of the meeting and refused to comply, may be ordered by the chairman to ask the pickets or security personnel to leave the meeting place.

#### 18. Break or continue meeting

When the meeting is in progress, the chairman may announce a break at a discretionary time. In the event of an irresistible event, the chairman may rule to temporarily suspend the meeting and announce the time for the continuation of the meeting as appropriate.

If the agenda scheduled by the shareholders' meeting is not over yet (including temporary motions) but the meeting venue cannot continue to be used, the shareholders meeting decides to find another venue to continue the meeting.

The shareholders' meeting shall, in accordance with Article 182 of the Company Law, resolve to postpone or continue the meeting within five days.

#### 19. These rules come into force after being passed by the shareholders meeting, the same applies when making corrections.

# APEX DYNAMICS, INC.

## Articles of Company

【Appendices 2】

### 1. General Principles

1. The company is organized in accordance with the rule named Company Limited by Shares in the Company law, English name is APEX DYNAMICS, INC.
2. The business of the company is as follows:  
Research, develop, design, manufacture and sell the following products:  
(1)The high-precision planetary gearboxes and related mechatronics servo mechanism.  
(2) Industrial machine.  
The industry codes of products and business items are as follows:  
(1) CB01010 Mechanical equipment manufacturing  
(2) CB01990 Other machinery manufacturing  
(3) CA02010 Manufacture of metal structure and architectural components  
(4) E604010 Machinery installation  
(5) F401010 International trade  
(6)ZZ99999 All business activities that are not prohibited or restricted by law, except those that are subject to special approval. ( outside the Central Taiwan Science Park only ) .
- 3.The company's headquarters is established in Central Taiwan Science Park, When necessary, branch companies can be established at home and abroad according to the law through the resolution of the board of directors.
4. The company's announcement method is handled in accordance with the provisions of Article 28 of the Company Law.
- 4-1.The company's reinvestments in other businesses is not subject to the company law's restriction that the total investment shall not exceed 40% of the company's paid-in share capital, the Company may act as a guarantor.

### 2. Shares

5. The company's capital is rated at NT\$100 million, divided into 100 million shares, and each share is NT\$100, of which the unissued shares are authorized to be issued by the board of directors.

NT\$30,000,000 reserved in the total capital of the preceding paragraph shall be divided into 1,000,000 shares for issuing employee stock option certificates to exercise stock options, issued in tranches after resolution of the board of directors.

When the company's shares are required to be repurchased by the company itself according to law, Authorized to the board of directors in accordance with laws and regulations.

The company transfers to employees at a price lower than the average price at which the shares are actually repurchased, or employee stock option certificates issued at a subscription price lower than the market price (net value per share), the shareholders' meeting should be sent to the shareholders' meeting representing more than half of the total number of issued shares, more than two-thirds of the voting rights of the attending shareholders agree.

- 5-1. Treasury stock purchased by the company in accordance with the Company Law, the object of the transfer includes employees of the controlling or subordinate companies who meet certain conditions.

The company's employee stock option certificates are issued to objects, including employees of controlling or subordinate companies who meet certain conditions.

When the company issues new shares, the employees who purchase the shares include employees of the controlling or subordinate companies who meet certain conditions.

The objects of the company's issuance of restricted personnel entitled to new shares include personnel of the controlling or subordinate company who meet certain conditions.

6. The shares of the company are registered, signed or stamped by the director representing the company, and issued after being approved by the competent authority or its approved issuing registration agency in accordance with the law.

Shares issued by the company do not need to be printed, but they should be registered with a centralized securities depository institution, and the same applies to the issuance of other securities. The company's stock affairs are handled in accordance with the regulations of the relevant laws and regulations of the competent authority.

7. The company shall change the records in the shareholders' register within 60 days before the regular shareholders' meeting, not within 30 days before the extraordinary meeting of shareholders, or within 5 days before the company decides to distribute dividends and bonuses or other benefits.

8. The company's stock name change and transfer are handled in accordance with the Company Law and relevant laws and regulations.

The company's stock affairs operations are handled in accordance with the "Standards for Handling Stock Affairs of Publicly Issued Companies" and other relevant regulations promulgated by the competent authority.

### **3. Shareholders meeting**

9. The company's shareholders' meeting is divided into two types: regular meeting and extraordinary meeting.

Regular meetings are held once a year within six months after the end of each fiscal year. Ad hoc meetings will be convened in accordance with the law when necessary, and the notification can be made electronically with the consent of the counterparty.

The method of convening the shareholders' meeting may be implemented through the resolution of the board of directors, physical shareholders' meeting, video-assisted shareholders' meeting, video-based shareholders' meeting, or other methods announced by the central competent authority. The company should comply with the conditions and operating procedures, and handle it in accordance with the "Standards for Handling Share Affairs of Companies Offering Shares to the Public" promulgated by the competent authority.

10. The convening notice of the company's regular shareholders' meeting shall be issued 30 days in advance, The convening notice of the extraordinary shareholders meeting shall be 15 days in advance, Notify shareholders of the date, place and reason for the meeting and make an announcement.
11. If a shareholder is unable to attend the shareholders' meeting, in accordance with the provisions of Article 177 of the Company Law, he shall issue a power of attorney and entrust an agent to attend the meeting.

The method of entrusting the company's shareholders to attend is unless otherwise stipulated by the Company Law, follow Regulations Governing the Use of Proxies for Attendance at Shareholder Meetings of Public Companies.

12. When the shareholders' meeting is held, the chairman shall be the president. When the president is absent, the president shall designate a director to act as the representative, if no designation is made, the directors shall recommend one person to act as the agent. If it is convened by another convening person other than the board of directors, the chairman shall be the convening person. If there are more than two convening persons, one of them shall be elected from each other.
13. Except as otherwise provided by relevant laws and regulations, each shareholder of the company has one voting right for each share held.
14. After the company's stock is publicly issued, if it wants to cancel the public offering, in addition to the approval of the board of directors, a special resolution of the shareholders' meeting must be obtained before the cancellation of the public offering can be started.
15. Unless otherwise stipulated by the relevant laws and regulations, the resolution of the shareholders' meeting shall be attended by shareholders representing more than half of the total number of issued shares, based on the opinions of more than half of the voting rights of the shareholders present.

When the company convenes a general meeting of shareholders after Initial Public Offerings and Over the Counter, electronic means should be listed as one of the channels for exercising voting rights, shareholders who exercise voting rights electronically are deemed to be present in person, and related matters shall be handled in accordance with laws and regulations.

16. The resolutions of the shareholders' meeting shall be recorded in minutes, which shall be signed or sealed by the chairman of the shareholders' meeting, and distribute the minutes of the meeting to all shareholders within 20 days after the meeting.

The minutes of the meeting shall be carried out by announcement.

The minutes of the meeting shall record the year, month, day, place, name of the chairman, resolution method, essentials and results of the meeting, and shall be kept permanently during the existence of the company.

Production and distribution of minutes of the meeting, electronic files shall be share on the virtual meeting platform.

#### **4. Directors and Audit Committee**

17. The company has five to nine directors, all of whom are a person of full age and capacity. Term of office is three years, can be re-elected, cumulative voting by single registered name.

The company has passed the resolution of the board of directors to purchase liability insurance for the directors of the company in accordance with the scope of the business performed during their term of office

The total shareholding ratio of all directors of the company shall not be less than Rules and Review Procedures for Director and Supervisor Share Ownership Ratios at Public Companies.

18. The company shall have independent directors among the above-mentioned number of directors, and the number of independent directors shall not be less than three and shall not be less than one-fifth of all directors.

The election of the company's directors (including independent directors) adopts the candidate nomination system in Article 192-1 of the Company Law, and is handled in accordance with the Company Law, the Securities Exchange Law and other relevant laws and regulations.

The election of directors shall be handled in accordance with Article 198 of the Company Law, independent directors and non-independent directors are elected together, and the number of elected persons is calculated separately. Those with more voting rights represented by the votes obtained will be elected as independent directors and non-independent directors. The professional qualifications, shareholding and part-time restrictions, independence determination, nomination and selection methods, exercise of powers and other compliance matters of independent directors shall be handled in accordance with the Securities Exchange Law and relevant laws and regulations.

19. When there are fewer than five directors due to dismissal, the company shall hold a by-election at the latest shareholders meeting. However, when the vacancies of directors reach one-third or all independent directors resign, the board of directors shall elect an extraordinary general meeting within 60 days.

20. When the term of directors is about to expire but there is no time for election, Possibility to extend ongoing duties until the appointment of a new director.

21. The composition of the board of directors is that more than two-thirds of the directors present and more than half of the directors present agree to elect a chairman from each other, and execute all the affairs of the company in accordance with the laws, articles of association, shareholders' meeting and resolutions of the board of directors.

21-1. Board of directors is made up of directors.

The functions and powers shall be handled in accordance with Article 202 of the Company Law as follows:

- (1) Manufacturing business plan.
- (2) Proposal for profit distribution or loss compensation.
- (3) Proposal for capital increase or decrease.
- (4) Approval of important rules and contracts.
- (5) Appointment, appointment and dismissal of the general manager and managers of the company.
- (6) Establishment and dissolution of branches.
- (7) Approved budget and final accounts
- (8) Other functions and powers conferred by the company law or resolutions of the shareholders' meeting.

22. The company's business policy and other important matters are resolved by the board of directors, except for the first meeting of the board of directors in accordance with Article 203 of the Company Law, the board of directors shall be convened by the president and serve as the chairman, when the president is unable to perform his duties, the president shall designate a director to act as the representative, and if not appointed, the directors shall recommend a representative from each other.

22-1. Reason for the convening of the board of directors shall be stated, and all directors shall be notified seven days in advance. However, it can be summoned at any time when there is an emergency, and it can be written, faxed and E-mailed.

22-2. Remuneration of the president and directors is authorized to the board of directors according to the degree of participation in the company's operations and the value of their contributions, and with reference to peers.

The company may set reasonable remuneration for independent directors that are different from general directors. Directors of the company who act as managers or employees may be treated as ordinary employees and receive additional salary, and various bonuses, dividends and benefits will be paid depending on the company's operation and profit stat.

23. The board meeting shall be convened by the president of the board of directors unless otherwise stipulated by the Company Law. Resolutions of the board of directors, unless otherwise provided by the Company Low, shall be attended by more than half of the directors, and shall be made with the consent of more than half of the directors present. When a director is unable to attend the meeting for any reason, he shall issue a power of attorney, enumerating the scope of authorization for the reason for the convening, and entrust other directors to attend the meeting on behalf of the director, but only one person shall be entrusted by one person.

The agency of directors shall be handled in accordance with Article 205 of the Company Law. When the board of directors meets, if it is attended by video conference, it is deemed to be present in person.

24. The proceedings of the board of directors shall be recorded in minutes, signed or sealed by the chairman, and within 20 days after the meeting, the minutes shall be distributed to all directors, soft copy is available, The minutes of the meeting shall record the year, month, day, place, name of the chairman, resolution method, key points and results of the meeting, and shall be kept permanently during the company's existence.
25. The company shall set up various functional special committees such as the audit committee in accordance with the relevant regulations of Securities and Exchange Act., and the audit committee shall be composed of all independent directors.

After the company sets up the audit committee, it is responsible for implementing the duties and powers of the supervisor stipulated in the company law, Securities and Exchange Act., other laws and regulations, the company's articles of association and various regulations.

## **5. Manager**

26. The company may have a manager, whose appointment, dismissal and remuneration shall be handled in accordance with Article 29 of the Company Law.
27. The company may hire consultants and important staff through the resolution of the board of directors in accordance with the provisions of Article 23 of the Articles of Association.
28. Other employees of the company are appointed and dismissed by the general manager and reported to the board of directors for approval.

## **6. Final Accounts**

29. At the end of each fiscal year, the board of directors shall prepare (1) business reports, (2) financial statements, and (3) proposals for profit distribution or loss compensation, etc., and submit them to the shareholders' general meeting in accordance with the law, requesting approval.
30. If the company makes profits in the year, no less than 0.5% (inclusive) should be appropriated as employee remuneration, and not more than 1% (inclusive) is the director's remuneration, however, when the company still has accumulated losses, it should reserve the compensation amount in advance.

The recipients of the employee remuneration in the preceding paragraph may include the employees of the controlling or subordinate companies who meet certain conditions. Employee remuneration can be distributed in the form of stock (treasury stock, issuance of new stock) or cash, which should be specially resolved by the board of directors and submitted to the shareholders' meeting report.

- 30-1. If there is a surplus in the company's annual final accounts, it will be distributed in the following order :
1. Pay income tax according to law.
  2. Compensation for previous years' losses.

3. 10% is withdrawn as the statutory surplus reserve, except when the statutory surplus reserve has reached the total capital of the company.
4. Set aside or reverse the special surplus reserve when necessary.
5. After deducting various balances, the board of directors will combine the balance with the previous annual earnings to prepare a distribution proposal, and request the shareholders' meeting to resolve the distribution.

The company's dividend distribution policy depends on factors such as the company's current and future investment environment, capital needs, domestic and foreign competition conditions, and capital budgets, as well as taking into account the interests of shareholders, balancing dividends and the company's long-term financial planning, etc. In accordance with Article 240, Item 5 of the Company Law, the company authorizes the board of directors to have more than two-thirds of the directors present, and the resolutions of more than half of the directors present, dividends and bonuses that should be distributed, or all or part of the statutory surplus reserve and capital reserve stipulated in Article 241 of the Company Law, use cash to distribute and report to shareholders' meeting. The total amount of dividends for shareholders is the balance listed in Item 5 of the preceding paragraph plus the undistributed surplus at the beginning of the period, which is the total distributable surplus, select a ratio within the range of 2.5 percent to 15 percent to establish a surplus for allocation stock interest and dividends, the proportion of cash dividends distributed by shareholders is not less than 50% of the total stock interest of shareholders.

## **7. Supplementary Provisions**

31. The company's internal organizational regulations and working rules are formulated separately by the board of directors.
32. If there are any unspecified matters in the procedures of this chapter, please follow the Company Law and other laws and regulations.
33. This charter was established on October/19/1999.  
First revised was on April/15/2000.  
Second revised was on June/30/2000.  
Third revised was on May/13/2002.  
Fourth revised was on October/02/2002.  
Fifth revised was on February/07/2003.  
Sixth revised was on June/28/2005.  
Seventh revised was on June/09/2006  
Eighth revised was on February/20/2009.  
Ninth revised was on March/03/2009  
Tenth revised was on March/27/2009.  
Eleventh revised was on May/18/2012.  
Twelfth revised was on May/18/2012  
Thirteenth revised was on May/24/2016.  
Fourteenth revised was on August/21/2020.  
Fifteenth revised was on July/01/2021.  
Sixteenth revised was on June/17/2022.

# APEX DYNAMICS, INC.

## Director Selection Process

【Appendices 3】

### Article 1

In order to select directors (including independent directors) fairly, impartially and openly, this procedure is formulated in accordance with Article 21 and Article 41 of "Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies " and the provisions of " Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies ".

### Article 2

The election and appointment of directors (including independent directors) of the company shall be handled in accordance with this procedure unless otherwise stipulated by laws or the articles of association.

### Article 3

The selection of directors of the company shall take into account the overall configuration of the board of directors. Diversity should be considered in the composition of the board of directors, and an appropriate diversification policy should be drawn up based on its own operations, business model and development needs, which should include but not limited to the following two major aspects:

1. Basic conditions and values: gender, age, nationality and culture, etc.
2. Professional knowledge and skills: professional background (such as law, accounting, industry, finance, marketing or technology), professional skills and industry experience, etc.

Members of the board of directors should generally have the knowledge, skills and accomplishments necessary to perform their duties, and their overall abilities should be as follows:

1. Operational judgment.
2. Accounting and financial analysis skills.
3. Operation and management ability.
4. Crisis management capabilities.
5. Industry knowledge.
6. International market outlook.
7. Leadership skills.
8. Decision-making ability.

Directors shall have more than half of the seats, and shall not have spouses or relatives within the second degree of relatives.

#### **Article 4**

The qualifications of independent directors of the company shall meet the provisions of Articles 2, 3 and 4 of "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies".

The election of independent directors of the company shall comply with the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies".

"The provisions of Articles 5, 6, 7, 8 and 9 shall also be handled in accordance with Article 24 of "Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies".

#### **Article 5**

The election of directors of the Company shall be conducted in accordance with the procedures for the nomination of candidates stipulated in Article 192-1 of the Company Law.

If there are fewer than five directors due to dismissal, the company shall hold a by-election at the latest shareholders' meeting. However, if the vacancy of directors reaches one-third of the number of seats stipulated in the articles of association, the company shall hold a by-election for an extraordinary meeting of shareholders within 60 days from the date of occurrence.

If the number of independent directors is insufficient for the first proviso of Article 14-2 of the "Securities and Exchange Act", by-election shall be held at the latest shareholders' meeting; when all independent directors are dismissed, they shall be re-elected within 60 days from the date of occurrence of the fact, convene a by-election of an extraordinary meeting of shareholders.

#### **Article 6**

The election of directors of the company adopts the accumulative voting system. Each share has the same voting rights as the number of directors to be elected. One person may be elected collectively, or a number of persons shall be allocated for elections.

#### **Article 7**

The board of directors shall prepare ballots equal to the number of directors to be elected, and fill in the summed total, Distributed to shareholders attending the shareholders' meeting, the names of the voters are replaced by the numbers printed on the ballot papers.

## **Article 8**

According to the number of directors stipulated in the articles of association of the company, the voting rights of independent directors and non-independent directors are calculated separately, Those with the most electoral votes represented by the obtained electoral votes shall be elected in turn, If two or more people have the same number of rights and exceed the prescribed quota, those who have the same number of rights will draw lots to decide, and the chairman will draw lots for those who are not present.

## **Article 9**

Before the election begins, the chairman shall designate a number of vote scrutineers and counters who are shareholders to perform various related duties. The ballot boxes are prepared by the board of directors and inspected by the scrutineers in public before voting.

## **Article 10**

Ballots are invalid if one of the following conditions occurs:

1. Those who do not need ballots prepared by persons with the right to convene.
2. Those who put blank ballots into the ballot box.
3. The handwriting is illegible or altered.
4. The candidates filled in are inconsistent with the list of director candidates after checking.
5. In addition to filling in the number of allocated voting rights, other words are inserted.

## **Article 11**

After the voting is completed, the votes will be counted on the spot, and the chairman or the designated master of ceremonies will announce the list of elected directors on the spot. The ballot papers for the elections mentioned in the preceding paragraph shall be sealed and signed by the scrutineers, and shall be kept in a safe place for at least one year, however, if a shareholder files a lawsuit in accordance with Article 189 of the Company Law, it shall be preserved until the lawsuit is concluded.

## **Article 12**

The elected directors will be notified of their election by the board of directors of the company.

## **Article 13**

This procedure shall be implemented after approval by the shareholders' meeting, and the same shall apply when it is amended.

# APEX DYNAMICS, INC.

## Shareholding of All Directors

【Appendices 4】

1. The rated capital of the company is NT\$1,000,000,000, and the paid-in capital is NT\$801,713,510.
2. According to Article 26 of Securities and Exchange Act, the minimum number of shares held by all directors is 6,413,708 shares.
3. As of March 28, 2023, the shareholdings of individual and all directors recorded in the shareholder list are as follows:

<b>Title</b>	<b>Name</b>	<b>Number of shares held by directors</b>
President	Chang, Chung-Hsing	29,024,654 shares
Directors	Chang, Yao-Tung	495,017 shares
Directors	Huang, Yu-Wen	193,003 shares
Directors	Hsu, Che-Chia	0 shares
Independent Director	Kao, Cheng-Shu	0 shares
Independent Director	Chuang, Po-Nien	0 shares
Independent Director	Tsai, Yu-Ching	0 shares
Total		29,712,674 shares

Note: The Company has an audit committee, so the regulation on the number of shares that a supervisor must hold is not applicable.