

TWSE:8261



Advanced Power Electronics Co., Ltd.

**2024 Annual Shareholders' Meeting
Meeting Agenda
(Translation)**

May 29, 2024

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.
2024 Annual Shareholders' Meeting
Meeting Agenda
(Translation)

Type of Meeting : Physical Meeting

Time: 9:00 a.m., Wednesday, May 29, 2024

Place: Conference Room of Tai Yuen Hi-Tech Industrial Park III

(Park III at No. 3, Tai Yuan First Road, Zhubei City, Hsinchu County)

1. Chairman's Address

2. Report Items

(1).The 2023 Business Report

(2).The 2023 Audit Committee Report

(3).The distribution of the 2023 employees' and directors' compensation

3. Proposed Resolutions

(1).To approve the 2023 Business Report and Financial Statements

(2).To approve the proposal for the distribution of the 2023 retained earnings

4. Discussion Item

Amendments to the Articles of Incorporation

5. Special Motion

6. Meeting Adjourned

Report Items

1. The 2023 Business Report

The 2023 Business Report is attached hereto as Attachment I.

2. The 2023 Audit Committee Report

The 2023 Audit Committee Report is attached hereto as Attachment II.

3. The distribution of the 2023 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 2023 employees' and directors' compensations are NT\$54,818,519 and NT\$6,852,315, respectively, which was approved by the Board and the total amounts were distributed in cash.

Proposed Resolutions

1. To approve the 2023 Business Report and Financial Statements (Proposed by the Board of Directors)

Explanatory Notes:

- (1) The Company's 2023 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, which was approved by the meeting of the Board of Directors on February 29, 2024.
- (2) 2023 Business Report, and Independent Auditors' Report, the aforementioned Financial Statements are attached hereto as Attachments I, III and IV.

Resolution:

2. To approve the proposal for the distribution of the 2023 retained earnings (Proposed by the Board of Directors)

Explanatory Notes:

- (1) The Company's 2023 Earnings Distribution Table was approved by the meeting of the Board of Directors on February 29, 2024.
- (2) The Company's 2023 net income was NT\$330,426,129 (please see Attachment V for the 2023 Earnings Distribution Table)
- (3) It is proposed that cash dividends from retained earnings paid to shareholders of NT\$294,762,233. Common stockholders will receive cash dividends of NT\$ 2.50 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:

Discussion Item

Amendments to the Articles of Incorporation (Proposed by the Board of Directors)

Explanatory Notes:

(1) Due to amendment of the Company Act and related regulations, the Comparison Table for the Articles of Incorporation Before and After Revision. Please refer to Attachment VI.

(2) Please proceed to discuss.

Resolution:

Special Motion

Meeting Adjourned

ATTACHMENT

Advanced Power Electronics Co., Ltd.

Business Report

Dear Shareholders:

Thank you for taking the time to participate in the 2024 Shareholders Meeting. The consolidated revenues for 2023 was NT\$2.851 billion, which is a decrease of 27.10% compared to 2022; the net profit was NT\$330 million, and earnings per share of NT\$2.83. The 2023 business plan implementation outcome and this year's business plan are described as follows:

I. 2023 Business Outcome

(1) Business plan implementation outcome

In 2023, the global Semiconductor Industry encountered a myriad of intricate challenges. Primarily, underperformance in end-market applications, compounded by prolonged inventory adjustment periods, ensued. Concurrently, the escalating tensions in the US-China tech conflict further exacerbated the overarching uncertainty prevailing in the global operational landscape, imparting multifaceted impacts and trials to both internal and external business operations.

Collectively, owing to a marked reversal in market demand, the consolidated operating revenue, gross profit, and post-tax net earnings for the Company and its subsidiaries for the 2023 were NT\$2,851 million, NT\$745 million, NT\$330 million, and earnings per share after tax were NT\$2.83, respectively, which is representing significant decreases compared to 2022.

(2) Budget implementation

The Company and its subsidiaries did not formulate external financial forecasts for 2023.

(3) Financial income, expenditure and profitability analysis

In Thousands of New Taiwan Dollars

Item		2023
Financial income and expenditure	Operating revenues	2,851,162
	Gross profit from operations	745,015
	Net profit	329,666
	Net profit attributable to owners of the parent	330,426
Profitability	Return on assets (%)	5.46
	Return on equity (%)	6.11
	Pre-tax income as a % of paid-in capital	33.45
	Net income margin (%)	11.56
	Earnings per share (NT\$)	2.83

(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 stations.

II. Summary of the 2024 Business Plan

(1) Management guideline

The Company and its subsidiaries provide a full range of high, low, and medium voltage Power MOSFETs. Due to the underperformance of the end-market applications, the Company has been proactively managing the procurement and liquidation of inventory to meet customer demands. The Company and its subsidiaries will continue to develop new products to optimize the product portfolio, thereby expanding the operational 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 2024 to reach 8.9 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. Through cooperation with our major shareholder, Xsemi Corporation, as well as leveraging resources from the 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 the face of the rapid industry reversal and demand adjustments in 2023, the Company's operational pressure has significantly increased. However, both the Company and its subsidiaries fully leverage Taiwan's well-established Semiconductor Industry ecosystem to effectively manage inventory in response to market changes.

We anticipate that the industry headwinds will persist in 2023, and in light of the challenges posed by climate change, it is imperative for us to fully internalize our core culture and to develop execution strategies as a team in various contexts. This approach will enable us to address both the opportunities and risks brought about by climate change, while balancing short-term performance and creating long-term sustainable value and resilience for the Company.

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

Chairman

Tie-Min Chen,

Manager

Chia-Shuai Chang

Chief Accounting Officer

Mei-Ying Tan

Audit Committee's Review Report

The Board of Directors of Advanced Power Electronics Co., Ltd. (APEC) has prepared the APEC's 2023 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



February 29, 2024

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, 2023 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.

Chairman
Tie-Min Chen

February 29, 2024

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, 2023 and 2022, 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, 2023 and 2022, 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, 2023. 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, 2023 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 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, 2023 and 2022 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, 2023 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 29, 2024

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, 2023		December 31, 2022	
	Amount	%	Amount	%
ASSETS				
CURRENT ASSETS				
Cash and Cash Equivalents (Notes 4 and 6)	\$ 771,099	13	\$ 684,839	11
Financial assets at fair value through profit or loss (Notes 4 and 7)	200,905	3	-	-
Financial assets at amortized cost (Notes 4 and 9)	1,788,555	30	2,596,010	42
Notes receivable (Note 10)	4,904	-	9,616	-
Accounts receivable (Notes 4, 10 and 25)	817,773	14	705,533	11
Other receivables (Notes 4, 10 and 25)	42,645	1	43,341	1
Current tax assets (Note 4)	1,794	-	4	-
Inventories (Notes 4 and 11)	752,881	13	872,626	14
Other current assets	2,096	-	53,003	1
Total current assets	<u>4,382,652</u>	<u>74</u>	<u>4,964,972</u>	<u>80</u>
NON-CURRENT ASSETS				
Financial assets at fair value through profit or loss (Notes 4 and 7)	160,593	3	24,108	-
Financial assets at fair value through other comprehensive income (Notes 4 and 8)	151,375	2	140,469	2
Financial assets measured at amortized cost (Notes 4 and 9)	183,549	3	2,000	-
Property, plant and equipment (Notes 4 and 12)	461,687	8	458,255	8
Right-of-use assets (Notes 4 and 13)	8,319	-	7,196	-
Other intangible assets, net (Note 4)	3,083	-	2,878	-
Deferred tax assets (Notes 4 and 20)	40,622	1	33,199	1
Other non-current assets (Note 14)	505,593	9	539,536	9
Total non-current assets	<u>1,514,821</u>	<u>26</u>	<u>1,207,641</u>	<u>20</u>
TOTAL	<u>\$ 5,897,473</u>	<u>100</u>	<u>\$ 6,172,613</u>	<u>100</u>
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Notes payable	\$ 290	-	\$ 3,853	-
Accounts payable (Note 25)	352,677	6	300,597	5
Other payables (Note 16)	132,494	2	245,981	4
Current tax liabilities (Note 4)	70,122	1	122,947	2
Lease liabilities (Notes 4 and 13)	4,561	-	3,244	-
Other current liabilities	22,359	1	10,278	-
Total current liabilities	<u>582,503</u>	<u>10</u>	<u>686,900</u>	<u>11</u>
NON-CURRENT LIABILITIES				
Deferred tax liabilities (Notes 4 and 20)	303	-	3,391	-
Lease liabilities (Notes 4 and 13)	3,746	-	3,954	-
Total non-current liabilities	<u>4,049</u>	<u>-</u>	<u>7,345</u>	<u>-</u>
Total liabilities	<u>586,552</u>	<u>10</u>	<u>694,245</u>	<u>11</u>
EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT (Note 18)				
Common stock	1,178,905	20	1,173,405	19
Capital surplus	3,001,320	51	2,977,555	48
Retained earnings				
Legal reserve	235,110	4	145,127	2
Special reserve	75,774	1	25,722	1
Unappropriated earnings	918,146	16	1,314,457	21
Total retained earnings	<u>1,229,030</u>	<u>21</u>	<u>1,485,306</u>	<u>24</u>
Other equity interests	(96,576)	(2)	(156,857)	(2)
Total equity attributable to owners of the parent	5,312,679	90	5,479,409	89
NON-CONTROLLING INTERESTS	<u>(1,758)</u>	<u>-</u>	<u>(1,041)</u>	<u>-</u>
Total equity	<u>5,310,921</u>	<u>90</u>	<u>5,478,368</u>	<u>89</u>
TOTAL	<u>\$ 5,897,473</u>	<u>100</u>	<u>\$ 6,172,613</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, 2023 AND 2022

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

	2023		2022	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 4 and 25)	\$ 2,851,162	100	\$ 3,911,138	100
OPERATING COSTS (Notes 11, 19 and 25)	<u>2,106,147</u>	<u>74</u>	<u>2,512,961</u>	<u>64</u>
GROSS PROFIT FROM OPERATIONS	<u>745,015</u>	<u>26</u>	<u>1,398,177</u>	<u>36</u>
OPERATING EXPENSES (Notes 19 and 25)				
Selling and marketing expenses	95,410	3	101,704	3
General and administrative expenses	185,422	7	224,751	6
Research and development expenses	155,287	5	171,911	4
Expected credit reversal benefit	<u>-</u>	<u>-</u>	<u>(81)</u>	<u>-</u>
Total operating expenses	<u>436,119</u>	<u>15</u>	<u>498,285</u>	<u>13</u>
PROFIT FROM OPERATIONS	<u>308,896</u>	<u>11</u>	<u>899,892</u>	<u>23</u>
NON-OPERATING INCOME AND EXPENSES				
Interest income	63,259	2	24,550	1
Other income (Note 25)	7,513	-	5,707	-
Other gains and losses, net (Note 19)	14,821	1	169,361	4
Finance costs (Note 19)	<u>(99)</u>	<u>-</u>	<u>(2,129)</u>	<u>-</u>
Total non-operating income and expenses	<u>85,494</u>	<u>3</u>	<u>197,489</u>	<u>5</u>
PROFIT BEFORE INCOME TAX	394,390	14	1,097,381	28
INCOME TAX EXPENSE (Notes 4 and 20)	<u>64,724</u>	<u>2</u>	<u>200,284</u>	<u>5</u>
NET PROFIT	<u>329,666</u>	<u>12</u>	<u>897,097</u>	<u>23</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	11,904	-	(\$ 52,733)	(1)
Items that may be reclassified subsequently to profit or loss:				
Exchange differences arising on translation of foreign operations	<u>347</u>	<u>-</u>	<u>2,702</u>	<u>-</u>
Other comprehensive income (loss) (after tax)	<u>12,251</u>	<u>-</u>	<u>(50,031)</u>	<u>(1)</u>
TOTAL COMPREHENSIVE INCOME	<u>\$ 341,917</u>	<u>12</u>	<u>\$ 847,066</u>	<u>22</u>

(Continued)

Advanced Power Electronics Co., Ltd. and its subsidiaries

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

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

	2023		2022	
	Amount	%	Amount	%
NET PROFIT ATTRIBUTABLE TO:				
Owners of the parent	\$ 330,426	12	\$ 899,827	23
Non-controlling interests	(<u>760</u>)	<u>-</u>	(<u>2,730</u>)	<u>-</u>
	<u>\$ 329,666</u>	<u>12</u>	<u>\$ 897,097</u>	<u>23</u>
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Owners of the parent	\$ 342,634	12	\$ 849,775	22
Non-controlling interests	(<u>717</u>)	<u>-</u>	(<u>2,709</u>)	<u>-</u>
	<u>\$ 341,917</u>	<u>12</u>	<u>\$ 847,066</u>	<u>22</u>
EARNINGS PER SHARE (Note 21)				
Basic earnings per share	<u>\$ 2.83</u>		<u>\$ 8.83</u>	
Diluted earnings per share	<u>\$ 2.77</u>		<u>\$ 8.58</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, 2023 AND 2022

(In Thousands of New Taiwan Dollars)

	Equity Attributable to Owners of the Parent						Other Equity Interests			Non-controlling Interests	Total Equity		
	Common Stock	Capital Surplus	Retained Earnings			Foreign Currency Translation Reserve	Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income	Unearned Employee Benefits	Total				
			Legal Reserve	Special Reserve	Unappropriated Earnings							Total	
BALANCE, JANUARY 1, 2022	\$ 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	1,173,405	2,977,555	145,127	25,722	1,314,457	1,485,306	(4,473)	(71,301)	(81,083)	(156,857)	5,479,409	(1,041)	5,478,368
Distribution of 2022 earnings													
Legal reserve	-	-	89,983	-	(89,983)	-	-	-	-	-	-	-	-
Special reserve	-	-	-	50,052	(50,052)	-	-	-	-	-	-	-	-
Cash dividends -NT\$ 5.0 per share	-	-	-	-	(586,702)	(586,702)	-	-	-	-	(586,702)	-	(586,702)
Profit (Loss) for the year ended December 31, 2023	-	-	-	-	330,426	330,426	-	-	-	-	330,426	(760)	329,666
Other comprehensive income (loss) for the year ended December 31, 2023	-	-	-	-	-	-	304	11,904	-	12,208	12,208	43	12,251
Total comprehensive income (loss) for the year ended December 31, 2023	-	-	-	-	330,426	330,426	304	11,904	-	12,208	342,634	(717)	341,917
Employee share options issued by the Company	5,500	16,280	-	-	-	-	-	-	-	-	21,780	-	21,780
Compensation cost of employee share options	-	7,485	-	-	-	-	-	-	-	-	7,485	-	7,485
Compensation cost of employee restricted shares	-	-	-	-	-	-	-	-	48,073	48,073	48,073	-	48,073
BALANCE, DECEMBER 31, 2023	<u>\$ 1,178,905</u>	<u>\$ 3,001,320</u>	<u>\$ 235,110</u>	<u>\$ 75,774</u>	<u>\$ 918,146</u>	<u>\$ 1,229,030</u>	<u>(\$ 4,169)</u>	<u>(\$ 59,397)</u>	<u>(\$ 33,010)</u>	<u>(\$ 96,576)</u>	<u>\$ 5,312,679</u>	<u>(\$ 1,758)</u>	<u>\$ 5,310,921</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, 2023 AND 2022 (In Thousands of New Taiwan Dollars)

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	\$ 394,390	\$ 1,097,381
Adjustments for:		
Depreciation expense	32,412	22,508
Amortization expense	4,786	3,712
Expected credit reversal benefit	-	(81)
Net (gain) or loss on financial instruments at fair value through profit or loss	(9,190)	3,392
Finance costs	99	2,129
Interest income	(63,259)	(24,550)
Dividend income	(5,963)	(2,305)
Compensation costs of employee share options	55,558	25,117
Loss on decline in (gain from reversal of) market value and obsolete and slow- moving inventories	23,278	4,079
Unrealized (gain) or loss on foreign currency exchange	1,072	(154,097)
Losses from lease modification	110	-
Changes in operating assets and liabilities:		
Notes receivable	4,712	20,936
Accounts receivable	(113,925)	366,263
Other receivables	2,735	14,659
Inventories	96,481	(277,525)
Prepayments	85,632	7,524
Other current assets	78	143
Notes payable	(3,563)	(33,475)
Accounts payable	52,663	(328,553)
Other payables	(114,906)	38,990
Other current liabilities	<u>12,081</u>	<u>2,042</u>
Net cash inflows generated from operating activities	455,281	788,289
Interest received	62,508	12,870
Interest paid	(99)	(2,759)
Income taxes paid	<u>(129,850)</u>	<u>(189,382)</u>
Net cash generated from operating activities	<u>387,840</u>	<u>609,018</u>

(Continued)

Advanced Power Electronics Co., Ltd. and its subsidiaries

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars)

	2023	2022
Proceeds from acquisition of financial assets at fair value through other comprehensive income	\$ -	(\$ 102,033)
Proceeds from acquisition of financial assets at amortized cost	(1,971,591)	(2,554,605)
Proceeds from disposal of financial assets at amortized cost	(328,200)	-
Acquisition of property, plant and equipment	(30,593)	(40,278)
Increase in refundable deposits	(1,832)	(345,858)
Payments for intangible assets	(4,043)	(4,552)
Increase in prepayments for equipment	(316)	(722)
Other dividend received	<u>5,963</u>	<u>2,305</u>
Net cash generated from/ (used in) investing activities	<u>265,644</u>	(<u>2,662,686</u>)
CASH FLOWS FROM FINANCING ACTIVITIES		
Decrease in short-term loans	-	(270,000)
Decrease in long-term loans	-	(144,181)
Repayment of the principal portion of lease liabilities	(4,116)	(2,450)
Cash dividends paid	(586,670)	(488,043)
Capital increase by cash	-	2,886,800
Proceeds from exercise of employee share options	<u>21,780</u>	<u>-</u>
Net cash generated from / (used in) financing activities	(<u>569,006</u>)	<u>1,982,126</u>
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND EQUIVALENTS	<u>1,782</u>	<u>62,602</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	86,260	(8,940)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	<u>684,839</u>	<u>693,779</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	<u>\$ 771,099</u>	<u>\$ 684,839</u>
The accompanying notes are an integral part of the consolidated financial statements.		(Concluded)

Deloitte.

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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, 2023 and 2022, 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, 2023 and 2022, 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 Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Parent Company Only Financial Statements section of our report. We are independent of the Company in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the parent company only financial statements for the year ended December 31, 2023. 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.

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 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.

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 Republic of China will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these parent company only financial statements.

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

1. Identify and assess the risks of material misstatement of the parent company only financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists 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, 2023 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 29, 2024

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, 2023		December 31, 2022	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash and Cash Equivalents (Notes 4 and 6)	\$ 760,773	13	\$ 665,501	11
Financial assets at fair value through profit or loss (Notes 4 and 7)	200,905	3	-	-
Financial assets at amortized cost (Notes 4 and 9)	1,784,155	30	2,582,415	42
Notes receivable (Note 10)	4,904	-	9,616	-
Accounts receivable (Notes 4 and 10)	815,415	14	705,453	11
Accounts receivable due from related parties (Note 25)	6,363	-	2,306	-
Other receivables (Notes 4, 10 and 25)	42,626	1	43,155	1
Inventories (Notes 4 and 11)	752,881	13	872,373	14
Other current assets (Note 25)	21,562	-	70,626	1
Total current assets	<u>4,389,584</u>	<u>74</u>	<u>4,951,445</u>	<u>80</u>
NON-CURRENT ASSETS				
Financial assets at fair value through profit or loss (Notes 4 and 7)	115,609	2	-	-
Financial assets at fair value through other comprehensive income (Notes 4 and 8)	87,307	1	93,139	2
Financial assets at amortized cost (Notes 4 and 9)	183,549	3	2,000	-
Investments accounted for using equity method (Notes 4 and 12)	113,001	2	91,033	1
Property, plant and equipment (Notes 4 and 13)	461,654	8	458,155	7
Right-of-use assets (Notes 4 and 14)	8,319	-	7,196	-
Other intangible assets, net (Note 4)	3,083	-	2,878	-
Deferred tax assets (Notes 4 and 20)	40,622	1	33,199	1
Other non-current assets (Note 15)	505,193	9	539,129	9
Total non-current assets	<u>1,518,337</u>	<u>26</u>	<u>1,226,729</u>	<u>20</u>
TOTAL	<u>\$ 5,907,921</u>	<u>100</u>	<u>\$ 6,178,174</u>	<u>100</u>
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Notes payable	\$ 290	-	\$ 3,853	-
Accounts payable (Note 25)	352,608	6	300,526	5
Other payables (Notes 16 and 25)	129,755	2	244,065	4
Current tax liabilities (Note 4)	70,122	1	122,947	2
Lease liabilities (Notes 4 and 14)	4,561	-	3,244	-
Other current liabilities	20,973	1	9,141	-
Total current liabilities	<u>578,309</u>	<u>10</u>	<u>683,776</u>	<u>11</u>
NON-CURRENT LIABILITIES				
Deferred tax liabilities (Notes 4 and 20)	303	-	3,391	-
Lease liabilities (Notes 4 and 14)	3,746	-	3,954	-
Guarantee deposits	38	-	38	-
Credit balance of investments accounted for using equity method (Notes 4 and 12)	12,846	-	7,606	-
Total non-current liabilities	<u>16,933</u>	<u>-</u>	<u>14,989</u>	<u>-</u>
Total liabilities	<u>595,242</u>	<u>10</u>	<u>698,765</u>	<u>11</u>
EQUITY (Notes 4 and 18)				
Common stock	1,178,905	20	1,173,405	19
Capital surplus	3,001,320	51	2,977,555	48
Retained earnings				
Legal reserve	235,110	4	145,127	2
Special reserve	75,774	1	25,722	1
Unappropriated earnings	918,146	16	1,314,457	21
Total retained earnings	<u>1,229,030</u>	<u>21</u>	<u>1,485,306</u>	<u>24</u>
Other equity interests	(96,576)	(2)	(156,857)	(2)
Total equity	<u>5,312,679</u>	<u>90</u>	<u>5,479,409</u>	<u>89</u>
TOTAL	<u>\$ 5,907,921</u>	<u>100</u>	<u>\$ 6,178,174</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, 2023 AND 2022 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2023		2022	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 4 and 25)	\$ 2,849,634	100	\$ 3,908,079	100
OPERATING COSTS (Notes 11,19 and 25)	<u>2,105,837</u>	<u>74</u>	<u>2,512,610</u>	<u>65</u>
GROSS PROFIT FROM OPERATIONS	<u>743,797</u>	<u>26</u>	<u>1,395,469</u>	<u>35</u>
OPERATING EXPENSES (Notes 19 and 25)				
Selling and marketing expenses	88,650	3	86,500	2
General and administrative expenses	179,746	6	217,838	6
Research and development expenses	<u>155,262</u>	<u>6</u>	<u>170,346</u>	<u>4</u>
Total operating expenses	<u>423,658</u>	<u>15</u>	<u>474,684</u>	<u>12</u>
PROFIT FROM OPERATIONS	<u>320,139</u>	<u>11</u>	<u>920,785</u>	<u>23</u>
NON-OPERATING INCOME AND EXPENSES				
Interest income	63,106	2	24,303	1
Other income (Note 25)	4,800	-	4,990	-
Other gains and losses, net (Note 19)	7,521	1	174,390	5
Finance costs (Notes 4 and 19)	(99)	-	(2,069)	-
Share of profit of subsidiaries and associates accounted for using equity method	<u>(317)</u>	<u>-</u>	<u>(22,288)</u>	<u>(1)</u>
Total non-operating income and expenses	<u>75,011</u>	<u>3</u>	<u>179,326</u>	<u>5</u>
PROFIT BEFORE INCOME TAX	395,150	14	1,100,111	28
INCOME TAX EXPENSE (Notes 4 and 20)	<u>64,724</u>	<u>2</u>	<u>200,284</u>	<u>5</u>
NET PROFIT	<u>330,426</u>	<u>12</u>	<u>899,827</u>	<u>23</u>

(Continued)

Advanced Power Electronics Co., Ltd.

PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2023		2022	
	Amount	%	Amount	%
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	(\$ 4,837)	-	(\$ 38,960)	(1)
Share of other comprehensive income (loss) of subsidiaries and associates accounted for using equity method	16,741	-	(13,773)	-
Items that may be reclassified subsequently to profit or loss:				
Exchange differences arising on translation of foreign operations	72	-	2,675	-
Share of other comprehensive income (loss) of subsidiaries and associates accounted for using equity method	<u>232</u>	-	<u>6</u>	-
Other comprehensive income (loss) (after tax)	<u>12,208</u>	-	<u>(50,052)</u>	<u>(1)</u>
TOTAL COMPREHENSIVE INCOME	<u>\$ 342,634</u>	<u>12</u>	<u>\$ 849,775</u>	<u>22</u>
EARNINGS PER SHARE (Note 21)				
Basic earnings per share	<u>\$ 2.83</u>		<u>\$ 8.83</u>	
Diluted earnings per share	<u>\$ 2.77</u>		<u>\$ 8.58</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 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	Total	
BALANCE, JANUARY 1, 2022	\$ 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 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 employee restricted shares	-	-	-	-	-	-	-	-	11,217	11,217	11,217
BALANCE, DECEMBER 31, 2022	1,173,405	2,977,555	145,127	25,722	1,314,457	1,485,306	(4,473)	(71,301)	(81,083)	(156,857)	5,479,409
Distribution of 2022 earnings											
Legal reserve	-	-	89,983	-	(89,983)	-	-	-	-	-	-
Special reserve	-	-	-	50,052	(50,052)	-	-	-	-	-	-
Cash dividends -NT\$ 5.0 per share	-	-	-	-	(586,702)	(586,702)	-	-	-	-	(586,702)
Profit for the year ended December 31, 2023	-	-	-	-	330,426	330,426	-	-	-	-	330,426
Other comprehensive income (loss) for the year ended December 31, 2023	-	-	-	-	-	-	304	11,904	-	12,208	12,208
Total comprehensive income (loss) for the year ended December 31, 2023	-	-	-	-	330,426	330,426	304	11,904	-	12,208	342,634
Employee share options issued by the Company	5,500	16,280	-	-	-	-	-	-	-	-	21,780
Compensation cost of employee share options	-	7,485	-	-	-	-	-	-	-	-	7,485
Compensation cost of employee restricted shares	-	-	-	-	-	-	-	-	48,073	48,073	48,073
BALANCE, DECEMBER 31, 2023	<u>\$ 1,178,905</u>	<u>\$ 3,001,320</u>	<u>\$ 235,110</u>	<u>\$ 75,774</u>	<u>\$ 918,146</u>	<u>\$ 1,229,030</u>	<u>(\$ 4,169)</u>	<u>(\$ 59,397)</u>	<u>(\$ 33,010)</u>	<u>(\$ 96,576)</u>	<u>\$ 5,312,679</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, 2023 AND 2022 (In Thousands of New Taiwan Dollars)

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	\$ 395,150	\$ 1,100,111
Adjustments for:		
Depreciation expense	32,345	22,441
Amortization expense	4,786	3,712
Net gain on fair value changes of financial assets at fair value through profit or loss	(1,514)	-
Finance costs	99	2,069
Interest income	(63,106)	(24,303)
Dividend income	(3,038)	(1,483)
Compensation costs of employee share options	55,558	25,117
Share of loss of subsidiaries and associates accounted for using equity method	317	22,288
Loss on decline in market value and obsolete and slow-moving inventories	23,026	4,079
Unrealized (gain)/loss on foreign currency exchange	879	(152,946)
Lease modification loss	110	-
Changes in operating assets and liabilities:		
Notes receivable	4,712	20,936
Accounts receivable (related parties included)	(115,832)	376,923
Other receivables	2,826	14,658
Inventories	96,466	(277,825)
Prepayments	85,668	6,464
Other current assets	(17)	(13)
Notes payable	(3,563)	(33,475)
Accounts payable (related parties included)	52,669	(328,554)
Other payables (related parties included)	(115,700)	45,814
Other current liabilities	<u>11,832</u>	<u>1,618</u>
Net cash inflows generated from operating activities	463,673	827,631
Interest received	62,097	12,640
Interest paid	(99)	(2,249)
Income taxes paid	<u>(129,843)</u>	<u>(189,390)</u>
Net cash generated from operating activities	<u>395,828</u>	<u>648,632</u>

(Continued)

Advanced Power Electronics Co., Ltd.

PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars)

	2023	2022
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets at fair value through other comprehensive income	\$ -	(\$ 60,858)
Purchase of financial assets at amortized cost	(1,971,591)	(2,550,446)
Proceeds from sale of financial assets at amortized cost	2,587,067	383,057
Purchase of financial assets at fair value through profit or loss	(315,000)	-
Payments for property, plant and equipment	(30,593)	(39,007)
Increase in refundable deposits	(1,832)	(345,815)
Payments for intangible assets	(4,075)	(4,552)
Increase in prepayments for equipment	(316)	(722)
Other dividend received	3,038	1,483
Net cash generated from/ (used in) investing activities	<u>266,698</u>	<u>(2,616,860)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Decrease in short-term loans	-	(270,000)
Decrease in long-term loans	-	(144,181)
Repayment of the principal portion of lease liabilities	(4,116)	(2,450)
Cash dividends paid	(586,670)	(488,043)
Capital increase by cash	-	2,886,800
Proceeds from exercise of employee share options	21,780	-
Cash outflow on acquisition of subsidiaries	-	(50,000)
Net cash generated from / (used in) financing activities	<u>(569,006)</u>	<u>1,932,126</u>
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND EQUIVALENTS		
	<u>1,752</u>	<u>60,058</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS		
	95,272	23,956
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD		
	<u>665,501</u>	<u>641,545</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		
	<u>\$ 760,773</u>	<u>\$ 665,501</u>

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

(Concluded)

Advanced Power Electronics Co., Ltd.

2023 Earnings Distribution Table

Unit: NT\$

Item	Amount
Unappropriated retained earnings as of December 31, 2022	587,719,331
Net income of 2023	330,426,129
Legal reserve appropriation (10%)	(33,042,613)
Reversal of special reserve	12,208,234
Retained earnings available for distribution	897,311,081
Appropriation:	
Cash dividends (NT\$ 2.5)	294,726,233
Balance of unappropriated retained earnings	602,584,848

Chairman :Tie-Min Chen

Manager:Chia-Shuai Chang

Chief Accounting Officer:Mei-Ying Tan

Advanced Power Electronics Co., Ltd.

Comparison Table for the Articles of Incorporation Before and After Revision

Article After Revision	Article Before Revision	Explanatory Notes
<p>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, and if necessary, one of them <u>may also elect</u> from among themselves in the same manner as the Vice Chairman of the Board of 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.</p>	<p>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, 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. 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.</p>	<p>In accordance with amendments made to the Article 208 of the Company Act.</p>
<p>Article 22 In annual profit-making year, the Company should distribute no less than <u>5%</u> 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.</p>	<p>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.</p>	<p>Adjusted allocation rate.</p>

Article After Revision	Article Before Revision	Explanatory Notes
<p>Article 26 These Articles of Incorporation are agreed to and signed on July 6, 1998 by all the promoters of the Corporation. The first Amended on July 31, 1998; The second Amended 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; 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; The twenty-second Amendment on May 18, 2023; <u>The twenty-three Amendment on May 29, 2024.</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. The first Amended on July 31, 1998; The second Amended 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; 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; The twenty-second Amendment on May 18, 2023.</p>	<p>Amended the revision date.</p>

APPENDIX

**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 is 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.
- 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 director representing the Company, and legalized by the bank which is competent to certify shares under the laws 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 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. 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, 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. 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;
 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;
 The twenty-second Amendment on May 18, 2023.

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

1. As of March 31, 2024, the Company with a total of 118,681,193 outstanding shares.
2. According to Article 26 of the Securities and Exchange Act, the minimum number of shares to be held by the entire directors is 8,000,000 shares.
3. As of the date for book closure for this shareholders' meeting, the shareholding of each individual and entire directors stipulated in the shareholders roster is as follows:

Record Date: March 31, 2024

Title	Name	Shares	Percentage
Chairman	Tie-Min Chen	0	0%
Vice Chairman	Future Technology Consulting, Inc. Representative: Fu-Chi Teng	3,169,899	2.67%
Director	XSemi Corporation Representative: Chia-Shuai Chang	35,000,000	29.49%
Director	Ying-Shis Huang	0	0%
Independent Director	Pao-Shi Sheng	0	0%
Independent Director	Nai-Jen Yeh	0	0%
Independent Director	Chien-Wei Chen	0	0%
Total		38,169,899	32.16%