



Advanced Power Electronics Co., Ltd.

**2021 Annual Shareholders' Meeting
Meeting Agenda
(Translation)**

May 31, 2021

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.
2021 Annual Shareholders' Meeting
Meeting Agenda
(Summary Translation)

Time: 9:00 a.m., Monday, May 31, 2021

Place: 2F, Park III at No. 3, Tai Yuan First Road, Zhubei City, Hsinchu County
(Conference Room of Tai Yuen Hi-Tech Industrial Park III)

1. Chairman's Address

2. Reports Items

- (1). The 2020 Business Report
- (2). The 2020 Audit Committee Report
- (3). The distribution of the 2020 employees' and directors' compensation
- (4). The 6th shares buy-back plan report

3. Approval Items

- (1). To approve the 2020 Business Report and Financial Statements
- (2). To approve the proposal for the distribution of the 2020 retained earnings

4. Discussion Items

To approve revisions to the Rules and Procedures of Shareholders' Meeting

5. Special motions

6. Meeting Adjourned

Reports Items

1. The 2020 Business Report

The 2020 Business Report is attached hereto as Attachment I.

2. The 2020 Audit Committee Report

The 2020 Audit Committee Report is attached hereto as Attachment II.

3. The distribution of the 2020 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 2020 employees' and directors' compensations are NT\$19,943,543 and NT\$3,739,414, respectively, which was approved by the Board and the total amounts were distributed in cash.

4. The 6th shares buy-back plan report

Explanatory Notes: Status of the 6th shares buy-back plan was as below:

Instance	6 th round
Date of Board Resolution	April 30, 2020
Purpose	Share transfer to employee
Projected buyback period	April 30, 2020 ~ June 29, 2020
Price range (NTD)	18 ~ 30
Projected shares to buyback (Shares)	2,000,000 Common shares
Actual buyback period	-
Classification and executed volume (Shares)	0 Common shares
Executed amount (NTD)	0
Average purchase price per share (NTD)	0
Ratio of executed volume to the volume to be repurchased (%)	0%
Cancellation and transfer volume (Shares)	0
Cumulative holding (Shares)	0
Cumulative holding as a percentage of total issued shares (%)	0%

Approval Items

1. To approve the 2020 Business Report and Financial Statements

- (1). The Company's 2020 Financial Statements, including Balance Sheets, Statements of Comprehensive Income, Statements of Changes in Equity, and Statements of Cash Flows, were audited by independent auditors, Cheng-Ming Lee and Li-Wen Kuo, of Deloitte & Touche.
- (2). 2020 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 2020 retained earnings

- (1). The Company's 2020 Earnings Distribution Table was approved by the meeting of the board of directors on March 9, 2021.
- (2). The Company's 2020 net income was NT\$198,347,735 (please see Attachment V for the 2020 Earnings Distribution Proposal).
- (3). It is proposed that cash dividends from retained earnings paid to shareholders of NT\$81,340,493. Common stockholders will receive cash dividends of NT\$1 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 Items

To approve revisions to the Rules and Procedures of Shareholders' Meeting

- (1). In compliance with the Rules and Procedures, the Company proposed the Rules and Procedures of Shareholders' Meeting revisions.
- (2). Please refer to Attachment VI for the Comparison Table for the Rules and Procedures of Shareholders' Meeting Before and After Revision.

Resolution:

Special motions

Meeting Adjourned

ATTACHMENTS

Business Report

Dear Shareholders:

Thank you for taking the time to participate in the 2021 APEC's Shareholders Meeting. The consolidated revenues for 2020 was NT\$3.125 billion, an increase of 40.98% year-over-year growth compared to 2019; the net profit was NT\$196 million, and earnings per share of NT\$2.44. The 2020 business plan implementation outcome and this year's business plan are described as follows:

I. 2020 Business Outcome

(1) Business plan implementation outcome

Driven by the continued tightening of semiconductor production capacity as a result of the Sino-US trade war and the need for remote office and teaching as a result of the COVID-19 pandemic, the consolidated net revenues, gross profit and operating profit of the Company and its subsidiaries in 2020 were NT\$3.125 billion, NT\$511 million and NT\$239 million respectively, which were substantial increases compared with 2019.

In 2020, cities were locked down, factories were closed and transportation and logistics were unstable due to the COVID-19 pandemic. This resulted in the continuous extension of the production cycle. The demand for remote office and teaching has driven the strong market demand for consumer and computer peripheral products. Therefore, the market demand for power semiconductors such as Power MOSFETs has continued to increase. As a result, profits for the Company and its subsidiaries exceeded expectations.

(2) Budget implementation

The Company and its subsidiaries did not formulate external financial forecasts for 2020.

(3) Financial income, expenditure and profitability analysis

In Thousands of New Taiwan Dollars

Item		2020
Financial income and expenditure	Operating revenues	3,125,776
	Gross profit from operations	511,843
	Net profit	196,348
	Net profit attributable to owners of the parent	198,348
Profitability	Return on assets (%)	7.96
	Return on equity (%)	13.02
	Pre-tax income as a % of paid-in capital	27.49
	Net income margin (%)	6.28
	Earnings per share (NT\$)	2.44

(4) Research and Development

APEC has continued to optimize the Figure of Merit (FOM) to develop new technology platforms and new packaging technology for Medium and low voltage Power MOSFETs product lines which provided personal computers, gaming notebook computers, power supplies, new-generation game consoles and battery management system the most appropriate solutions and the most effective performances. The development of the full range of high voltage Power MOSFET third-generation 600V/650V product lines is completed. The development of fourth-generation products is in progress to develop high-efficiency products for applications such as high-power power supplies and power chargers for the 5G era. Furthermore, customized solutions can be formulated according to different customer architectures.

II. Summary of the 2021 Business Plan

(1) Management guideline

Given the Sino-US trade war and post-pandemic era, the Company and its subsidiaries are continuing to strengthen their digital economy transformation in sales and production as well as zero-distance research and development to accelerate product innovation. Under the drastic changes in the industry, the Companies hope to improve competitiveness and expand the scale of operations to create corporate profits.

(2) Sales volume basis and expectation

The Power MOSFET and IGBT products of the Company and its subsidiaries are widely used in domains such as smart home appliances, gaming notebook computers, high-end graphics cards, power supplies, power tools and new-generation game consoles. The Company and its subsidiaries are expecting the annual sales volume in 2021 to reach 1.477 billion pieces.

(3) Key production and marketing policies

In terms of sales, the Company accelerates the digital transformation of the corporation and provides customers with zero-distance sales services in order to maintain and continue to increase market share. In terms of production, the Company and its subsidiaries are long-term partners with wafer and packaging and testing foundries. The pandemic has impacted transportation and increased logistics costs. Through cooperation, we can guarantee production capacity and thereby stabilize the supply source.

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

Prior to the COVID-19 pandemic in 2020, the industrial structure and economy had already been structurally transformed by the Sino-US trade war and the 5G digital economy transformation trend. The COVID-19 pandemic has brought about further significant changes in lifestyle and work style. However, remaining unaffected by the pandemic, production; shipping and derivative new business models in digital technology such as 5G have continued. In the post-pandemic era, it will increase sharply and subsequently accelerate the digital transformation and the global layout of enterprises. Using the experience of Taiwan's complete semiconductor industry chain and its cross-strait division of labor to improve product innovation capabilities and market strategy layout, and turning crisis into opportunities are important issues for the Company and its subsidiaries in 2021. In addition, the Company and

its subsidiaries will stay tune to domestic and foreign policy development trends and changes in laws and regulations, and collect relevant information as reference for business-level decision-making.

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

Fu-Chi Teng, Chairman of the Board

Lin-Chung Huang, President

Mei-Ying Tan, Accounting Officer

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

March 9,2021

The Board of Directors of Advanced Power Electronics Co., Ltd. (APEC) has prepared the APEC's 2020 Business Report, Financial Statements, and the Proposal for profit appropriation. The CPA Cheng-Ming Lee and Li-Wen Kuo 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.



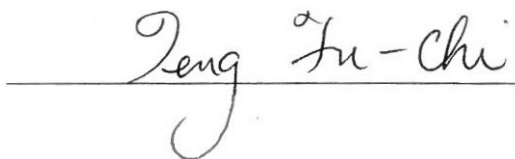
Chairman of the Audit Committee

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, 2020 are all the same as those included in the consolidated financial statements of Advanced Power Electronics Co., Ltd. and its subsidiaries prepared in conformity with the International Financial Reporting Standard 10 “Consolidated Financial Statements”. Relevant information that should be disclosed in the consolidated financial statements of affiliates is included in the consolidated financial statements of Advanced Power Electronics Co., Ltd. and its subsidiaries. Hence, we did not prepare a separate set of consolidated financial statements of affiliates.

Very truly yours,

Advanced Power Electronics Co., Ltd.

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

Fu-Chi Teng
Chairman

March 9, 2021



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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, 2020 and 2019, 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, 2020 and 2019, 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 auditing standards generally accepted in 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, 2020. 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, 2020 are stated as follows:

Evaluation of inventories

Refer to Note 5 for the uncertainty of accounting estimations and assumptions for evaluation of inventories, Inventories are measured at the lower of cost or net realizable value, and the Group uses judgment and estimate to determine the net realizable value of inventory based on assumptions of the management. Therefore, we believe that the review for the evaluation of inventories is a key audit matter.

We have assessed the policy on allowance for inventory valuation loss, evaluated the legitimacy and performed sampling in order to examine the accuracy of the inventory age report. We also randomly inspected the latest selling prices and took part in the annual inventory check and observed the current inventory in order to evaluate the legitimacy of inventory valuation.

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, 2020 and 2019 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 auditing standards generally accepted in 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 auditing standards generally accepted in 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, 2020 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors' report are Cheng-Ming Lee and Li-Wen Kuo.

Deloitte & Touche
Taipei, Taiwan
Republic of China
March 9, 2021

Advanced Power Electronics Co., Ltd. and its subsidiaries

CONSOLIDATED BALANCE SHEET
(In Thousands of New Taiwan Dollars)

	December 31, 2020		December 31, 2019	
	Amount	%	Amount	%
ASSETS				
CURRENT ASSETS				
Cash and Cash Equivalents (Notes 4 and 6)	\$ 445,441	16	\$ 278,794	12
Financial assets at fair value through other comprehensive income (Notes 4 and 7)	-	-	343	-
Financial assets at amortized cost (Notes 4 and 8)	6,774	-	23,678	1
Notes receivable (Note 9)	18,610	1	36,837	2
Accounts receivable (Notes 4 and 9)	799,910	29	519,413	23
Other receivables (Note 9)	41,212	2	28,075	1
Current tax assets	15	-	11	-
Inventories (Notes 4, 5 and 10)	721,698	26	824,384	37
Other current assets	22,050	1	40,681	2
Total current assets	<u>2,055,710</u>	<u>75</u>	<u>1,752,216</u>	<u>78</u>
NON-CURRENT ASSETS				
Financial assets at fair value through other comprehensive income (Notes 4 and 7)	62,491	2	34,899	2
Financial assets at amortized cost (Notes 4 and 8)	-	-	206	-
Property, plant and equipment (Notes 4 and 11)	359,000	13	236,951	10
Right-of-use assets (Notes 4 and 12)	614	-	3,948	-
Other intangible assets, net (Note 4)	2,393	-	4,395	-
Deferred tax assets (Notes 4 and 20)	44,086	2	41,997	2
Other non-current assets (Note 13)	218,091	8	174,742	8
Total non-current assets	<u>686,675</u>	<u>25</u>	<u>497,138</u>	<u>22</u>
TOTAL	<u>\$ 2,742,385</u>	<u>100</u>	<u>\$ 2,249,354</u>	<u>100</u>
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Note 15)	\$ 280,000	10	\$ 390,000	17
Short-term bills payable (Note 15)	-	-	10,000	1
Notes payable	38,989	2	7,971	-
Accounts payable	575,711	21	327,482	15
Other payables (Note 16)	112,197	4	76,484	3
Current tax liabilities (Note 4)	21,582	1	12,123	1
Lease liabilities (Notes 4 and 12)	621	-	3,410	-
Long-term borrowings - current portion (Note 15)	9,886	-	-	-
Other current liabilities	14,434	1	5,124	-
Total current liabilities	<u>1,053,420</u>	<u>39</u>	<u>832,594</u>	<u>37</u>
NON-CURRENT LIABILITIES				
Long-term borrowings (Note 15)	88,974	3	-	-
Lease liabilities (Notes 4 and 12)	-	-	561	-
Guarantee deposits	-	-	149	-
Total non-current liabilities	<u>88,974</u>	<u>3</u>	<u>710</u>	<u>-</u>
Total liabilities	<u>1,142,394</u>	<u>42</u>	<u>833,304</u>	<u>37</u>
EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT (Note 18)				
Common stock	813,405	30	813,405	36
Capital surplus	333,480	12	328,700	15
Retained earnings				
Legal reserve	60,021	2	54,508	2
Special reserve	79,758	3	75,463	3
Unappropriated earnings	362,296	13	214,502	10
Total retained earnings	<u>502,075</u>	<u>18</u>	<u>344,473</u>	<u>15</u>
Other equity interests	(51,961)	(2)	(79,758)	(3)
Total equity attributable to owners of the parent	1,596,999	58	1,406,820	63
NON-CONTROLLING INTERESTS				
	2,992	-	9,230	-
Total equity	<u>1,599,991</u>	<u>58</u>	<u>1,416,050</u>	<u>63</u>
TOTAL	<u>\$ 2,742,385</u>	<u>100</u>	<u>\$ 2,249,354</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, 2020 AND 2019 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2020		2019	
	Amount	%	Amount	%
OPERATING REVENUES (Note 4)	\$ 3,125,776	100	\$ 2,217,249	100
OPERATING COSTS (Notes 10 and 19)	<u>2,613,933</u>	<u>83</u>	<u>1,874,686</u>	<u>85</u>
GROSS PROFIT FROM OPERATIONS	<u>511,843</u>	<u>17</u>	<u>342,563</u>	<u>15</u>
OPERATING EXPENSES (Note 19)				
Selling and marketing expenses	88,914	3	109,053	5
General and administrative expenses	86,478	3	64,581	3
Research and development expenses	100,439	3	99,930	4
Expected credit reversal benefit	(3,929)	-	-	-
Total operating expenses	<u>271,902</u>	<u>9</u>	<u>273,564</u>	<u>12</u>
PROFIT FROM OPERATIONS	<u>239,941</u>	<u>8</u>	<u>68,999</u>	<u>3</u>
NON-OPERATING INCOME AND EXPENSES				
Interest income	2,264	-	3,089	-
Other income (Note 19)	7,642	-	3,966	-
Other gains and losses, net (Note 19)	(23,294)	(1)	(12,433)	-
Finance costs (Note 19)	(2,941)	-	(4,632)	-
Total non-operating income and expenses	<u>(16,329)</u>	<u>(1)</u>	<u>(10,010)</u>	<u>-</u>
PROFIT BEFORE INCOME TAX	223,612	7	58,989	3
INCOME TAX EXPENSE (Notes 4 and 20)	<u>27,264</u>	<u>1</u>	<u>17,060</u>	<u>1</u>
NET PROFIT	<u>196,348</u>	<u>6</u>	<u>41,929</u>	<u>2</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	29,274	1	(2,542)	-
Items that may be reclassified subsequently to profit or loss:				
Exchange differences arising on translation of foreign operations	(1,555)	-	(2,007)	-
Other comprehensive income (loss) (after tax)	<u>27,719</u>	<u>1</u>	<u>(4,549)</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME	<u>\$ 224,067</u>	<u>7</u>	<u>\$ 37,380</u>	<u>2</u>
NET PROFIT ATTRIBUTABLE TO:				
Owners of the parent	\$ 198,348	6	\$ 55,129	3
Non-controlling interests	(2,000)	-	(13,200)	(1)
	<u>\$ 196,348</u>	<u>6</u>	<u>\$ 41,929</u>	<u>2</u>
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Owners of the parent	\$ 226,069	7	\$ 50,834	2
Non-controlling interests	(2,002)	-	(13,454)	-
	<u>\$ 224,067</u>	<u>7</u>	<u>\$ 37,380</u>	<u>2</u>
EARNINGS PER SHARE (Note 21)				
Basic earnings per share	<u>\$ 2.44</u>		<u>\$ 0.68</u>	
Diluted earnings per share	<u>\$ 2.42</u>		<u>\$ 0.67</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, 2020 AND 2019

(In Thousands of New Taiwan Dollars)

	Equity Attributable to Owners of the Parent						Other Equity Interests		Total	Total	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					
			Legal Reserve	Special Reserve	Unappropriated Earnings			Total				
BALANCE, JANUARY 1, 2019	\$ 813,405	\$ 328,441	\$ 37,891	\$ 35,250	\$ 297,543	\$ 370,684	(\$ 2,879)	(\$ 72,584)	(\$ 75,463)	\$ 1,437,067	\$ 22,684	\$ 1,459,751
Distribution of 2018 earnings												
Legal reserve	-	-	16,617	-	(16,617)	-	-	-	-	-	-	-
Reversal of special reserve	-	-	-	40,213	(40,213)	-	-	-	-	-	-	-
Cash dividends -NT\$ 1.0 per share	-	-	-	-	(81,340)	(81,340)	-	-	-	(81,340)	-	(81,340)
Profit (Loss) for the year ended December 31, 2019	-	-	-	-	55,129	55,129	-	-	-	55,129	(13,200)	41,929
Other comprehensive income (loss) for the year ended December 31, 2019	-	-	-	-	-	-	(1,753)	(2,542)	(4,295)	(4,295)	(254)	(4,549)
Total comprehensive income (loss) for the year ended December 31, 2019	-	-	-	-	55,129	55,129	(1,753)	(2,542)	(4,295)	50,834	(13,454)	37,380
Compensation of employee share options	-	259	-	-	-	-	-	-	-	259	-	259
BALANCE, DECEMBER 31, 2019	813,405	328,700	54,508	75,463	214,502	344,473	(4,632)	(75,126)	(79,758)	1,406,820	9,230	1,416,050
Distribution of 2019 earnings												
Legal reserve	-	-	5,513	-	(5,513)	-	-	-	-	-	-	-
Reversal of special reserve	-	-	-	4,295	(4,295)	-	-	-	-	-	-	-
Cash dividends -NT\$ 0.5 per share	-	-	-	-	(40,670)	(40,670)	-	-	-	(40,670)	-	(40,670)
Changes in ownership interests in subsidiaries	-	4,236	-	-	-	-	-	-	-	4,236	(4,236)	-
Profit (Loss) for the year ended December 31, 2020	-	-	-	-	198,348	198,348	-	-	-	198,348	(2,000)	196,348
Other comprehensive income (loss) for the year ended December 31, 2020	-	-	-	-	-	-	(1,553)	29,274	27,721	27,721	(2)	27,719
Total comprehensive income (loss) for the year ended December 31, 2020	-	-	-	-	198,348	198,348	(1,553)	29,274	27,721	226,069	(2,002)	224,067
Compensation of employee share options	-	544	-	-	-	-	-	-	-	544	-	544
Disposal of investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	(76)	(76)	-	76	76	-	-	-
BALANCE, DECEMBER 31, 2020	\$ 813,405	\$ 333,480	\$ 60,021	\$ 79,758	\$ 362,296	\$ 502,075	(\$ 6,185)	(\$ 45,776)	(\$ 51,961)	\$ 1,596,999	\$ 2,992	\$ 1,599,991

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, 2020 AND 2019 (In Thousands of New Taiwan Dollars)

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	\$ 223,612	\$ 58,989
Adjustments for:		
Depreciation expense	21,987	23,822
Amortization expense	3,214	4,598
Expected credit reversal benefit	(3,929)	-
Finance costs	2,941	4,632
Interest income	(2,264)	(3,089)
Dividend income	(3,058)	-
Compensation costs of employee share options	544	259
Loss on disposal of property, plant and equipment	303	1,750
Loss on decline in market value and obsolete and slow-moving inventories	8,655	33,142
Amortization of long-term prepayments	-	16,667
Unrealized loss on foreign currency exchange	31,761	12,798
Changes in operating assets and liabilities:		
Notes receivable	18,227	3,979
Accounts receivable	(311,605)	21,183
Other receivables	(13,341)	2,808
Inventories	94,295	(83,433)
Other current assets	18,631	45,922
Notes payable	31,018	(21,209)
Accounts payable	267,903	(130,276)
Other payables	35,053	(16,788)
Other current liabilities	<u>9,310</u>	<u>(3,637)</u>
Net cash inflows generated from / (used in) operating activities	433,257	(27,883)
Interest received	2,468	2,834
Interest paid	(3,020)	(4,426)
Income taxes paid	<u>(19,898)</u>	<u>(16,427)</u>
Net cash generated from / (used in) operating activities	<u>412,807</u>	<u>(45,902)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from disposal of financial assets at fair value through other comprehensive income	1,132	-
Proceeds from acquisition of financial assets at amortized cost	-	(24,599)

(Continued)

Advanced Power Electronics Co., Ltd. and its subsidiaries

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019 (In Thousands of New Taiwan Dollars)

	2020	2019
Proceeds from disposal of financial assets at amortized cost	\$ 17,126	\$ -
Acquisition of property, plant and equipment	(139,556)	(13,813)
Proceeds from disposal of property, plant and equipment	20	2,996
Decrease (Increase) in refundable deposits	(100,623)	59
Payments for intangible assets	(1,212)	(3,815)
Decrease in other non-current assets	57,777	16,191
Decrease (Increase) in prepayments for equipment	(503)	1,682
Other dividend received	3,058	-
Net cash used in investing activities	<u>(162,781)</u>	<u>(21,299)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in short-term loans	210,000	500,000
Decrease in short-term loans	(320,000)	(378,965)
Increase in short-term bills payable	-	10,000
Decrease in short-term bills payable	(10,000)	-
Increase in long-term loans	98,860	-
Decrease in guarantee deposits received	(149)	-
Repayment of the principal portion of lease liabilities	(3,708)	(4,333)
Cash dividends paid	<u>(40,670)</u>	<u>(81,340)</u>
Net cash generated from / (used in) financing activities	<u>(65,667)</u>	<u>45,362</u>
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND EQUIVALENTS		
	<u>(17,712)</u>	<u>(6,097)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		
	166,647	(27,936)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD		
	<u>278,794</u>	<u>306,730</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		
	<u>\$ 445,441</u>	<u>\$ 278,794</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, 2020 and 2019, 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, 2020 and 2019, 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 auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Parent Company Only Financial Statements section of our report. We are independent of the Company in accordance with The Norm of Professional

Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the parent company only financial statements for the year ended December 31, 2020. These matters were addressed in the context of our audit of the parent company only financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters for the parent company only financial statements for the year ended December 31, 2020 are stated as follows:

Evaluation of inventories

Refer to Note 5 for the uncertainty of accounting estimations and assumptions for evaluation of inventories, Inventories are measured at the lower of cost or net realizable value, and the Company uses judgment and estimate to determine the net realizable value of inventory based on assumptions of the management. Therefore, we believe that the review for the evaluation of inventories is a key audit matter.

We have assessed the policy on allowance for inventory valuation loss, evaluated the legitimacy and performed sampling in order to examine the accuracy of the inventory age report. We also randomly inspected the latest selling prices and took part in the annual inventory check and observed the current inventory in order to evaluate the legitimacy of inventory valuation.

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 auditing standards generally accepted in the ROC will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these parent company only financial statements.

As part of an audit in accordance with the auditing standards generally accepted in the ROC, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the parent company only financial statements for the year ended December 31, 2020 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors' report are Cheng-Ming Lee and Li-Wen Kuo.

Deloitte & Touche
Taipei, Taiwan
Republic of China
March 9, 2021

Advanced Power Electronics Co., Ltd.

PARENT COMPANY ONLY BALANCE SHEET

(In Thousands of New Taiwan Dollars)

ASSETS	December 31, 2020		December 31, 2019	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash and Cash Equivalents (Notes 4 and 6)	\$ 411,945	15	\$ 257,279	12
Financial assets at fair value through other comprehensive income (Notes 4 and 7)	-	-	343	-
Notes receivable (Note 8)	18,610	1	34,864	2
Accounts receivable (Notes 4 and 8)	797,766	29	511,898	23
Accounts receivable due from related parties (Note 24)	5,125	-	5,296	-
Other receivables (Note 8)	40,827	1	27,898	1
Inventories (Notes 4, 5 and 9)	699,746	26	784,639	35
Other current assets (Notes 13 and 24)	27,703	1	64,147	3
Total current assets	<u>2,001,722</u>	<u>73</u>	<u>1,686,364</u>	<u>76</u>
NON-CURRENT ASSETS				
Financial assets at fair value through other comprehensive income (Notes 4 and 7)	44,841	2	17,032	1
Investments accounted for using equity method (Notes 4 and 10)	56,657	2	66,325	3
Property, plant and equipment (Notes 4 and 11)	358,287	13	233,709	10
Right-of-use assets (Notes 4 and 12)	614	-	3,948	-
Other intangible assets, net (Note 4)	2,393	-	4,395	-
Deferred tax assets (Notes 4 and 19)	44,086	2	41,997	2
Other non-current assets (Note 13)	217,659	8	174,297	8
Total non-current assets	<u>724,537</u>	<u>27</u>	<u>541,703</u>	<u>24</u>
TOTAL	<u>\$ 2,726,259</u>	<u>100</u>	<u>\$ 2,228,067</u>	<u>100</u>
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Note 14)	\$ 280,000	10	\$ 390,000	18
Short-term bills payable (Note 14)	-	-	10,000	-
Notes payable	38,989	1	7,971	-
Accounts payable	575,598	21	328,240	15
Accounts payable due to related parties (Note 24)	-	-	939	-
Other payables (Note 15)	99,784	4	63,075	3
Current tax liabilities (Note 4)	21,582	1	12,123	1
Lease liabilities (Notes 4 and 12)	621	-	3,410	-
Long-term borrowings - current portion (Note 14)	9,886	-	-	-
Other current liabilities	13,791	1	4,743	-
Total current liabilities	<u>1,040,251</u>	<u>38</u>	<u>820,501</u>	<u>37</u>
NON-CURRENT LIABILITIES				
Long-term borrowings (Note 14)	88,974	3	-	-
Lease liabilities (Notes 4 and 12)	-	-	561	-
Guarantee deposits	35	-	185	-
Total non-current liabilities	<u>89,009</u>	<u>3</u>	<u>746</u>	<u>-</u>
Total liabilities	<u>1,129,260</u>	<u>41</u>	<u>821,247</u>	<u>37</u>
EQUITY (Note 17)				
Common stock	813,405	30	813,405	37
Capital surplus	333,480	12	328,700	15
Retained earnings				
Legal reserve	60,021	2	54,508	2
Special reserve	79,758	3	75,463	3
Unappropriated earnings	362,296	14	214,502	10
Total retained earnings	<u>502,075</u>	<u>19</u>	<u>344,473</u>	<u>15</u>
Other equity interests	(51,961)	(2)	(79,758)	(4)
Total equity	<u>1,596,999</u>	<u>59</u>	<u>1,406,820</u>	<u>63</u>
TOTAL	<u>\$ 2,726,259</u>	<u>100</u>	<u>\$ 2,228,067</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, 2020 AND 2019 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2020		2019	
	Amount	%	Amount	%
OPERATING REVENUES (Notes 4 and 24)	\$ 3,105,840	100	\$ 2,177,322	100
OPERATING COSTS (Notes 9,18 and 24)	<u>2,603,855</u>	<u>84</u>	<u>1,825,062</u>	<u>84</u>
GROSS PROFIT FROM OPERATIONS	<u>501,985</u>	<u>16</u>	<u>352,260</u>	<u>16</u>
OPERATING EXPENSES (Note 18)				
Selling and marketing expenses	74,773	2	72,726	3
General and administrative expenses	79,583	3	52,808	2
Research and development expenses	93,859	3	96,719	5
Expected credit reversal benefit	(5,738)	-	-	-
Total operating expenses	<u>242,477</u>	<u>8</u>	<u>222,253</u>	<u>10</u>
PROFIT FROM OPERATIONS	<u>259,508</u>	<u>8</u>	<u>130,007</u>	<u>6</u>
NON-OPERATING INCOME AND EXPENSES				
Interest income	1,929	-	2,624	-
Other income (Note 18)	4,524	-	3,408	-
Other gains and losses, net (Note 18)	(24,440)	(1)	(9,423)	(1)
Finance costs (Note 18)	(2,882)	-	(4,346)	-
Share of profit of subsidiaries and associates accounted for using equity method	(13,027)	-	(49,840)	(2)
Total non-operating income and expenses	(33,896)	(1)	(57,577)	(3)
PROFIT BEFORE INCOME TAX	225,612	7	72,430	3
INCOME TAX EXPENSE (Notes 4 and 19)	<u>27,264</u>	<u>1</u>	<u>17,301</u>	<u>1</u>
NET PROFIT	<u>198,348</u>	<u>6</u>	<u>55,129</u>	<u>2</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	28,598	1	(3,502)	-
Share of other comprehensive income (loss) of subsidiaries and associates accounted for using equity method	676	-	960	-
Items that may be reclassified subsequently to profit or loss:				
Exchange differences arising on translation of foreign operations	(1,865)	-	(1,062)	-
Share of other comprehensive income (loss) of subsidiaries and associates accounted for using equity method	<u>312</u>	-	(691)	-
Other comprehensive income (loss) (after tax)	<u>27,721</u>	<u>1</u>	(4,295)	-
TOTAL COMPREHENSIVE INCOME	<u>\$ 226,069</u>	<u>7</u>	<u>\$ 50,834</u>	<u>2</u>
EARNINGS PER SHARE (Note 20)				
Basic earnings per share	<u>\$ 2.44</u>		<u>\$ 0.68</u>	
Diluted earnings per share	<u>\$ 2.42</u>		<u>\$ 0.67</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, 2020 AND 2019

(In Thousands of New Taiwan Dollars)

	Retained Earnings						Other Equity Interests			Total Equity
	Common Stock	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Total	Foreign Currency Translation Reserve	Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income	Total	
BALANCE, JANUARY 1, 2019	\$ 813,405	\$ 328,441	\$ 37,891	\$ 35,250	\$ 297,543	\$ 370,684	(\$ 2,879)	(\$ 72,584)	(\$ 75,463)	\$ 1,437,067
Distribution of 2018 earnings										
Legal reserve	-	-	16,617	-	(16,617)	-	-	-	-	-
Reversal of special reserve	-	-	-	40,213	(40,213)	-	-	-	-	-
Cash dividends -NT\$ 1.0 per share	-	-	-	-	(81,340)	(81,340)	-	-	-	(81,340)
Profit for the year ended December 31, 2019	-	-	-	-	55,129	55,129	-	-	-	55,129
Other comprehensive income (loss) for the year ended December 31, 2019	-	-	-	-	-	-	(1,753)	(2,542)	(4,295)	(4,295)
Total comprehensive income (loss) for the year ended December 31, 2019	-	-	-	-	55,129	55,129	(1,753)	(2,542)	(4,295)	50,834
Compensation of employee share options	-	259	-	-	-	-	-	-	-	259
BALANCE, DECEMBER 31, 2019	813,405	328,700	54,508	75,463	214,502	344,473	(4,632)	(75,126)	(79,758)	1,406,820
Distribution of 2019 earnings										
Legal reserve	-	-	5,513	-	(5,513)	-	-	-	-	-
Reversal of special reserve	-	-	-	4,295	(4,295)	-	-	-	-	-
Cash dividends -NT\$ 0.5 per share	-	-	-	-	(40,670)	(40,670)	-	-	-	(40,670)
Changes in ownership interests in subsidiaries	-	4,236	-	-	-	-	-	-	-	4,236
Profit for the year ended December 31, 2020	-	-	-	-	198,348	198,348	-	-	-	198,348
Other comprehensive income (loss) for the year ended December 31, 2020	-	-	-	-	-	-	(1,553)	29,274	27,721	27,721
Total comprehensive income (loss) for the year ended December 31, 2020	-	-	-	-	198,348	198,348	(1,553)	29,274	27,721	226,069
Compensation of employee share options	-	544	-	-	-	-	-	-	-	544
Disposal of investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	(76)	(76)	-	76	76	-
BALANCE, DECEMBER 31, 2020	\$ 813,405	\$ 333,480	\$ 60,021	\$ 79,758	\$ 362,296	\$ 502,075	(\$ 6,185)	(\$ 45,776)	(\$ 51,961)	\$ 1,596,999

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, 2020 AND 2019 (In Thousands of New Taiwan Dollars)

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	\$ 225,612	\$ 72,430
Adjustments for:		
Depreciation expense	19,783	20,066
Amortization expense	3,214	4,598
Expected credit reversal benefit	(5,738)	-
Finance costs	2,882	4,346
Interest income	(1,929)	(2,624)
Compensation costs of employee share options	544	259
Share of loss of subsidiaries and associates accounted for using equity method	13,027	49,840
Gain on disposal of property, plant and equipment	(20)	-
Loss on decline in market value and obsolete and slow-moving inventories	14,523	19,008
Unrealized loss on foreign currency exchange	34,341	13,078
Changes in operating assets and liabilities:		
Notes receivable	16,254	891
Accounts receivable	(316,740)	2,553
Other receivables	(12,999)	2,727
Inventories	70,370	(107,831)
Other current assets	36,444	45,213
Notes payable	31,018	(21,209)
Accounts payable	266,102	(121,561)
Other payables	35,777	(12,591)
Other current liabilities	<u>9,048</u>	<u>(2,531)</u>
Net cash inflows generated from / (used in) operating activities	441,513	(33,338)
Interest received	1,999	2,568
Interest paid	(3,025)	(4,186)
Income taxes paid	<u>(19,894)</u>	<u>(19,105)</u>
Net cash generated from / (used in) operating activities	<u>420,593</u>	<u>(54,061)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from disposal of financial assets at fair value through other comprehensive income	1,132	-
Acquisition of investments accounted for using equity method	-	(10,916)

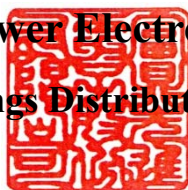
(Continued)

	2020	2019
Acquisition of property, plant and equipment	(\$ 139,556)	(\$ 9,312)
Proceeds from disposal of property, plant and equipment	20	-
Increase in refundable deposits	(100,636)	-
Payments for intangible assets	(1,212)	(3,815)
Decrease in other non-current assets	<u>57,274</u>	<u>13,174</u>
Net cash used in investing activities	<u>(182,978)</u>	<u>(10,869)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in short-term loans	210,000	500,000
Decrease in short-term loans	(320,000)	(360,000)
Increase in short-term bills payable	-	10,000
Decrease in short-term bills payable	(10,000)	-
Increase in long-term loans	98,860	-
Decrease in guarantee deposits received	(150)	-
Repayment of the principal portion of lease liabilities	(3,708)	(4,333)
Cash dividends paid	<u>(40,670)</u>	<u>(81,340)</u>
Net cash generated from / (used in) financing activities	<u>(65,668)</u>	<u>64,327</u>
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND EQUIVALENTS		
	<u>(17,281)</u>	<u>(5,981)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		
	154,666	(6,584)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD		
	<u>257,279</u>	<u>263,863</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		
	<u>\$ 411,945</u>	<u>\$ 257,279</u>

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

(Concluded)

Advanced Power Electronics Co., Ltd.
2020 Earnings Distribution Proposal



Unit: NT\$

Item	Amount
Unappropriated retained earnings as of December 31, 2019	164,023,915
Net income of 2020	198,347,735
Adjustments due to disposal of investments in equity instruments designated as at fair value through other comprehensive income	(75,532)
Legal reserve appropriation (10%)	(19,827,220)
Reversal of special reserve appropriation	27,796,397
Retained earnings available for distribution	370,265,295
Appropriation:	
Cash dividends (\$ 1)	81,340,493
Balance of unappropriated retained earnings	288,924,802

Fu-Chi Teng, Chairman of the Board

Lin-Chung Huang, President

Mei-Ying Tan, Accounting Officer

Advanced Power Electronics Co., Ltd.

Comparison Table for the Rules and Procedures of Shareholders’ Meeting Before and After Revision

Draft Amendment	Current Articles	Explanatory Notes
<p>Article 1</p> <p>Applicable principles</p> <p>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.</p>	<p>Article 1</p> <p>Applicable principles</p> <p>1. To establish a strong governance system and sound supervisory capabilities for shareholders’ meetings, and to strengthen management capabilities, the Company’s Shareholders’ meeting shall be conducted in accordance with the Rules and Procedures.</p> <p>2. 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.</p>	<p>Amend in accordance with the company's practical operation.</p>
<p>Article 2</p> <p>Convening a shareholders’ meeting and notification</p> <p>1. (omitted)</p> <p><u>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.</u></p> <p><u>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</u></p>	<p>Article 2</p> <p>Convening a shareholders’ meeting and notification</p> <p>1. (omitted)</p> <p>2. This Company shall prepare electronic versions of the shareholders meeting notice and proxy forms, and the origins of and explanatory materials relating to all proposals and upload them to the Market Observation Post System (MOPS) before 30 days before the date of a regular shareholders meeting or before 15 days before the date of a special shareholders meeting. This Company shall prepare electronic versions of the shareholders meeting agenda and supplemental meeting materials and upload them to the MOPS before 21 days before the date of the regular shareholders meeting or before 15 days before the date of the special shareholders meeting. In addition, before 15 days before the date of the shareholders meeting, this Company shall also have prepared the shareholders meeting agenda and supplemental meeting materials and</p>	<p>Amended in accordance with Article 185, paragraph 1 of the Company Act, and operational needs.</p>

Draft Amendment	Current Articles	Explanatory Notes
<p><u>prescribed by the "Regulations Governing Content and Compliance Requirements for Shareholders' Meeting Handbooks of Public Companies."</u></p> <p>3. (omitted)</p> <p>4. <u>The</u> 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, <u>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.</u></p> <p>5. (omitted)</p>	<p>made them available for review by shareholders at any time. The meeting agenda and supplemental materials shall also be displayed at this Company and the professional shareholder services agent designated thereby as well as being distributed on-site at the meeting place.</p> <p>3. (omitted)</p> <p>4. 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 shall be set out and the essential contents explained in the notice of the reasons for convening the shareholders meeting. None of the above matters may be raised by an extraordinary motion; the essential contents may be posted on the website designated by the competent authority in charge of securities affairs or the corporation, and such website shall be indicated in the above notice.</p> <p>5. (omitted)</p>	
<p>Article 3 Handling of proposals made before the shareholders' meeting</p> <p>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 <u>in written</u> 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. <u>The board of directors shall not include a proposal into the agenda if the proposal falls under</u></p>	<p>Article 3 Handling of proposals made before the shareholders' meeting</p> <p>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 for discussion at the Meeting, and 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. However, in case the shareholder proposal is to urge the Company to promote public interest or fulfill its social</p>	<p>Amended in accordance with Article 172, paragraph 5 of the Company Act, and operational needs.</p>

Draft Amendment	Current Articles	Explanatory Notes
<p><u>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.</u></p> <p>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.</p> <p>3. <u>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.</u></p> <p>4. (omitted)</p>	<p>responsibilities, the board of directors may still include it in the agenda.</p> <p>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 written or electronic way, 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.</p> <p>3. Shareholders' proposals shall be included in the agenda and stated in the subject of the regular meeting when, following review by the board, none of the following circumstances apply:—</p> <p>(1). The proposal is not a matter that may be resolved at the regular meeting.—</p> <p>(2). The proposing shareholder holds less than 1% of issued shares at the time of book closure date prior to that regular meeting.—</p> <p>(3). The proposal was not submitted during the publicly announced acceptance period in the foregoing paragraph.—</p> <p>(4). The proposing shareholder has submitted more than one proposal under Article 172-1 of the Company Act, or the proposal exceeds 300 characters in length.</p> <p>4. (omitted)</p> <p>5. If the shareholders' proposals to be included in the meeting agenda according to Paragraph 3 are of the same kind, they may</p>	

Draft Amendment	Current Articles	Explanatory Notes
	<p>be joined as a whole. 6. 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.</p>	
<p>Article 4 <u>The exercise of voting rights and attendance by proxy</u> 1~3. (omitted)</p>	<p>Article 4 Registration of shareholders for attendance 1~3. (omitted)</p>	<p>Amended in accordance with operational needs.</p>
<p>Article 6 <u>Registration of shareholders for attendance</u> 1. (omitted) 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. 4~5. (omitted)</p>	<p>Article 6 Preparation of documents such as the attendance book 1. (omitted) 2. Shareholders and their proxies (collectively, "shareholders") shall attend shareholders meetings based on attendance cards, sign-in cards, or other certificates of attendance. This Company may not arbitrarily add requirements for other documents beyond those showing eligibility to attend presented by shareholders. Solicitors soliciting proxy forms shall also bring identification documents for verification. 3. The Company shall furnish the attending shareholders with an attendance book to sign, or attending shareholders may hand in a sign-in card in lieu of signing in. 4~5. (omitted)</p>	<p>Amended in accordance with operational needs.</p>
<p>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. <u>There shall be no double counting of the</u></p>	<p>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.</p>	<p>Amended in accordance with Corporate Governance, and operational needs.</p>

Draft Amendment	Current Articles	Explanatory Notes
<p><u>shares for shareholders present in the meeting but elect to exercise their voting rights through electronic voting.</u></p> <p>2. <u>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.</u> 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.</p> <p>3~4. (omitted)</p>	<p>2. When the designated time arrives, the chairman shall immediately call the meeting to order. 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.</p> <p>3~4. (omitted)</p>	
<p>Article 14 Matters concerning elections</p> <p>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.</p> <p>2. (omitted)</p>	<p>Article 14 Matters concerning elections</p> <p>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.</p> <p>2. (omitted)</p>	<p>Amended in accordance with Corporate Governance.</p>

Draft Amendment	Current Articles	Explanatory Notes
<p>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, <u>the fifth Amendment on May 31,2021.</u></p>	<p>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.</p>	<p>Amended the revision date.</p>

APPENDIXES

Advanced Power Electronics Co., Ltd. Rules and Procedures of Shareholders' Meeting (Before Revision)

- Article 1 Applicable principles
1. To establish a strong governance system and sound supervisory capabilities for shareholders' meetings, and to strengthen management capabilities, the Company's Shareholders' meeting shall be conducted in accordance with the Rules and Procedures.
 2. 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. This Company shall prepare electronic versions of the shareholders meeting notice and proxy forms, and the origins of and explanatory materials relating to all proposals and upload them to the Market Observation Post System (MOPS) before 30 days before the date of a regular shareholders meeting or before 15 days before the date of a special shareholders meeting. This Company shall prepare electronic versions of the shareholders meeting agenda and supplemental meeting materials and upload them to the MOPS before 21 days before the date of the regular shareholders meeting or before 15 days before the date of the special shareholders meeting. In addition, before 15 days before the date of the shareholders meeting, this Company shall also have prepared the shareholders meeting agenda and supplemental meeting materials and made them available for review by shareholders at any time. The meeting agenda and supplemental materials shall also be displayed at this Company and the professional shareholder services agent designated thereby as well as being distributed on-site at the meeting place.
 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. 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 shall be set out and the essential contents explained in the notice of the reasons for convening the shareholders meeting. None of the above matters may be raised by an extraordinary motion; the essential contents may be posted on the website designated by the competent authority in charge of securities affairs or the corporation, and such website shall be indicated in the above notice.
 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 for discussion at the Meeting, and 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. However, in case the shareholder proposal is to urge the Company to promote public interest or fulfill its social responsibilities, the board of directors may still include it in 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 written or electronic way, 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. Shareholders' proposals shall be included in the agenda and stated in the subject of the regular meeting when, following review by the board, none of the following circumstances apply:
 - (1). The proposal is not a matter that may be resolved at the regular meeting.
 - (2). The proposing shareholder holds less than 1% of issued shares at the time of book closure date prior to that regular meeting.
 - (3). The proposal was not submitted during the publicly announced acceptance period in the foregoing paragraph.
 - (4). The proposing shareholder has submitted more than one proposal under Article 172-1 of the Company Act, or the proposal exceeds 300 characters in length.
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.
5. If the shareholders' proposals to be included in the meeting agenda according to Paragraph 3 are of the same kind, they may be joined as a whole.
6. 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.

Article 4 Registration of shareholders for attendance

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 Preparation of documents such as the attendance book

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 (collectively, "shareholders") shall attend shareholders meetings based on attendance cards, sign-in cards, or other certificates of attendance. This Company may not arbitrarily add requirements for other documents beyond those showing eligibility to attend presented by shareholders. Solicitors soliciting proxy forms shall also bring identification documents for verification.
3. The Company shall furnish the attending shareholders with an attendance book to sign, or attending shareholders may hand in a sign-in card in lieu of signing in.
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.
2. When the designated time arrives, the chairman shall immediately call the meeting to order. 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.

Advanced Power Electronics Co., Ltd.

The Articles of Incorporation

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

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

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

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

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

Chapter III Shareholders' Meeting

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

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

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

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

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

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

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

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

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

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

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

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

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

Chapter V Accounting

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

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

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

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

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

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

Chapter VI	Supplementary Provisions
Article 24	The internal organization of the Corporation and the detailed procedures of business operation shall be determined by the Board of Directors.
Article 25	In regard to all matters not provided for in these Articles of Incorporation, the Company Act and the relevant laws, rules and regulations shall govern.
Article 26	These Articles of Incorporation are agreed to and signed on July 6, 1998 by all the promoters of the Corporation, and the first Amendment was approved by the shareholders' meeting on July 31, 1998, the second Amendment on September 21, 1998, the third Amendment on June 30, 1999, the fourth Amendment on September 17, 1999, the fifth Amendment on November 3, 1999, the sixth Amendment on June 8, 2000, the seventh Amendment on June 18, 2002, and the eighth Amendment on June 10, 2003, the ninth Amendment on June 10, 2003, the tenth Amendment on June 16, 2005, the eleventh Amendment on June 6, 2006, the twelfth Amendment on June 6, 2008, the thirteenth Amendment on June 10, 2009, the fourteenth Amendment on June 17, 2010, the fifteenth Amendment on June 9, 2011, the sixteenth Amendment on June 15, 2012, the seventeenth Amendment on June 20, 2013, the eighteenth Amendment on January 17, 2014, the nineteenth Amendment on May 14, 2014, the twentieth Amendment on May 19, 2016, and the twenty-first Amendment on May 12, 2019.

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

As of April 2, 2021 (book closure date for 2021 AGM)

Title	Name	Shares
Chairman	Future Technology Consulting, Inc. Representative: Fu-Chi Teng	3,084,899
Director	STCH Investment Inc. (Cayman) Representative: Chih-Cheng Chang	6,193,247
Director	Ji-Yu Yang	0
Director	Shih-Chieh Tsai	0
Independent Director	Yong-Sheng Liu	0
Independent Director	Ciou-Lin Chen	0
Independent Director	Pei-Jun Wu	0
	Total	9,278,146

Notes:

1. The shareholding ratios in this table are based on a total of 81,340,493 outstanding shares as of the book close date before this year's Annual General Meeting.
2. According to Article 26 of the Securities and Exchange Act and Article 2, Paragraph 1, Subparagraph 7 and Paragraph 2 of the Rules and Review Procedures for Director and Supervisor Share Ownership Ratios at Public Companies: the minimum number of shares that shall be held by all directors of the Company is 6,507,239.