



## Apex International Co., Ltd.

(Incorporated in Cayman Islands with limited liability)

### 2023 Annual General Meeting Minutes

(Translation)

**Date:** Wednesday, May 31, 2023 at 09:00 AM

**Place:** The Landis Taipei Hotel, Banquet Hall  
(B1., No. 41, Sec. 2, Minquan E. Rd., Zhongshan Dist., Taipei City, Taiwan R.O.C.)

**Type of the Meeting:** Physical Meeting

**Total outstanding shares:** 189,937,988

**Total shares represented by shareholders present in person or by proxy:** 134,232,860

**Percentage of shares held by shareholders present in person or by proxy:** 70.67%

**Total shares having no voting right:** 0

#### Directors present:

Mr. Shu-Mu Wang, Chairman of the Company

Mr. Jui-Hsiang Chou, Director

Mr. Yung-Yuan Cheng, Director

Mr. Sen-Tien Wu, Director

Mr. Chau-Chin Su, Independent Director & Convener of the Audit Committee

Ms. Ray-Hua Horng, Independent Director

6 members of the Board of Directors are present, which is over half of the 11 seats on the board.

**Attendee:** Ms. Chun-I Chang, CPA, KPMG

**Chairman:** Mr. Shu-Mu Wang, Chairman of the Company

**Minutes Taker:** Ms. Yu-Ying Tsao

**1. Meeting Commencement Announced:** The aggregate shareholding of the shareholders present in person or by proxy constituted a quorum. The Chairman called the meeting to order.

**2. Chairman's Remarks** (omitted)

#### 3. Report Items

(1) 2022 Business Report (please refer to Attachment 1).

(2) 2022 Audit Committee's Review Report on Financial Accounting Books and Statements (please refer to Attachment 2).

(3) 2022 Distribution of Employees' and Directors' Compensation

Distribution of NT\$ 1,440,000 in cash as compensation to directors, has been submitted to approved by the meeting of board of directors held on February 28, 2023. Employees' Compensation will not grant at this time.

(4) 2022 Cash Dividends Distribution of Earnings

a. According to Article 56.1 of the Company's Memorandum and Articles of Association, if earnings distribution plan is performed by means of cash dividends, it is proposed the Board of Directors be authorized for resolution. The resolution thereof shall be reported in the Annual General Meeting.

b. The proposed distribution is allocated from the 2022 earnings available for distribution, and cash dividends amounting to NT\$ 379,875,976 were distributed to shareholders at NT\$ 2 per share. It is approved by the meeting of board of directors held on March 29, 2023, and proposed that the Chairman of the Board of Directors is authorized to determine the

ex-dividend date and payment date for the cash dividend distribution and other related matters.

- c. If the cash dividend distribution ratio is adjusted and need to be modified due to amendment of laws or regulations, request of competent authority, or change of the Company's total number of the issued and outstanding shares, it is proposed that the Chairman be authorized with full power to adjust the distribution ratio.

#### 4. Approval Item

- (1) 2022 Business Report, Financial Statements and Earnings Distribution (Proposed by the Board of Directors)

Explanation:

- a. 2022 Financial Statements were audited by CPA Chun-I Chang and CPA Chun-Shiu Kuang of KPMG who issued unqualified opinion report.  
 b. For 2022 Business Report, Independent Auditors' Report, the aforementioned Financial Statements and Earnings Distribution Table, please refer to Attachment 1, 3 and 4.  
 c. Please approve.

Voting Results: Shares represented at the time of voting: 134,173,716

Voting Results (including votes casted electronically)		% of the total represented share present
Approval votes:	127,501,136 votes	95.02 %
Disapproval votes:	30,144 votes	0.02 %
Invalid votes:	0 vote	0.00 %
Abstention votes / No votes:	6,642,436 votes	4.95 %

**RESOLVED**, the proposal was approved after voting.

#### 5. Discussion Item

- (1) Amendment to the "Memorandum and Articles of Association" of the Company (Proposed by the Board of Directors)

Explanation:

- a. Pursuant to the revised "Checklist of Shareholders' Equity Protection Measures at Foreign Issuer's Domicile" by Taiwan Stock Exchange, dated January, 2023, and take practical operational needs into consideration, it is proposed to amend the "Memorandum and Articles of Association" of the Company. Please refer to Attachment 5 for the comparison table of the amendments.  
 b. Please discuss.

Voting Results: Shares represented at the time of voting: 134,173,716

Voting Results (including votes casted electronically)		% of the total represented share present
Approval votes:	127,737,178 votes	95.20 %
Disapproval votes:	24,060 votes	0.01 %
Invalid votes:	0 vote	0.00 %
Abstention votes / No votes:	6,412,478 votes	4.77 %

**RESOLVED**, the proposal was approved after voting (by way of a special resolution).

ADOPTION OF AMENED AND RESTATED MEMORANDUM AND ARTICLES OF

ASSOCIATION

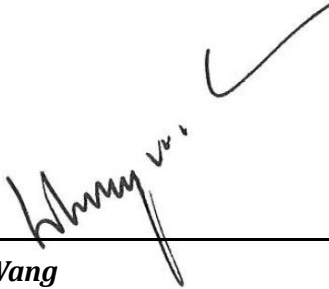
IT WAS RESOLVED THAT a new set of Memorandum and Articles of Association in the format attached hereto forming part of this resolution be and is hereby, in all respects ratified, adopted and approved to replace and supersede the original Memorandum and Articles of Association in their entirety, and that a copy of same be filed with the Registrar of Companies as prescribed by law.

**6. Extemporary Motion: None**

**7. Meeting Adjourned: May 31, 2023, 09:17 AM**

There were no questions from shareholders at the Annual General Meeting.

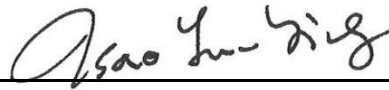
(In compliance with Article 183, Paragraph 4 of the Company Act of the Republic of China, the meeting minutes hereby summarizes the essential points of the proceedings and the results of the Annual General Meeting.)



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**Shu-Mu Wang**

Chairman of the Meeting



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**Yu-Ying Tsao**

Minutes Taker

## ATTACHMENTS

### Attachment 1

#### Apex International Co., Ltd. 2022 Business Report

Dear Shareholders,

Here the Senior Management Team presents the operating result of 2022 by this report. In the post-Covid19 era, with the opening of the borders of various countries, the recovery of industrial production and the easing of the global supply chain, the global economy was expected to be better, but under the staggered influence of various negative factors in 2022, such as geopolitical conflicts and war, inflation rate policy adjustments, and elimination of high inventory, the demand for consumer electronics has not continued to grow optimistically like 2021. Not only is the company's production capacity gradually increasing in accordance with our long-term plan, but also external demand is slowing down, the actual profit performance in 2022 is lower than that in 2021. Facing of huge changes in the market and economic environment, the pressure of competition reminds us to keep working hard, but we are deeply confident in creating corporate value and contributing to the society with our professional technology, rapid response for clients and continuous improvement of management capabilities.

On behalf of Management, we would like to thank employees, shareholders, trade partners and financial institutions for your support and trust in Apex, making us able to work through the obstacles and challenges and maintain the Company in good shape. We are expecting to have your continuing support for our future growth and success and we are committed to create more value for all our stakeholders.

#### 1. 2022 Business Report

##### (1) Results of Business Plans Implemented

Amount unit: NT \$Million	2022		2021		Change %
	Amount	% to sales	Amount	% to sales	
Operating revenue	14,906	100%	14,801	100%	1%
Operating costs	12,077	81%	11,682	79%	3%
Gross profit	2,829	19%	3,119	21%	-9%
Operating income	1,011	7%	1,477	10%	-32%
Interest expense	162	1%	45	0%	260%
Profit before tax	946	6%	1,436	10%	-34%
Profit after tax	878	6%	1,384	9%	-37%

In 2022, the economy turned from prosperity to decline, and the actual revenue figures is declined quarter by quarter, and until the revenue in Q4 strengthened again due to stronger demand. On the whole, the revenue in 2022 is slightly better than that in 2021. The decrease in gross margin was due to use of high-priced materials and an increase in fixed manufacturing overhead resulting from the new factory. Due to the interest rate increasing and the level of bank financing remained high in 2022, so 2022 interest expense is triple than that in 2021. Overall, we worked hard to cope with severe internal and external challenges, however the amount of profit still declined compared with last year.

## (2) Budget Implementation

Actual sales amount in 2022 was NT\$ 14.9 billion which is 72% of budgeted number NT\$ 20.6 billion. However, the actual net profit after tax was 32% of budgeted number because of above reasons.

## (3) Financial Structure

Financial Ratio	2022	2021
Debt ratio (%)	59.88%	62.46%
Ratio of long-term capital to fixed assets (%)	111.82%	107.40%
Current ratio (%)	110.85%	101.92%
Receivables turnover ratio (time)	3.53	3.66
Inventory turnover ratio (time)	3.27	3.73
Return on assets ratio (%)	5.06%	8.09%
Return on equity ratio (%)	11.36%	18.34%
Earnings per share (NT dollar)	4.60	7.25

Because of continually making profit generated cash flow in 2022, reducing inventory and adjusting the ratio of long-term and short-term borrowing, which led to positive development of financial structure and liquidity-related ratios. Account receivable turnover rate went down because higher average balance caused by Q4 Revenue increasing that made calculation result lower. Inventory turnover rate went down is because weakening demand in the market and slow destocking led to the average balance higher that made calculation result lower. Profitability underperformed for the reasons stated in the previous paragraph.

## (4) Research and Development

As a PCB manufacturer, Apex focuses on improvement of production and processing capacity in the hope that the output efficiency and quality can meet the demand of customers.

The achievements Apex accomplished with regard to upgraded, process and design in 2022 are as follows:

- Develop micro PAD (180x200um) function testing method include testing
- Develop thicker copper (3-5 oz) and higher aspect ratio (7-14) plating process
- Develop micro hole (diameter: < 0.15mm and aspect ratio 1) drilling process

In 2023, Apex will carry out the following plans:

- Develop multilayer PCB, reaching 10-14 layers
- develop to increase multilayer in HDI process

## 2. 2023 Business Outlines

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### (1) Business Policies

- Concentration on the traditional rigid PCB from single-side to 12 layers.
- Increase major customer's allocation to Apex to increase market share.
- Continue to develop new customer and its product.
- Reduce quality defective parts (DPPM) and ensure total customer satisfaction.
- Avoid price erosion by locking in price by half yearly instead of quarterly from price cuts by customers.
- Flexible and immediate reaction to market movements.

## (2) Projected Sales and Basis of Projection

After going through the difficulties in 2022, the 2023 global economic growth is still not optimistic, Apex will keep stabilizing factory operation and cost control by foreseeing possible sales price competition caused by competitors. Meanwhile, Apex will work hard to maintain competitiveness and progressively develop new customers. Facing the conservative outlook of global consumer electronics products in 2023, APEX will be ready to meet the turning point of the boom. APEX expected that the sales amount and quantity in 2023 will seek the possibility of development on the basis of 2022.

## (3) Production and Marketing Policy

Apex's monthly capacity will maintain 1,050 thousand square meters in Y2023.

Our production policy is as follows:

- A. Maintain production at full capacity to help reducing fixed overhead and maximize profit
- B. Setting the standard usage to control high unit price materials
- C. Continue improving production capability including reduction of down time and increase output
- D. Production plan according to customers' order or firm plan
- E. Setting standard period to control work in process outstanding in each process not over 1 working day
- F. Continue investigate and analysis defect mode then provide corrective action in order reduce scrap ratio
- G. Disciplined, safety and 5S management over the long process of manufacturing
- H. Shorten sample lead time to support customer new product development lead time
- I. Set up real time key condition / quality yield rate / output monitoring system. In order to solve out process issue quickly
- J. Enhance PQC real time feedback system with defect trigger alarm signal for monitor process quality and stable process condition

## **3. Future Company Development Strategy**

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In the future, Apex will continue to focus on the following key areas:

- (1) Using the upgraded machineries being invested to diversify the high-end product application on the Apex 2&3.
- (2) Speed up the learning curve on Apex 2&3 on new products so as to improve her profit structure
- (3) Consolidate existing customer base and product orders, continuously accelerate new product. Development and new customer certification to expand customer base and enrich product categories.
- (4) Set up the in-house laboratory for future enhancement and assurance on the Apex PCB reliability
- (5) Keep factory with the constantly high loading rate of 90-95% on all factories for best use of the layout capacity
- (6) Establish Product traceability system in order to provide better quality improvement information and risk management
- (7) Develop automatic process to provide consistence quality and reduce handling issued

## **4. Impacts from the External Competitive Environment, Legal Environment and Overall Management Environment**

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### (1) External Competitive Environment

Competition in the electronic industry has remained fierce and challenges from Chinese suppliers are especially tough. However, because of Apex's objective advantage of being located in Southeast

Asia and China's increasingly disadvantageous policies for low-end PCB businesses, in addition as the happened move-to-south caused by the impact of the breakdown of globalization (there was a Sino-US trade war, but now it is de-Sinicization, and even de-Taiwanization), Apex's competitive edges will grow more obvious as time passes. Besides the objective advantage from the geographic location, strict cost and quality control has also created subjective advantages and enabled Apex to meet the demand and expectations of customers.

By keeping a close watch on market developments and competition situations, Apex is able to make various strategic plans in advance, continue to exhibit its strong execution capacity, make precise estimates of customers' orders, and implement its procurement tactics and production-marketing plans in the most efficient way. Looking at 2023, Apex is confident that it will be able to continue to provide customers with high quality service, punctual deliveries and best quotations.

### (2)The Legal Environment

Every country continues to adopt new regulations. Apex is aware of its social responsibility and will make every necessary effort to comply with such new regulations. The regulations on the governance of listed companies set by the competent authority in Taiwan are growing more and more comprehensive. Apex will adhere to the spirit of corporate governance, manage its business with integrity, strengthen the capacity of the board of directors, perfect the channels for communication with stakeholders, make company information transparent, keep shareholder equity in balance, and fulfill its corporate social responsibility.

### (3)Overall Management Environment

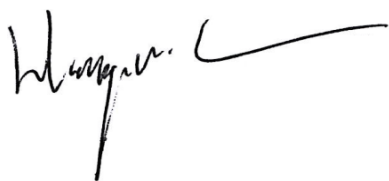
Apex, as a factory located in Thailand, keeps looking for stable sources of orders. In recent years, Apex was always being threatened by PCB competitors from China with their growing capacity and declining price. However Apex keeps pursuing higher internal operating performance in order to meet customers' requirements and provide qualified services. Therefore Apex still is able to make revenues and profits grow up.

By observing 2022, Apex successfully made profit founded by her solid and long-term management culture. In 2023, our prior goals will be that to stabilize manufacturing ability, to cautiously control production cost and to keep capacity utilization staying at high level.

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

Chairman

**Shu-Mu Wang**



Chief Executive Officer

**Jui-Hsiang Chou**



Accounting Officer

**Jiun-Ting Lin**



**Apex International Co., Ltd.**  
**Audit Committee's Review Report**

The Board of Directors has prepared the Company's 2022 Business Report, Consolidated Financial Statements, and proposal for Earnings Distribution. The CPA firm of KPMG was retained to audit the Company's Consolidated Financial Statements. KPMG has completed audit procedures and issued Audit Opinion. The Business Report, Consolidated Financial Statements, and Earnings Distribution Proposal have been reviewed and determined to be correct and accurate by Audit Committee members of the Company. According to Article 14-4 of Securities and Exchange Act and Article 219 of Company Act, we hereby submit this report.

Apex International Co., Ltd.

Chairman of Audit Committee: ***Chau-Chin Su***

A handwritten signature in black ink, appearing to read "Chau-Chin Su". The signature is written in a cursive, flowing style with a large, sweeping initial letter.

Date: March 29, 2023



**Apex International Co., Ltd.**  
**Independent Auditors' Report and Financial Statements**



安侯建業聯合會計師事務所  
**KPMG**

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**Independent Auditors' Report**

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

**Opinion**

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

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 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 audit in accordance with the Regulations Governing Auditing and Certification 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 Certified Public Accountants Code of Professional Ethics in Republic of China ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our opinion.

**Key Audit Matters**

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

## **1. Subsequent measurements of inventories**

Please refer to note 4(h) "Inventories" and note 5(a) of the consolidated financial statements for accounting policy related to subsequent measurements of inventories, and accounting assumptions and estimation uncertainties of inventories, respectively. Please refer to note 6(e) for information related to impairment of inventories of the consolidated financial statements.

### **Description of key audit matter:**

Inventories of the Group are measured at the lower of cost and net realizable value. The fair value of inventories is vulnerable to the impact of highly competitive market of printed circuit board. Furthermore, the price volatility on raw material is likely to increase the risk of loss on market price decline, and as a result, overestimation of the subsequent measurement of inventories is more likely to occur. Therefore, the subsequent measurements of inventories was considered to be one of the key audit matters in our audit.

### **How the matter was addressed in our audit:**

Our audit procedures included:

- Assessing whether appropriate provision policies for inventories are applied.
- Assessing whether the Group's subsequent measurement of inventories has been evaluated in accordance with the Group's provision policy on a consistent basis.
- Obtaining aging analysis of inventories, assessing the appropriateness of provision set aside for obsolete and slow-moving inventories, and examining relevant documents to verify the accuracy of the aging period.
- Obtaining evaluation report of the net realizable value of inventories, assessing the appropriateness of provision set aside for loss on market price decline, and examining relevant documents to verify the accuracy of sales prices and calculation of net realizable value.

## **2. Impairment of goodwill**

Please refer to note 4(l) "Impairment of non-derivative financial assets", note 5(b) of the consolidated financial statements for accounting policy related to impairment of goodwill, and accounting assumptions and estimation uncertainties of impairment of goodwill, respectively. Please refer to note 6(h) "Intangible assets" for description related to measurements of impairment of goodwill of the consolidated financial statements.

### **How the matter was addressed in our audit:**

Goodwill arising from the merger & acquisition transaction taken by the Group. Due to the assessment of impairment of goodwill involved forecasting and discounting future cash flows along with several key assumptions, such key assumptions and assessment subject to the management's judgements and the inherent uncertainty is considered as high. Therefore, the impairment of goodwill was considered to be one of the key audit matters in our audit.

### **Our principal audit procedures included:**

- Obtaining the evaluation report from the external expert and assessing the objectivity and the professional competence of the external expert.
- Assessing the reasonableness of the cash flows forecast and engaging the internal expert to assess the methods, discount rate and other assumptions applied in the evaluation report.
- Performing retrospective testing over the future cash flows forecast compiled by the

management.

- Performing sensitivity analysis of key assumptions to understand the impact of recoverability from changing of key assumptions.
- Assessing whether the goodwill is impaired, if so, whether the impairment loss has been recognized appropriately.

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

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

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

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

### **Auditor's Responsibilities for the Audit of the Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with 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 auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters significant in our audit of the consolidated financial statements for the years ended December 31, 2022 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors' report are Chun-I Chang and Chun-Hsiu Kuang.

KPMG

Taipei, Taiwan (Republic of China)

February 28, 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.

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

## APEX INTERNATIONAL CO., LTD. AND SUBSIDIARIES

## Consolidated Balance Sheets

December 31, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars)

		December 31, 2022		December 31, 2021				December 31, 2022		December 31, 2021	
Assets		Amount	%	Amount	%	Liabilities and Equity		Amount	%	Amount	%
11xx	<b>Current assets:</b>					21xx	<b>Current liabilities:</b>				
1100	Cash and cash equivalents (note 6(a))	\$714,266	4	660,374	3	2100	Short-term loans (notes 6(f), (i), 7, 8 and 9)	\$2,472,991	12	2,501,866	13
1110	Financial assets at fair value through profit or loss—current (notes 6(a), (b) and 8)	20,755	-	9,285	-	2120	Financial liabilities at fair value through profit or loss—current (notes 6(a), (b) and 8)	12	-	4,322	-
1150	Notes receivable, net (notes 6(c) and (p))	156	-	-	-	2170	Accounts payable	2,083,281	11	3,537,424	18
1170	Accounts receivable, net (notes 6(c) and (p))	3,952,037	20	4,330,830	22	2200	Other payables (notes 6(n) and (q))	528,457	3	569,841	3
1200	Other receivables (note 6(d))	121,501	1	201,583	1	2213	Payable for machinery and equipment	533,484	3	1,062,967	5
130x	Inventories (note 6(e))	3,098,039	15	3,737,962	19	2230	Current tax liabilities	61,189	-	22,826	-
1470	Other current assets	58,136	-	125,942	1	2280	Current lease liabilities (notes 6(g) and (k))	45,042	-	40,965	-
	<b>Total current assets</b>	<b>7,964,890</b>	<b>40</b>	<b>9,065,976</b>	<b>46</b>	2322	Current portion of long-term loans (notes 6(a), (f), (j), 7 and 8)	1,400,452	7	1,082,462	6
15xx	<b>Non-current assets:</b>					2399	Other current liabilities	60,188	-	71,931	-
1600	Property, plant and equipment (notes 6(f), (g), (h), (i), (j), 8 and 9)	11,480,481	57	10,149,438	51		<b>Total current liabilities</b>	<b>7,185,096</b>	<b>36</b>	<b>8,894,604</b>	<b>45</b>
1755	Right-of-use asset (notes 6(f), (g) and (k))	149,934	1	123,219	1	25xx	<b>Non-Current liabilities:</b>				
1780	Intangible assets (notes 6(f) and (h))	205,841	1	168,418	1	2540	Long-term loans (notes 6(a), (f), (j), 7 and 8)	4,575,831	23	3,036,339	15
1840	Deferred tax assets (note 6(m))	35,997	-	32,157	-	2570	Deferred tax liabilities (note 6(m))	42,229	-	55,976	-
1915	Prepayment for equipment (note 6(f))	158,966	1	240,198	1	2580	Non-current lease liabilities (notes 6(g) and (k))	107,713	1	84,479	1
1920	Refundable deposits	8,312	-	7,811	-	2612	Long-term payable	18,921	-	232,619	1
1980	Other financial assets—non-current (notes 6(a), (b), (j) and 8)	18,557	-	8,206	-	2670	Other non-current liabilities (note 6(l))	61,648	-	61,725	-
	<b>Total non-current assets</b>	<b>12,058,088</b>	<b>60</b>	<b>10,729,447</b>	<b>54</b>		<b>Total non-current liabilities</b>	<b>4,806,342</b>	<b>24</b>	<b>3,471,138</b>	<b>17</b>
						2xxx	<b>Total liabilities</b>	<b>11,991,438</b>	<b>60</b>	<b>12,365,742</b>	<b>62</b>
						31xx	<b>Equity attributable to owners of parent (notes 6(l), (m) and (n)):</b>				
						3110	Common stock	1,899,380	10	1,899,380	10
						3200	Capital surplus	2,405,512	12	2,405,512	12
						3300	Retained earnings	4,265,773	21	4,140,552	21
						3410	Exchange differences on translation of foreign financial statements	(572,465)	(3)	(1,048,969)	(5)
							<b>Total equity attributable to owners of parent</b>	<b>7,998,200</b>	<b>40</b>	<b>7,396,475</b>	<b>38</b>
						36xx	<b>Non-controlling interests</b>	<b>33,340</b>	<b>-</b>	<b>33,206</b>	<b>-</b>
						3xxx	<b>Total equity</b>	<b>8,031,540</b>	<b>40</b>	<b>7,429,681</b>	<b>38</b>
1xxx	<b>Total assets</b>	<b>\$20,022,978</b>	<b>100</b>	<b>19,795,423</b>	<b>100</b>	2-3xxx	<b>Total liabilities and equity</b>	<b>\$20,022,978</b>	<b>100</b>	<b>19,795,423</b>	<b>100</b>

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

APEX INTERNATIONAL CO., LTD. AND SUBSIDIARIES

Consolidated Statements of Comprehensive Income

For the years ended December 31, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars, Except for Earnings Per Common Share)

	2022		2021	
	Amount	%	Amount	%
4000 Operating revenue (note 6(p))	\$ 14,906,225	100	14,800,683	100
5000 Operating costs (notes 6(e), (f), (g), (h), (k) and (l))	12,076,878	81	11,681,718	79
5900 Gross profit from operations	2,829,347	19	3,118,965	21
6000 Operating expenses (notes 6(c), (f), (g), (h), (k), (l), (n), (q) and 7):				
6188 Selling expenses	975,651	7	797,226	6
6200 Administrative expenses	742,145	5	755,522	6
6300 Research and development expenses	53,600	-	45,440	-
6450 Expected credit loss	46,627	-	43,369	-
<b>Total operating expenses</b>	<b>1,818,023</b>	<b>12</b>	<b>1,641,557</b>	<b>12</b>
6900 Operating income	1,011,324	7	1,477,408	9
7000 Non-operating income and expenses (notes 6(b), (f), (k) and (r)):				
7100 Interest income	1,593	-	525	-
7010 Other income	51,908	-	35,237	-
7020 Other gains and losses	42,485	-	(31,895)	-
7050 Finance costs	(161,671)	(1)	(45,247)	-
<b>Total non-operating income and expenses</b>	<b>(65,685)</b>	<b>(1)</b>	<b>(41,380)</b>	<b>-</b>
7900 Profit from continuing operations before tax	945,639	6	1,436,028	9
7951 Less: Income tax expenses (note 6(m))	67,272	-	52,146	-
8200 Profit	878,367	6	1,383,882	9
8300 Other comprehensive income:				
8310 Components of other comprehensive income that will not be reclassified to profit or loss (notes 6(l) and (m))				
8311 Gains (losses) on remeasurements of defined benefit plans	11,122	-	6,774	-
8349 Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	586	-	262	-
Components of other comprehensive income that will not be reclassified to profit or loss	10,536	-	6,512	-
8360 Components of other comprehensive income (loss) that will be reclassified to profit or loss				
8361 Exchange differences on translation of foreign financial statements	478,534	3	(1,047,108)	(7)
8399 Income tax related to components of other comprehensive income that will be reclassified to profit or loss	-	-	-	-
Components of other comprehensive income that will be reclassified to profit or loss	478,534	3	(1,047,108)	(7)
8300 Other comprehensive income (loss)	489,070	3	(1,040,596)	(7)
8500 Total comprehensive income (loss)	\$ 1,367,437	9	343,286	2
<b>Profit attributable to:</b>				
8610 Owners of parent	\$ 874,482	6	1,377,897	9
8620 Non-controlling interests	3,885	-	5,985	-
	\$ 878,367	6	1,383,882	9
<b>Comprehensive income (loss) attributable to:</b>				
8710 Owners of parent	\$ 1,361,477	9	341,657	2
8720 Non-controlling interests	5,960	-	1,629	-
	\$ 1,367,437	9	343,286	2
<b>Earnings per share (expressed in New Taiwan dollars) (note 6(o))</b>				
9750 Basic earnings per share	\$ 4.60		7.25	
9850 Diluted earnings per share	\$ 4.60		7.25	

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)  
**APEX INTERNATIONAL CO., LTD. AND SUBSIDIARIES**  
**Consolidated Statements of Changes in Equity**  
**For the years ended December 31, 2022 and 2021**  
**(Expressed in Thousands of New Taiwan Dollars)**

	Equity attributable to owners of parent								
	Common stock	Capital surplus	Retained earnings			Exchange differences on translation of foreign financial statements	Total equity attributable to owners of parent	Non-controlling interests	Total equity
			Special reserve	Unappropriated retained earnings	Total				
<b>Balance at January 1, 2021</b>	\$1,899,380	2,405,512	300,256	3,025,728	3,325,984	(6,244)	7,624,632	36,339	7,660,971
Appropriation and distribution of retained earnings:									
Cash dividends of ordinary share	-	-	-	(569,814)	(569,814)	-	(569,814)	-	(569,814)
Profit	-	-	-	1,377,897	1,377,897	-	1,377,897	5,985	1,383,882
Other comprehensive income	-	-	-	6,485	6,485	(1,042,725)	(1,036,240)	(4,356)	(1,040,596)
<b>Total comprehensive income (loss)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,384,382</b>	<b>1,384,382</b>	<b>(1,042,725)</b>	<b>341,657</b>	<b>1,629</b>	<b>343,286</b>
Cash dividends distributed to non-controlling interests by the subsidiaries	-	-	-	-	-	-	-	(4,762)	(4,762)
<b>Balance at December 31, 2021</b>	<b>1,899,380</b>	<b>2,405,512</b>	<b>300,256</b>	<b>3,840,296</b>	<b>4,140,552</b>	<b>(1,048,969)</b>	<b>7,396,475</b>	<b>33,206</b>	<b>7,429,681</b>
Appropriation and distribution of retained earnings:									
Special reserve appropriated	-	-	748,713	(748,713)	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	(759,752)	(759,752)	-	(759,752)	-	(759,752)
Profit	-	-	-	874,482	874,482	-	874,482	3,885	878,367
Other comprehensive income	-	-	-	10,491	10,491	476,504	486,995	2,075	489,070
<b>Total comprehensive income (loss)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>884,973</b>	<b>884,973</b>	<b>476,504</b>	<b>1,361,477</b>	<b>5,960</b>	<b>1,367,437</b>
Cash dividends distributed to non-controlling interests by the subsidiaries	-	-	-	-	-	-	-	(5,826)	(5,826)
<b>Balance at December 31, 2022</b>	<b>\$1,899,380</b>	<b>2,405,512</b>	<b>1,048,969</b>	<b>3,216,804</b>	<b>4,265,773</b>	<b>(572,465)</b>	<b>7,998,200</b>	<b>33,340</b>	<b>8,031,540</b>

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)  
**APEX INTERNATIONAL CO., LTD. AND SUBSIDIARIES**  
**Consolidated Statements of Cash Flows**  
**For the years ended December 31, 2022 and 2021**  
**(Expressed in Thousands of New Taiwan Dollars)**

	2022	2021
<b>Cash flows from (used in) operating activities:</b>		
Profit before tax	\$ 945,639	1,436,028
<b>Adjustments:</b>		
<b>Adjustments to reconcile profit:</b>		
Depreciation expense	1,068,488	807,240
Amortization expense	18,692	16,892
Expected credit loss	46,627	43,369
Interest expense	161,671	45,247
Interest income	(1,593)	(525)
Loss on disposal of property, plant and equipment	25,002	1,301
Valuation gains on financial assets or liabilities, net	(50,190)	-
Loss (gain on reversal) of impairment on non-financial assets	(9,619)	16,997
Gain on lease modification	(337)	(27)
<b>Total adjustments to reconcile profit</b>	<u>1,258,741</u>	<u>930,494</u>
<b>Changes in operating assets and liabilities:</b>		
<b>Changes in operating assets:</b>		
Financial assets at fair value through profit or loss	39,854	1,307
Notes receivable	(156)	661
Accounts receivable	332,166	(690,449)
Other receivables	80,082	(130,541)
Inventories	639,923	(1,510,082)
Other current assets	67,806	(15,745)
<b>Total changes in operating assets</b>	<u>1,159,675</u>	<u>(2,344,849)</u>
<b>Changes in operating liabilities:</b>		
Financial liabilities at fair value through profit or loss	(4,398)	(3,957)
Accounts payable	(1,454,143)	1,102,745
Other payables	(44,254)	62,502
Other current liabilities	(11,743)	33,452
Other non-current liabilities	11,045	1,184
<b>Total changes in operating liabilities</b>	<u>(1,503,493)</u>	<u>1,195,926</u>
<b>Total changes in operating assets and liabilities</b>	<u>(343,818)</u>	<u>(1,148,923)</u>
<b>Total adjustments</b>	<u>914,923</u>	<u>(218,429)</u>
Cash inflow generated from operations	1,860,562	1,217,599
Interest received	1,593	525
Interest paid	(158,801)	(42,117)
Income taxes paid	(51,064)	(50,209)
<b>Net cash flows from operating activities</b>	<u>1,652,290</u>	<u>1,125,798</u>
<b>Cash flows from (used in) investing activities:</b>		
Acquisition of property, plant and equipment	(2,029,284)	(3,472,007)
Proceeds from disposal of property, plant and equipment	809	15,684
Decrease (increase) in refundable deposits	(501)	143
Acquisition of intangible assets	(14,898)	(19,510)
Increase in other financial assets – non-current	(10,351)	(3,895)
Increase in prepayments for equipment	(267,434)	(252,990)
<b>Net cash flows used in investing activities</b>	<u>(2,321,659)</u>	<u>(3,732,575)</u>
<b>Cash flows from (used in) financing activities:</b>		
Increase in short-term loans	(197,987)	1,376,973
Proceeds from long-term loans	3,029,967	4,394,530
Repayments of long-term loans	(1,521,685)	(2,304,625)
Payment of lease liabilities	(46,289)	(76,960)
Cash dividends paid	(759,752)	(569,814)
Cash dividends distributed to non-controlling interests	(5,826)	(4,762)
<b>Net cash flows from financing activities</b>	<u>498,428</u>	<u>2,815,342</u>
<b>Effect of exchange rate changes on cash and cash equivalents</b>	<u>224,833</u>	<u>(369,873)</u>
<b>Net increase (decrease) in cash and cash equivalents</b>	<u>53,892</u>	<u>(161,308)</u>
<b>Cash and cash equivalents at beginning of period</b>	<u>660,374</u>	<u>821,682</u>
<b>Cash and cash equivalents at end of period</b>	<u>\$ 714,266</u>	<u>660,374</u>



**Apex International Co., Ltd.**  
**2022 Earnings Distribution Table**

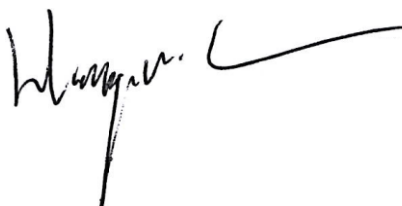
Unit: NTD

Items	Total	Notes
Beginning Retained Earnings	2,331,829,343	
Add: Net Profit After Tax	874,482,318	
Add: Other Comprehensive Income	10,491,207	Caused by actuarial gains from revaluation of defined benefit plan (APT's employee benefit)
Distributable Net Profit	3,216,802,868	
Distribution Items:		
Cash Dividend (NTD 2.00 per share)	379,875,976	
Unappropriated Retained Earnings	2,836,926,892	

## Notes:

- Pursuant to Article 56.1 of the Company's Memorandum and Articles of Association, if all or a part of the distribution will be made in cash, it shall be approved by a majority vote cast at a meeting of the Board with two-third (2/3) or more of the Directors present at the Board meeting; and in addition thereto a report of such distribution shall be submitted to the annual general meeting.
- The total dividend number will be rounded down to zero decimal place. The fractional number after 1 decimal place will be taken as the Company's other income.

Chairman  
**Shu-Mu Wang**



Chief Executive Officer  
**Jui-Hsiang Chou**



Accounting Officer  
**Jiun-Ting Lin**



**Apex International Co., Ltd.**  
**Comparison Table of Amendments to "Memorandum and Articles of Association"**

Number of Article	After the Amendment	Before the Amendment	Explanation
Article 18.6	<p>Member(s) holding 1% or more of the total number of the issued shares immediately prior to the relevant Book Closure Period may propose to the Company in writing or any electronic means designated by the Company a matter for discussion at an annual general meeting. The Company shall give a public notice in such manner and at such time as permitted by Applicable Law specifying the place and a period of not less than ten days for Members to submit proposals. The Board shall include the proposal in the agenda of the annual general meeting unless (a) the proposing Member(s) holds less than 1% of the total number of the issued shares, (b) the subject matter of such proposal may not be resolved by a general meeting or the proposal exceeds 300 Chinese words; (c) the proposing Member has proposed more than one proposal; or (d) the proposal is submitted to the Company outside the period fixed and announced by the Company for accepting Member(s)' proposal(s). <u>If</u> the purpose of the proposal is to urge the Company to promote public interests or fulfil its social responsibility, the Board may accept such proposal.</p>	<p>Member(s) holding 1% or more of the total number of the issued shares immediately prior to the relevant Book Closure Period may propose to the Company in writing or any electronic means designated by the Company a matter for discussion at an annual general meeting. The Company shall give a public notice in such manner and at such time as permitted by Applicable Law specifying the place and a period of not less than ten days for Members to submit proposals. The Board shall include the proposal in the agenda of the annual general meeting unless (a) the proposing Member(s) holds less than 1% of the total number of the issued shares, (b) the subject matter of such proposal may not be resolved by a general meeting or the proposal exceeds 300 Chinese words; (c) the proposing Member has proposed more than one proposal; or (d) the proposal is submitted to the Company outside the period fixed and announced by the Company for accepting Member(s)' proposal(s); <u>however if</u> the purpose of the proposal is to urge the Company to promote public interests or fulfil its social responsibility, the Board may <u>notwithstanding the above (a) to (d)</u>, accept such proposal.</p>	<p>The provision is revised in order to reflect the proviso of Paragraph 1, Article 172-1 of the Company Act.</p>
Article 23.1	<p>In the event any of the following resolutions is adopted at general meetings, any Member who has</p>	<p>In the event any of the following resolutions is adopted at general meetings, any Member who has</p>	<p>The provision is revised in order to reflect</p>

Number of Article	After the Amendment	Before the Amendment	Explanation
	<p>abstained from voting in respect of <u>or voted against</u> such matter and expressed his dissent therefor, in writing or verbally (with a record) before or during the meeting, may request the Company to purchase all of his/her/its shares at the then prevailing fair price:</p> <p>(a) The Company enters into, amends, or terminates any contract for lease of the Company's business in whole, or the delegation of management of the Company's business to others or the regular joint operation of the Company with others;</p> <p>(b) The Company transfers its business or assets, in whole or in any essential part; provided that, the foregoing does not apply where such transfer is pursuant to the dissolution of the Company;</p> <p>(c) The Company acquires or assumes the transfer of the whole business or assets of another person, which has a material effect on the Company's business operations;</p> <p>(d) The Company proposes to undertake a spin-off, Merger or share swap; or</p> <p>(e) The Company generally assumes all the assets and liabilities of another person or generally assigns all its assets and liabilities to another person.</p> <p><u>Shares which have been abstained from voting in accordance with the preceding paragraph shall not be counted in</u></p>	<p>abstained from voting in respect of such matter and expressed his dissent therefor, in writing or verbally (with a record) before or during the meeting, may request the Company to purchase all of his/her/its shares at the then prevailing fair price:</p> <p>(a) The Company enters into, amends, or terminates any contract for lease of the Company's business in whole, or the delegation of management of the Company's business to others or the regular joint operation of the Company with others;</p> <p>(b) The Company transfers its business or assets, in whole or in any essential part; provided that, the foregoing does not apply where such transfer is pursuant to the dissolution of the Company;</p> <p>(c) The Company acquires or assumes the transfer of the whole business or assets of another person, which has a material effect on the Company's business operations;</p> <p>(d) The Company proposes to undertake a spin-off, Merger or share swap; or</p> <p>(e) The Company generally assumes all the assets and liabilities of another person or generally assigns all its assets and liabilities to another person.</p>	<p>Paragraph 2, Article 12 of the Business Mergers and Acquisitions Act as required by the Shareholders' Right Protection Checklist of the Taiwan Stock Exchange (the "Checklist").</p>

Number of Article	After the Amendment	Before the Amendment	Explanation
	<p><u>determining the number of votes of the Members being cast at a general meeting; however, such Member's Shares shall be counted towards the quorum of the general meeting.</u></p>		
Article 43.2	<p>A Director who is directly or indirectly interested in any matter under discussion at a meeting of the Directors or a contract or proposed contract or arrangement with the Company shall declare the nature and the essential contents of such interest at the relevant meeting of the Directors as required by the Applicable Law. If the Company proposes to enter into any transaction specified in Article 23.1 or effect other forms of mergers and acquisitions in accordance with Applicable Law, a director who has a personal interest in such transaction shall declare the essential contents of such personal interest and the reason why he believes that the transaction is advisable or not advisable at the relevant meeting of the Directors and the general meeting as required by the Applicable Law. <u>The Company shall, in the notice of a general meeting, disclose the essential contents of such Director's personal interest and the reason why such Director believes that the transaction is advisable or not advisable. The essential contents of the above matters can be announced at the website designated by the ROC securities authority or by the Company, and the Company shall specify the link to the website in the notice of the relevant general meeting.</u></p>	<p>A Director who is directly or indirectly interested in any matter under discussion at a meeting of the Directors or a contract or proposed contract or arrangement with the Company shall declare the nature and the essential contents of such interest at the relevant meeting of the Directors as required by the Applicable Law. If the Company proposes to enter into any transaction specified in Article 23.1 or effect other forms of mergers and acquisitions in accordance with Applicable Law, a director who has a personal interest in such transaction shall declare the essential contents of such personal interest and the reason why he believes that the transaction is advisable or not advisable at the relevant meeting of the Directors and the general meeting as required by the Applicable Law. Where the spouse, the person having the Family Relationship within Second Degree of Kinship with a Director, or any company which has a controlling or controlled relation with a Director has interests in the matters under discussion in the meeting of the Directors, such Director shall be deemed to have a personal interest in the matter. The terms "controlling" and "controlled" shall be interpreted in accordance with the Applicable Public</p>	<p>The provision is revised in order to reflect Paragraph 4, Article 5 of the Business Mergers and Acquisitions Act as required by the Checklist.</p>

Number of Article	After the Amendment	Before the Amendment	Explanation
	<p>Where the spouse, the person having the Family Relationship within Second Degree of Kinship with a Director, or any company which has a controlling or controlled relation with a Director has interests in the matters under discussion in the meeting of the Directors, such Director shall be deemed to have a personal interest in the matter. The terms "controlling" and "controlled" shall be interpreted in accordance with the Applicable Public Company Rules.</p>	<p>Company Rules.</p>	