

TWSE:8261



**Advanced Power Electronics Co., Ltd.**

**2023 Annual Shareholders' Meeting  
Meeting Agenda  
(Translation)**

**May 18, 2023**

**Note to Readers:**

*If there is any discrepancy between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese version shall prevail.*

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

**2. Meeting Agenda**

**Advanced Power Electronics Co., Ltd.**  
**2023 Annual Shareholders' Meeting**  
**Meeting Agenda**  
**(Summary Translation)**

Time: 9:00 a.m., Thursday, May 18, 2023

Place: 2F, Park III at No. 3, Tai Yuan First Road, Zhubei City, Hsinchu County

(Conference Room of Tai Yuen Hi-Tech Industrial Park III)

(2023 Annual Shareholders' Meeting held by means of physical shareholders meeting)

1. Chairman's Address

2. Reports Items

(1). The 2022 Business Report

(2). The 2022 Audit Committee Report

(3). The distribution of the 2022 employees' and directors' compensation

(4). The implementation of the Company's 2022 private placement and issuance of new shares

3. Proposed Resolutions I

(1). To approve the 2022 Business Report and Financial Statements

(2). To approve the proposal for the distribution of the 2022 retained earnings

(3). To approve revisions to the Articles of Incorporation

(4). To approve revisions to the Operational Procedures for Loaning Funds to Others

4. Directors Election

To elect the Company's 10th term of Directors

5. Proposed Resolutions II

To approve the lifting of director of non-competition restrictions

6. Special motions

7. Meeting Adjourned

## **Reports Items**

### **1. The 2022 Business Report**

The 2022 Business Report is attached hereto as Attachment I.

### **2. The 2022 Audit Committee Report**

The 2022 Audit Committee Report is attached hereto as Attachment II.

### **3. The distribution of the 2022 employees' and directors' compensation**

#### **Explanatory Notes:**

- (1) Article 22 of the Company's Articles of Incorporation promulgate that if the Company has profits in a fiscal year, it shall distribute no less than 8% of the profits as employees' compensation and not more than 3% of the profits as directors' compensation.
- (2) The 2022 employees' and directors' compensations are NT\$152,616,662 and NT\$19,077,083, respectively, which was approved by the Board and the total amounts were distributed in cash.

### **4. The Implementation of the Company's 2022 private placement and issuance of new shares**

#### **Explanatory Notes:**

The Implementation of the Private Placement and Issuance of New Shares is attached hereto as Attachment III.

## **Proposed Resolutions I**

### **1. To approve the 2022 Business Report and Financial Statements (Proposed by the Board of Directors)**

#### **Explanatory Notes:**

- (1). The Company's 2022 Financial Statements, including Balance Sheets, Statements of Comprehensive Income, Statements of Changes in Equity, and Statements of Cash Flows, were audited by independent auditors, Chien-Liang Liu and Wen-Chin Lin, of Deloitte & Touche.
- (2). 2022 Business Report, and Independent Auditors' Report, the aforementioned Financial Statements are attached hereto as Attachments I, IV and V.

#### **Resolution:**

### **2. To approve the proposal for the distribution of the 2022 retained earnings (Proposed by the Board of Directors)**

#### **Explanatory Notes:**

- (1). The Company's 2022 Earnings Distribution Table was approved by the meeting of the board of directors on February 21, 2023.
- (2). The Company's 2022 net income was NT\$899,827,771 (please see Attachment VI for the 2022 Earnings Distribution Table).
- (3). It is proposed that cash dividends from retained earnings paid to shareholders of NT\$586,702,465. Common stockholders will receive cash dividends of NT\$ 5 per share. The dividend will be paid in cash with calculation rounded down to the nearest one NTD (any amount below one NTD will be discarded). The remaining fraction will be incorporated into other income of the Company.
- (4). It is proposed that the board of directors be authorized to set a record date for distribution after shareholders' meeting. Should the Company's capital position change before record date of ex-cash dividend, requiring adjustments in the cash distribution ratio, it is proposed that the board of directors be authorized to manage the change in the cash distribution ratio and to proceed on the relevant matters.

#### **Resolution:**

**3. To approve revisions to the Articles of Incorporation. (Proposed by the Board of Directors)**

**Explanatory Notes:**

- (1). In accordance with the Rules and Procedures, the Company proposed the Articles of Incorporation revisions.
- (2). Please refer to Attachment VII for the Comparison Table for the Articles of Incorporation Before and After Revision.

**Resolution:**

**4. To approve revisions to the Operational Procedures for Loaning Funds to Others (Proposed by the Board of Directors)**

**Explanatory Notes:**

- (1). In accordance with amendments made to the “Regulations Governing Loaning of Funds and Making of Endorsements/ Guarantees by Public Companies” by the FSC and operational needs, the Company proposed the Operational Procedures for Loaning Funds to Others revisions.
- (2). Please refer to Attachment VIII for the Comparison Table for the Operational Procedures for Loaning Funds to Others Before and After Revision.

**Resolution:**



## **Directors Election**

### **To elect the Company's 10th term of Directors (Proposed by the Board of Directors)**

#### **Explanatory Notes:**

- (1). The 9th term of the Company's directors and independent directors expires on June 14th, 2023. The 10th term of the directors and independent directors should be elected at the 2023 Annual Shareholders' Meeting.
- (2). It is defined in Article 15 of the Company's Articles of Incorporation that 7 directors (including 3 independent directors) shall be elected according to the candidate nomination system. Shareholders shall elect Directors from the list of Director Candidates. The term for elected Directors is three years, starting from May 18, 2023 to May 17, 2026. The 9th term of Directors will be dismissed on the date the new directors are elected.
- (3). The election of directors is in accordance with the Company's Regulations of Directors Election.
- (4). The list of director candidates (including independent directors) for this election reviewed and approved by the 2nd meeting of the 9th Board of Directors of the Company in 2023. Please refer to Attachment IX.
- (5). Please Vote.

#### **Resolution:**

## **Proposed Resolutions II**

### **To approve the lifting of director of non-competition restrictions (Proposed by the Board of Directors)**

#### **Explanatory Notes:**

- (1). According to Article 209 of the Company Act, a director who does anything for himself or on behalf of another person that is within the scope of the company's business, shall explain to the meeting of shareholders the essential contents of such an act and to obtain its approval.
- (2). In order to obtain the expertise and relevant experience of the Company's directors, in accordance with Article 209 of the Company Act. Hence it is proposed to the shareholders' meeting to release the non-competition restrictions for the directors and their representatives in accordance with the laws.
- (3). For candidates of directors (including independent directors) who concurrently hold other positions in the company, please refer to Attachment X.

#### **Resolution:**

**Special motions**

**Meeting Adjourned**

## ATTACHMENTS

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**Advanced Power Electronics Co., Ltd.**  
**Business Report**

Dear Shareholders:

Thank you for taking the time to participate in the 2023 APEC's Shareholders Meeting. The consolidated revenues for 2022 was NT\$3.911 billion, a decrease of 6.96% compared to 2021; the net profit was NT\$897 million, and earnings per share of NT\$8.83. The 2022 business plan implementation outcome and this year's business plan are described as follows:

**I. 2022 Business Outcome**

**(1) Business plan implementation outcome**

Impacted by the COVID-19 pandemic and the Russia-Ukraine War, 2022 was a year full of significant ups and downs, and the global economy experienced incredible twists and turns. In Taiwan, appropriate pandemic-prevention measures enabled manufacturers to maintain normal production, and the economy demonstrated stable growth during the early phase of the pandemic. However, in the later phase, with the growing impact of economic reversals and inflation, the end-market demand slackened, implying a continuous decrease in momentum for PC and consumer electronics market growth, and the destocking results were less satisfactory than anticipated. Nevertheless, through appropriate expansion strategies in emerging technology applications such as 5G, the Internet of Things, and artificial intelligence (AI), the Company and its subsidiaries overcame all difficulties to attain a 2022 consolidated operating revenues, gross profit from operations, and net profit of NT\$3.911 billion, NT\$1.398 billion and NT\$900 million, respectively-a substantial increase compared with 2021.

Xsemi Corporation became the 10% major shareholder of the Company in 2022 and worked together for the new blueprint of automotive electronics. Additionally, the Company completed development of SiC MOSFETs of the 3rd-generation semiconductor. This, coupled with the Company's advantageous position as a member of a comprehensive semiconductor industry cluster, have enhanced the Company's importance in global supply chains, and consequently driven a significant profit increase for the Company and its subsidiaries. Earnings per share reached NT\$8.83, signifying the best operating result since the establishment of the Company and its subsidiaries.

**(2) Budget implementation**

The Company and its subsidiaries did not formulate external financial forecasts for 2022.

**(3) Financial income, expenditure and profitability analysis**

In Thousands of New Taiwan Dollars

Item		2022
Financial income and expenditure	Operating revenues	3,911,138
	Gross profit from operations	1,398,177

Item		2022
	Net profit	897,097
	Net profit attributable to owners of the parent	899,827
Profitability	Return on assets (%)	18.44
	Return on equity (%)	23.34
	Pre-tax income as a % of paid-in capital	93.52
	Net income margin (%)	22.94
	Earnings per share (NT\$)	8.83

#### **(4) Research and Development**

The Company's Medium and Low voltage Power MOSFETs provide full range solutions such as PCs, laptops, graphics cards, and power supply secondary-side synchronous rectifiers. As for High voltage Power MOSFETs, the production line for the 3rd-generation 600V/650V high voltage processing technology platform has been completed and the product has entered the mass production stage. Additionally, development of the high-voltage process technology platform for 12-inch 600V/650V wafers has also been completed, enabling an expansion in production capacity to meet the remarkable market demand. Furthermore, the Company has successfully launched a collaboration with a major power supply original design manufacturer. With respect to Insulated Gate Bipolar Transistor (IGBT) products, the 1200V 15/30A IGBT reliability verification has been completed, and thus the products can be applied in the market of machine tools and air conditioner inverters. In terms of SiC MOSFETs, the development of 600V-1200V products has been completed, and the products have passed reliability verification. The development of this series of products will be continued, to align with the market demand for power supplies, renewable energy, electric vehicles, and charging piles.

## **II. Summary of the 2023 Business Plan**

### **(1) Management guideline**

The Company and its subsidiaries provide a full range of high, low, and medium voltage Power MOSFETs. We meet customer demand in a timely manner to promptly reflect the rising pressure of raw materials, despite weakening end-market demand caused by the Russia–Ukraine War, post-pandemic effect of the COVID-19 and pressure of inflation. By meeting customer needs in such a timely manner, the Company and its subsidiaries to develop new products to optimize the product mix, thereby enabling continuing expansion of operating scale and creating corporate profits.

### **(2) Sales volume basis and expectation**

The main business scope of the Company and its subsidiaries is research, development, production, testing and sales of Power MOSFETs. Power MOSFETs are widely used in almost all electrical and electronic systems, such as automotive, consumer electronics, industrial automation and other related fields, including personal computers, switching power supplies, fan/motor drives, battery management systems, etc. The Company and its subsidiaries are expecting the annual sales volume in 2023 to reach 1.015 billion pieces.

### **(3) Key production and marketing policies**

Due to the slack in consumer electronics end-market demand, global semiconductor is faced with serious excess inventory problems. In response, the Company and its subsidiaries have collaborated with manufacturers to maintain production capacity and effectively reduce costs through destocking so that supply–demand stabilization can be achieved, the quality of services provided by the Company and its subsidiaries can be guaranteed, and the Company's overall market share can be maintained and continuously enhanced. Xsemi Corporation became the 10% major shareholder of the Company and with resource investments from Foxconn Group and Yageo Group, the Company's R&D energy has been greatly boosted. Moreover, diversified collaboration in product design, process upgrades, and sales channel improvement has been initiated, setting the foundation to establish a complete upstream–downstream semiconductor industry chain that will help the Company and its subsidiaries accelerate its entry into the electric vehicle application market, further improve the domestic content rate for electric vehicle key power products, and add new momentum for the Company's growth.

### **(4) The impacts of future Company development strategies, external competitive environment, legal environment and overall business environment**

In 2023, the Company and its subsidiaries will focus on utilizing the comprehensive semiconductor industry clusters in Taiwan to reduce the impact of the COVID-19 pandemic and the Russia–Ukraine War on production, sales, and logistics, overcoming these challenges to turn crises into opportunities. In addition, the Company and its subsidiaries will take constant notice of domestic/international policy development trends and changes in regulations, and collect relevant information as a reference for managerial personnel's decision making.

Lastly, I would like to thank all our shareholders for your long-term support and encouragement. On behalf of Advanced Power Electronics Co., Ltd., I would like to extend my heartfelt gratitude to all our shareholders and wish you all health and success!

Fu-Chi Teng, Chairman of the Board



Lin-Chung Huang, President



Mei-Ying Tan, Accounting Officer



**Advanced Power Electronics Co., Ltd.  
Audit Committee's Review Report**

February 21, 2023

The Board of Directors of Advanced Power Electronics Co., Ltd. (APEC) has prepared the APEC's 2022 Business Report, Financial Statements, and the Proposal for profit appropriation. The CPA Chien-Liang Liu and Wen-Chin Lin from Deloitte & Touche were retained to audit APEC's Financial Statements and have issued an audit report relating to the Financial Statements. The said Business Report, Financial Statements, and Proposal for profit appropriation have been reviewed and determined to be correct and accurate by the Audit Committee of APEC in accordance with Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act, I hereby submit this Report.

Advanced Power Electronics Co., Ltd.



Chairman of the Audit Committee



## Attachment III

Item	<b>1st Private Placement of 2022</b> <b>Issue date: June 30, 2022</b>
<b>Type of private placement securities</b>	Common Shares
<b>Date of approval by the shareholders meeting and amount approved</b>	Date of the shareholders meeting : April 13, 2022 The total amount of common shares to be privately placed shall be no more than 35 million shares and such amount shall be issued at once within one year from the resolution date of the shareholders' meeting.
<b>Basis and rationality of the price setting</b>	The private placement price determination date is May 20, 2022. The higher calculated price based on two standard calculations will be chosen by the Company. The closing price in the previous day is NT\$110.50, the average closing price in the previous three days is NT\$109.83, the average closing price in the previous five days is NT\$109.10. The average closing price in the previous five days and the previous 30 days, after adjustment for any distribution of stock dividends, cash dividends or capital reduction, are NT\$103.10 and NT\$96.82, respectively. According to the principle of two standard calculations, the higher chosen reference price is NT\$103.10. The actual subscription price decided by a shareholders' meeting resolution shall not be lower than 80% of the reference price. The subscription price for this private placement is NT\$82.48.  It is confirmed that the Company has handled the matter in a legally appropriate manner.
<b>Method of selection of qualified persons</b>	The counterparties for private placement will be limited to the specific parties provided under Article 43-6 of the Securities and Exchange Act and the "Directions for Public Companies Conducting Private Placements of Securities", and those who are relevant to strengthen the technology, or business required for the Company's operations as strategic investors.
<b>Reason for necessity of private placement</b>	In terms of the effectiveness, feasibility and issuance cost, private placement is more appropriate than the public offering in considering the current market. The 3-year lockup restriction of private placement shall reinforce the long term partnership between the Company and the strategic investors. Thus, the Company shall issue common shares in accordance with the private placement related legislations.
<b>Share payment completion date</b>	May 31, 2022

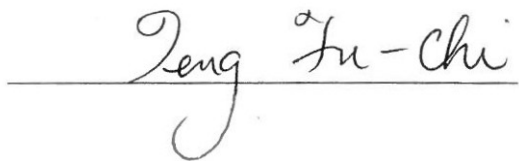
Item	1st Private Placement of 2022				
	Issue date: June 30, 2022				
Information on the places	Counterparty of the private placement	Qualifications	Subscription quantity (share)	Relationship with the Company	Participation in the Company's operations
	XSemi Corporation	Article 43-6 of the Securities and Exchange Act	35,000,000	None	None
Actual subscription price	NT\$ 82.48 per share				
Difference between actual subscription price and reference price	The actual subscription price is NT\$82.48, which is 80.00% of the reference price of NT\$103.10.				
Impacts of private placement on shareholders' equity	The actual subscription price is higher the par value, therefore, it is regarded as no material adverse impact on the shareholder's equity.				
Fund utilization of private placement and project implementation progress	The injected fund from the private placement is used to replenish the working capital of NT\$2,606,800,000, and the total amount used to repay the bank loan is NT\$280,000,000. 100% of the fundraising plan has been implemented.				
Private placement benefits	The injected fund from the private placement is used to replenish working capital and repay bank loans. By conducting private placement, the Company is expecting to strengthen the Company's competitiveness, increase operation competitiveness and improve the financial structures; therefore, it is regarded as positive to improve the shareholder's equity.				

**REPRESENTATION LETTER**

The entities that are required to be included in the consolidated financial statements of affiliates in accordance with the “Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises” for the year ended December 31, 2022 are all the same as those included in the consolidated financial statements of Advanced Power Electronics Co., Ltd. and its subsidiaries prepared in conformity with the International Financial Reporting Standard 10 “Consolidated Financial Statements”. Relevant information that should be disclosed in the consolidated financial statements of affiliates is included in the consolidated financial statements of Advanced Power Electronics Co., Ltd. and its subsidiaries. Hence, we did not prepare a separate set of consolidated financial statements of affiliates.

Very truly yours,

Advanced Power Electronics Co., Ltd.

A handwritten signature in cursive script that reads "Teng Fu-Chi". The signature is written in black ink and is positioned above a horizontal line.

Fu-Chi Teng  
Chairman

February 21, 2023

## INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders  
Advanced Power Electronics Co., Ltd.

### Opinion

We have audited the accompanying consolidated financial statements of Advanced Power Electronics Co., Ltd. and its subsidiaries (collectively, the “Group”), which comprise the consolidated balance sheets as of December 31, 2022 and 2021, and the consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for the years then ended, and the related 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 International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission (FSC) of the Republic of China (ROC).

### Basis for Opinion

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

### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2022.

These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters for the Group's consolidated financial statements for the year ended December 31, 2022 are stated as follows:

#### Validity of Revenue

The Group's primary source of revenue is generated from design and sales of power semiconductors (Power MOSFETs). Due to the revenue recognition has inherently higher fraud risks and the management may be under pressure to achieve financial goals. Therefore, we identified the validity of the revenue derived from these distributors with significant growth and material amount has been identified as a key audit matter.

The main audit procedures that we performed to assess the validity of the revenue are as follows:

1. We understood the designed and tested operating effectiveness of internal control and confirmed the validity of revenue recognition.
2. We sampled the transaction documents related to revenue, including sales order, shipping, customs documents, and verified cash collections which have related to revenue derived from the above-mentioned customers and verified the reasonableness of revenue recognition.

#### **Other Matter**

We have also audited the parent company only financial statements of Advanced Power Electronics Co., Ltd. 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 IFRS, IAS, IFRIC, and SIC endorsed and issued into effect by the FSC of the ROC, 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 its 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.

### **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 ROC 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 ROC, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists and is 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 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 for the year ended December 31, 2022 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 Chien-Liang Liu and Wen-Chin Lin.

Deloitte & Touche  
Taipei, Taiwan  
Republic of China  
February 21, 2023

#### Notice to Readers

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

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

**Advanced Power Electronics Co., Ltd. and its subsidiaries**

**CONSOLIDATED BALANCE SHEET**

(In Thousands of New Taiwan Dollars)

	December 31, 2022		December 31, 2021	
	Amount	%	Amount	%
<b>ASSETS</b>				
<b>CURRENT ASSETS</b>				
Cash and Cash Equivalents (Notes 4 and 6)	\$ 684,839	11	\$ 693,779	19
Financial assets at amortized cost (Notes 4 and 9)	2,596,010	42	44,825	1
Notes receivable (Note 10)	9,616	-	30,552	1
Accounts receivable (Notes 4 and 10)	705,533	11	981,146	28
Other receivables (Notes 4, 10 and 26)	43,341	1	46,320	1
Current tax assets (Note 4)	4	-	12	-
Inventories (Notes 4 and 11)	872,626	14	599,180	17
Other current assets	53,003	1	4,450	-
Total current assets	<u>4,964,972</u>	<u>80</u>	<u>2,400,264</u>	<u>67</u>
<b>NON-CURRENT ASSETS</b>				
Financial assets at fair value through profit or loss (Notes 4 and 7)	24,108	-	27,500	1
Financial assets at fair value through other comprehensive income (Notes 4 and 8)	140,469	2	89,203	2
Financial assets measured at amortized cost (Notes 4 and 9)	2,000	-	345,121	10
Property, plant and equipment (Notes 4 and 12)	458,255	8	434,909	12
Right-of-use assets (Notes 4 and 13)	7,196	-	1,861	-
Other intangible assets, net (Note 4)	2,878	-	2,006	-
Deferred tax assets (Notes 4 and 21)	33,199	1	34,043	1
Other non-current assets (Note 14)	539,536	9	238,745	7
Total non-current assets	<u>1,207,641</u>	<u>20</u>	<u>1,173,388</u>	<u>33</u>
<b>TOTAL</b>	<u>\$ 6,172,613</u>	<u>100</u>	<u>\$ 3,573,652</u>	<u>100</u>
<b>LIABILITIES AND EQUITY</b>				
<b>CURRENT LIABILITIES</b>				
Short-term borrowings (Note 16)	\$ -	-	\$ 270,000	8
Notes payable	3,853	-	37,328	1
Accounts payable	300,597	5	584,554	16
Other payables (Note 17)	245,981	4	203,721	6
Current tax liabilities (Note 4)	122,947	2	116,288	3
Lease liabilities (Notes 4 and 13)	3,244	-	687	-
Long-term borrowings - current portion (Note 16)	-	-	15,456	-
Other current liabilities	10,278	-	8,236	-
Total current liabilities	<u>686,900</u>	<u>11</u>	<u>1,236,270</u>	<u>34</u>
<b>NON-CURRENT LIABILITIES</b>				
Long-term borrowings (Note 16)	-	-	128,725	4
Deferred tax liabilities (Notes 4 and 21)	3,391	-	-	-
Lease liabilities (Notes 4 and 13)	3,954	-	1,229	-
Total non-current liabilities	<u>7,345</u>	<u>-</u>	<u>129,954</u>	<u>4</u>
Total liabilities	<u>694,245</u>	<u>11</u>	<u>1,366,224</u>	<u>38</u>
<b>EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT (Note 19)</b>				
Common stock	1,173,405	19	813,405	23
Capital surplus	2,977,555	48	344,555	10
Retained earnings				
Legal reserve	145,127	2	79,848	2
Special reserve	25,722	1	51,961	2
Unappropriated earnings	1,314,457	21	941,713	26
Total retained earnings	<u>1,485,306</u>	<u>24</u>	<u>1,073,522</u>	<u>30</u>
Other equity interests	(156,857)	(2)	(25,722)	(1)
Total equity attributable to owners of the parent	5,479,409	89	2,205,760	62
<b>NON-CONTROLLING INTERESTS</b>	(1,041)	-	1,668	-
Total equity	<u>5,478,368</u>	<u>89</u>	<u>2,207,428</u>	<u>62</u>
<b>TOTAL</b>	<u>\$ 6,172,613</u>	<u>100</u>	<u>\$ 3,573,652</u>	<u>100</u>

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



**Advanced Power Electronics Co., Ltd. and its subsidiaries**

**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME  
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021  
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)**

	2022		2021	
	Amount	%	Amount	%
OPERATING REVENUE (Note 4)	\$ 3,911,138	100	\$ 4,203,639	100
OPERATING COSTS (Notes 11 and 20)	<u>2,512,961</u>	<u>64</u>	<u>2,953,209</u>	<u>70</u>
GROSS PROFIT FROM OPERATIONS	<u>1,398,177</u>	<u>36</u>	<u>1,250,430</u>	<u>30</u>
OPERATING EXPENSES (Note 20)				
Selling and marketing expenses	101,704	3	99,362	2
General and administrative expenses	224,751	6	202,688	5
Research and development expenses	171,911	4	119,407	3
Expected credit reversal benefit	( 81)	-	-	-
Total operating expenses	<u>498,285</u>	<u>13</u>	<u>421,457</u>	<u>10</u>
PROFIT FROM OPERATIONS	<u>899,892</u>	<u>23</u>	<u>828,973</u>	<u>20</u>
NON-OPERATING INCOME AND EXPENSES				
Interest income	24,550	1	2,881	-
Other income (Notes 20 and 26)	5,707	-	4,234	-
Other gains and losses, net (Note 20)	169,361	4	( 34,908)	( 1)
Finance costs (Note 20)	( 2,129)	-	( 4,936)	-
Total non-operating income and expenses	<u>197,489</u>	<u>5</u>	<u>( 32,729)</u>	<u>( 1)</u>
PROFIT BEFORE INCOME TAX	1,097,381	28	796,244	19
INCOME TAX EXPENSE (Notes 4 and 21)	<u>200,284</u>	<u>5</u>	<u>144,764</u>	<u>4</u>
NET PROFIT	<u>897,097</u>	<u>23</u>	<u>651,480</u>	<u>15</u>
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that will not be reclassified subsequently to profit or loss:				
Unrealized gain (loss) on investments in equity instruments at fair value through other comprehensive income	( 52,733)	( 1)	27,208	1
Items that may be reclassified subsequently to profit or loss:				
Exchange differences arising on translation of foreign operations	<u>2,702</u>	-	( 986)	-
Other comprehensive income (loss) (after tax)	( 50,031)	( 1)	26,222	1
TOTAL COMPREHENSIVE INCOME	<u>\$ 847,066</u>	<u>22</u>	<u>\$ 677,702</u>	<u>16</u>
NET PROFIT ATTRIBUTABLE TO:				
Owners of the parent	\$ 899,827	23	\$ 652,787	15
Non-controlling interests	( 2,730)	-	( 1,307)	-
	<u>\$ 897,097</u>	<u>23</u>	<u>\$ 651,480</u>	<u>15</u>

(Continued)

**Advanced Power Electronics Co., Ltd. and its subsidiaries**

**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME  
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021  
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)**

	2022		2021	
	Amount	%	Amount	%
TOTAL COMPREHENSIVE INCOME				
ATTRIBUTABLE TO:				
Owners of the parent	\$ 849,775	22	\$ 679,026	16
Non-controlling interests	( 2,709)	-	( 1,324)	-
	<u>\$ 847,066</u>	<u>22</u>	<u>\$ 677,702</u>	<u>16</u>
EARNINGS PER SHARE (Note 22)				
Basic earnings per share	<u>\$ 8.83</u>		<u>\$ 8.03</u>	
Diluted earnings per share	<u>\$ 8.58</u>		<u>\$ 7.87</u>	

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

**Advanced Power Electronics Co., Ltd. and its subsidiaries**

**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**

**FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021**

**(In Thousands of New Taiwan Dollars)**

	Equity Attributable to Owners of the Parent												Non-controlling Interests	Total Equity
	Common Stock	Capital Surplus	Retained Earnings				Foreign Currency Translation Reserve	Other Equity Interests		Unearned Employee Benefits	Total	Total		
			Legal Reserve	Special Reserve	Unappropriated Earnings	Total		Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income	Total					
BALANCE, JANUARY 1, 2021	\$ 813,405	\$ 333,480	\$ 60,021	\$ 79,758	\$ 362,296	\$ 502,075	(\$ 6,185)	(\$ 45,776)	\$ -	(\$ 51,961)	\$1,596,999	\$ 2,992	\$1,599,991	
Distribution of 2020 earnings														
Legal reserve	-	-	19,827	-	( 19,827)	-	-	-	-	-	-	-	-	
Reversal of special reserve	-	-	-	( 27,797)	27,797	-	-	-	-	-	-	-	-	
Cash dividends -NT\$ 1.0 per share	-	-	-	-	( 81,340)	( 81,340)	-	-	-	-	( 81,340)	-	( 81,340)	
Unclaimed dividend	-	9	-	-	-	-	-	-	-	-	9	-	9	
Profit (Loss) for the year ended December 31, 2021	-	-	-	-	652,787	652,787	-	-	-	-	652,787	( 1,307)	651,480	
Other comprehensive income (loss) for the year ended December 31, 2021	-	-	-	-	-	-	( 969)	27,208	-	26,239	26,239	( 17)	26,222	
Total comprehensive income (loss) for the year ended December 31, 2021	-	-	-	-	652,787	652,787	( 969)	27,208	-	26,239	679,026	( 1,324)	677,702	
Compensation cost of employee share options	-	11,066	-	-	-	-	-	-	-	-	11,066	-	11,066	
BALANCE, DECEMBER 31, 2021	813,405	344,555	79,848	51,961	941,713	1,073,522	( 7,154)	( 18,568)	-	( 25,722)	2,205,760	1,668	2,207,428	
Distribution of 2021 earnings														
Legal reserve	-	-	65,279	-	( 65,279)	-	-	-	-	-	-	-	-	
Reversal of special reserve	-	-	-	( 26,239)	26,239	-	-	-	-	-	-	-	-	
Cash dividends -NT\$ 6.0 per share	-	-	-	-	( 488,043)	( 488,043)	-	-	-	-	( 488,043)	-	( 488,043)	
Profit (Loss) for the year ended December 31, 2022	-	-	-	-	899,827	899,827	-	-	-	-	899,827	( 2,730)	897,097	
Other comprehensive income (loss) for the year ended December 31, 2022	-	-	-	-	-	-	2,681	( 52,733)	-	( 50,052)	( 50,052)	21	( 50,031)	
Total comprehensive income (loss) for the year ended December 31, 2022	-	-	-	-	899,827	899,827	2,681	( 52,733)	-	( 50,052)	849,775	( 2,709)	847,066	
Capital increase by cash	350,000	2,536,800	-	-	-	-	-	-	-	-	2,886,800	-	2,886,800	
Issue of common shares under restricted employee shares	10,000	82,300	-	-	-	-	-	-	( 92,300)	( 92,300)	-	-	-	
Compensation cost of employee share options	-	13,900	-	-	-	-	-	-	-	-	13,900	-	13,900	
Compensation cost of employee restricted shares	-	-	-	-	-	-	-	-	11,217	11,217	11,217	-	11,217	
BALANCE, DECEMBER 31, 2022	<u>\$1,173,405</u>	<u>\$2,977,555</u>	<u>\$ 145,127</u>	<u>\$ 25,722</u>	<u>\$1,314,457</u>	<u>\$1,485,306</u>	<u>(\$ 4,473)</u>	<u>(\$ 71,301)</u>	<u>(\$ 81,083)</u>	<u>(\$ 156,857)</u>	<u>\$5,479,409</u>	<u>(\$ 1,041)</u>	<u>\$5,478,368</u>	

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

## Advanced Power Electronics Co., Ltd. and its subsidiaries

### CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

(In Thousands of New Taiwan Dollars)

	2022	2021
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before tax	\$ 1,097,381	\$ 796,244
Adjustments for:		
Depreciation expense	22,508	20,508
Amortization expense	3,712	3,352
Expected credit reversal benefit	( 81)	-
Net loss on financial instruments at fair value through profit or loss	3,392	-
Finance costs	2,129	4,936
Interest income	( 24,550)	( 2,881)
Dividend income	( 2,305)	( 666)
Compensation costs of employee share options	25,117	11,066
Loss on disposal of property, plant and equipment	-	1,222
Loss on decline in (gain from reversal of) market value and obsolete and slow-moving inventories	4,079	( 77,198)
Unrealized (gain) or loss on foreign currency exchange	( 154,097)	28,333
Changes in operating assets and liabilities:		
Notes receivable	20,936	( 11,942)
Accounts receivable	366,263	( 204,526)
Other receivables	14,659	( 4,290)
Inventories	( 277,525)	199,536
Other current assets	( 48,553)	17,600
Notes payable	( 33,475)	( 1,661)
Accounts payable	( 328,553)	21,709
Other payables	38,990	92,771
Other current liabilities	<u>2,042</u>	<u>( 6,198)</u>
Net cash inflows generated from operating activities	732,069	887,915
Interest received	12,870	2,063
Interest paid	( 2,759)	( 5,432)
Income taxes paid	<u>( 189,382)</u>	<u>( 40,012)</u>
Net cash generated from operating activities	<u>552,798</u>	<u>844,534</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from acquisition of financial assets at fair value through other comprehensive income	( 102,033)	-

(Continued)

## Advanced Power Electronics Co., Ltd. and its subsidiaries

### CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

(In Thousands of New Taiwan Dollars)

	2022	2021
Proceeds from acquisition of financial assets at fair value through profit or loss	\$ -	(\$ 27,500)
Proceeds from acquisition of financial assets at amortized cost	( 2,554,605)	( 387,867)
Proceeds from disposal of financial assets at amortized cost	383,057	208
Acquisition of property, plant and equipment	( 40,278)	( 94,041)
Decrease (increase) in refundable deposits	( 345,858)	100,448
Payments for intangible assets	( 4,552)	( 2,902)
Decrease (increase) in other non-current assets	56,220	( 124,626)
Increase in prepayments for equipment	( 722)	-
Other dividend received	<u>2,305</u>	<u>666</u>
Net cash generated from/ (used in) investing activities	<u>( 2,606,466)</u>	<u>( 535,614)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Increase in short-term loans	-	181,860
Decrease in short-term loans	( 270,000)	( 191,860)
Increase in long-term loans	-	57,970
Decrease in long-term loans	( 144,181)	( 12,649)
Repayment of the principal portion of lease liabilities	( 2,450)	( 619)
Cash dividends paid	( 488,043)	( 81,340)
Capital increase by cash	<u>2,886,800</u>	<u>-</u>
Net cash generated from / (used in) financing activities	<u>1,982,126</u>	<u>( 46,638)</u>
<b>EFFECT OF EXCHANGE RATE CHANGES ON CASH AND EQUIVALENTS</b>		
	<u>62,602</u>	<u>( 13,944)</u>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>		
	( 8,940)	248,338
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD</b>		
	<u>693,779</u>	<u>445,441</u>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>		
	<u>\$ 684,839</u>	<u>\$ 693,779</u>

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

(Concluded)

**Deloitte.**

**勤業眾信**

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## INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders  
Advanced Power Electronics Co., Ltd.

### Opinion

We have audited the accompanying parent company only financial statements of Advanced Power Electronics Co., Ltd. (the "Company") , which comprise the parent company only balance sheets as of December 31, 2022 and 2021, and the parent company only statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the parent company only financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying parent company only financial statements present fairly, in all material respects, the accompanying parent company only financial position of the Company as of December 31, 2022 and 2021, and its parent company only financial performance and its parent company only 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 the Standards on Auditing of the ROC. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Parent Company Only Financial Statements section of our report. We are independent of the Company in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the parent company only financial statements for the year ended December 31, 2022. These matters were addressed in the context of our audit of the parent company only financial

statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters for the parent company only financial statements for the year ended December 31, 2022 are stated as follows:

#### Validity of Revenue

The Company's primary source of revenue is generated from design and sales of power semiconductors (Power MOSFETs). Due to the revenue recognition has inherently higher fraud risks and the management may be under pressure to achieve financial goals. Therefore, we identified the validity of the revenue derived from these distributors with significant growth and amount has been identified as a key audit matter.

The main audit procedures that we performed to assess the validity of the revenue are as follows:

1. We understood the designed and tested operating effectiveness of internal control and confirmed the validity of revenue recognition.
2. We sampled the transaction documents related to revenue, including sales order, shipping, customs documents, and verified cash collections which have related to revenue derived from the above-mentioned customers and verified the reasonableness of revenue recognition.

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

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

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

Those charged with governance (including the audit committee) are responsible for overseeing the Company's financial reporting process.

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

Our objectives are to obtain reasonable assurance about whether the parent company only financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of

assurance, but is not a guarantee that an audit conducted in accordance with the Standards on Auditing of the ROC will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these parent company only financial statements.

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

1. Identify and assess the risks of material misstatement of the parent company only financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists and is related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the parent company only financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the parent company only financial statements, including the disclosures, and whether the parent company only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of entities or business activities within the Company to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision and performance of the 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 parent company only financial statements for the year ended December 31, 2022 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 Chien-Liang Liu and Wen-Chin Lin.

Deloitte & Touche

Taipei, Taiwan

Republic of China

February 21, 2023

Notice to Readers

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

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

**Advanced Power Electronics Co., Ltd.**

**PARENT COMPANY ONLY BALANCE SHEET**

(In Thousands of New Taiwan Dollars)

ASSETS	December 31, 2022		December 31, 2021	
	Amount	%	Amount	%
<b>CURRENT ASSETS</b>				
Cash and Cash Equivalents (Notes 4 and 6)	\$ 665,501	11	\$ 641,545	18
Financial assets at amortized cost (Notes 4 and 8)	2,582,415	42	35,499	1
Notes receivable (Note 9)	9,616	-	30,552	1
Accounts receivable (Notes 4 and 9)	705,453	11	980,783	27
Accounts receivable due from related parties (Note 25)	2,306	-	13,088	-
Other receivables (Notes 4, 9 and 25)	43,155	1	46,150	1
Inventories (Notes 4 and 10)	872,373	14	598,627	17
Other current assets (Note 25)	70,626	1	20,857	1
Total current assets	<u>4,951,445</u>	<u>80</u>	<u>2,367,101</u>	<u>66</u>
<b>NON-CURRENT ASSETS</b>				
Financial assets at fair value through profit or loss (Notes 4 and 7)	93,139	2	71,241	2
Financial assets at amortized cost (Notes 4 and 8)	2,000	-	345,121	10
Investments accounted for using equity method (Notes 4 and 11)	91,033	1	66,807	2
Property, plant and equipment (Notes 4 and 12)	458,155	7	434,745	12
Right-of-use assets (Notes 4 and 13)	7,196	-	1,861	-
Other intangible assets, net (Note 4)	2,878	-	2,006	-
Deferred tax assets (Notes 4 and 20)	33,199	1	34,043	1
Other non-current assets (Note 14)	539,129	9	238,386	7
Total non-current assets	<u>1,226,729</u>	<u>20</u>	<u>1,194,210</u>	<u>34</u>
<b>TOTAL</b>	<u>\$ 6,178,174</u>	<u>100</u>	<u>\$ 3,561,311</u>	<u>100</u>
<b>LIABILITIES AND EQUITY</b>				
<b>CURRENT LIABILITIES</b>				
Short-term borrowings (Note 15)	\$ -	-	\$ 270,000	8
Notes payable	3,853	-	37,328	1
Accounts payable	300,526	5	584,485	16
Other payables (Notes 16 and 25)	244,065	4	193,792	6
Current tax liabilities (Note 4)	122,947	2	116,288	3
Lease liabilities (Notes 4 and 13)	3,244	-	687	-
Long-term borrowings - current portion (Note 15)	-	-	15,456	-
Other current liabilities	9,141	-	7,523	-
Total current liabilities	<u>683,776</u>	<u>11</u>	<u>1,225,559</u>	<u>34</u>
<b>NON-CURRENT LIABILITIES</b>				
Long-term borrowings (Note 15)	-	-	128,725	4
Deferred tax liabilities (Notes 4 and 20)	3,391	-	-	-
Lease liabilities (Notes 4 and 13)	3,954	-	1,229	-
Guarantee deposits	38	-	38	-
Credit balance of investments accounted for using equity method (Note 11)	7,606	-	-	-
Total non-current liabilities	<u>14,989</u>	<u>-</u>	<u>129,992</u>	<u>4</u>
Total liabilities	<u>698,765</u>	<u>11</u>	<u>1,355,551</u>	<u>38</u>
<b>EQUITY (Note 18)</b>				
Common stock	<u>1,173,405</u>	<u>19</u>	<u>813,405</u>	<u>23</u>
Capital surplus	<u>2,977,555</u>	<u>48</u>	<u>344,555</u>	<u>10</u>
Retained earnings				
Legal reserve	145,127	2	79,848	2
Special reserve	25,722	1	51,961	2
Unappropriated earnings	<u>1,314,457</u>	<u>21</u>	<u>941,713</u>	<u>26</u>
Total retained earnings	<u>1,485,306</u>	<u>24</u>	<u>1,073,522</u>	<u>30</u>
Other equity interests	( <u>156,857</u> )	( <u>2</u> )	( <u>25,722</u> )	( <u>1</u> )
Total equity	<u>5,479,409</u>	<u>89</u>	<u>2,205,760</u>	<u>62</u>
<b>TOTAL</b>	<u>\$ 6,178,174</u>	<u>100</u>	<u>\$ 3,561,311</u>	<u>100</u>

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

## Advanced Power Electronics Co., Ltd.

### 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)

	2022		2021	
	Amount	%	Amount	%
OPERATING REVENUES (Notes 4 and 25)	\$ 3,908,079	100	\$ 4,192,740	100
OPERATING COSTS (Notes 10,19 and 25)	<u>2,512,610</u>	<u>65</u>	<u>2,957,107</u>	<u>71</u>
GROSS PROFIT FROM OPERATIONS	<u>1,395,469</u>	<u>35</u>	<u>1,235,633</u>	<u>29</u>
OPERATING EXPENSES (Note 19)				
Selling and marketing expenses	86,500	2	81,411	2
General and administrative expenses	217,838	6	194,127	5
Research and development expenses	<u>170,346</u>	<u>4</u>	<u>107,988</u>	<u>2</u>
Total operating expenses	<u>474,684</u>	<u>12</u>	<u>383,526</u>	<u>9</u>
PROFIT FROM OPERATIONS	<u>920,785</u>	<u>23</u>	<u>852,107</u>	<u>20</u>
NON-OPERATING INCOME AND EXPENSES				
Interest income	24,303	1	2,623	-
Other income (Notes 19 and 25)	4,990	-	2,389	-
Other gains and losses, net (Note 19)	174,390	5	( 35,010)	( 1)
Finance costs (Note 19)	( 2,069)	-	( 4,869)	-
Share of profit of subsidiaries and associates accounted for using equity method	( <u>22,288</u> )	( <u>1</u> )	( <u>19,689</u> )	<u>-</u>
Total non-operating income and expenses	<u>179,326</u>	<u>5</u>	( <u>54,556</u> )	( <u>1</u> )
PROFIT BEFORE INCOME TAX	1,100,111	28	797,551	19
INCOME TAX EXPENSE (Notes 4 and 20)	<u>200,284</u>	<u>5</u>	<u>144,764</u>	<u>4</u>
NET PROFIT	<u>899,827</u>	<u>23</u>	<u>652,787</u>	<u>15</u>
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that will not be reclassified subsequently to profit or loss:				
Unrealized gain (loss) on investments in equity instruments at fair value through other comprehensive income	( 38,960)	( 1)	26,400	1

(Continued)

**Advanced Power Electronics Co., Ltd.**

**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)**

	2022		2021	
	Amount	%	Amount	%
Share of other comprehensive income (loss) of subsidiaries and associates accounted for using equity method	(\$ 13,773)	-	\$ 808	-
Items that may be reclassified subsequently to profit or loss:				
Exchange differences arising on translation of foreign operations	2,675	-	( 852)	-
Share of other comprehensive income (loss) of subsidiaries and associates accounted for using equity method	<u>6</u>	<u>-</u>	<u>( 117)</u>	<u>-</u>
Other comprehensive income (loss) (after tax)	<u>( 50,052)</u>	<u>( 1)</u>	<u>26,239</u>	<u>1</u>
<b>TOTAL COMPREHENSIVE INCOME</b>	<u>\$ 849,775</u>	<u>22</u>	<u>\$ 679,026</u>	<u>16</u>
<b>EARNINGS PER SHARE (Note 21)</b>				
Basic earnings per share	<u>\$ 8.83</u>		<u>\$ 8.03</u>	<u>-</u>
Diluted earnings per share	<u>\$ 8.58</u>		<u>\$ 7.87</u>	<u>-</u>

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

**Advanced Power Electronics Co., Ltd. and its subsidiaries**

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

**FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021**

(In Thousands of New Taiwan Dollars)

	Common Stock	Capital Surplus	Retained Earnings				Other Equity Interests			Total	Total Equity
			Legal Reserve	Special Reserve	Unappropriated Earnings	Total	Foreign Currency Translation Reserve	Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income	Unearned Employee Benefits		
BALANCE, JANUARY 1, 2021	\$ 813,405	\$ 333,480	\$ 60,021	\$ 79,758	\$ 362,296	\$ 502,075	(\$ 6,185)	(\$ 45,776)	\$ -	(\$ 51,961)	\$1,596,999
Distribution of 2020 earnings											
Legal reserve	-	-	19,827	-	( 19,827 )	-	-	-	-	-	-
Reversal of special reserve	-	-	-	( 27,797 )	27,797	-	-	-	-	-	-
Cash dividends -NT\$ 1.0 per share	-	-	-	-	( 81,340 )	( 81,340 )	-	-	-	-	( 81,340 )
Unclaimed dividend	-	9	-	-	-	-	-	-	-	-	9
Profit (Loss) for the year ended December 31, 2021	-	-	-	-	652,787	652,787	-	-	-	-	652,787
Other comprehensive income (loss) for the year ended December 31, 2021	-	-	-	-	-	-	( 969 )	27,208	-	26,239	26,239
Total comprehensive income (loss) for the year ended December 31, 2021	-	-	-	-	652,787	652,787	( 969 )	27,208	-	26,239	679,026
Compensation cost of employee share options	-	11,066	-	-	-	-	-	-	-	-	11,066
BALANCE, DECEMBER 31, 2021	813,405	344,555	79,848	51,961	941,713	1,073,522	( 7,154 )	( 18,568 )	-	( 25,722 )	2,205,760
Distribution of 2021 earnings											
Legal reserve	-	-	65,279	-	( 65,279 )	-	-	-	-	-	-
Reversal of special reserve	-	-	-	( 26,239 )	26,239	-	-	-	-	-	-
Cash dividends -NT\$ 6.0 per share	-	-	-	-	( 488,043 )	( 488,043 )	-	-	-	-	( 488,043 )
Profit (Loss) for the year ended December 31, 2022	-	-	-	-	899,827	899,827	-	-	-	-	899,827
Other comprehensive income (loss) for the year ended December 31, 2022	-	-	-	-	-	-	2,681	( 52,733 )	-	( 50,052 )	( 50,052 )
Total comprehensive income (loss) for the year ended December 31, 2022	-	-	-	-	899,827	899,827	2,681	( 52,733 )	-	( 50,052 )	849,775
Capital increase by cash	350,000	2,536,800	-	-	-	-	-	-	-	-	2,886,800
Issue of common shares under restricted employee shares	10,000	82,300	-	-	-	-	-	-	( 92,300 )	( 92,300 )	-
Compensation cost of employee share options	-	13,900	-	-	-	-	-	-	-	-	13,900
Compensation cost of restricted employee shares	-	-	-	-	-	-	-	-	11,217	11,217	11,217
BALANCE, DECEMBER 31, 2022	<u>\$1,173,405</u>	<u>\$2,977,555</u>	<u>\$ 145,127</u>	<u>\$ 25,722</u>	<u>\$1,314,457</u>	<u>\$1,485,306</u>	<u>(\$ 4,473)</u>	<u>(\$ 71,301)</u>	<u>(\$ 81,083)</u>	<u>(\$ 156,857)</u>	<u>\$5,479,409</u>

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

## Advanced Power Electronics Co., Ltd.

### PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars)

	2022	2021
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before tax	\$ 1,100,111	\$ 797,551
Adjustments for:		
Depreciation expense	22,441	19,768
Amortization expense	3,712	3,352
Finance costs	2,069	4,869
Interest income	( 24,303 )	( 2,623 )
Dividend income	( 1,483 )	( 448 )
Compensation costs of employee share options	25,117	11,066
Share of loss of subsidiaries and associates accounted for using equity method	22,288	19,689
Loss (gain) on disposal of property, plant and equipment	-	1,222
Loss on decline in (gain from reversal of) market value and obsolete and slow-moving inventories	4,079	( 60,316 )
Unrealized (gain) or loss on foreign currency exchange	( 152,946 )	28,203
Changes in operating assets and liabilities:		
Notes receivable	20,936	( 11,942 )
Accounts receivable (related parties included)	376,923	( 214,286 )
Other receivables (related parties included)	14,658	( 4,607 )
Inventories	( 277,825 )	161,435
Other current assets	( 49,769 )	6,846
Notes payable	( 33,475 )	( 1,661 )
Accounts payable	( 328,554 )	21,752
Other payables (related parties included)	45,814	94,489
Other current liabilities	<u>1,618</u>	<u>( 6,268 )</u>
Net cash inflows generated from operating activities	771,411	868,091
Interest received	12,640	1,907
Interest paid	( 2,249 )	( 4,799 )
Income taxes paid	<u>( 189,390 )</u>	<u>( 40,015 )</u>
Net cash generated from operating activities	<u>592,412</u>	<u>825,184</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from acquisition of financial assets at fair value through other comprehensive income	( 60,858 )	-

(Continued)

## Advanced Power Electronics Co., Ltd.

### PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars)

	2022	2021
Proceeds from acquisition of financial assets at amortized cost	(\$ 2,550,446)	(\$ 385,057)
Proceeds from disposal of financial assets at amortized cost	383,057	-
Cash outflow on acquisition of subsidiaries	( 50,000)	( 30,000)
Acquisition of property, plant and equipment	( 39,007)	( 93,844)
Decrease (increase) in refundable deposits	( 345,815)	100,379
Payments for intangible assets	( 4,552)	( 2,902)
Decrease (increase) in other non-current assets	56,220	( 124,626)
Increase in prepayments for equipment	( 722)	-
Other dividend received	<u>1,483</u>	<u>448</u>
Net cash generated from/ (used in) investing activities	( <u>2,610,640</u> )	( <u>535,602</u> )
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Increase in short-term loans	-	181,860
Decrease in short-term loans	( 270,000)	( 191,860)
Increase in long-term loans	-	57,970
Decrease in long-term loans	( 144,181)	( 12,649)
Increase in guaranteed deposits received	-	3
Repayment of the principal portion of lease liabilities	( 2,450)	( 619)
Cash dividends paid	( 488,043)	( 81,340)
Capital increase by cash	<u>2,886,800</u>	<u>-</u>
Net cash generated from / (used in) financing activities	<u>1,982,126</u>	( <u>46,635</u> )
<b>EFFECT OF EXCHANGE RATE CHANGES ON CASH AND EQUIVALENTS</b>		
	<u>60,058</u>	( <u>13,347</u> )
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>		
	23,956	229,600
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD</b>		
	<u>641,545</u>	<u>411,945</u>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>		
	<u>\$ 665,501</u>	<u>\$ 641,545</u>

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

(Concluded)

Advanced Power Electronics Co., Ltd.

2022 Earnings Distribution Table



Unit: NT\$

Item	Amount
Unappropriated retained earnings as of December 31, 2021	414,628,420
Net income of 2022	899,827,771
Legal reserve appropriation (10%)	(89,982,777)
Special reserve appropriation	(50,051,618)
Retained earnings available for distribution	1,174,421,796
Appropriation:	
Cash dividends (\$ 5)	586,702,465
Balance of unappropriated retained earnings	587,719,331

Fu-Chi Teng, Chairman of the Board

Lin-Chung Huang, President

Mei-Ying Tan, Accounting Officer



## Attachment VII

### Advanced Power Electronics Co., Ltd. Comparison Table for the Articles of Incorporation Before and After Revision

Draft Amendment	Current Articles	Explanatory Notes
<p>Article 6</p> <p>The share certificates of the Company shall bear the shareholders' names, be signed or sealed by <u>the director representing the Company</u>, and legalized by <u>the bank which is competent to certify shares under the laws</u> before they are issued. When issuing new shares, the Company may print a share certificate in respect of the full number of shares to be issued at that time. Shares issued by the Company may also be exempt from printing of share certificates, and the Company shall arrange for such shares to be recorded by a centralized securities custodian institution.</p>	<p>Article 6</p> <p>The share certificates of the Company shall bear the shareholders' names, be signed or sealed by <del>the Chairman and at least three other directors</del>, and legalized by <del>Competent Authority or its certified-issuance registration agency</del> before they are issued. When issuing new shares, the Company may print a share certificate in respect of the full number of shares to be issued at that time. Shares issued by the Company may also be exempt from printing of share certificates, and the Company shall arrange for such shares to be recorded by a centralized securities custodian institution.</p>	<p>In accordance with amendments made to the Article 162 of the Company Act.</p>
<p>Article 13</p> <p>Where a shareholders' meeting is convened by the Board of Directors, the chairman of the Board of Directors shall act as the chairman of the shareholders' meeting.</p> <p><u>In case the Chairman of the Board of Directors is on leave or absent or cannot exercise his power and authority for any cause, the vice chairman shall act on his behalf. In case there is no designation by the Chairman, the Directors shall designate one of the directors to act on his behalf.</u> Where a shareholders' meeting is convened by a person with authority other than the Board of Directors, such convener shall act as the chairman of the shareholders' meeting. Where there are two (2) or more conveners, the chairman of the meeting shall be elected amongst such conveners.</p>	<p>Article 13</p> <p>Where a shareholders' meeting is convened by the Board of Directors, the chairman of the Board of Directors shall act as the chairman of the shareholders' meeting.</p> <p><u>In the event that the chairman is to be on leave of absence, one of the directors appointed by the chairman, or, where there is no appointment, a director elected among all the directors, may act on behalf of the chairman.</u> Where a shareholders' meeting is convened by a person with authority other than the Board of Directors, such convener shall act as the chairman of the shareholders' meeting. Where there are two (2) or more conveners, the chairman of the meeting shall be elected amongst such conveners.</p>	<p>Operational needs.</p>
<p>Article 17</p> <p>The Chairman shall be elected respectively from amongst the Directors</p>	<p>Article 17</p> <p>The Chairman shall be elected respectively from amongst the Directors</p>	<p>Operational needs.</p>

Draft Amendment	Current Articles	Explanatory Notes
<p>by a simple majority of the Directors present at the Board meetings attended by at least two thirds of all the Directors, <u>and if necessary, one of them shall be elected from among themselves in the same manner as the Vice Chairman of the Board of Directors.</u> The Chairman shall have the right to execute in the name and on behalf of the Company.</p> <p>In his/her absence or unable to exercise his/her powers, any one of the Directors shall be acting for him/her according to Article 208 of the Company Act.</p>	<p>by a simple majority of the Directors present at the Board meetings attended by at least two thirds of all the Directors. The Chairman shall have the right to execute in the name and on behalf of the Company.</p> <p>In his/her absence or unable to exercise his/her powers, any one of the Directors shall be acting for him/her according to Article 208 of the Company Act.</p>	
<p>Article 26 These Articles of Incorporation are agreed to and signed on July 6, 1998 by all the promoters of the Corporation, and the first Amendment was approved by the shareholders' meeting on July 31, 1998, the second Amendment on September 21, 1998, the third Amendment on June 30, 1999, the fourth Amendment on September 17, 1999, the fifth Amendment on November 3, 1999, the sixth Amendment on June 8, 2000, the seventh Amendment on June 18, 2002, and the eighth Amendment on June 10, 2003, the ninth Amendment on June 10, 2003, the tenth Amendment on June 16, 2005, the eleventh Amendment on June 6, 2006, the twelfth Amendment on June 6, 2008, the thirteenth Amendment on June 10, 2009, the fourteenth Amendment on June 17, 2010, the fifteenth Amendment on June 9, 2011, the sixteenth Amendment on June 15, 2012, the seventeenth Amendment on June 20, 2013, the eighteenth Amendment on January 17, 2014, the nineteenth Amendment on May 14, 2014, the twentieth Amendment on May 19, 2016, the twenty-first Amendment on May 16, 2019, <u>and the twenty-second Amendment on May 18, 2023.</u></p>	<p>Article 26 These Articles of Incorporation are agreed to and signed on July 6, 1998 by all the promoters of the Corporation, and the first Amendment was approved by the shareholders' meeting on July 31, 1998, the second Amendment on September 21, 1998, the third Amendment on June 30, 1999, the fourth Amendment on September 17, 1999, the fifth Amendment on November 3, 1999, the sixth Amendment on June 8, 2000, the seventh Amendment on June 18, 2002, and the eighth Amendment on June 10, 2003, the ninth Amendment on June 10, 2003, the tenth Amendment on June 16, 2005, the eleventh Amendment on June 6, 2006, the twelfth Amendment on June 6, 2008, the thirteenth Amendment on June 10, 2009, the fourteenth Amendment on June 17, 2010, the fifteenth Amendment on June 9, 2011, the sixteenth Amendment on June 15, 2012, the seventeenth Amendment on June 20, 2013, the eighteenth Amendment on January 17, 2014, the nineteenth Amendment on May 14, 2014, the twentieth Amendment on May 19, 2016, and the twenty-first Amendment on May 16, 2019.</p>	<p>Amended the revision date.</p>

**Advanced Power Electronics Co., Ltd.  
Comparison Table for the Operational Procedures for Loaning Funds to  
Others Before and After Revision**

Draft Amendment	Current Articles	Explanatory Notes
<p>Article 4 Total Amount of Loans and Limit of Loans to A Single Borrower</p> <p>1. Total Amount of Loans The aggregate amount of loans by the Company shall not exceed 50 percent of the Company's net worth, <u>including:</u></p> <p><u>(1). For companies which have a business relationship with the Company, the total lending amount shall not exceed 10% of the net worth of the Company.</u></p> <p><u>(2). For companies in need of short-term financing, the total lending amount shall not exceed 40% of the net worth of the Company.</u></p> <p>2. Limit of Loans to <u>an Individual Borrower</u></p> <p><u>(1). In the case of lending funds to companies who have a business relationship with the Company, the aggregate amount of loans shall not exceed the total amount of the business transactions between the Company and the borrower. The "total amount of the business transactions" refers the amount of purchases or sales during the</u></p>	<p>Article 4 Total Amount of Loans and Limit of Loans to A Single Borrower</p> <p>1. Total Amount of Loans <del>(1)-</del>The aggregate amount of loans by the Company shall not exceed 50 percent of the Company's net worth.</p> <p><del>(2). The loan has been approved by the Company's board of directors for short term loan, shall not exceed 40 percent of the Company's net worth.</del></p> <p><del>(3). The loan to a single borrower shall not be applied to the item (1) and (2) when a single borrower is a company in which the Company directly and indirectly holds 100% of voting shares.</del></p> <p>2. Limit of Loans to A Single Borrower</p> <p><del>(1). Where funds are loaned for reasons of business dealings: the aggregate amount of loans shall not exceed 20 percent of the Company's net worth. The loan to a single borrower shall be limited to the total amount of trading between the two companies.</del></p>	<p>In accordance with amendments made to the "Regulations Governing Loaning of Funds and Making of Endorsements/ Guarantees by Public Companies" by the FSC and operational needs.</p>

Draft Amendment	Current Articles	Explanatory Notes
<p><u>recent year or the estimate for the next year, whichever is higher, but shall not exceed 10% of the net worth of the Company.</u></p> <p><u>(2). In the case of lending funds to the companies in need of short-term financing, the total lending amount to an individual borrower shall not exceed 10% of the net worth of the Company.</u></p> <p><u>3. For fund-lending (for financing needs) between offshore subsidiaries whose voting shares are 100% owned, directly or indirectly, by the Company, or fund-lending to the Company by offshore subsidiaries whose voting shares are 100% owned, directly or indirectly, by the Company, the total amount for such fund-lending shall not exceed 100% of the lender's net worth.</u></p> <p><u>4. Where the Company's financial reports are prepared according to the International Financial Reporting Standards, "net worth" in these Regulations means the balance sheet equity attributable to the owners of the parent company under the Regulations Governing the Preparation of Financial Reports by Securities Issuers.</u></p> <p><u>5. The net value mentioned above is subject to the data in the financial statements most recently reviewed or audited by the CPA.</u></p>	<p><del>(2). Where short term financing is needed: the aggregate amount of loans shall not exceed 20 percent of the Company's net worth.</del></p> <p><del>(3). A company in which the Company directly and indirectly holds more than 20 percent of the voting shares, and has the requirement of short term loan, the aggregate amount of loans shall not exceed 40 percent of the Company's net worth.</del></p> <p>3-Where the Company's financial reports are prepared according to the International Financial Reporting Standards, "net worth" in these Regulations means the balance sheet equity attributable to the owners of the parent company under the Regulations Governing the Preparation of Financial Reports by Securities Issuers.</p>	
<p>Article 5 Duration of loans <u>In principle, the duration of each loan shall not exceed one year. If one business year is longer than one year, the business cycle shall prevail.</u></p>	<p>Article 5 Duration of loans <del>1. The duration of each loan for reasons of business dealings shall not exceed the maximum of one year from the lending date.</del> <del>2. The duration of each loan has been</del></p>	<p>In accordance with amendments made to the "Regulations Governing Loaning of Funds and Making of Endorsements/ Guarantees by Public Companies" by the FSC</p>

Draft Amendment	Current Articles	Explanatory Notes
	<p><del>approved by the Company's board of directors for the short term loan needed shall not exceed the maximum of one year or one business year (whichever is longer) from the lending date.</del></p>	<p>and operational needs.</p>
<p>Article 7 Case Evaluation</p> <p>1. Before making a loan of funds to others, the Company shall carefully evaluate whether the loan is in compliance with the Company Act, the "Regulations Governing Loaning of Funds and Making of Endorsements/ Guarantees by Public Companies" and the operational procedures. The Company may loan funds to others only after the evaluation results under this paragraph and have been submitted to and resolved upon by the board of directors <u>and no delegation of authority shall be made to any person in this regard. However, the material lending of funds shall be approved by the Audit Committee in accordance with relevant regulations and submitted to the Board of Directors for approval.</u></p> <p>2. <u>Loans of funds between the Company and its subsidiaries, or loans of funds between the subsidiaries,</u> shall be submitted for a resolution by the board of directors pursuant to the</p>	<p>Article 7 Case Evaluation</p> <p>1. Before making a loan of funds to others, the Company shall carefully evaluate whether the loan is in compliance with the Company Act, the "Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies" and the operational procedures. The Company may loan funds to others only after the evaluation results under this paragraph and have been submitted to and resolved upon by the board of directors.</p> <p><del>When the procedures for making a loan of funds to others are submitted for discussion by the board of directors pursuant to the preceding paragraph, the board of directors shall take into full consideration each independent director's opinions. The minutes shall contain the dissenting opinions or reservations made by the independent directors, if any.</del></p> <p><del>The Company may not proceed to enter into significant loans until the following matters have been approved by more than half of all Audit Committee members, and then submitted to the board of directors for a resolution.</del></p> <p>2. Loans of funds between the Company and its subsidiaries, <del>or loans of funds between or fund-lending to the Company by offshore subsidiaries whose voting</del></p>	<p>In accordance with amendments made to the "Regulations Governing Loaning of Funds and Making of Endorsements/ Guarantees by Public Companies" by the FSC and operational needs.</p>

Draft Amendment	Current Articles	Explanatory Notes
<p>preceding paragraph, and the Chairman may be authorized, for a specific borrowing counterparty, within a certain monetary limit resolved by the board of directors, and within a period not to exceed one year, to give loans in installments or to make a revolving credit line available for the counterparty to draw down.</p> <p>3. The "certain monetary limit" mentioned in the paragraph <u>3</u> of Article 4 shall be in compliance with the limitation on loans that the Company or any of its subsidiaries to any single entity shall not provide loan of funds exceed 10% of the net worth in its latest financial statements of <u>the lending company</u>.</p>	<p><del>shares are 100% owned, directly or indirectly, by the Company,</del> shall be submitted for a resolution by the board of directors pursuant to the preceding paragraph, and the Chairman may be authorized, for a specific borrowing counterparty, within a certain monetary limit resolved by the board of directors, and within a period not to exceed one year, to give loans in installments or to make a revolving credit line available for the counterparty to draw down.</p> <p>3. The "certain monetary limit" mentioned in the paragraph 2 of Article 4 shall be in compliance with the limitation on loans that the Company or any of its subsidiaries to any single entity shall not provide loan of funds exceed 10% of the net worth in its latest financial statements of <del>the Company</del>.</p>	
<p>Article 9 Subsequent Measures for Control and Management of Loans, and Procedures for Handling Delinquent Creditor's Rights</p> <p>1. omitted.</p> <p>2. An improvement plan shall be made if changes in the circumstances of the Company or a borrower result in the borrower no longer meeting the requirement on the Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees or these Operating Procedures, or causing the loan balance to exceed the limit. All improvement plans shall be submitted to the <u>Audit Committee</u>, and improvement shall be completed in accordance with the planned timetable.</p>	<p>Article 9 Subsequent Measures for Control and Management of Loans, and Procedures for Handling Delinquent Creditor's Rights</p> <p>1. omitted.</p> <p>2. An improvement plan shall be made if changes in the circumstances of the Company or a borrower result in the borrower no longer meeting the requirement on the Regulations Governing Loaning of Funds and Making of Endorsements/ Guarantees or these Operating Procedures, or causing the loan balance to exceed the limit. All improvement plans shall be submitted to the <del>board meeting</del>, and improvement shall be completed in accordance with the planned timetable.</p>	<p>In accordance with amendments made to the "Regulations Governing Loaning of Funds and Making of Endorsements/ Guarantees by Public Companies" by the FSC and operational needs.</p>

Draft Amendment	Current Articles	Explanatory Notes
3. omitted. 4. omitted.	3. omitted. 4. omitted.	
<p>Article 10 Announcement and Reporting Procedures</p> <p><u>1. The Company shall announce and report the previous month's loan balances of its head office and subsidiaries by the 10th day of each month.</u></p> <p><u>2. The Company whose loans of funds reach one of the following levels shall announce and report such event within two days commencing immediately from the date of occurrence:</u></p> <p><u>(1) The aggregate balance of loans to others by the Company and its subsidiaries reaches 20 percent or more of the Company's net worth as stated in its latest financial statement.</u></p> <p><u>(2) The balance of loans by the Company and its subsidiaries to a single enterprise reaches 10 percent or more of the Company's net worth as stated in its latest financial statement.</u></p> <p><u>(3) The amount of new loans of funds by the Company or its subsidiaries reaches NT\$10 million or more, and reaches 2 percent or more of the Company's net worth as stated in its latest financial statement.</u></p> <p><u>3. The Company shall announce and report on behalf of any subsidiary thereof that is not a public company of the Republic of China any matters that such subsidiary is required to announce and report pursuant to subparagraph 3 of the preceding paragraph.</u></p> <p><u>4. The Company shall evaluate the status of its loans of funds and reserve sufficient allowance for bad</u></p>	<p>Article 10 Announcement and Reporting Procedures</p> <p><del>The Company shall perform announce and reporting in accordance with relevant laws and regulations of the FSC.</del></p>	<p>In accordance with amendments made to the “Regulations Governing Loaning of Funds and Making of Endorsements/ Guarantees by Public Companies” by the FSC and operational needs.</p>

Draft Amendment	Current Articles	Explanatory Notes
<u>debts, and shall adequately disclose relevant information in its financial reports and provide CPAs with relevant information for implementation of necessary auditing procedures.</u>		
<p>Article 12 Penalties</p> <p>1. The handling of the Company's loans of funds to others shall fully comply with these operational procedures. Disciplinary action shall be taken against any managers or other responsible personnel in accordance with the Company's personnel rules in the event of any violations of regulations.</p> <p>2. <u>The responsible person of the Company who has violated Paragraph 1 of Article 3 shall be liable, jointly and severally with the borrower, for the repayment of the loan at issue and for the damages, if any, to the Company resulted therefrom.</u></p>	<p>Article 12 Penalties</p> <p>The handling of the Company's loans of funds to others shall fully comply with these operational procedures. Disciplinary action shall be taken against any managers or other responsible personnel in accordance with the Company's personnel rules in the event of any violations of regulations.</p>	<p>In accordance with amendments made to the “Regulations Governing Loaning of Funds and Making of Endorsements/ Guarantees by Public Companies” by the FSC and operational needs.</p>
<p>Article 15 Supplemental Provisions</p> <p>The operational procedures shall be enforced after approved by the shareholders’ meeting; the amendment of the operational procedures also shall be approved by the shareholders’ meeting. The operational procedures adopted by the shareholders’ meeting on May 16, 2019, <u>and the first Amendment on May 18, 2023.</u></p>	<p>Article 15 Supplemental Provisions</p> <p>The operational procedures shall be enforced after approved by the shareholders’ meeting; the amendment of the operational procedures also shall be approved by the shareholders’ meeting.</p> <p>The operational procedures adopted by the shareholders’ meeting on May 16, 2019.</p>	<p>Amended the revision date.</p>



**Advanced Power Electronics Co., Ltd.**  
**The Candidate List of Directors and Independent Directors**

As of March 20, 2023

<b>Candidate Category</b>	<b>Candidate Name</b>	<b>Education</b>	<b>Past Experiences</b>	<b>Current Positions</b>	<b>Shareholding (Unit: Share)</b>	<b>Representative of The Government or Institution</b>
Director	Tie-Min Chen	BS in Engineering, National Cheng Kung University	President of Yageo Corp.	Chairman of Yageo Corp. Strategic Investment Management Committee of Yageo Corp. Chairman of Kuo-Shin Investment Ltd. Director of Chilisin Electronics Corp. Chairman of Tong Hsing Electronic Industries, Ltd. Vice Chairman of XSEMI Corporation	0	
Director	Fu-Chi Teng	Executives Program, Graduate School of Business Administration, National Chengchi University	Chairman of Tainet Communication System Corp.	Chairman, Future Technology Consulting, Inc. CSO, Advanced Power Electronics Co., Ltd. Representative of juridical person director, Tainet Communication System Corp. Representative of juridical person director, Future Technology Consulting (B.V.I.), Inc. Representative of juridical person director, Perfect Prime Ltd. (SAMOA) Representative of juridical person chairman and general manager, Green Power Semiconductor Co., Ltd.	3,084,899	Future Technology Consulting, Inc.

<b>Candidate Category</b>	<b>Candidate Name</b>	<b>Education</b>	<b>Past Experiences</b>	<b>Current Positions</b>	<b>Shareholding (Unit: Share)</b>	<b>Representative of The Government or Institution</b>
				<p>Representative of juridical person director, OPC Microelectronics Co., Ltd.</p> <p>Representative of juridical person director, Fuhong Investment Co., Ltd.</p> <p>Independent Director, Technology Unlimited Corp.</p> <p>Representative of juridical person chairman, St. John's star Venture Capital Co., Ltd.</p> <p>Director, Nccu Star Venture Capital Co., Ltd.</p> <p>Director, Ntust Star Venture Capital Co., Ltd.</p>		
Director	Chia-Shuai Chang	Doctor degree in Physics, National Tsing Hua University.	<p>Vice President, Impac Technology Co., Ltd.</p> <p>Manager of R&amp;D Department, Walsin Thz Technology Corp.</p> <p>Manager of Electronic and Optoelectronic System Research Laboratories, ITRI.</p> <p>Vice President, Tong Hsing Electronic Industries, Ltd.</p> <p>COO, Tong Hsing Electronic Industries, Ltd.</p> <p>President, Tuntex Incorporation</p>	<p>President and Representative of juridical person director, Tong Hsing Electronic Industries, Ltd.</p> <p>President and Representative of juridical person director, XSEMI Corporation</p>	35,000,000	XSEMI Corporation

<b>Candidate Category</b>	<b>Candidate Name</b>	<b>Education</b>	<b>Past Experiences</b>	<b>Current Positions</b>	<b>Shareholding (Unit: Share)</b>	<b>Representative of The Government or Institution</b>
Director	Ying-Shis Huang	Master degree from Dept. of Accounting, National Chung Cheng University B.A. in Accounting, Tunghai University	Senior Director of Hon Hai Precision Industry Co., Ltd. Senior Director of EY Transaction Advisory Services Inc. Director of Systex Corporation Director of Hewlett-Packard Development Company, L.P.	Supervisor, XSEMI Corporation Director, Foxtron Vehicle Technologies Co., Ltd. Representative of juridical person director, Altus Technology Inc. Representative of juridical person director, Linker Vision Co., Ltd.	0	
Independent Director	Pao-Shi Sheng	Bachelor of Economics, University of California, Berkeley	General Manager, Hoan Pharmaceuticals Ltd.	Chairman and General Manager of Bora Pharmaceutical Co., Ltd. Chairman, Union Chemical & Pharmaceutical Co., Ltd. Director, Wellpool Co., Ltd. Chairman, Bao Lei Co., Ltd. Chairman, Rui Bao Xin Investment Co., Ltd. Independent director, Gamania Digital Entertainment Co., Ltd. Independent director, BIONET Corp. Chairman, Bora Health Co., Ltd. Chairman, Bora Pharmaceutical Laboratories Inc. Chairman, Bao En International Co., Ltd. Chairman, Jia Xi International Co., Ltd. Chairman, Bora Management Consulting Co., Ltd. Chairman, Bora Biologics Co., Ltd. Chairman, Sympac-kingdom pharmaceutical Co., Ltd. Chairman, Twi Pharmaceuticals, Inc. Chairman, Bora Pharmaceutical and Consumer Health Inc. Director, Bora Pharmaceuticals USA Inc. Director, Bora Pharmaceuticals Services Inc.	0	

<b>Candidate Category</b>	<b>Candidate Name</b>	<b>Education</b>	<b>Past Experiences</b>	<b>Current Positions</b>	<b>Shareholding (Unit: Share)</b>	<b>Representative of The Government or Institution</b>
Independent Director	Nai-Jen Yeh	Electrical and Computer Engineering, Tamkang University	R&D Vice President, Episil Technologies Inc. R&D Vice President, Miracle Technology Co., Ltd. General Manager of Asia region, Princeton Technology Co., Ltd. Manufacturing Manager, United Microelectronics Corp.	None	0	
Independent Director	Chien-Wei Chen	EMBA of Taiwan-Fudan University EMBA of National Taiwan University of Science and Technology Industrial Engineering and Management, National Taiwan University of Science and Technology	Supervisor, E-Elements Technology Co. Ltd. Director, Ennoconn Corporation Member of Compensation Committee, Chaintech Technology Corporation	President, Technology Unlimited Corp and its Subsidiaries Chairman, Technology Created Medicine Corporation Chairman, Sparkle Computer Co., Ltd. Representative of juridical person director of Rigo Global Co., Ltd. Independent Director, Aewin Technologies Co., Ltd. Director, Curation Mobility Corporation	0	

**Advanced Power Electronics Co., Ltd.  
The List to Release of Non-Competition Restrictions  
on the Company's Directors**

<b>Candidate Category</b>	<b>Candidate Name</b>	<b>Same or Similar Lines of Business of the Company</b>
Director	Tie-Min Chen	Chairman of Yageo Corp. Strategic Investment Management Committee of Yageo Corp. Chairman of Kuo-Shin Investment Ltd. Director of Chilisin Electronics Corp. Chairman of Tong Hsing Electronic Industries, Ltd. Vice Chairman of XSEMI Corporation
Director	Future Technology Consulting, Inc. Representative: Fu-Chi Teng	Chairman, Future Technology Consulting, Inc. CSO, Advanced Power Electronics Co., Ltd. Representative of juridical person director, Tainet Communication System Corp. Representative of juridical person chairman and general manager, Green Power Semiconductor Co., Ltd. Representative of juridical person director, OPC Microelectronics Co., Ltd. Independent Director, Technology Unlimited Corp. Representative of juridical person chairman, St. John's Star Venture Capital Co., Ltd. Director, Nccu Star Venture Capital Co., Ltd. Director, Ntust Star Venture Capital Co., Ltd.
Director	XSEMI Corporation Representative: Chia -Shuai Chang	President and Representative of juridical person director, Tong Hsing Electronic Industries, Ltd. President and Representative of juridical person director, XSEMI Corporation
Director	Ying-Shis Huang	Supervisor, XSEMI Corporation Director, Foxtron Vehicle Technologies Co., Ltd. Representative of juridical person director, Altus Technology Inc. Representative of juridical person director, Linker Vision Co., Ltd.

Candidate Category	Candidate Name	Same or Similar Lines of Business of the Company
Independent Director	Pao-Shi Sheng	Chairman and General Manager of Bora Pharmaceutical Co., Ltd. Chairman, Union Chemical & Pharmaceutical Co., Ltd. Director, Wellpool Co., Ltd. Chairman, Bao Lei Co., Ltd. Chairman, Rui Bao Xin Investment Co., Ltd. Independent director, Gamania Digital Entertainment Co., Ltd. Independent director, BIONET Corp. Chairman, Bora Health Co., Ltd. Chairman, Bora Pharmaceutical Laboratories Inc. Chairman, Bao En International Co., Ltd. Chairman, Jia Xi International Co., Ltd. Chairman, Bora Management Consulting Co., Ltd. Chairman, Bora Biologics Co., Ltd. Chairman, Synpac-kingdom pharmaceutical Co., Ltd. Chairman, Twi Pharmaceuticals, Inc. Chairman, Bora Pharmaceutical and Consumer Health Inc. Director, Bora Pharmaceuticals USA Inc. Director, Bora Pharmaceuticals Services Inc.
Independent Director	Chien-Wei Chen	President, Technology Unlimited Corp and its Subsidiaries Chairman, Technology Created Medicine Corporation Chairman, Sparkle Computer Co., Ltd. Representative of juridical person director of Rigo Global Co., Ltd. Independent Director, Aewin Technologies Co., Ltd. Director, Curation Mobility Corporation

## APPENDIXES

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### **Advanced Power Electronics Co., Ltd. Rules and Procedures of Shareholders' Meeting**

Article 1 Applicable principles

The rules and Procedures of shareholders' Meeting, except as otherwise provided by law, regulation, or the articles of incorporation, shall be as provided in the Rules and Procedures.

Article 2 Convening a shareholders' meeting and notification

1. Except where prescribed by laws and regulations, the Board of Directors shall convene shareholders' meetings.
2. All shareholders shall be notified 30 days in advance of an annual general meeting. Those shareholders who hold less than 1,000 shares of registered stock may be notified 30 days in advance by means of posting a public announcement on the Market Observation Post System website. All shareholders shall be notified 15 days in advance when an extraordinary general meeting is convened. Those shareholders who hold less than 1,000 shares of registered stock may be notified 15 days in advance by means of posting a public announcement on the Market Observation Post System website. The time and method of the public announcement mentioned in the foregoing paragraph, the main items stated in the meeting handbook, and other compliance requirements shall in all cases be as prescribed by the "Regulations Governing Content and Compliance Requirements for Shareholders' Meeting Handbooks of Public Companies."
3. The subject of the meeting shall be explicitly stated in notices and public announcements. When the relevant parties grant their consent, notification may be performed using electronics means.
4. The election or dismissal of directors, amendments to the articles of incorporation, reduction of capital, application for the approval of ceasing its status as a public company, approval of competing with the company by directors, surplus profit distributed in the form of new shares, reserve distributed in the form of new shares, the dissolution, merger, or demerger of the corporation, or any matter under Article 185, paragraph 1 of the Company Act, Article 26-1 and Article 43-6 of the Securities and Exchange Act, or any other issues prohibited by law from being proposed as special motions in the shareholders meeting shall be stated as the causes of convention and shall not be proposed as special motions in the meeting.
5. Where re-election of all directors as well as their inauguration date is stated in the notice of the reasons for convening the shareholders meeting, after the completion of the re-election in said meeting such inauguration date may not be altered by any extraordinary motion or otherwise in the same meeting.

Article 3 Handling of proposals made before the shareholders' meeting

1. Shareholder(s) holding one percent (1%) or more of the total number of outstanding shares of the Company may propose to the Company a proposal in written for discussion at the Meeting, but only one matter shall be allowed in each single proposal, and in case a proposal contains more than one matter, such proposal shall not be



included in the agenda. The board of directors shall not include a proposal into the agenda if the proposal falls under any clause set forth in Company Act Article 172-1, Paragraph 4. Provided a shareholder proposal for urging the corporation to promote public interests or fulfill its social responsibilities may still be included in the agenda by the board of directors. In addition, when the circumstances of any subparagraph of Article 172-1, paragraph 4 of the Company Act apply to a proposal put forward by a shareholder, the board of directors may exclude it from the agenda.

2. Prior to the date on which share transfer registration is suspended before the convention of the Meeting, the Company shall give a public notice announcing, the place and the period for shareholders to submit proposals for discussions at the Meeting; and the period for accepting such proposals shall not be less than ten (10) days.
3. The number of words of a proposal to be submitted by a shareholder shall be limited to no more than three hundred (300) words, and any proposal containing more than 300 words shall not be included in the agenda of the Meeting. The shareholder who has submitted a proposal shall attend, in person or by a proxy, the Meeting where his proposal is to be discussed and shall take part in the discussion of such proposal.
4. The Company shall, prior to preparing and delivering the Meeting notice, inform the proposal submitting shareholders of the results of the proposal, and shall list in the Meeting notice the proposals conforming to the requirements set out in this rule. With regard to the proposals submitted by shareholders but not included in the agenda of the Meeting, the cause for exclusion of such proposals and explanation shall be made by the board of directors at the Meeting to be convened.

Article 4 The exercise of voting rights and attendance by proxy

1. For each shareholders meeting, a shareholder may appoint a proxy to attend the meeting by providing the proxy form issued by the Company and stating the scope of the proxy's authorization.
2. A shareholder may issue only one proxy form and appoint only one proxy for any given shareholders meeting, and shall deliver the proxy form to the Company before five days before the date of the shareholders meeting. When duplicate proxy forms are delivered, the one received earliest shall prevail unless a declaration is made to cancel the previous proxy appointment.
3. After a proxy form has been delivered to the Company, if the shareholder intends to attend the meeting in person or to exercise voting rights by correspondence or electronically, a written notice of proxy cancellation shall be submitted to the Company before two business days before the meeting date. If the cancellation notice is submitted after that time, votes cast at the meeting by the proxy shall prevail.

Article 5 Location and time of meeting

The Meeting shall be held at the premises of Company or at a place that is both convenient for shareholders to attend and suitable for holding the Meeting. The Meeting shall start not earlier than 9:00 a.m. or later than 3:00 p.m.

Article 6 Registration of shareholders for attendance

1. The Company shall specify in the shareholders meeting notices the time during which shareholder attendance registrations will be accepted, the place to register for attendance, and other matters for attention. The time during which shareholder attendance registrations will be accepted shall be at least 30 minutes prior to the time

the meeting commences.

2. Shareholders and their proxies shall attend shareholders meetings based on attendance cards, sign-in cards, or other certificates of attendance. Solicitors soliciting proxy forms shall also bring identification documents for verification.
3. The Company shall set up a registration desk for the registration of the shareholders or proxies to the meeting by presenting the attendance sign-in cards.
4. This Company shall furnish attending shareholders with the meeting agenda book, annual report, attendance card, speaker's slips, voting slips, and other meeting materials. Where there is an election of directors, pre-printed ballots shall also be furnished.
5. When the government or a juristic person is a shareholder, it may be represented by more than one representative at a shareholders meeting. When a juristic person is appointed to attend as proxy, it may designate only one person to represent it in the meeting.

Article 7 Chairman, personnel attending in a non-voting capacity

1. The Chairman shall serve as chairman of a shareholders' meeting convened by the Board. If the Chairman has taken leave of absence or cannot attend for some reason, the Chairman shall designate one director to act in his stead. If the Chairman has not designated anyone to act as chairman, the directors shall jointly elect one from among themselves to serve as meeting chairman.
2. If a shareholders' meeting has been convened by a person with convening powers other than the Board of Directors, the convener shall serve as the chairman. If there are two or more conveners, they shall jointly elect one from among themselves to serve as the chairman.
3. The company may designate commissioned lawyers, certified public accountants, or other relevant personnel to attend the shareholders' meeting in a non-voting capacity.

Article 8 Audio or video recording of shareholders' meeting

The Company, beginning from the time it accepts shareholder attendance registrations, shall make an audio or video recording of the entire proceedings of the shareholders' meeting, and shall preserve the recording for at least one year. If, however, a shareholder initiates a lawsuit in accordance with Article 189 of the Company Act, such a recording shall be preserved until the conclusion of the lawsuit.

Article 9 Calculation of number of shares present, holding of meeting

1. The calculation of attendance to shareholders' meeting of the Company shall be based on the quantity of shares being represented. The number of shares present shall include the quantity of shares represented by the shareholders present as stated in the attendance book and sign-in cards and the quantity of shares represented through electronic voting. There shall be no double counting of the shares for shareholders present in the meeting but elect to exercise their voting rights through electronic voting.
2. The chairman shall call the Meeting to order at the time scheduled for the Meeting provided that the number of shares represented by the shareholders present at the Meeting reaches the specified quorum. However, when the attending shareholders do not represent a majority of the total number of issued shares, the chairman may announce a postponement, provided that no more than two such postponements, for a combined total of no more than one hour, may be made. If the quorum is not met after two postponements and the attending shareholders still represent less than one third of

the total number of issued shares, the chairman shall declare the meeting adjourned.

3. If the quorum is not met after two postponements as referred to in the preceding paragraph, but the attending shareholders represent one third or more of the total number of issued shares, a tentative resolution may be adopted pursuant to Article 175, paragraph 1 of the Company Act; all shareholders shall be notified of the tentative resolution and another shareholders meeting shall be convened within one month.
4. When, prior to conclusion of the meeting, the attending shareholders represent a majority of the total number of issued shares, the chairman may resubmit the tentative resolution for a vote by the shareholders meeting pursuant to Article 174 of the Company Act.

#### Article 10 Discussion of proposals

1. The Board shall determine the agenda of a shareholders' meeting if it has convened that meeting. Votes shall be cast on each separate proposal in the agenda. The meeting shall proceed in accordance with the agenda. The agenda may not be changed without a resolution of the shareholders' meeting.
2. If a shareholders' meeting has been convened by some person with convening powers other than the Board, the regulations of the foregoing paragraph shall still apply.
3. The chairman may not arbitrarily announce adjournment in the absence of a resolution to that effect before the conclusion of deliberation of items (including special motions) on the agenda determined as prescribed in the two foregoing paragraphs. If the chairman announces adjournment in violation of the rules of procedure, the other members of the board of directors shall promptly assist the attending shareholders selecting a person to serve as chairman and continue the meeting with the consent of shareholders representing a majority of voting rights present.
4. The chairman must provide opportunities for adequate explanations and discussion in connection with proposals, revised proposals and special motions submitted by shareholders. The chairman may announce an end of discussion and put the motion to a vote when he considers it has reached the extent for making a resolution.

#### Article 11 Speaking

1. Before speaking, an attending shareholder or proxy shall first fill out a speaking slip specifying therein the major points of his or her speech, his or her shareholder account number (or attendance pass number), and account name. The chairman shall determine speaking order.
2. An attending shareholder or proxy who only submits a speaking slip but fails to actually speak shall be deemed to have not spoken. If the content of a shareholder's speech is inconsistent with that stated on his or her speaking slip, the content actually spoken shall take precedence.
3. Except with the consent of the chairman, a shareholder may not speak more than twice on the same proposal, and a single speech may not exceed 5 minutes. If the shareholder's speech violates the rules or exceeds the scope of the agenda item, the chairman may terminate the speech.
4. Other shareholders may not interfere with a speaking shareholder or proxy without obtaining the consent of the chairman and the speaking shareholder or proxy. The chairman shall stop anyone who violates this rule.
5. When a government or juristic shareholder sends two or more representatives to attend

the shareholders' meeting, the shareholder may designate only one person to speak on each occasion.

6. The chairman may personally respond, or designate another relevant person to do so, after a shareholder has spoken.

Article 12 Calculation of number of voting shares, recusal system

1. Votes at shareholders' meetings shall be calculated on the basis of number of shares.
2. When votes are taken on resolutions, the number of shares held by shareholders without voting rights shall not be included in the total number of issued shares.
3. A shareholder may not vote on a matter, and may not appoint another shareholder to exercise his or her voting rights, if the shareholder's conflict of interest with regard the motion may be detrimental to the company's interests.
4. In the foregoing paragraph, the number of voting rights that may not be exercised shall not be calculated among the total voting rights of the shareholders in attendance.
5. With the exception of trust enterprises and agents of stock affairs approved by the competent authority in charge of securities, a single person acting as the proxy for two or more shareholders may exercise voting rights not exceeding 3% of the voting rights of total issued shares. Any excess voting rights shall not be counted.

Article 13 Voting on resolutions

1. A shareholder shall be entitled to one vote for each share held, except when the shares are restricted shares or are deemed non-voting shares under Article 179, paragraph 2 of the Company Act.
2. When the Company holds a shareholder meeting, it shall adopt exercise of voting rights by electronic means and may adopt exercise of voting rights by correspondence. When voting rights are exercised by correspondence or electronic means, the method of exercise shall be specified in the shareholders meeting notice. A shareholder exercising voting rights by correspondence or electronic means will be deemed to have attended the meeting in person, but to have waived his/her rights with respect to the extraordinary motions and amendments to original proposals of that meeting; it is therefore advisable that the Company avoid the submission of extraordinary motions and amendments to original proposals.
3. A shareholder intending to exercise voting rights by correspondence or electronic means under the preceding paragraph shall deliver a written declaration of intent to the Company before two days before the date of the shareholders meeting. When duplicate declarations of intent are delivered, the one received earliest shall prevail, except when a declaration is made to cancel the earlier declaration of intent.
4. After a shareholder has exercised voting rights by correspondence or electronic means, in the event the shareholder intends to attend the shareholders meeting in person, a written declaration of intent to retract the voting rights already exercised under the preceding paragraph shall be made known to the Company, by the same means by which the voting rights were exercised, before two business days before the date of the shareholders meeting. If the notice of retraction is submitted after that time, the voting rights already exercised by correspondence or electronic means shall prevail. When a shareholder has exercised voting rights both by correspondence or electronic means and by appointing a proxy to attend a shareholders meeting, the voting rights exercised by the proxy in the meeting shall prevail.

5. Except as otherwise provided in the Company Act and in the Company's articles of incorporation, the passage of a proposal shall require an affirmative vote of a majority of the voting rights represented by the attending shareholders. At the time of a vote, for each proposal, the chairman or a person designated by the chairman shall first announce the total number of voting rights represented by the attending shareholders, followed by a poll of the shareholders. After the conclusion of the meeting, on the same day it is held, the results for each proposal, based on the numbers of votes for and against and the number of abstentions, shall be entered into the MOPS.
6. When there is an amendment or an alternative to a proposal, the chairman shall present the amended or alternative proposal together with the original proposal and decide the order in which they will be put to a vote. When any one among them is passed, the other proposals will then be deemed rejected, and no further voting shall be required.
7. Vote monitoring and counting personnel for the voting on a proposal shall be appointed by the chairman, provided that all monitoring personnel shall be shareholders of the Company.
8. Vote counting for shareholders meeting proposals or elections shall be conducted in public at the place of the shareholders meeting. Immediately after vote counting has been completed, the results of the voting, including the statistical tallies of the numbers of votes, shall be announced on-site at the meeting, and a record made of the vote.

#### Article 14 Matters concerning elections

1. The proposal for the election of directors in the shareholders meeting shall be processed in compliance with the Directors Election Regulations of the Company and the result of which shall be announced on the scene immediately, including the names of those elected as directors and the numbers of votes with which they were elected.
2. In the process of aforementioned proposal for election, the monitoring personnel shall keep the ballots cast on the site together, affix their signatures or seals to the package, and forward the package to the Company for retention of at least one year, or as long as the conclusion of legal action instituted pursuant to Article 189 of the Company Act, where applicable.

#### Article 15 Meeting minutes and signing

1. The deliberation conducted at a shareholders' meeting shall be recorded in the meeting minutes. The chairman shall sign or affix his or her seal to the minutes. The minutes shall be issued to all shareholders within 20 days after the shareholders' meeting. The production and distribution of minutes may be performed using electronic means.
2. The release of the minutes of meeting on record as aforementioned may be announced by the Company through posting at MOPS.
3. The minutes shall record the year, month, day, and place of the meeting, the name of the chairman, the resolution method, a summary of deliberation, and the results of deliberation (including the number of voting rights), and disclose the number of voting rights won by each candidate in the event of an election of directors. The minutes of shareholders' meetings must be preserved for as long as the company is in existence.

#### Article 16 Public announcements

1. The company shall, on the day of the shareholders' meeting, compile a statistical table in prescribed format of the number of shares obtained by solicitors and by consigned agents on the day of the shareholders' meeting. This table shall be clearly displayed in

the meeting venue.

2. If matters put to a resolution at a shareholders meeting constitute material information under applicable laws or regulations or under Taiwan Stock Exchange Corporation regulations, the Company shall upload the content of such resolution to the MOPS within the prescribed time period.

Article 17 Maintenance of order

1. Personnel in charge of running a shareholders' meeting shall wear identification badges or armbands.
2. The chairman may ask disciplinary or security personnel to help maintain order at a meeting. Such personnel shall wear identification badges or armbands bearing the words "disciplinary personnel" when maintaining order at a meeting.
3. The meeting premises shall be equipped with loudspeaker equipment. The chairman may stop any shareholder speaking with loudspeaker equipment other than that arranged for by the Company.
4. The chairman may instruct disciplinary or security personnel to ask that any shareholder who violates the meeting rules of procedure and fails to heed a warning from the chairman, or impedes the progress of the meeting and fails to heed a call for restraint, to leave the premises.

Article 18 Intermission, resumption

1. The chairman may announce an intermission at an appropriate time during a shareholders' meeting. The chairman may also temporarily suspend a shareholders' meeting in the event of Force Majeure, and, if the circumstances permit, shall announce the time at which the meeting will resume.
2. If the meeting premises can no longer be used for the shareholders' meeting before the conclusion of deliberation of motions on the agenda (including special motions), the shareholders may make a resolution to seek another venue and continue the meeting.
3. In accordance with Article 182 of the Company Act, a shareholders' meeting may make a resolution to postpone the meeting until or resume the meeting at some other time within 5 days.

Article 19 Supplementary provisions

These Rules and Procedures shall be effective from the date it is approved by the Shareholders' Meeting. The same applies in case of revision.

These Rules and Procedures adopted by the shareholders' meeting on June 18, 2002, and the first Amendment on June 10, 2003, the second Amendment on June 15, 2012, the third Amendment on May 16, 2019, the fourth Amendment on June 15, 2020, the fifth Amendment on July 30, 2021.

### Advanced Power Electronics Co., Ltd.

#### The Articles of Incorporation

- Chapter I  
General Provisions
- Article 1 The Company shall be incorporated as a company, under the Company Act of the Republic of China. The name of the Company shall be 富鼎先進電子股份有限公司, which shall be written in English as “Advanced Power Electronics Corp.” (hereinafter referred to as “the Company”).
- Article 2 The scope of business of the Company shall be:
1. CC01080 Electronic Parts and Components Manufacturing.
  2. F113020 Wholesale of Household Appliance.
  3. F213010 Retail Sale of Household Appliance.
  4. I501010 Product Appearance Designing.
  5. I301010 Software Design Services.
  6. I599990 Other Designing (Electronic component design、IC design、semi-conductor design).
  7. IZ99990 Other Industry and Commerce Services Not Elsewhere Classified (Electronic component、IC、electronic test service).
  8. F119010 Wholesale of Electronic Materials.
  9. F219010 Retail Sale of Electronic Materials.
  10. ZZ99999 Any other business (other than those approved by the relevant authorities) not prohibited or restricted by law.
- Article 3 The Company shall have its registered head office in Hsinchu County and shall, where necessary and with a resolution to do so by the Board of Directors, set up branch offices either within or outside the territory of the Republic of China.
- Article 4 The total amount of the Company’s reinvestment shall not be subject to the restriction as provided in Article 13 of the Company Act. Any matters regarding the reinvestment shall be resolved in accordance with the resolutions of the Board of Directors if there are any business needs.
- Article 4-1 The Corporation may provide endorsement and guarantee and act as a guarantor. Unless otherwise provided by the relevant laws, rules and regulations, the Company may handle endorsement and guaranty affairs in accordance with the Operation Procedures for the Endorsement and Guaranty of the Company.
- Chapter II  
Shares
- Article 5 The total registered capital stock of the Company shall be Two Billion New Taiwan Dollars (NT\$2,000,000,000), divided into Two Hundred million (200,000,000) shares with a par value of Ten New Taiwan Dollars (NT\$10) per share. Any unissued shares shall be issued as common shares or preferred shares, where necessary, upon the approval of the Board.  
Seven million fifty hundred thousand shares of the above total capital stock of the Company shall be retained for the issuance of employee stock options.
- Article 5-1 For issuance of employee stock options where the price is less than the closing price of the Company shares on the date of issuance, or where the price of the

treasury stocks to be transferred to the employees is less than the average price of the repurchased shares, shareholders representing the majority of the issued shares shall be present and approval by at least 2/3 of the presenting shareholders shall be required.

Article 6 The share certificates of the Company shall bear the shareholders' names, be signed or sealed by the Chairman and at least three other directors, and legalized by Competent Authority or its certified issuance registration agency before they are issued. When issuing new shares, the Company may print a share certificate in respect of the full number of shares to be issued at that time. Shares issued by the Company may also be exempt from printing of share certificates, and the Company shall arrange for such shares to be recorded by a centralized securities custodian institution.

Article 7 Registration of share transfers shall be suspended for a 60-day period immediately prior to a regular meeting of the shareholders; for a 30-day period immediately prior to a special meeting of the shareholders; and for a 5-day period immediately prior to the record date for distribution of dividend, bonuses or other benefits.

Article 8 Any affair with regard to the shares of the Company shall be handled in accordance with the Guidelines for Handling Stock Affairs by a Public Issuing Company promulgated by the competent regulatory authority.

### Chapter III Shareholders' Meeting

Article 9 Shareholders' meetings shall be of two types: regular meeting and special meeting.

The regular meeting of shareholders shall be convened within six months after close of each fiscal year, unless otherwise approved by the competent authority for good cause shown. Special meetings shall be convened when necessary in accordance with the relevant laws, rules and regulations.

Article 9-1 The shareholders holding one percent (1%) or more of the total number of outstanding shares of the company may propose to the company a proposal for discussion upon written or email at a regular shareholders' meeting, provided that only one matter shall be allowed in each single proposal, and in case a proposal contains more than one matter, such proposal shall not be included in the agenda. Any affair shall be handled in accordance with the Company Act and relevant regulations.

Article 9-2 When the company plans to cancel the public offering of shares, a resolution of the shareholders meeting shall be submitted.

Article 10 A shareholder is entitled to appoint a proxy to attend and vote on behalf of the shareholder at a shareholders' meeting by completing and submitting to the Company a form prescribed by the Company stating the scope of authorization. Unless otherwise provided by Article 177 of The Company Act, measures concerning use of proxy shall be governed by Regulations Governing the Use of Proxies for Attendance at Shareholder Meetings of Public Companies Regulations promulgated by the competent regulatory authority.

Article 11 Unless otherwise provided by the related laws and regulations, shareholders of



- the Company shall be entitled to one vote for each share held at the shareholders' meeting.
- Article 12 Unless otherwise provided by the relevant laws, rules and regulations, shareholders' meetings may be held if attended by shareholders in person or by proxy representing more than one half of the total issued and outstanding capital stock of the Company, and resolutions shall be adopted at the meeting with the concurrence of a majority of the votes held by shareholders present at the meeting.
- Article 13 Where a shareholders' meeting is convened by the Board of Directors, the chairman of the Board of Directors shall act as the chairman of the shareholders' meeting. In the event that the chairman is to be on leave of absence, one of the directors appointed by the chairman, or, where there is no appointment, a director elected among all the directors, may act on behalf of the chairman. Where a shareholders' meeting is convened by a person with authority other than the Board of Directors, such convener shall act as the chairman of the shareholders' meeting. Where there are two (2) or more conveners, the chairman of the meeting shall be elected amongst such conveners.
- Article 14 Resolutions at a shareholders' meeting shall be recorded in a meeting minute signed by or affixed with the personal seal of the chairman. The meeting minute shall be distributed to all the shareholders of the Company by public announcement made through the MOPS within 20 days after the shareholders' meeting.
- Chapter IV Directors, Audit Committee and Managerial Officers
- Article 15 There shall be 5 to 7 Directors of the Company. Among the directors, there shall be no less than 3 independent directors. The election of Directors and independent Directors is adopted by candidate nomination system. The tenure of the offices of the Directors shall be 3 years and the Directors shall be eligible for re-elections. The ratio of the total share held by all directors shall comply with the requirements of the governing agency of securities. The Company may purchase liability insurance for directors with respect to their liabilities resulting from exercising their duties during their terms of occupancy.
- Article 15-1 The Board of Directors' meeting shall be convened the Chairman of the Board of Directors, upon written notice mailed to all the other Directors, at least seven days, unless in case of urgent circumstances, prior to the date of the meeting, specifying the date and place of the meeting and its agenda. The notice of the Board meetings may be made and delivered by email or facsimile. The independent directors shall together constitute the Audit Committee. The Audit Committee shall exercise their powers and other relevant matters in accordance with the relevant laws, regulations of the Securities and Exchange Act.
- Article 16 If one third of the offices of the Directors become vacant, the Board shall convene a special meeting of the shareholders within 60 days to re-elect and re-appoint Directors to fill the vacancies. The tenure of offices so filled shall be the balance of the term of the relevant offices.
- Article 17 The Chairman shall be elected respectively from amongst the Directors by a simple majority of the Directors present at the Board meetings attended by at least

two thirds of all the Directors. The Chairman shall have the right to execute in the name and on behalf of the Company.

In his/her absence or unable to exercise his/her powers, any one of the Directors shall be acting for him/her according to Article 208 of the Company Act.

Article 18 Except as otherwise provided in the relevant laws or this Articles of Incorporation, any resolution of a Board of Directors' meeting shall be adopted at a meeting which at least general majority of the directors attend and at which meeting a general majority of the directors present vote in favor of such resolution.

Article 18-1 In case any of the directors cannot attend the meeting for any cause whatsoever, he/she may designate the other directors to act on his/her behalf and such agent shall present the proxy setting forth the vested power of the purpose of the meeting each time. However, each agent shall only accept one appointment from the directors.

Article 19 Regardless gain or loss of the financial status of the Company, the remuneration and compensation of the directors shall be determined by the Board of Directors based on the participation and the contribution of each director in the business operation of the Company without exceeding the Company's highest level.

Article 20 The Company shall have one (1) president and several executive vice presidents whose appointment, dismissal and remuneration shall be by Article 29 of Company Act hereof.

Chapter V Accounting

Article 21 At the end of each fiscal year, the Board of Directors shall prepare the related reports and proposals to be submitted to the Audit Committee 30 days prior to the regular shareholders' meeting for acknowledgement. The reports resolved by the Board of Directors shall be submitted to the regular shareholders' meeting for acceptance.

Article 22 In annual profit-making year, the Company should distribute no less than 8% of profit as employees' compensation, and not more than 3% of profit should be distributed as Directors' compensation. The Company should by a resolution adopted by a majority vote at a meeting of the Board of Directors, have the profit distributable as employees' compensation in the preceding paragraph distributed in the form of share or in cash; and report at the regular shareholders' meeting. However, that if the Company has any accumulated losses, an amount to offset should be reserved in advance and the abovementioned compensations will be made from the remaining profits.

Article 23 After the Company has paid all taxes due at the end of each fiscal year, the Company shall make up its accumulated losses and set aside ten percent (10 %) earning as a statutory revenue reserve before distribution of earnings, except when the accumulated amount of such legal reserve equals to the Company's total authorized capital.

The Company may also set aside or reverse special reserve(s) according to the relevant laws, rules and regulations.

The total amount of the remaining amount, along with the accumulated retained earnings from the previous year, the Board of Directors may prepare a proposal

to distribute such profit, and submit to the shareholders' meeting for approval. In consideration of the growth period of the Company and in conjunction with capital needs in future and long-term financial planning in addition to satisfaction to shareholders with respect to the needs of cash flow, it has been decided that cash dividend for distribution to shareholders as shareholder's dividend under the abovementioned shall not be lower than 10% of the total dividend. However, the type and ratio of the distribution can be adjusted according to the resolution of the regular shareholders' meeting, depending on the actual profit and capital status of the year.

Chapter VI	Supplementary Provisions
Article 24	The internal organization of the Corporation and the detailed procedures of business operation shall be determined by the Board of Directors.
Article 25	In regard to all matters not provided for in these Articles of Incorporation, the Company Act and the relevant laws, rules and regulations shall govern.
Article 26	These Articles of Incorporation are agreed to and signed on July 6, 1998 by all the promoters of the Corporation, and the first Amendment was approved by the shareholders' meeting on July 31, 1998, the second Amendment on September 21, 1998, the third Amendment on June 30, 1999, the fourth Amendment on September 17, 1999, the fifth Amendment on November 3, 1999, the sixth Amendment on June 8, 2000, the seventh Amendment on June 18, 2002, and the eighth Amendment on June 10, 2003, the ninth Amendment on June 16, 2004, the tenth Amendment on June 16, 2005, the eleventh Amendment on June 6, 2006, the twelfth Amendment on June 6, 2008, the thirteenth Amendment on June 10, 2009, the fourteenth Amendment on June 17, 2010, the fifteenth Amendment on June 9, 2011, the sixteenth Amendment on June 15, 2012, the seventeenth Amendment on June 20, 2013, the eighteenth Amendment on January 17, 2014, the nineteenth Amendment on May 14, 2014, the twentieth Amendment on May 19, 2016, and the twenty-first Amendment on May 16, 2019.

### Advanced Power Electronics Co., Ltd.

#### Regulations of Directors Election

- Article 1 To ensure a just, fair, and open election of directors, these Procedures are adopted pursuant to Articles 21 and 41 of the Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies.
- Article 2 Except where prescribed by laws and regulations or the Articles of Incorporation of Advanced Power Electronics Co., Ltd. (herein referred to as "the Company"), the election of directors shall in all cases be conducted in accordance with these Regulations.
- Article 3 The election of this Company's directors shall take into consideration the overall composition of the board of directors. Board members shall possess the knowledge, skills, and qualifications required to perform their duties. The board as a whole shall possess the following abilities:
1. Ability to judge business operations;
  2. Accounting and financial analysis capability;
  3. Administrative and management ability;
  4. Crisis management ability;
  5. Industry knowledge;
  6. International market outlook;
  7. Leadership skills; and
  8. Decision-making ability.
- Article 4 Directors (including independent directors) shall be elected in accordance with the Articles of Incorporation of the Company and the resolution of the Board on the number of directors. More than half of the directors shall be persons who have neither a spousal relationship nor a relationship within the second degree of kinship with any other director.
- Article 5 The qualifications and selection of the Company's independent directors shall comply with the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies".
- Article 6 Directors (including independent directors) shall be elected employing the candidate nomination system and procedures prescribed in Article 192-1 of the Company Law.
- Article 7 The election of directors shall adopt a disclosed cumulative voting method. Each share represents a weighted number of voting rights equivalent to the number of directors to be elected; such voting rights may be exercised to collectively elect a single candidate or may be distributed among several candidates.
- Article 8 The board of directors shall prepare separate ballots for directors in numbers corresponding to the directors to be elected. The number of voting rights associated with each ballot shall be specified on the ballots, which shall then be distributed to the attending shareholders at the shareholders meeting. Attendance card numbers printed on the ballots may be used instead of recording the names of voting shareholders.
- Article 9 Independent directors and non-independent directors of the Company shall be elected at the same time and the votes shall be calculated separately. Candidates who get more votes representing corresponding voting rights shall be elected directors in the order of number of ballots received. If two or more persons have received the same number of voting rights, and the number of persons would exceed the prescribed number of available seats, the persons with the same number of voting rights shall draw lots to

decide election; the chairman shall draw lots on behalf of any selected persons who are not present.

Article 10 The Company shall prepare a ballot box for on-site voting in the shareholders' meeting. The chairman of the meeting shall appoint a number of watchers for monitoring the voting and a number of counting officers to read and count the votes. The watchers shall open the ballot box publicly to make sure it is empty. The watchers shall be shareholders of the Company.

Article 11 When the persons to be elected are shareholder, the voters shall fill in the name and shareholder account number in the ballot; when the persons to be elected are natural persons, the voters shall fill in the name and ID card number of the person in the ballot. When the persons to be elected are juristic persons or government agency, the voters shall fill in the full name of the juristic person or government agency, or the full name of the juristic person or government agency and its representative in the ballot. Where there are multiple representatives, the names of each respective representative shall be filled in.

Article 12 If any of the followings applies to on-site voting in shareholders' meeting, the ballot shall be counted as invalid:

1. The ballot was not placed into the ballot box.
2. The ballot was not prepared as prescribed in these regulations.
3. The ballot was blank when placed into the ballot box.
4. Handwriting is illegible or has been altered.
5. The account name or personal name of the candidate entered in the ballot is inconsistent with the information recorded in the shareholder register or does not match the information on the candidate's identity card.
6. Other text was entered aside from the candidate's account name, personal name, shareholder account number, business tax identification number, national identification number, and the number of voting rights allotted.
7. The name of the candidate entered in the ballot coincides with that of another person, but a shareholder number, business tax identification number, or national identification number was not entered for identification purposes.
8. Fail to fill in the requirements in the remarks column of the ballot.
9. The total number of voting rights exercised by the voters exceeds the total number of voting rights the voters entitled to.
10. The number of candidates nominated exceeds the mandatory number of seats for election.

Article 13 The voting rights shall be calculated on site immediately after the end of the poll, and the results of the calculation, shall be announced by the chair on the site. The ballots for the election referred to in the preceding paragraph shall be sealed with the signatures of the monitoring personnel and kept in proper custody for at least one year. If, however, a shareholder files a lawsuit pursuant to Article 189 of the Company Act, the ballots shall be retained until the conclusion of the litigation.

Article 14 These Rules and Procedures shall be effective from the date it is approved by the Shareholders' Meeting. The same applies in case of revision. These Regulations adopted by the shareholders' meeting on May 19, 2016, and the first Amendment on May 16, 2019.

### Advanced Power Electronics Co., Ltd.

#### Operational Procedures for Loaning Funds to Others

##### Article 1 Purpose of Determination

Advanced Power Electronics Co., Ltd. (herein referred to as "The Company") shall comply with the operational procedures when making loans to others; provided that where another act or regulation provides otherwise, the provisions of such law or regulation shall prevail.

##### Article 2 Legal Basis

The operational procedures are promulgated pursuant to "Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies" ("the Regulation"). All of the unspecified matters in these Operating Procedures shall uniformly be handled in accordance with relevant laws and regulations.

##### Article 3 Loan Recipients

1. The Company's loan recipients (herein referred to as "borrowers") shall comply with the circumstances in any of the following subparagraphs:
  - (1). Where a company having a business relationship with the Company and requests a loan arrangement; or
  - (2). Where a company having a necessary and short-term financing facility with the Company.
2. The term "short-term" as used in the preceding paragraph means one year, or where the operating cycle exceeds one year, one operating cycle.
3. "Subsidiary" and "parent company" as referred to in the operational procedures shall be as determined under the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

##### Article 4 Total Amount of Loans and Limit of Loans to A Single Borrower

###### 1. Total Amount of Loans

- (1). The aggregate amount of loans by the Company shall not exceed 50 percent of the Company's net worth.
- (2). The loan has been approved by the Company's board of directors for short-term loan, shall not exceed 40 percent of the Company's net worth.
- (3). The loan to a single borrower shall not be applied to the item (1) and (2) when a single borrower is a company in which the Company directly and indirectly holds 100% of voting shares.

###### 2. Limit of Loans to A Single Borrower

- (1). Where funds are loaned for reasons of business dealings: the aggregate amount of loans shall not exceed 20 percent of the Company's net worth. The loan to a single borrower shall be limited to the total amount of trading between the two companies.
  - (2). Where short-term financing is needed: the aggregate amount of loans shall not exceed 20 percent of the Company's net worth.
  - (3). A company in which the Company directly and indirectly holds more than 20 percent of the voting shares, and has the requirement of short-term loan, the aggregate amount of loans shall not exceed 40 percent of the Company's net worth.
3. Where the Company's financial reports are prepared according to the International

Financial Reporting Standards, "net worth" in these Regulations means the balance sheet equity attributable to the owners of the parent company under the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Article 5 Duration of loans

1. The duration of each loan for reasons of business dealings shall not exceed the maximum of one year from the lending date.
2. The duration of each loan has been approved by the Company's board of directors for the short-term loan needed shall not exceed the maximum of one year or one business year (whichever is longer) from the lending date.

Article 6 Calculation of interest

1. Annual interest rate standards for the Company's loans of funds shall be determined on the basis of the interest rate of the Company's bank deposits and loans.
2. The loan to a company in which the Company directly and indirectly holds 100% of voting shares for the short-term loan needed, the duration of loans and calculation of interest may be individually determined.

Article 7 Case Evaluation

1. Before making a loan of funds to others, the Company shall carefully evaluate whether the loan is in compliance with the Company Act, the "Regulations Governing Lending of Funds and Making of Endorsements/Guarantees by Public Companies" and the operational procedures. The Company may loan funds to others only after the evaluation results under this paragraph and have been submitted to and resolved upon by the board of directors.

When the procedures for making a loan of funds to others are submitted for discussion by the board of directors pursuant to the preceding paragraph, the board of directors shall take into full consideration each independent director's opinions. The minutes shall contain the dissenting opinions or reservations made by the independent directors, if any.

The Company may not proceed to enter into significant loans until the following matters have been approved by more than half of all Audit Committee members, and then submitted to the board of directors for a resolution.

2. Loans of funds between the Company and its subsidiaries, or loans of funds between the subsidiaries, shall be submitted for a resolution by the board of directors pursuant to the preceding paragraph, and the Chairman may be authorized, for a specific borrowing counterparty, within a certain monetary limit resolved by the board of directors, and within a period not to exceed one year, to give loans in installments or to make a revolving credit line available for the counterparty to draw down.
3. The "certain monetary limit" mentioned in the paragraph 2 of Article 4 shall be in compliance with the limitation on loans that the Company or any of its subsidiaries to any single entity shall not provide loan of funds exceed 10% of the net worth in its latest financial statements of the lending company.

Article 8 Procedures for Handling and Reviewing Loans

1. Responsible unit:  
The financial and accounting unit is responsible for the handling of the Company's loans to others.
2. Procedures for review and handling loans of funds

(1). Borrower credit status and risk assessment

The Company shall handle loans and matters, and review the borrower's purpose, the necessity of and reasonableness of extending loans to others, and the impact on the Company's business operations, financial condition, and shareholders' equity. After the credit status and risk assessment, the personnel shall fill in the credit report and review opinions, and submit it to the board of directors for approval.

(2). The Company shall establish a memorandum book to record the information of related important matters of loans.

Article 9 Subsequent Measures for Control and Management of Loans, and Procedures for Handling Delinquent Creditor's Rights

1. The Company shall be attentive to the borrower's and guarantor's financial, business and credit situations. If there is any security/collateral provided, the Company will inspect whether the value of the security/collateral is changed.
2. An improvement plan shall be made if changes in the circumstances of the Company or a borrower result in the borrower no longer meeting the requirement on the Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees or these Operating Procedures, or causing the loan balance to exceed the limit. All improvement plans shall be submitted to the board meeting, and improvement shall be completed in accordance with the planned timetable.
3. When a borrower repays an expired loan, the borrower must pay any owed interest together with the principal.
4. When the borrower fails to repay the principal and interest on schedule, the Company may require the borrower to immediately repay all the borrowings or to deal with and recover the collateral or guarantor provided by the borrower in accordance with the law, unless the request is made in advance and the extension is approved by the board of directors.

Article 10 Announcement and Reporting Procedures

The Company shall perform announce and reporting in accordance with relevant laws and regulations of the FSC.

Article 11 Internal Audit

The Company's internal auditors shall audit the operational procedures and the implementation thereof no less frequently than quarterly and prepare written records accordingly. They shall promptly notify the Audit Committee in writing of any material violation found.

Article 12 Penalties

The handling of the Company's loans of funds to others shall fully comply with these operational procedures. Disciplinary action shall be taken against any managers or other responsible personnel in accordance with the Company's personnel rules in the event of any violations of regulations.

Article 13 Supplements to relevant laws

All of the unspecified matters in these operational procedures shall uniformly be handled in accordance with relevant laws and regulations.

Article 14 Formulation and Revision

The operational procedures shall be adopted after approved by more than half of all



Audit Committee members, and then submitted to the board of directors for a resolution. After the operational procedures have been approved by the board of directors, they shall be submitted to a shareholders' meeting for approval; the same applies when the operational procedures are amended.

If the approval of more than half of all audit committee members as required in the first paragraph is not obtained, the operational procedures may be implemented if approved by more than two-thirds of all directors, and the resolution of the audit committee shall be recorded in the minutes of the board of directors meeting.

The terms of "all Audit Committee members" in the first paragraph and "all directors" in the preceding paragraph shall be counted as the actual number of persons currently holding those positions.

Article 15 Supplemental Provisions

The operational procedures shall be enforced after approved by the shareholders' meeting; the amendment of the operational procedures also shall be approved by the shareholders' meeting.

The operational procedures adopted by the shareholders' meeting on May 16, 2019.

**Advanced Power Electronics Co., Ltd.****Shareholdings of All Directors**

Record Date: March 20, 2023

Title	Name	Shares
Chairman	Future Technology Consulting, Inc. Representative: Fu-Chi Teng	3,084,899
Director	STCH Investment Inc. (Cayman) Representative: Chih-Cheng Chang	4,850,247
Director	Ji-Yu Yang	0
Director	Shih-Chieh Tsai	0
Independent Director	Yong-Sheng Liu	0
Independent Director	Ciou-Lin Chen	0
Independent Director	Pei-Jun Wu	0
	Total	7,935,146

## Notes:

1. Total shares issued as of March 20, 2023: 117,890,493 common shares.
2. As of March 31, 2023, directors held a total of 8,000,146 shares, which has already met the minimum number of 8,000,000 shares held by directors in comply with the law.