



Advanced Power Electronics Co., Ltd.

2021 Annual Shareholders' Meeting Minutes

(Translation)

Time: 9:00 a.m., Friday, July 30, 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)

Attendants: All shareholders and their proxy holders, representing 42,686,895 shares (among them, 5,766,023 shares voted via electronic transmission), or 52.47% of the total 81,340,493 outstanding shares

Directors Present: Fu-Chi Teng, the Chairman of the Board of Directors, Ji-Yu Yang, Yong-Sheng Liu (the Convener of Audit Committee) and Ciou-Lin Chen (the Convener of Compensation Committee)

Attendees: : Cheng-Ming Lee CPA, Deloitte & Touche

Chairperson: Fu-Chi Teng, the Chairman of the Board of Directors

Minute Recorder: Mei-Hsien Wu

Chairman announced commencement.

Chairman's Address (omitted)

1. Report Items

- (1). The 2020 Business Report (see Attachment I)
- (2). The 2020 Audit Committee Report (see 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%

2. 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: Approved and acknowledged as proposed by Board of Directors.

Voting Result: 42,686,895 shares were represented at the time of voting

Voting Results	% of the total representation at the time of voting
Votes in favor: 41,099,221 votes	96.28%
Votes against: 5,287 votes	0.01%
Votes abstained: 1,582,387 votes	3.71%
Votes invalid: 0 votes	0%

- (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: Approved and acknowledged as proposed by Board of Directors.

Voting Result: 42,686,895 shares were represented at the time of voting

Voting Results	% of the total representation at the time of voting
Votes in favor: 41,099,217 votes	96.28%
Votes against: 5,287 votes	0.01%
Votes abstained: 1,582,391 votes	3.71%
Votes invalid: 0 votes	0%

3. 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.
Explanatory Notes: The revision date was revised to July 30, 2021 according to the actual date of the shareholders meeting.

Resolution: Approved and acknowledged as proposed by Board of Directors.

Voting Result: 42,686,895 shares were represented at the time of voting

Voting Results	% of the total representation at the time of voting
Votes in favor: 41,106,091 votes	96.29%
Votes against: 7,412 votes	0.01%
Votes abstained: 1,573,392 votes	3.70%
Votes invalid: 0 votes	0%

4. Special motions: None.

5. Adjournment: Meeting ended at 9:12 am

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



Attachment III

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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	<u>2,992</u>	<u>-</u>	<u>9,230</u>	<u>-</u>
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				
	Common Stock	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings
BALANCE, JANUARY 1, 2019	\$ 813,405	\$ 328,441	\$ 37,891	\$ 35,250	\$ 297,543
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)
Profit (Loss) for the year ended December 31, 2019	-	-	-	-	55,129
Other comprehensive income (loss) for the year ended December 31, 2019	-	-	-	-	-
Total comprehensive income (loss) for the year ended December 31, 2019	-	-	-	-	55,129
Compensation of employee share options	-	259	-	-	-
BALANCE, DECEMBER 31, 2019	813,405	328,700	54,508	75,463	214,502
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)
Changes in ownership interests in subsidiaries	-	4,236	-	-	-
Profit (Loss) for the year ended December 31, 2020	-	-	-	-	198,348
Other comprehensive income (loss) for the year ended December 31, 2020	-	-	-	-	-
Total comprehensive income (loss) for the year ended December 31, 2020	-	-	-	-	198,348
Compensation of employee share options	-	544	-	-	-
Disposal of investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	(76)
BALANCE, DECEMBER 31, 2020	<u>\$ 813,405</u>	<u>\$ 333,480</u>	<u>\$ 60,021</u>	<u>\$ 79,758</u>	<u>\$ 362,296</u>

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

Advanced Power Electronics Co., Ltd. and its subsidiaries

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 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)

Attachment IV

Deloitte.

勤業眾信

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INDEPENDENT AUDITORS' REPORT

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

Opinion

We have audited the accompanying parent company only financial statements of Advanced Power Electronics Co., Ltd. (the "Company") , which comprise the parent company only balance sheets as of December 31, 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

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Advanced Power Electronics Co., Ltd.

PARENT COMPANY ONLY 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)	\$ 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>	<u>-</u>	(691)	<u>-</u>
Other comprehensive income (loss) (after tax)	<u>27,721</u>	<u>1</u>	(4,295)	<u>-</u>
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	Total	Foreign Currency Translation Reserve	Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income	Total	
					Earnings					
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)

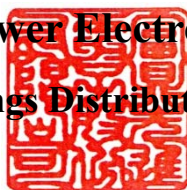
(Continued)

	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>2. <u>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</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 made</p>	<p>Amended in accordance with Article 185, paragraph 1 of the Company Act, and operational needs.</p>

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<p>cases be as prescribed by the <u>"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>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</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</p>	<p>Amended in accordance with Article 172, paragraph 5 of the Company Act, and operational needs.</p>

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

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	<p>Paragraph 3 are of the same kind, they may be joined as a whole.</p> <p>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</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</p>	<p>Amended in accordance with Corporate Governance, and operational needs.</p>

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<p>shares represented through electronic voting. <u>There shall be no double counting of the shares for shareholders present in the meeting but elect to exercise their voting rights through electronic voting.</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>through electronic voting.</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>

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<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 July 30, 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>