Stock Code: 6409

VOLTRONIC POWER TECHNOLOGY CORP.

ANNUAL REPORT 2020

Published on May 28 , 2021

For more information of the Annual Report, please surf website at Market Observation Post System (MOPS): http: //mops.twse.com.tw

Website of Voltronic Power Technology Corp.: www.voltronicpower.com

1. Company Spokesperson and Deputy Spokesperson

Spokesperson
Name: Wang Kuo-Chin
Title: Financial Manager
Tel: (02)2791-8296
Exclusive line for investors: (02)2791-0054
Email: investor@voltronic.com.tw

Deputy Spokesperson
Name: Wang Chia-Yi
Title: Vice General Manager
Tel: (02)2791-8296
Exclusive line for investors: (02)2791-0054
Email: investor@voltronic.com.tw

2. Address and Telephone of headquarters, branches and factories

Headquarters: No.406, Xinhu 1st Rd., Neihu Dist., Taipei, Taiwan
Tel: (02)2791-8296
Factory: 2F, No.345, Xinhu 2nd Rd., Neihu Dist., Taipei, Taiwan
Tel: (02)2791-8296

3. Stock brokerage institution

Title: Yuanta Securities Co., Ltd.
Address: B1, No.210, Sec.3, Chengde Rd., Taipei, Taiwan
Website: http://www.yuanta.com.tw
Tel: (02)2586-5859

4. CPA for latest certified annual financial statements

CPAs: Chen Chung-Chen, Chen Chao-Mei
Name of CPA firm: Deloitte & Touche
Address: 20F, No.100, Songjen Rd., Xinyi Dist., Taipei, Taiwan
Website: www.deloitte.com.tw
Tel: (02)2725-9988

5. Name of stock exchange for overseas listed securities and method for enquiry of overseas securities information: N/A

6. Company website: www.voltronicpower.com

Voltronic Power Technology Corp.

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Voltronic Power Technology Corp.
Managerial Philosophy

- To become the DMS (Design & Manufacturing Service) for uninterruptible power supplies (UPS) second to none throughout the world.
- To assure sustainable development and innovation of top quality products.
- Not to strive for own brand name, not to compete against customers.
- To be customers oriented to develop mutual trust and long-term cooperative ties with customers.
- To assure sound environmental protection and harmonious coexistence.

I. A Report to Shareholders

Ladies and gentlemen, our cherished shareholders:

First of all, we would like to thank you, our cherished shareholders, for your valuable support to the Company in the past year. The following data representing the Company's operating results in the Year 2020 and the future prospects of Year 2021 which we take great pleasure in reporting to you, our Shareholders:

I. Operations

The consolidated revenue of the Company totaled NT$13,652,564 thousand in 2020, up 5.54% year-over-year. Our net income was NT$2,197,144 thousand, up 3.1% from the previous year. Earnings per share stood at NT$25.31, up 2.72% from NT$24.64 of 2019.

Unit: NT$ 1,000

	2020	2019	YoY %
Sales, net	13,652,564	12,936,382	5.54%
Cost of goods sold	9,634,383	9,151,380	5.28%
Gross profits	4,018,181	3,785,002	6.16%
Operating expenses	1,287,707	1,227,899	4.87%
Operating net profits	2,730,474	2,557,103	6.78%
Non-operating income	(80,923)	58,646	-237.98%
Pre-tax earnings	2,649,551	2,615,749	1.29%
Net earnings	2,197,144	2,131,032	3.10%

II. Research & Development

1. R&D Activities in 2020

Off Line:

(1) Development of small industrial Line-Interactive models
(2) Development of Line-Interactive sinewave Rack Tower
(3) Line-Interactive & Standby lithium battery application development

Online 1~5KVA:

(1) Online 1 ~ 3kVA 230V long-run Lithium Iron Phosphate battery model development
(2) Online 2k 1U rack lithium battery model development

On Line 6~600KVA:

(1) Development of online 6k /10kva third generation UPS models with high charging capacity, high power density and low noise
(2) Online 3/3 30kva Rack/Tower dual-purpose model development
(3) Online 3/3 50KW high power density modular UPS development
(4) Based on Online 3/3 60kW high-frequency module, developing of 100/120/200KW industrialized All-In-One model
(5) Based on Online 3/3 60KW module, developing of wire current sharing 300KW modular UPS

Inverter, Solar inverter, Charger Controller, Charger, ATS:

(1) 7.2KW Off-Grid solar inverter development
(2) 5KW uninterrupted off-grid All-In-One model development
(3) Split phase 6KW Off-Grid All-In-One model development
(4) 1.5 ~ 3.7kW general-purpose inverter development
(5) Centralized monitoring platform development. (with network security level certification)
(5) 180kW ~ 360kW European regulations, Japanese model, GB three-in-one charging pile (three shots) development

Viewpower monitoring software development:

(1) Three-phase UPS maintenance software platform development
(2) Viewpower Monitoring Software Development Platform Migration (Sun JDK to Open JDK)

2. New products and technologies for 2021

Offline:

(1) DOE-compliant 120V Line-Interactive step wave model development
(2) Medical grade Line-Interactive model development

Online 1~5KVA:

(1) Online 1 ~ 3kVA 120V long-run Lithium Iron Phosphate battery model development.
(2) Online 3k 1U rack lithium battery model development

On Line 6~600KVA:

(1) Online 6kva long-run lithium iron phosphate battery model development.
(2) Online 3/3 high power density 40KW UPS model development
(3) Online 3/3 3-phase 3-wire system 70KW module development
(4) 140KW/210KW/280KW modular UPS development based on Online 3/3 3-phase 3-wire system 70KW module
(5) Based on Online 3/3 50KW high-frequency module, developing of 100KW industrialized All-In-One model
(6) Based on Online 3/3 60KW high frequency module, developing of wire current sharing 600KW modular UPS

Inverter, Solar inverter, Charger Controller, Charger, ATS:

(1) 10~30KW IP65 Off-Grid All-In-One model development
(2) Split phase 6KW IP65 Off-Grid All-In-One model development
(3) Development of 30KW constant power module for DC charging pile
(4) 0.7~2.2KW single-phase inverter development
(5) 5.5 ~ 22KW general-purpose inverter development
(6) 180kW ~ 360kW European regulations, Japanese model, GB three-in-one charging pile (three shots) development

Viewpower monitoring software development:

(1) Secure Boot SNMP card development
(2) VFD monitoring software platform development

Operational plan and outlook for 2021:

In 2021, the pandemic proliferated around the world, starting with the brief shutdown of factories in China and then on to the closure of markets and city lockdowns around the world, resulting in fluctuating demands for orders and significant swing in revenue from quarter to quarter. In the third quarter, the U.S. dollar’s weakening continues on to this day, and the RMB is steadily strengthening. Since a majority of the Company's orders are in U.S. dollars, and its production base is mainly in China, with RMB as the denomination, coupled with the rapid inflation in raw materials pricing started in September, gross margins are significantly impacted in the fourth quarter.

In response to the increase in raw material prices, the Company has been proactively negotiating prices with customers. As for exchange rate fluctuations, the Company has increased US dollar holdings and RMB deposits to help balance the exposure of foreign currency assets and foreign currency liabilities in the company's accounts, in order to reduce the impact of exchange rate fluctuations.

Although the uninterrupted power system is a stable growing industry, it still fluctuates, due to short-term external environmental impacts. However, for many industries around the world, there is a need for stable backup power to protect mission-critical information and equipment. Looking ahead to 2021, the overall global economic environment is still affected by the pandemic and is yet recovered, but vaccinations are now available and are being administered in various countries. The Company believes that after the pandemic subsides, customers will gradually increase their future demand for outsourcing to diversify manufacturing risks. The Company will also continue to cultivate new customers and develop new products with the expectation that the Company can maintain its growth momentum for the new year.

Voltronic Power Technology Corp.

Chairman: Hsieh Juor-Ming

II. Company Profile

1. Founding date of Voltronic Power Technology Corp.

May 1, 2008.

2. Highlights in corporate development

(1) Fact of merger/acquisition (M&A), outward investment into affiliated enterprises, reorganization in the most recent year and as of the Annual Report issuance date: None

(2) Huge amount transfer or replacement in directors and supervisors or key shareholders holding over 10% shareholding, change of operation ownership, significant change in business operation manner or contents of business operation and other significant issues which would affect shareholders' equity in the most recent year and as of the Annual Report issuance date: None

(3) Other information concerned:

Year	Events
2008	1. Voltronic Power Technology Corp. was incorporated with NT$200.1 million founding capital. 2. Major venue of production: Voltronic Power Technology (Shen Zhen) Corp. (hereinafter referred to as Voltronic Power Technology) 3. Initially, we set up fundamental production lines of Off-line 600~2000VA and On-line 1~3KVA.
2009	1. Launched increment in cash NT$40 million, making the aggregate total paid-in capital at NT$240.1 million. 2. Relocated to the 5F No 151 at Xinhu 1st Road, Taipei City. 3. Successfully expanded Off-line production lines to TUV and UL safety decree markets. 4. Successfully developed Line-interactive sine wave models into the server markets. 5. Expanded the On-line model capacity to 20KVA to complete the solution to the entire line machine room frameworks. 6. Through autonomous research & development, we successfully accomplished full-scale multi-operation system Internet monitoring solution. 7. Voltronic Power Technology successfully passed ISO9001 and 14001 authentications.
2010	1. We converted earnings and bonus to employees into capital increase for NT$53.15 million to make the aggregate total paid-in capital after capital increase up to NT$293.25 million. 2. We launched increment in cash NT$25 million, to make the aggregate total capital after capital increase up to NT$318.25 million 3. Voltronic Power Technology set up its branch plant. 4. Voltronic Power Technology successfully completed the development of standalone model, combined solar energy system.

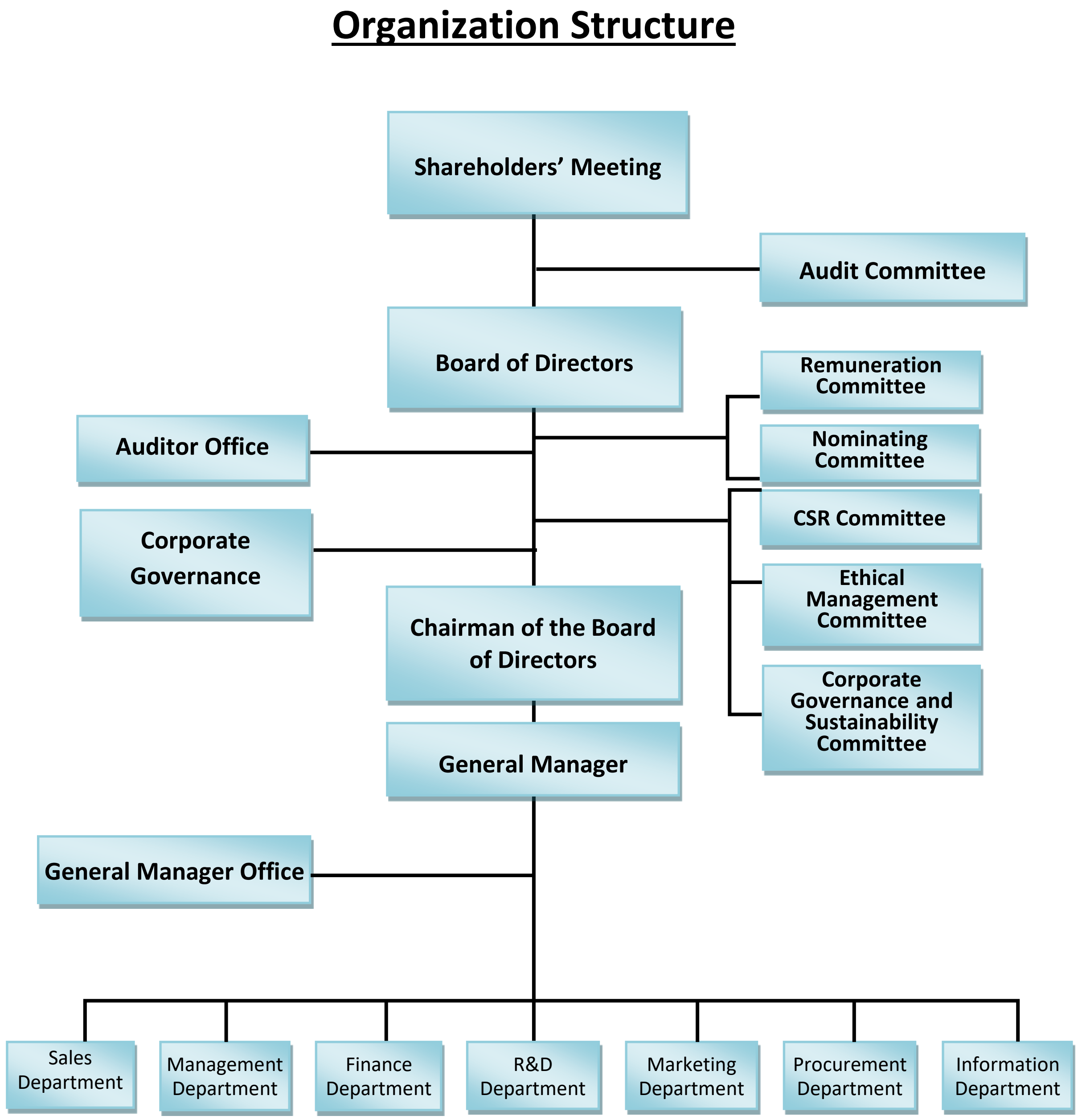
Year	Events
	5. We successfully completed development of the high power density pf 0.9 On-line 1~3KVA UPS series.
2011	1. We converted earnings and bonus to employees into capital increase for NT$121.97 million, to make the aggregate total capital after capital increase up to NT$440.22 million. 2. We launched increment in cash at NT$22 million, to make the aggregate total capital after capital increase up to NT$462.22 million. 3. We completed establishment of Orchid Power (Shen Zhen) Manufacturing Company. 4. We successfully developed Network 1K~5KW solar energy system. 5. We launched three-phase 20K~80KVA high frequency On-line UPS products.
2012	1. We converted earnings and bonus to employees into capital increase for NT$81.25 million, to make the aggregate total paid-in capital after capital increase up to NT$543.48 million. 2. We successfully launched the high power density of pf 0.9 On-line 6~20KVA production lines. 3. We completed development of high power/household/industry oriented 1~5KVA sine wave Inverter. 4. Our three-phase On-line UPS single unit capacity broke through 100KVA. 5. Voltronic Power Technology successfully listed its stocks to public.
2013	1. January 8, 2013: Voltronic Power Technology got listed in emerging stocks (stock code: 6409) at the capital of NT$543 million. 2. March 2013: Voltronic Power Technology issued new restricted employee shares, to make the aggregate total capital after capital increase up to NT$558 million. 3. October 2013: Voltronic Power Technology launched increment in cash to issue NT$30 million new shares and converted earnings into capital increase for NT$27.92 million; to make the aggregate total capital after capital increase up to NT$616.4 million.
2014	1. March 2014: Voltronic Power Technology launched initial public offering (IPO) through Increment in cash to issue NT$58.3 million new shares, to make the aggregate total capital after capital increase up to NT$674,699,660. 2. March 31, 2014: Voltronic Power Technology got listed for its stocks to public. 3. August 31, 2014: Voltronic Power Technology converted earnings into capital increase for NT$33,735,000, to make the aggregate total capital after capital increase up to NT$708,434,660.
2015	1. June 30, 2015: Voltronic Power Technology canceled the new restricted employee shares at NT$300,000, to make the aggregate total capital after capital decrease at NT$708,134,660. 2. August 31, 2015: Voltronic Power Technology converted earnings into capital increase at NT$35,421,740 to make the aggregate total capital after

Year	Events
	capital increase up to NT$743,556,400.
	3. Voltronic Power Technology got listed onto Medium Size 100 Index Shares in Taiwan.
2016	1. February 25, 2016: Voltronic Power Technology canceled the new restricted employee shares at NT$180,000, to make the aggregate total capital after capital decrease at NT$743,376,400.
	2. July 2016: Zhongshan Voltronic Power Electronic Limited was established.
	3. October 4, 2016: Voltronic Power Technology converted earnings into capital increase for NT$37,177,900 and issuance of new restricted employee shares for NT$6,500,000. Capital increased to NT$787,054,300 after these two capitalization events.
2017	1. April 2017: ranked top 5% by the Third Corporate Governance Evaluation of Listed Companies.
	2. On July 17, 2017, the Company canceled the new restricted employee shares at NT$170, 000, to make the aggregate total capital after capital decrease at NT$786,884,300.
2018	1. In February 2018, the Company relocated into its Taipei Headquarters at No. 406, Xinhu 1st Rd., Neihu Dist., Taipei, Taiwan
	2. In April 2018, the Company canceled the new restricted employee shares at NT$32,000, to make the aggregate total capital after capital decrease at NT$786, 852, 300.
	3. April 2018: ranked top 5% by the 4th Corporate Governance Evaluation of listed Companies.
2019	1. The new plant of Zhongshan Voltronic Power will be completed in construction to join business operation.
	2. In April 2019: The Company ranked among the top 5% in the 5th Corporate Governance Evaluation and among the top 10% of all companies in the electronic category listed on TWSE/TPEX with a market capitalization of over NT$10 billion.
	3. The factories in Taipei and in Vietnam came online in January and October, respectively, in 2019.
2020	1. In April 2020: The Company ranked among the top 5% in the 6th Corporate Governance Evaluation and among the top 10% of all companies in the electronic category listed on TWSE/TPEX with a market capitalization of over NT$10 billion.
2021	1. In April 2021: The Company ranked among the top 6%~20% in the 7th Corporate Governance Evaluation and among the top 10% of all companies in the electronic category listed on TWSE/TPEx with a market capitalization of over NT$10 billion.

III. Report on Corporate Governance

1. Organization system

(1) Organization structure



(2) Principal business lines of major departments:

Departments	Major Responsibilities and powers
General Manager Office	1. Map out the Company's managerial strategies, set operating targets, monitor and evaluate the implementation and performance of operating targets. 2. Set up functions and powers, duties and responsibilities of various departments of the Company, formulate and implement special programs and appoint heads for departments and projects. 3. Integrate, coordinate with and support all departments in implementation of business operation as well as special projects.
Auditor Office	1. Audit and examine the Company's internal control system, managerial system to check and verify the soundness, rationality and put into effectiveness and, in turn, offer suggestion for rectification to safeguard sound business operation of the Company. 2. Investigate, evaluate all units about the plans, policies about the progress and efficiency. 3. Conduct routine audit, exert follow-up tracing efforts for rectification of abnormalities.
Sales Department	1. Work out performance and profit targets coordinate with the Company's policies and targets. 2. Implement promotion and sales programs based on the set targets. 3. Look into the market demand and technical development trends. 4. Implement pricing strategies, market feedback and customer needs and render support accordingly.
Management Department	1. Administrative & general affairs: Dominate and set up general affairs, fire prevention, public security, sanitation and such plans and implementation to provide optimal quality of working environments. 2. Non-production oriented procurement: Launch requisition, price inquiry, price negotiation, procurement, final acceptance inspection, asset management and such tasks. 3. Solicit human resources and take charge of personnel attendance.
Finance Department	1. Take charge of capital management, application for credit limit in banks, raise of working capital. 2. Take overall charge of financial management, financial statements and such sub-duties, dispatch and utilize of long-term and short-term funds. 3. Take overall charge of a variety of stock affairs, shareholder relationship. 4. Take charge of accounting affairs, payroll affairs, receivables, payables in overall management and follow-up tracing efforts.
R&D Department	1. Develop new technology & know-how and products. 2. Set up criteria for product development. 3. Transfer and training programs for technology & know-how inside. 4. Take charge of archiving management of a variety of technical papers, application for patents and technology & know-how and maintenance thereof.
Marketing Department	1. Design and update the Company's catalogs, websites. 2. Map out and arrange exhibitions in international community. 3. Apply for patents. 4. Set up customized merchandise and such data.
Procurement Department	1. Set up and manage integrated supply chains. 2. Assume the responsibility to procure materials for research & development, production and domestic projects for the entire Voltronic Power Technology Group. 3. Assume the responsibility to control procurement costs. 4. Watch changes and updates of raw materials & materiel in international community.
Information Department	1. Map out and implant the computerized system for the Company. 2. Set up, maintain and control networks. 3. Map out and implement information safety mechanism. 4. Map out and maintain computer software & hardware. 5. Map out and implement the overall computerization operation.

2. Information on the Directors, General Manager, Vice General Managers, Senior Managers and the Managers of Each Department and Branch

(1) Information on Directors:

April 23, 2021；Expressed in shares

Title	Nationality or the venue of registry	Name	Sex	Date of on Board (mm/dd/yy)	Term	Date of on Board for the First Time (mm/dd/yy)	Shareholding When on Board		Shareholding for the Time Being		Shareholding of the Spouse, Underage Children for the Time Being		Shareholding Held in the Name of a Third Party		Main Experience/Educational Background	Concurrent Positions in this Company and Other Companies at present	Other Managers, Directors or Supervisors that Have Spousal Relationship or are within the Second Degree of Kinship with the Concerned Director/Supervisor			Remark (Note 4)
							Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio			Title	Name	Relation	
Chairman cum General Manager	Taiwan, R.O.C.	Hsieh Juor-Ming (Note 1)	Male	06/05/2018	3	05/01/2008	10,024,769	12.74%	11,052,484	12.65%	1,922,357	2.20%	670,078 (Note 2)	0.77%	Department of Business Management, Tatung University Chairman cum General Manager of Centralion Industrial Inc. Director of Phoenixtec Power Co., Ltd.	Position served concurrently at this Company: General Manager Ming Fang International Investment Co., Ltd.-Chairman Voltronic International Corp., Voltronic International H.K. Corp. Limited, Potentia Technology Inc. Limited－director Voltronic Power Technology (Shen Zhen) Corp., Orchid Power (Shen Zhen) Manufacturing Company, Zhongshan Voltronic Power Electronic Limited, Zhongshan Voltronic Precision Inc., Voltronic Power Technology(Vietnam) Company Limited －legal representative	Director representative	Chen Tsui- Fang	Spouse	The Company's Chairman and General Manager is the same person. The Company has four independent directors (including one female independent director). More than half of the directors are not the Company's employees or managers.
Director	Taiwan, R.O.C.	Open Great International Investment Limited Company	-	06/05/2018	3	05/01/2008	3,002,546	3.81%	3,310,359	3.79%	－	－	－	－	－	－	－	－	－	－
	Taiwan, R.O.C.	Representative: Chen Tsui-Fang	Female	06/05/2018	3	05/01/2008	1,743,607	2.22%	1,922,357	2.20%	11,052,484 (Note 1)	12.65%	－	－	Department of Public Finance and Taxation, Takming Junior College of Commerce	Position served concurrently at this Company: Special Assistant of General Manager Open great international investment limited company －Chairman	Chairman	Hsieh Juor- Ming	Spouse	The representative and the Chairman are spouses. The Company has four independent directors (including one female independent director). More than half of the directors are not the Company's employees or managers.
Director	Taiwan, R.O.C.	FSP Group	-	06/05/2018	3	05/01/2008	4,992,916	6.35%	4,369,822	5.00%	－	－	－	－	－	－	－	－	－	－

Title	Nationality or the venue of registry	Name	Sex	Date of on Board (mm/dd/yy)	Term	Date of on Board for the First Time (mm/dd/yy)	Shareholding When on Board		Shareholding for the Time Being		Shareholding of the Spouse, Underage Children for the Time Being		Shareholding Held in the Name of a Third Party		Main Experience/Educational Background	Concurrent Positions in this Company and Other Companies at present	Other Managers, Directors or Supervisors that Have Spousal Relationship or are within the Second Degree of Kinship with the Concerned Director/Supervisor			Remark (Note 4)
							Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio			Title	Name	Relation	
	Taiwan, R.O.C.	Representative: Cheng Ya-Jen	Male	06/05/2018	3	06/30/2015	–	–	–	–	–	–	–	–	Tatung University	Position served concurrently at this Company: None FSP Group-Chairman 3Y POWER TECHNOLOGY INC.-chairman 3Y POWER TECHNOLOGY INC.-responsible person AMACROX TECHNOLOGY CO., LTD.-director AMACROX GMBH-responsible person FSP Technology Inc.(Wuxi Quanhan) - director FSP Technology Inc.(Wuxi Zhonghan) - director FSP Technology Inc. (Shenzhen Zhonghan) - director FSP –Powerland Technology Inc. – director FSP Generation Technology Inc. (Jiangsu) - – director FSP TECHNOLOGY USA INC. - Responsible person Haohan Electronic Technology Inc.-(Ji'an)- director Xiangzan Investment Co., Ltd. - Supervisor	–	–	–	Nil
Director	Italy	Passuello Fabio	Male	06/05/2018	3	06/05/2018	–	–	–	–	–	–	–	–	University degree in Electrical Engineering Director and Manager Director of RPS SpA.	Director and Manager Director of RPS SpA.	–	–	–	Nil
Independent director	Taiwan, R.O.C.	Lee Chien-Jan	Male	06/05/2018	3	12/10/2012	–	–	–	–	–	–	–	–	Master of Professional Accounting of National Chengchi University Ph.D. Program in Accountancy of National Chengchi University Chair of Department of Accountancy of National Taipei University Member of the CPA Discipline Committee of Financial Supervisory Commission Independent director of ACES Electronics Co., Ltd. Independent director of Copartner Technology Corporation Independent director of Fortune Semiconductor Corp. Independent director of Smart Ant Telecomm Co., Ltd.	Position served concurrently at this Company: None Full-time professor, Department of Accountancy, National Taipei University Director of Accounting Research and Development Foundation and committee member of Accounting Standards Board Commission member of Public Functionary Disciplinary Sanction Commission Committee member of Securities Listing Review Committee Committee member of Securities Over-The-Counter Listing Review Committee Independent director of Copartner Tech Corp.	–	–	–	Nil

Title	Nationality or the venue of registry	Name	Sex	Date of on Board (mm/dd/yy)	Term	Date of on Board for the First Time (mm/dd/yy)	Shareholding When on Board		Shareholding for the Time Being		Shareholding of the Spouse, Underage Children for the Time Being		Shareholding Held in the Name of a Third Party		Main Experience/Educational Background	Concurrent Positions in this Company and Other Companies at present	Other Managers, Directors or Supervisors that Have Spousal Relationship or are within the Second Degree of Kinship with the Concerned Director/Supervisor			Remark (Note 4)
							Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio			Title	Name	Relation	
															Independent director of AutoTools Group Co., Ltd Independent supervisor of Taisol Electronics Co., Ltd.	Independent director of L&K Engineering Co, Ltd. Chairman of Fly-Hawk Accounting Education Foundation Director of Taiwan Institute of Ethical Business and Forensics, and committee member of its Corporate Governance Committee				
Independent director	Taiwan, R.O.C.	Yang Ching-Hsi	Male	06/05/2018	3	10/14/2013	–	–	–	–	–	–	–	–	Doctor of Commerce (major in Accounting), Keio University Associate Professor of Institute of Technology Management, National Tsing Hua University Supervisor of Taiwan Sugar Corporation: legal representative of Ministry of Economic Affairs (MOEA)	Position served concurrently at this Company: None Specially Appointed Associate Professor, Department of Accountancy of National Taipei University Independent director of Podak Co., Ltd.	–	–	–	Nil
Independent director	Taiwan, R.O.C.	Wang Hsiu-Chih	Female	06/05/2018	3	06/05/2018	–	–	–	–	–	–	–	–	Master of Rider University Professor & Chair of Department of Accountancy of College of Law & Business of National Chung Hsing University Professor & Chair of Department of Accountancy of National Taipei University Selection Committee Member for the Sixth, Seventh and Eighth Presidents of National Taipei University	Director of Feiyuan Accounting Education Foundation Vice Chairman, Alumni Association of National Taipei University Consultant, Alumni Association of National Taipei University	–	–	–	Nil
Independent director	Taiwan, R.O.C.	Ho Yun-Hsuan	Male	06/25/2019	3	06/25/2019	–	–	–	–	–	–	–	–	Master of Arts. (M.A.), National Chung Cheng University Attorneys-At-Law, C&R International Law Office Attorneys-At-Law, Sam Law Firm	Attorneys-At-Law, HHC & Partners	–	–	–	Nil

Note 1: The shares held include shareholding trust reserved for legal utilization 2,680,318 shares.

Note 2: Ming Fang International Investment Co., Ltd.

Note 3: Where the Company's chairman and general manager or a ranking staff member of the equivalent level (the higher manager) were in a same person, as spouse or blood relatives within the first degree of kinship to each other, the Company should explain the reasons why, rationality, necessity and countermeasures (e.g., an increase in the seat(s) of independent director(s) while one half majority of directors do not concurrently serve as an employee or manager) and such relevant information.

Note 4: The number of substantial shareholding as of the book closure day for the annual meeting of shareholders, i.e., April 23, 2021.

1) Major Shareholders of Juristic Person Shareholders

April 30, 2020

Names of the Juristic Person Shareholders	Major Shareholders of Juristic Person Shareholders	Shareholding Ratio
FSP Group	Chuan Han Investment Co., Ltd.	8.06%
	Cheng Ya-Jen	6.50%
	Yang Fu-An	6.30%
	Wang Tsung-Shun	6.20%
	Wang Guang Dong Investment Limited Company	3.50%
	2K INDUSTRIES.INC.	2.77%
	Pai Chuang Investment Co., Ltd.	2.67%
	Xiangzan Investment Co., Ltd.	1.79%
	Bi Cheng Investment Consulting Limited Company	1.68%
	Chen Kuang-Chun	1.61%
Open Great International Investment Limited Company	Hsieh Juor-Ming	55.17%
	Cathay United Bank (Note 1)	31.04%
	Chen Tsui-Fang	13.79%

Note 1: As trusted to Cathay United Bank

2) As the key shareholders where the key shareholder was a juristic person.

April 30, 2021

Names of the Juristic Person Shareholders (Note 1)	Major Shareholders of Juristic Person Shareholders (Note 2)	Shareholding Ratio
Chuan Han Investment Co., Ltd.	Cheng Ya-Jen	30%
	Wang Tsung-Shun	30%
	Yang Fu-An	30%
Wang Guang Dong Investment Limited Company	ALTOS INTERNATIONAL CORPORATION	100%
2K INDUSTRIES INC.	ALTOS INTERNATIONAL CORPORATION	65.3%
	ETERNAL WELTH HOLDINGS LIMITED	34.7%
Pai Chuang Investment Co., Ltd.	Cheng Ya-Jen	33%
	Wang Tsung-Shun	33%
	Yang Fu-An	33%
Xiangzan Investment Co., Ltd. - Supervisor	Cheng Ya-Jen	55%
	Cheng Ming-Hsiang	45%
Bi Cheng Investment Consulting Limited Company	Huang Hsiu-Chin	95%

3) Whether the directors had accumulated more than 5-year hands-on experiences accumulated in commerce, law, finance or such experiences required by the Company and consistent with a situation falling within those enumerated below:

Terms / Name	Meet One of the Following Professional Qualification Requirements, Together with at Least Five Years Work Experience			Independence Information (Note 1)												Number of the Other Public Companies in Which the Concerned Director Acts Concurrently as an Independent Director
	An instructor in or a higher position in a department of commerce, law, finance, accounting, or other academic department related to the business needs of the company in a public or a private junior college, college, or university	A judge, public prosecutor, attorney, certified public accountant, or other professional or technical specialists who has passed a national examination and been awarded a certificate in a profession necessary for the business of the company	Have work experience in the area of commerce, law, finance, or accounting, or otherwise necessary for the business of the company	1	2	3	4	5	6	7	8	9	10	11	12	
Hsieh Juor-Ming	—	—	✓	—	—	—	—	—	—	—	—	—	✓	✓	✓	None
Representative of Open Great International Investment Limited Company: Chen Tsui-Fang	—	—	✓	—	—	—	—	—	✓	—	✓	✓	—	✓	—	None
Representative of FSP Group: Cheng Ya-Jen	—	—	✓	✓	—	✓	✓	—	✓	✓	✓	✓	✓	✓	✓	None
Passuello Fabio	—	—	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	None
Lee Chien-Jan	✓	—	—	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	2
Yang Ching-Hsi	✓	—	—	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	1
Wang Hsiu-Chih	✓	—	—	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	None
Ho Yun-Hsuan	—	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	None

Note 1. Where the directors and supervisors were consistent with the conditions below in two years and during the employee's work prior to being elected, please check with "✓" in the box below.

(1) Not an employee of the company or any of its affiliated enterprises.

(2) Not a director or supervisor of the company or any of its affiliated enterprises. (This, nevertheless, does not apply to cases where the person is an independent director of the Company, its parent company or any subsidiary or a subsidiary with same parent company where the independent directors perform multiple duties concurrently among themselves)

(3) Not a natural person shareholder who holds shares, together with those held by the person's spouse, minority or held by the person under others' names, in an aggregate amount of 1% or more of the total number of outstanding share of the company or rank as top-10 shareholders.

(4) Not a spouse, relative within the second-degree relatives, or lineal relative within the third degree by blood, of any of the managers specified under (1) or (2) (3).

(5) Not as a director, supervisor or a director of a corporate shareholder who directly holds more than 5% of the Company's total issued shares, the top five shareholders or representative designated to serve as a director, supervisor or a director or an employee of a corporate shareholder in accordance with Paragraphs 1 or 2 under Article 27 of the Company Act (This, nevertheless, does not apply to cases where the person is an independent director of the Company, its parent company or any subsidiary or a subsidiary with same parent company where the independent directors perform multiple duties concurrently among themselves in accordance with the Act or the laws and ordinances concerned prevalent in the home country).

(6) The directors and supervisors or employees of another company not under control by a same person as the Company's directors with one half majority of the shares (This, nevertheless, does not apply to cases where the person is an independent director of the Company, its parent company or any subsidiary or a subsidiary with same parent company where the independent directors perform multiple duties concurrently among themselves in accordance with the Act or the laws and ordinances concerned prevalent in the home country).

(7) Not as a director (trustee), supervisor (supervising officer) or employee of another company or institution as the same person or the spouse thereof of the Company's Chairman, General Manager or person of equivalent position (This, nevertheless, does not apply to cases where the person is an independent director of the Company, its parent company

or any subsidiary or a subsidiary with same parent company where the independent directors perform multiple duties concurrently among themselves in accordance with the Act or the laws and ordinances concerned prevalent in the home country).

(8) Not as a director (trustee), supervisor (supervising officer) , manager or a shareholder holding more than 5% of the shares of a specific company or institution in financial or business transaction with the Company(This, nevertheless, does not apply to a specific company or institution which holds more than 20%, less than 50% of the aggregate total outstanding shares of the Company, and where the company and its parent company, subsidiary or a subsidiary with the same parent company where the independent directors perform multiple duties concurrently among themselves according to the Act or the laws prevalent locally.)

(9) Not as the enterprise proprietor, partner, director (trustee), supervisor (supervisory officer), manager and the spouse thereof of the professionals, sole proprietors, partners, companies or institutions rendering auditing, commercial, legal, financial, accounting and such relevant services to the Company or affiliated enterprises thereof with remuneration obtained over the past two years not beyond NT$500,000. This, nevertheless, does not apply to a member of the Open Acquisition Committee, Remuneration Committee or Special Merger/Acquisition (M&A) Committee in accordance with Securities and Exchange Act, Business Mergers and Acquisitions Act and relevant laws.

(10) Not in a relationship as spouse or a relative within the second degree of kinship with any other directors.

(11) Not been a person or any conditions defined in Article 30 of the Company Act.

(12) Not under Article 27 of the Company Act with government, juristic person or the representative thereof successfully elected.

(2) Information on General Manager, Vice General Managers, Senior Managers and the Mangers of Each Department and Branch

April 23, 2021；Expressed in shares

Title	Nationality	Name	Sex	Date of on Board (mm/dd/yy)	Shareholding When on Board		Shareholding of the Spouse, Underage Children for the Time Being		Shareholding Held in the Name of a Third Party		Academic Qualifications / Experience	Concurrent Positions in this Company and Other Companies	Managers that have spousal relationship or are within the Second Degree of Kinship with the Concerned Director/Supervisor			Remark (Note 4)
					Number of Shares	Shareholding Rate	Number of Shares	Shareholding Rate	Number of Shares	Shareholding Rate			Title	Name	Relation	
Chairman cum General Manager	Taiwan, R.O.C.	Hsieh Juor-Ming	Male	05/01/2008	11,052,484	12.65%	1,922,357	2.20%	670,078 (Note 2)	0.77%	Department of Business Management, Tatung University Chairman cum General Manager of Centralion Industrial Inc. Director of Phoenixtec Power Co., Ltd.	Ming Fang International Investment Co., Ltd.- chairman Voltronic International Corp., Voltronic International H.K. Corp. Limited, Potentia Technology Inc. Limited - director Voltronic Power Technology (Shen Zhen) Corp., Orchid Power (Shen Zhen) Manufacturing Company, Zhongshan Voltronic Power Electronic Limited, Zhongshan Voltronic Precision Inc., Voltronic Power Technology(Vietnam) Company Limited - legal representative	—	—	—	The Company's Chairman and General Manager is the same person. The Company has four independent directors (including one female independent director). More than half of the directors are not the Company's employees or managers.
Vice General Manager	Taiwan, R.O.C.	Wang Chia-Yi	Female	05/01/2008	296,977	0.34%	—	—	—	—	Department of Spanish, Tamkang University Manager of Centralion Industrial Inc.	—	—	—	—	Nil
Vice General Manager	Taiwan, R.O.C.	Chin Chih-Hsin	Male	06/10/2008	621,275	0.71%	—	—	—	—	Graduate Institute of Electrical Engineering, National Taiwan University Manager of Phoenixtec Power Co., Ltd.	—	—	—	—	Nil
Senior Manager of R&D Department	Taiwan, R.O.C.	Lu Yu-Cheng	Male	03/19/2012	135,093	0.15%	—	—	—	—	Department of Electronic and Computer Engineering, National Taiwan University of Science and Technology Manager of Phoenixtec Power Co., Ltd.	—	—	—	—	Nil
Financial Manager	Taiwan, R.O.C.	Wang Kuo- Chin	Male	05/01/2008	82,071	0.09%	—	—	—	—	Double degree in Chinese and Accounting, Soochow University Assistant Financial Manager of DragonJet Corporation	—	—	—	—	Nil
Division Chief of Audit	Taiwan, R.O.C.	Yang Hui-Hua	Female	06/01/2011	4,442	0.01%	—	—	—	—	Department of Accounting, Tunghai University Assistant Manager of Undertaking Division, Horizon Securities Auditor of Uniwill Computer Corp	—	—	—	—	Nil

Title	Nationality	Name	Sex	Date of on Board (mm/dd/yy)	Shareholding When on Board		Shareholding of the Spouse, Underage Children for the Time Being		Shareholding Held in the Name of a Third Party		Academic Qualifications / Experience	Concurrent Positions in this Company and Other Companies	Managers that have spousal relationship or are within the Second Degree of Kinship with the Concerned Director/Supervisor			Remark (Note 4)
					Number of Shares	Shareholding Rate	Number of Shares	Shareholding Rate	Number of Shares	Shareholding Rate			Title	Name	Relation	
Chief Governance Officer	Taiwan, R.O.C.	Chen Yi-Ju	Female	11/11/2019	1,200	0.00%	—	—	—	—	Chungyu Junior College of Business Administration Specialist, Shareholder Services, Gudeng Precision Industrial Co., Ltd. Supervisor, Shareholder Services, Voltronic Power Technology Corp.	—	—	—	—	Nil

Note 1: The shares held include shareholding trust reserved for legal utilization 2,680,318 shares.

Note 2: As Ming Fang International Investment Co., Ltd.

Note 3: The number of substantial shareholdings as of the book closure day for this annual meeting of shareholders, i.e., April 23, 2021.

Note 4: Where the Company's chairman and general manager or a ranking staff member of the equivalent level (the higher manager) were in a same person, as spouse or blood relatives within the first degree of kinship to each other, the Company should explain the reasons why, rationality, necessity and countermeasures (e.g., an increase in the seat(s) of independent director(s) while one half majority of directors do not concurrently serve as an employee or manager) and such relevant information.

3. Remuneration paid to Directors, General Manager and Vice General Managers in the Most Recent Year

(1) Remuneration paid to directors (including independent directors) in the most recent year (2020):

Expressed in Thousands of New Taiwan Dollars

Title	Name	Compensation for Directors								Ratio of the Aggregate Amount of A, B, C and D to the Net Income After Tax		Compensation Received by Concurrent Employees								Ratio of the Aggregate Amount of A, B, C, D, E, F and G to the Net Income After Tax (Note 4)		Whether Receiving Compensation from any Companies Invested by the Company Other Than the Subsidiaries of the Company or Not
		Compensation (A)		Pension (B)		Compensation from Earnings Distribution (C)		Fees for Performance of Business (D)				Wages, Bonus and Special Disbursement, etc. (E)		Pension (F)		Employee Bonus from Earnings Distribution (G)						
		This Company	All Companies Specified in the Financial Statements	This Company	All Companies Specified in the Financial Statements	This Company (Note 1)	All Companies Specified in the Financial Statements	This Company	All Companies Specified in the Financial Statements	This Company	All Companies Specified in the Financial Statements	This Company	All Companies Specified in the Financial Statements	This Company	All Companies Specified in the Financial Statements	This Company (Note 2)		All Companies Specified in the Financial Statements		This Company	All Companies Specified in the Financial Statements	
																Cash amount	Cash amount	Cash amount	Cash amount			
Chairman	Hsieh Juor-Ming	1,400	1,400	-	-	14,400	14,400	-	-	0.72%	0.72%	11,262	11,262	-	-	17,012	-	17,012	-	2.00%	2.00%	-
Director	Open Great International Investment Limited Company																					
	Representative: Chen Tsui-Fang																					
Director	FSP Group																					
	Representative: Cheng Ya-Jen																					
Director	Passuello Fabio																					
Independent director	Lee Chien-Jan																					
Independent director	Yang Ching-Hsi																					
Independent director	Wang Hsiu-Chih																					
Independent director	Ho Yun-Hsuan																					

1. Please elaborate on the remuneration policy, system, standards and structure for independent directors, and describe the relevance to the amount of remuneration according to the responsibilities, risks, time invested and other factors: Independent directors will be paid with remuneration according to the Company’s “standards/criteria for directors and committee members’ fees and remuneration payment” to grant a fixed amount of remuneration, not to participate in the allocation of director remuneration with the Company's profits according to Article 29 of the Articles of Incorporation so that the remuneration should be reasonable. 2. Other than what disclosed through the Table above, in the recent year, the remuneration received by the director(s) for the services rendered as mentioned in the Company’s financial statements (e.g., serving as a consultant to employees): NT$0.

Note 1: The Company’s board of directors resolved on February 25, 2021 to allocate to directors the remunerations totaling NT$14,400,000 (as the finally resolved amount) for 2020. This will be reported to and resolved by the shareholders’ meeting after the annual meeting of shareholders to be convened on June 21, 2021, before the distribution of the remunerations.

Note 2: The Company’s board of directors resolved on February 25, 2021 to allocate to employees the remunerations totaling NT$105,000,000 (as the finally resolved amount) for 2020. This will be reported to and resolved by the shareholders’ meeting after the annual meeting of shareholders to be convened on June 21, 2021, before the distribution of the remunerations.

* The contents of remunerations in the Table differ from the concept of the Income Tax Act. To put it in more understandable terms, this Table is intended to disclose information instead of the purposes of taxation.

Remuneration Listed by Range

<table>
<tr><th rowspan="3">Range of the Remuneration Paid to this Company's Directors</th><th colspan="4">Names of Directors</th></tr>
<tr><th colspan="2">Aggregate Amount of A, B, C and D</th><th colspan="2">Aggregate Amount of A, B, C, D, E, F and G</th></tr>
<tr><th>This Company</th><th>All Companies Specified in the Financial Statements (I)</th><th>This Company</th><th>All Companies Specified in the Financial Statements (J)</th></tr>
<tr><td>Below $2,000,000</td><td>Lee Chien-Jan
Yang Ching-Hsi
Wang Hsiu-Chih
Ho Yun-Hsuan</td><td>Lee Chien-Jan
Yang Ching-Hsi
Wang Hsiu-Chih
Ho Yun-Hsuan</td><td>Lee Chien-Jan
Yang Ching-Hsi
Wang Hsiu-Chih
Ho Yun-Hsuan</td><td>Lee Chien-Jan
Yang Ching-Hsi
Wang Hsiu-Chih
Ho Yun-Hsuan</td></tr>
<tr><td>$2,000,000 (inclusive) ～ $5,000,000 (exclusive)</td><td>Hsieh Juor-Ming
Representative of Open Great International Investment Limited Company: Chen Tsui-Fang
FSP Group Representative: Cheng Ya-Jen
Passuello Fabio</td><td>Hsieh Juor-Ming
Representative of Open Great International Investment Limited Company: Chen Tsui-Fang
FSP Group Representative: Cheng Ya-Jen
Passuello Fabio</td><td>Representative of Open Great International Investment Limited Company: Chen Tsui-Fang
FSP Group Representative: Cheng Ya-Jen
Passuello Fabio</td><td>Representative of Open Great International Investment Limited Company: Chen Tsui-Fang
FSP Group Representative: Cheng Ya-Jen
Passuello Fabio</td></tr>
<tr><td>$5,000,000 (inclusive) ～ $10,000,000 (exclusive)</td><td>—</td><td>—</td><td>—</td><td>—</td></tr>
<tr><td>$10,000,000 (inclusive)~ $15,000,000 (exclusive)</td><td>—</td><td>—</td><td>—</td><td>—</td></tr>
<tr><td>$15,000,000 (inclusive)~ $30,000,000 (exclusive)</td><td>—</td><td>—</td><td>Hsieh Juor-Ming</td><td>Hsieh Juor-Ming</td></tr>
<tr><td>$30,000,000 (inclusive)~ $50,000,000 (exclusive)</td><td>—</td><td>—</td><td>—</td><td>—</td></tr>
<tr><td>$50,000,000 (inclusive)~ $100,000,000 (exclusive)</td><td>—</td><td>—</td><td>—</td><td>—</td></tr>
<tr><td>Above $100,000,000</td><td>—</td><td>—</td><td>—</td><td>—</td></tr>
<tr><td>Total</td><td>8</td><td>8</td><td>8</td><td>8</td></tr>
</table>

(2) Remuneration to General Manager and Vice General Managers in the Most Recent Year (2020):

Expressed in Thousands of NTD; Thousands of Shares; %

Title	Name	Wages (A)		Pension (B)		Bonus and Special Disbursement, etc. (C)		Amounts of remuneration to employees (D) (Note 1)				Ratio(%) of the Aggregate Amount of A, B, C and D to the Net Income After Tax		Whether Receiving Remuneration from any Companies Invested by this Company Other Than the Subsidiaries of this Company or Not
		This Company	All Companies Specified in the Financial Statements	This Company	All Companies Specified in the Financial Statements	This Company	All Companies Specified in the Financial Statements	This Company		All Companies Specified in the Financial Statements		This Company	All Companies Specified in the Financial Statements	
								Cash Bonus	Share Bonus	Cash Bonus	Share Bonus			
General Manager	Hsieh Juor-Ming	8,449	8,449	-	-	18,200	18,200	33,910	-	33,910	-	2.76%	2.76%	-
Vice General Manager	Chin Chih-Hsin													
Vice General Manager	Wang Chia-Yi													

Note 1: The Company's board of directors resolved on February 25, 2021 to allocate to employees the remunerations totaling NT$105,000,000 (as the finally resolved amount) for 2020. This will be reported to and resolved by the shareholders' meeting after the annual meeting of shareholders to be convened on June 21, 2021, before the distribution of the remunerations.

∗ The contents of remunerations in the Table differ from the concept of the Income Tax Act. To put it in more understandable terms, this Table is intended to disclose information instead of the purposes of taxation.

Remuneration Listed by Range

Range of the Remuneration Paid to this Company's General Manager and Vice General Managers	Names of General Manager and Vice General Managers	
	This Company	All Companies Specified in the Consolidated Financial Statements E
Below $2,000,000	—	—
$2,000,000 (inclusive)～$5,000,000 (exclusive)	—	—
$5,000,000 (inclusive) ~ $10,000,000 (exclusive)	Chin Chih-Hsin	Chin Chih-Hsin
$10,000,000 (inclusive) ~ $15,000,000 (exclusive)	—	—
$15,000,000 (inclusive) ~ $30,000,000 (exclusive)	Wang Chia-Yi /Hsieh Juor-Ming	Wang Chia-Yi /Hsieh Juor-Ming
$30,000,000 (inclusive) ~ $50,000,000 (exclusive)	—	—
$50,000,000 (inclusive) ~ $100,000,000 (exclusive)	—	—
Above $100,000,000	—	—
Total	3	3

(3) Names of managers allocated with remuneration to employees and facts of allocation:

December 31, 2020

	Title	Name	Total Share Bonus (Thousand $)	Total Cash Bonus (Thousand $)	Total	Ratio of the Aggregate Amount to the Net Income After Tax (%)
Managers	General Manager	Hsieh Juor-Ming	—	33,410	33,410	1.52%
	Vice General Manager	Chin Chih-Hsin				
	Vice General Manager	Wang Chia-Yi				
	R&D Senior Manager	Lu Yu-Cheng				
	R&D Manager(Note 3)	Feng Wen-Lin				
	Financial Manager	Wang Kuo-Chin				
	Chief Governance Officer	Chen Yi-Ju				

Note 1: The names and position titles should be disclosed. The profit allocation could be disclosed in an overall manner.

Note 2: The amounts of remuneration to employees for managers as resolved by the board of directors in the most recent year (including both stocks and cash). In the event that forecast was impossible, the amounts estimated for the current year should be calculated based on the actual allocations in the prior period. The net profit after tax refers to the net profit after tax in the most recent year. If the Company has adopted the International Financial Reporting Standards (IFRS), the net profit after tax refers to the net profit after tax of the parent company only or the individual financial statements of the most recent year.

Note 3: Designed on February 5, 2021, and retained as a consultant in March 2021.

(4) Respectively compare and depict the analyses of the aggregate total remuneration paid to the Company's directors, supervisors, general manager and vice general managers to the net profit after tax over the past two years in the Company and all companies covered in the consolidated financial reports, and please explain the policies, criteria, portfolio of remuneration payment, procedures to fix remuneration, business performance and interrelationship to the future risks:

1) Analyses of the remuneration paid to the Company's directors, supervisors, general manager, vice general managers over the past two years to the net profit after tax:

Title	2020 Percentage of the aggregate total remuneration to the net earnings after tax (%)		2019 Percentage of the aggregate total remuneration to the net earnings after tax (%)	
	This Company	All Companies Specified in the Consolidated Financial Statements	This Company	All Companies Specified in the Consolidated Financial Statements
Director	0.72%	0.72%	0.68%	0.68%
General Manager and Vice General Managers	2.76%	2.76%	2.44%	2.44%

Note 1: The Company's board of directors resolved on February 25, 2021 to allocate to directors the remunerations totaling NT$14,400,000 (as the finally resolved amount) for 2020. This will be reported to and resolved by the shareholders' meeting after the annual meeting of shareholders to be convened on June 21, 2021, before the distribution of the remunerations.

2) Policies, criteria and portfolio for remuneration payment, the procedures to fix the remuneration and the interrelationship between the business performance and future risks:

A. Regarding the remuneration to the Company's directors, as expressly provided for in the Articles of Incorporation, the Board of Directors is authorized with plenipotentiary power to fix the amount based on the extent of the participation by the directors in the Company's business operation, value of their contribution with reference to the levels prevalent in horizontal trades. The remuneration to directors amidst distribution of the earnings is duly handled in accordance with the Company's Articles of Incorporation. The ratio so duly resolved in the board of directors is reported to the shareholders' meeting before distribution.

B. The remuneration payable to the general manager and vice general managers include salaries, incentives and remuneration to employees based on their position titles, the responsibilities they assume and contribution to the Company, with reference to the rates prevalent in the horizontal trades.

C. The procedures for the remuneration were duly fixed with the powers authorized under the Articles of Incorporation.

D. In terms of remuneration paid by the Company to the directors, general manager and vice general managers, the Company had taken into account the potential operating risks, the business performance in such positive interrelationship to assure balance between the sustainable business operation and risk control.

4. Performance in corporate governance

(1) Information of operation by the board of directors:

1) In the most recent year (2020), the board of directors convened a total of six board of directors meetings (A). Fact of participation by the directors is as below:

Title	Name	Number of required participations by directors	Times of Attendance in Person (B)	Times of Attendance by Proxy	Actual Attendance Ratio (%) (B/A)	Remarks
Chairman	Hsieh Juor-Ming	6	6	0	100%	—
Director	Representative of Open Great International Investment Limited Company: Chen Tsui-Fang	6	6	0	100%	—
Director	Representative of FSP Group: Cheng Ya-Jen	6	6	0	100%	—
Director	Passuello Fabio	6	0	6	0%	
Independent director	Lee Chien-Jan	6	6	0	100%	—
Independent director	Yang Ching-Hsi	6	5	1	83%	—
Independent director	Wang Hsiu-Chih	6	6	0	100%	—
Independent director	Ho Yun-Hsuan	6	6	0	100%	—

Note 1: In Year 2020, the average participation ratio of directors in the board of directors meetings was 85.42%

2) In Year 2020, the participation by independent directors in the board of directors meetings v: Participation in person ◎: Participate in through a proxy x: Absent

Year 2019	The 1st meeting	The 2nd meeting	The 3rd meeting	The 4th meeting	The 5th meeting	The 6th meeting
Lee Chien-Jan	v	v	v	v	v	v
Yang Ching-Hsi	v	◎	v	v	v	v
Wang Hsiu-Chih	v	v	v	v	v	v
Ho Yun-Hsuan	v	v	v	v	v	v

.

Other entries as required:

1) In the event of the following circumstances, dates, No. of board meetings, proposals, opinions from all independent directors and the company's response to the opinion of independent directors should be noted:

i. Any issues listed in Article 14-3 of the Securities and Exchange Act

Date (mm/dd/yy)	Term	Proposal	Opinions from all the independent directors and the company's response to such opinions
02/25/2020	The 11th meeting of Session Five	1. Approval of Conversion of earnings of Year 2019 into capital increase to issue new shares 2. Approval of fees payable to Certified Public Accountants for Year 2020 3. Approval of "Declaration of Internal Control System" for Year 2019 4. Approval of partial procedures in relation to Internal Control System 5. Approval of partial amendments to the "Charter for the Remunerations Committee", the "Charter for the Audit Committee", "Standard Operational Procedures for Dealing with Requests from Directors", "Articles of Incorporation", "Rules and Procedures for Board of Directors Meeting" and "Rules and Procedures for Shareholders' Meeting"	Opinion from independent directors: None The company's response to such opinions: None Resolution: unanimous consent from all the directors present
05/07/2020	The 12th meeting of Session Five	1. Approval of asset acquisitions and disposals among subsidiaries 2. Approval of application to extend credit lines 3. Approval of partial amendments to the "Charter for the Audit Committee"	Opinion from independent directors: None The company's response to such opinions: None Resolution: unanimous consent from all the directors present
08/06/2020	The 13th meeting of Session Five	1. Approval of credit lines of funds to be loaned by subsidiaries to related parties 2. Approval of partial amendments to the "Charter for the Remunerations Committee", "Rules and Procedures for Board of Directors Meeting" and "Procedures for the Election of Directors"	Opinion from independent directors: none The company's response to such opinions: None Resolution: unanimous consent from all the directors present

		3. Approval of the lease renewal for the Taipei factory	
09/01/2020	The 14th meeting of Session Five	Approval of credit lines of funds to be loaned by subsidiaries to related parties	Opinion from independent directors: none The company's response to such opinions: None Resolution: unanimous consent from all the directors present
09/25/2020	The 15th meeting of Session Five	Approval of Phase II engineering for the subsidiary Zhongshan Voltronic Power Electronic Limited	Opinion from independent directors: None The company's response to such opinions: None Resolution: unanimous consent from all the directors present
11/06/2020	The 16th meeting of Session Five	1. Approval of audit plan of Year 2021 2. Approval of credit lines of funds to be loaned by subsidiaries to related parties 3. Approval of partial amendment to the Workflows for Financial Report Preparation	Opinion from independent directors: None The company's response to such opinions: None Resolution: unanimous consent from all the directors present
02/25/2021	The 17th meeting of Session Five	1. Approval of introduction of competence program for financial report preparation and quarterly control of implementation status, to ensure project implementation and results 2. Approval of fees payable to Certified Public Accountants for Year 2021 3. Approval of "Declaration of Internal Control System" for Year 2020 4. Approval of complete re-election of the directors	Opinion from independent directors: None The company's response to such opinions: None Resolution: unanimous consent from all the directors present
05/06/2021	The 18th meeting of Session Five	1. Approval of introduction of competence program for financial report preparation and quarterly control of implementation status, to ensure project implementation and results 2. Approval of credit lines of funds to be loaned by subsidiaries to related parties 3. Approval of application to extend credit lines	Opinion from independent directors: None The company's response to such opinions: None Resolution: unanimous consent from all the directors present

ii. Other than the above items, other board meeting discussions that independent directors have expressed dissenting opinion or qualified opinion as recorded or stated in writing: None

Facts by directors in avoidance from conflict of interests: State the names of directors, contents of agenda, causes of avoidance, participation and resolutions:

i. February 25, 2020: The board of directors discussed the decision resolved by the Remuneration Committee in the 5th meeting of Session Three. In the event, Director Hsieh Jour-Ming and the Representative from Open Great International Investment Limited Company, Chen Tsui-Fang did not participate in the voting process because of avoidance from conflict of interests.

ii. August 6, 2020: The board of directors discussed the decision resolved by the Remuneration Committee in the 7th meeting of Session Three. In the event, Director Hsieh Jour-Ming and the Representative from Open Great International Investment Limited Company, Chen Tsui-Fang did not participate in the voting process because of avoidance from conflict of interests.

iii. August 6, 2020: The board of directors discussed the lease renewal for the Taipei factory. Directors Hsieh Juor-Ming and Chen Tsui-Fang, the representative of Open Great International Investment Limited Company did not participate in the discussion or voting process because of avoidance from conflict of interests.

iv. February 25, 2021: The board of directors discussed the decision resolved by the Remuneration Committee in the 8th meeting of Session Three. In the event, Director Hsieh Jour-Ming and the Representative from Open Great International Investment Limited Company, Chen Tsui-Fang did not participate in the voting process because of avoidance from conflict of interests.

Evaluation cycles, periods, scopes, methods and details of self-evaluation (or peer-evaluation) of the board of directors

Evaluation of Board Performances

Evaluation cycle	Evaluation period	Evaluation scope	Evaluation method	Evaluation details
Once per annum	January 1, 2020 - December 31, 2020	Board and its functional committees	Internal self-assessments (external assessment by an external and independent organization once every three years)	Participation in the Company's operations (18%); Enhancement of decision quality by the board (14%); Composition and structure of the board (15%); Election and advanced study of directors (6%); Internal control (14%); Corporate governance performance (15%); Corporate operating performance (18%)

2) Efforts to strengthen the performance of the board of directors in the current year and the most recent year (e.g., establish the Audit Committee to promote transparency of information) and the facts of implementation:

i. Efforts to strengthen the performance of the board of directors:

(i) After the approval by the annual meeting of shareholders on May 24, 2016 on the amendment to the Articles of Incorporation, the Company sets up 5 ~ 8 directors and all those directors (including Independent directors) should be elected through candidates nomination system, and we established the Audit Committee in replace of supervisors.

(ii) There are four functional committees under the board: the Audit Committee, the Remuneration Committee, the Nominating Committee and the Corporate Governance and Sustainability Committee, to assist the board in fulfilling its duties and responsibilities. Both the Audit Committee and the Remuneration Committee are comprised of the four independent directors. The Nominating Committee is composed of two independent directors and a committee member. The Corporate Governance and Sustainability Committee consists of three independent directors. All the functional committees report to the board of directors on a regular basis. On November 11, 2019, the board established the position Chief Governance Officer, responsible for the enhancement of board functions upon the board's requests and assist in board duties in a timely and effective manner.

(iii) A. In the "corporate governance evaluation" campaign for TWSE/TPEX listed companies of Year 2016~2019, the Company ranked amidst the top 5% of all Exchange-listed firms; in the "corporate governance evaluation" campaign for TWSE/TPEX listed companies of Year 2020, the Company ranked amidst the top 6%~20% of all Exchange-listed firms.

B. Amidst the top 10% of all listed companies in the electronic category in Year 2018~2020 with market values over NT$10 billion.

ii. Evaluation of the implementation:

Exactly in accordance with Article 37 of the "Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies", the Company has duly enacted "Regulations Governing Evaluation of Board of Directors Performance". Under such Regulations, the Company's Board of Directors is evaluated once in every three-year period minimum by outsourced independent professional institutions or outsourced teams organized by scholars and experts. Besides, the performance evaluation is conducted upon closure of every fiscal year. In Year 2020, the Company was evaluated for the composition and structure of board of directors; election of directors and independent directors; composition, advanced study and extension of participations of functional committees in the Company's operation; corporate governance and corporate social responsibility (CSR); internal control; operating performance; enhancement of the decision-making process of the board of directors. These items and the self-evaluation by the board of directors indicated "Outstanding" result, which was reported to the board of directors on February 25, 2021. The Regulations Governing Evaluation of Performance of Board of Directors and the evaluation results on the board's performance are disclosed at the section of Corporate Governance on our official website at http://www.voltronicpower.com.tw.

iii. Overall capabilities the board of directors should be equipped with

The list of candidates is prepared by the Nominating Committee according to the requirements for board seats as stipulated in the Company's Articles of Incorporation and then submitted to the board of directors. The nomination is based on the required professionalism such as knowledge, expertise, experience, and diversity e.g. gender, nationality, and age. It also takes account of the overall composition of the board. There are eight directors on the Board of Session Five, and they are seasoned professionals in finance, business, management, and law. Among them are two executive directors with extensive experience in finance, business, and management and two non-executive directors with extensive experience in finance, business and management and global market perspectives. Among the four independent directors are three university professors in accounting and finance and one practicing lawyer. The Company emphasizes gender equality of the board and seeks to strengthen corporate governance. There is one female executive director and one female independent director. Namely, female directors account for 25.00% of the board composition. Male directors account for 75.00% of the board composition. The average age of board directors is 59 years old. On May 6, 2021, the board of directors approved the list of candidates for the Board of Session Six. One female was nominated for directorship, two females for independent directorship. This achieved the target by reaching 37% and realized the policy for diversity and gender equality.

Facts of diversified, comprehensive and multifaceted compositions of the Board of Directors members:

Diversity / Director's name	Fundamental compositions									Business experiences				Professional expertise				
	Nationality	Gender	Employees of the Company in concurrent services	Age			Tenure (independent director)			Manufacture management	Sales & marketing	Creative research & development	Asset management	Accounting	Finance	Laws	Risk management	International market visions
				40~50	51~60	61~70	Less than 3 years	3~9 years	Over 9 years									
Hsieh Juor-Ming	R.O.C.	Male	V		V					V	V	V	V	V	V		V	V
Representative of Open Great International Investment Limited Company: Chen Tsui-Fang	R.O.C.	Female	V		V								V	V	V		V	
Passuello Fabio	Italy	Male				V				V	V		V		V		V	V
Representative of FSP Group: Cheng Ya-Jen	R.O.C.	Male				V				V	V	V	V	V	V		V	V
Lee Chien-Jan	R.O.C.	Male			V			V					V	V	V		V	V
Yang Ching-Hsi	R.O.C.	Male				V		V					V	V	V		V	V
Wang Hsiu-Chih	R.O.C.	Female				V		V					V	V	V		V	V
Ho Yun-Hsuan	R.O.C.	Male			V		V							V	V	V	V	V

Diversity / Director's name	Compliance							
	Business judgement	Accounting and financial analysis	Business management	Crisis management	Industry knowledge	International outlook	Leadership	Decision- making capability
Hsieh Juor-Ming	V	V	V	V	V	V	V	V
Representative of Open Great International Investment Limited Company: Chen Tsui-Fang	V	V	V	V	V	V	V	V
Passuello Fabio	V	V	V	V	V	V	V	V
Representative of FSP Group: Cheng Ya-Jen	V	V	V	V	V	V	V	V
Lee Chien-Jan	V	V	V	V	*	V	V	V
Yang Ching-Hsi	V	V	V	V	*	V	V	V
Wang Hsiu-Chih	V	V	V	V	*	V	V	V
Ho Yun-Hsuan	*	V	*	V	V	V	*	V

Note : * refers to partially equipped

iv. The Company was founded in 2008. In November 2015, the Nominating Committee was established to foster board nomination diversity. Starting in

2018, the Company has been gradually planning for succession and leadership by developing a talent pipeline for key positions (i.e., board members and management). The succession plan places equal emphasis on cultivation of work capabilities and sharing of the Company's values and business philosophy. Hsieh Juor-Ming, Chairman cum General Manager, is currently leading senior management at the vice president level and core managers of relevant units. The core management team has over two decades of experience in the industry. In addition to passing the torch and experience sharing by senior managers, the succession program also encompasses training & education programs in professional competences such as operations, risk management, and financial risks. Meanwhile, the Company strives to enhance diversity, corporate governance, and sustainability (via ethical corporate management, environmental protection, and prosperity with the society). Promising members in the succession and leadership program participate in the board each quarter so that they are familiar with the functioning of the board. They will also be invited to join capital market events upon invitation from external entities and sign up for relevant training and education courses.

(2) Activities of the Audit Committee:

1) Activities of the Audit Committee as follows:

The Audit Committee convened six meetings in 2020 (A). The attendance of independent directors was shown below:

Title	Name	Number of required participations	Times of Attendance in Person (B)	Times of Attendance by Proxy	Actual attendance ratio (%)(B/A)(Note)	Remark
Independent director/ Convener	Lee Chien-Jan	6	6	0	100%	—
Independent director	Yang Ching-Hsi	6	5	0	83%	—
Independent director	Wang Hsiu-Chih	6	6	0	100%	—
Independent director	Ho Yun-Hsuan	6	6	0	100%	—

Note: In Year 2020, the average participation rate was 95.83%.

Other entries as required:

1. IN 2020 Key functions and supervisory duties of the Audit Committee:

(1) Appropriate representation of the Company's financial statements

(2) Appointment/dismissal, independence, and performance of the Certified Public Accountant

(3) Effective implementation of internal control

(4) Compliance with relevant laws and regulations

(5) Control and management of existing or potential risks

(6) M&A activities according to the Business Mergers and Acquisitions Act

(7) Matters in relation to personal interests of directors

(8) Issue and public/private placement of equity securities

(9) Promotion of risk management policy and establishment of crisis management mechanism

2. Important resolutions from the Audit Committee

Meeting date	Summary of key proposals
02/25/2020 The 10th meeting of Session Two	1. Summary of internal control self-evaluation results 2. Approval of independence and evaluation of performance of Certified Public Accountants in Year 2019 3. Approval of evaluation of Certified Public Accountants' fees in Year 2020 4. Approval of financial report and consolidated financial statements of Year 2019 5. Approval of business report and allocation of earnings of Year 2019 6. Conversion of earnings of 2019 into capital increase to issue new shares 7. Approval of Declaration of Internal Control System of Year 2019 8. Approval of partial amendment to the Internal Control System procedures
05/07/2020 The 11th meeting of Session Two	1. Approval of financial report of the Quarter I, 2020 2. Approval of credit lines of funds to be loaned by subsidiaries to related parties 3. Approval of the Company's application to extend credit lines 4. Approval of partial amendment to the Charter for the Audit Committee
08/06/2020 The 12th meeting of Session Two	1. Approval of financial report of the Quarter II, 2020 2. Approval of credit lines of funds to be loaned by subsidiaries to related parties 3. Approval of partial amendment to the Charter for the Remunerations Committee 4. Approval of partial amendment to the Rules and Procedures for Board of Directors Meeting 5. Approval of partial amendment to the Procedures for the Election of Directors 6. Approval of lease renewal for the Taipei plant
09/01/2020 The 13th meeting of Session Two	1. Approval of new credit lines of funds to be loaned by subsidiaries to related parties
09/25/2020 The 14th meeting of Session Two	1. Approval of Phase II engineering for the subsidiary Zhongshan Voltronic Power Electronic Limited
11/06/2020 The 15th meeting of Session Two	1. Approval of financial report of the Quarter III, 2020 2. Approval of audit plan of Year 2021 3. Approval of partial amendment to the Workflows for Financial Report Preparation 4. Approval of credit lines of funds to be loaned by subsidiaries to related parties 5. Approval of formulation of the Operational Guidelines for Risk and Crisis Management
02/25/2021 The 16th meeting of Session Two	1. Summary of internal control self-evaluation results 2. Approval of independence and evaluation of performance of Certified Public Accountants in Year 2020 3. Approval of evaluation of Certified Public Accountants' fees in Year 2021

	4. Approval of competence program for financial report preparation as a listed company in order to announce pre-audited financial information in stages for better corporate governance 5. Approval of financial report and consolidated financial statements of Year 2020 6. Approval of business report and allocation of earnings of Year 2020 7. Approval of Declaration of Internal Control System of Year 2020

3. In the event of the following circumstances, dates, No. of meetings, proposals, resolutions from the Audit Committee and the Company's response to the opinion of the Audit Committee should be noted:

(1) Any issues listed in Article 14-5 of the Securities and Exchange Act

Date	Term	Proposal	Resolutions from the Audit Committee and the Company's response to such opinions of the Audit Committee
02/25/2020	The 10th meeting of Session Two	1. Approval of independence and evaluation of performance of Certified Public Accountants in Year 2019 2. Approval of evaluation of Certified Public Accountants in Year 2020 3. Approval of financial statements, business report and allocation of earnings of Year 2019 4. Conversion of earnings of 2019 into capital increase to issue new shares 5. Approval of "Declaration of Internal Control System of Year 2019" 6. Approval of partial amendment to the Internal Control System procedures	Resolutions from the Audit Committee: unanimous consent from all the committee members present on February 25, 2020. The Company's response to the opinion from the Audit Committee: Duly posed to and unanimously resolved by all present directors in the 11th board of directors meeting of Session Five.
05/07/2020	The 11th meeting of Session Two	1. Approval of the Financial Statements of the Quarter I, 2020 2. Approval of application to extend credit lines 3. Approval of credit lines of funds to be loaned by subsidiaries to related parties	Resolutions from the Audit Committee: unanimous consent from all the committee members present on May 7, 2020. The Company's response to the opinion from the Audit Committee: Duly posed to and unanimously resolved by all present directors in the 12th board of directors meeting of Session Five.
08/06/2020	The 12th meeting of Session Two	1. Approval of credit lines of funds to be loaned by subsidiaries to related parties 2. Approval of lease renewal for the Taipei plant 3. Approval of the Financial Statements of the Quarter II, 2020.	Resolutions from the Audit Committee: unanimous consent from all the committee members present on August 6, 2020. The Company's response to the opinion from the Audit Committee: Duly posed to and unanimously resolved by all present directors in the 12th board of directors meeting of Session Five.
09/01/2020	The 13th meeting of Session Two	1. Approval of new credit lines of funds to be loaned by subsidiaries to related parties	Resolutions from the Audit Committee: unanimous consent from all the committee members present on September 1, 2020. The Company's response to the opinion from the Audit Committee: Duly posed to and unanimously resolved by all present directors in the 14th board of directors

			meeting of Session Five.
09/25/2020	The 14th meeting of Session Two	1. Approval of Phase II engineering for the subsidiary Zhongshan Voltronic Power Electronic Limited	Resolutions from the Audit Committee: unanimous consent from all the committee members present on September 25, 2020. The Company's response to the opinion from the Audit Committee: Duly posed to and unanimously resolved by all present directors in the 15th board of directors meeting of Session Five.
11/06/2020	The 15th meeting of Session Two	1. Approval of the Financial Statements of the Quarter III, 2020. 2. Approval of credit lines of funds to be loaned by subsidiaries to related parties 3. Approval of partial amendment to the Workflows for Financial Report Preparation 4. Approval of audit plan of Year 2021 5. Approval of formulation of the Operational Guidelines for Risk and Crisis Management	Resolutions from the Audit Committee: unanimous consent from all the committee members present on November 6, 2020. The Company's response to the opinion from the Audit Committee: Duly posed to and unanimously resolved by all present directors in the 16th board of directors meeting of Session Five.
02/25/2021	The 16th meeting of Session Two	1. Approval of independence and evaluation of performance of Certified Public Accountants in Year 2020 2. Approval of evaluation of Certified Public Accountants' fees in Year 2021 3. Approval of financial statements of Year 2020 4. Approval of consolidated financial statements of Year 2020 5. Approval of the 2020 internal control design, implementation effectiveness and the issue of Declaration of Internal Control System 6. Approval of competence program for financial report preparation as a listed company in order to announce pre-audited financial information in stages for better corporate governance	Resolutions from the Audit Committee: unanimous consent from all the committee members present on February 25, 2021. The Company's response to the opinion from the Audit Committee: Duly posed to and unanimously resolved by all present directors in the 17th board of directors meeting of Session Five.

(2) In addition to the above matters, other matters not approved by the Audit Committee but agreed by at least two thirds of the board: None

4. Please provide the names of the independent directors concerned, contents of the issue, reasons to avoid discussion/voting and participation in voting for the issues the independent directors should avoid due to conflict of interest: None

5. Communication among independent directors, internal auditors and CPAs (including the issues associated with company financials and businesses, communication methods and results):

(1) All the independent directors from the Company's Audit Committee and internal auditors maintain good communication. If any special circumstances arise, internal auditors report to independent directors immediately. No special circumstances occurred in 2020.

(2) The CPAs communicate with the Audit Committee in the quarterly meetings regarding the auditing or reviewing of the quarterly financial reports, and the issues in relation to laws and regulations. If any special circumstances arise, CPAs report to the Audit Committee promptly. No special circumstances occurred in 2020

Communication among independent directors, internal auditors and CPAs is shown as the following table:

Date	Key issues	Results	Attendees
02/25/2020 Audit Committee’s pre-meeting	Reports by the Certified Public Accountant on the result of review over the Financial Statements of Year 2019. Explanation by the Certified Public Accountant according to the Statements on Audit Standards (SAS) No. 68 regarding internal control system deficiencies and issuance of written communication for not having identified material deficiency in internal control during the audit process Explanation by Certified Public Accountant on material account policy regarding leasing in 2018/2019 Explanation by the Certified Public Accountant according to the Statements on Audit Standards (SAS) No. 48 regarding significant risks and key audit items – truthfulness of revenue incurrence. Conclusion: no material irregularity identified and deemed to be appropriate Reports by the Certified Public Accountant regarding important tax laws/regulations	CPAs discussed and explains the issues raised by meeting attendees. All the attendees agreed unanimously.	Independent director: Lee Chien-Jan Wang Hsiu-Chih Yang Ching-Hsi Ho Yun-Hsuan Division Chief of Audit
02/25/2020 Audit Committee’s pre-meeting	Explanation by the auditors about the design of the internal control system and the execution thereof in the Company in Year 2019.	All the attendees agreed unanimously.	Independent director: Lee Chien-Jan Wang Hsiu-Chih Yang Ching-Hsi Ho Yun-Hsuan
05/07/2020 Audit Committee’s pre-meeting	Reports by the Certified Public Accountant on the review result of the Financial Statements of the Quarter I, Year 2020. Explanation by the Certified Public Accountant on Article 37-2 of the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies amended in 2020	CPAs discussed and explains the issues raised by meeting attendees. All the attendees agreed unanimously.	Independent director: Lee Chien-Jan Wang Hsiu-Chih Ho Yun-Hsuan Division Chief of Audit
05/07/2020 Board pre-meeting	Report by the auditors on internal audit of Quarter I, 2020	All the attendees agreed unanimously.	Independent director: Lee Chien-Jan Wang Hsiu-Chih Ho Yun-Hsuan
08/06/2020 Audit Committee’s pre-meeting	Reports by the Certified Public Accountant on the review result of the Financial Statements of the Quarter II, Year 2020. Explanation by the Certified Public Accountant on the preparation of financial statements	CPAs discussed and explains the issues raised by meeting attendees. All the attendees agreed unanimously.	Independent director: Lee Chien-Jan Wang Hsiu-Chih Yang Ching-Hsi Ho Yun-Hsuan Division Chief of Audit

08/06/2020 Board pre-meeting	Report by the auditors on internal audit of Quarter II, 2020	All the attendees agreed unanimously.	Independent director: Lee Chien-Jan Wang Hsiu-Chih Yang Ching-Hsi Ho Yun-Hsuan
11/06/2020 Audit Committee's pre-meeting	Reports by the Certified Public Accountant on the review result of the Financial Statements of the Quarter III, Year 2020. Explanation by the Certified Public Accountant on the Statements on Audit Standards (SAS) No. 43 Explanation by the Certified Public Accountant on the Statements on Audit Standards (SAS) No. 48 Explanation by the Certified Public Accountant on the Statements on Audit Standards (SAS) No. 58	CPAs discussed and explains the issues raised by meeting attendees. All the attendees agreed unanimously.	Independent director: Lee Chien-Jan Wang Hsiu-Chih Yang Ching-Hsi Ho Yun-Hsuan Division Chief of Audit
11/06/2020 Audit Committee's pre-meeting and Board pre-meeting	Explanation by the auditors about the annual audit plan of Year 2021. Report by the auditors on internal audit of Quarter III, 2020	All the attendees agreed unanimously.	Independent director: Lee Chien-Jan Wang Hsiu-Chih Yang Ching-Hsi Ho Yun-Hsuan
02/25/2021 Audit Committee's pre-meeting	Reports by the Certified Public Accountant on the result of review over the Financial Statements of Year 2020. Explanation by the Certified Public Accountant on the blueprint for Corporate Governance 3.0 – Sustainability	CPAs discussed and explains the issues raised by meeting attendees. All the attendees agreed unanimously.	Independent director: Lee Chien-Jan Wang Hsiu-Chih Yang Ching-Hsi Ho Yun-Hsuan Division Chief of Audit
02/25/2021 Audit Committee's pre-meeting	Explanation by the auditors about the design of the internal control system and the execution thereof in the Company in Year 2020.	All the attendees agreed unanimously.	Independent director: Lee Chien-Jan Wang Hsiu-Chih Yang Ching-Hsi Ho Yun-Hsuan

(3) Facts of performance in corporate governance and the status on discrepancy and reasons in relation to Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies

Evaluation Items	Facts of performance(Note 1)			Status on discrepancy and reasons in relation to Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Description of Summary	
1. Does the company specify and disclose the corporate governance best practice principles in accordance with the "Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies"?	V		The Company has established the Corporate Governance Best Practice Principles in accordance with the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and posted them on the Market Observation Post System (MOPS) and our official website, available to shareholders. We do not work on corporate governance in silo. Rather, we think it is an integral part of our corporate social responsibility. We believe that if we honor our corporate social responsibility, we will excel in corporate governance. This is evidenced by our operating performances and various awards received for corporate governance in 2016~2019.	No discrepancy
2. Corporate Equity Structure and Shareholders' Equity				
(1) Does the company specify internal operation procedures to dispose recommendations, doubts, disputes and lawsuit matters of shareholders, and implement in accordance with such procedures?	V		(1) The Company has appointed spokesperson, deputy spokesperson and stock affair specialists to deal with shareholders' suggestions or investment disputes.	No discrepancy
(2) Does the company master the major shareholders in actual control of the company and the name list of the final controllers of such major shareholders?	V		(2) All major shareholders of the Company declare their shareholding facts to the Company on a monthly basis. On an annual basis, the Company discloses the list of the top ten shareholders toward the Company's website and Investor Relations Zone.	No discrepancy
(3) Does the company establish and execute the risk control and firewall mechanism with the affiliated enterprises?	V		(3) The Company has established Measures for Management of Business Group, Specific Firms and Related Party Transactions to specify personnel, assets and financial management with the affiliated enterprises.	No discrepancy
(4) Does the company establish internal specifications to prohibit the internal parties of the company from trading securities by taking advantage of the non-opened information in market?	V		(4) The Company has established "Ethical Corporate Management Best Practice Principles" and "Guidelines for the Adoption of Codes of Ethical Conduct", "whistleblowing system" and "Operating Procedures for Handling Internal Material Information" to normalize members' avoidance of conflicts of interest related to their duties, and we have also set up the	No discrepancy

Evaluation Items	Facts of performance(Note 1)			Status on discrepancy and reasons in relation to Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Description of Summary	
			accusation reporters' mailbox to prevent the occurrence of insider trading. Pursuant to Article 9 of the Company's Operating Procedures for Handling Internal Material Information, the employees shall adhere to Article 157-1 of the Securities and Exchange Act regarding the prohibition of insider trading. As a reminder for compliance with relevant laws and regulations, the Company forwards to its personnel the official letters issued once every six months by the securities exchanges concerning frequently seen problems with insiders. Each new hire is required to go through the educational materials on relevant laws and regulations as part of their orientation for the Company's management systems. A total of 23 sessions were conducted in 2020. Internal audits inspect compliance status and produce reports regularly or on an ad-hoc basis.	
3. Organization and Functions of Board of Directors (1) Does the Board of Directors prepare diversified guidelines in response to the organization of members and actualize the execution?	V		(1) According to our Procedures for the Selection of Board Directors, the board members should be equipped with business judgment, accounting and financial analysis capability, business management capability, crisis management, industry knowledge, international outlook, leadership and decision-making capability in order to exercise their duties. Our board directors are specialists in different fields and they will all benefit the company's development and operations to a certain degree. On November 12, 2015, our board of directors approved the establishment of the "Nominating Committee", in order to enhance the implementation of diversity of the director nomination process. The Company's Nominating Committee, exactly in accordance with the rules about the number of director seats as set forth under the Articles of Incorporation, resolved the list of directors and reported the list to the board of directors. The nomination was duly conducted pursuant to such criteria including the required expertise, technology & know-how, hands-on experiences, genders, nationality, age and such diversified, comprehensive and multifaceted policies with consideration of the overall disposition.	No discrepancy

Evaluation Items	Facts of performance(Note 1)			Status on discrepancy and reasons in relation to Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Description of Summary	
			In the Company there are a total of eight incumbent directors (In Session Five), including four independent directors, with executive directors accounting for 25% of the entire directorship seats and with independent directors accounting for 50% of the entire directorship seats. With one female executive director, one female independent director, with female directors accounting for 25% of the entire directorship seats, with male directors accounting for 75% of the entire directorship seats. The average age of all directors is 59 years old. On May 6, 2021, the board of directors approved the list of candidates for the Board of Session Six. One female was nominated for directorship, two females for independent directorship. This achieved the target by reaching 37% and realized the policy for diversity and gender equality.	
(2) Does the Company, besides establishing Remuneration Committee and Audit Committee in accordance with laws, also voluntarily establish other committees with similar functions?	V		(2) The Company has, according to relevant laws/regulations, set up the Remuneration Committee, and on this committee are all independent directors. In addition, the Company has voluntarily taken the following steps: (1) the establishment of the Nominating Committee in November 2015 with three committee members (including two independent directors), to enhance the involvement of shareholders in the nomination of board directors so that shareholders can effectively engage in key corporate governance decisions; (2) the establishment of the Audit Committee after the shareholder meeting on May 24, 2016, with all the independent directors on the committee; (3) the establishment by the board on November 11, 2019 the Corporate Governance and Sustainability Committee, to assume responsibilities in corporate governance, corporate social responsibility and sustainability. All the three committee members are independent directors. A report on how different functional committees function has been uploaded to the Market Observation Post System (MOPS).	No discrepancy
(3) Does the Company establish performance rules and evaluation methods of the Board of Directors, and periodically engages in performance evaluation every	V		(3) On February 25, 2016, we released the Guidelines for the Evaluation of Board Performances. According to these guidelines, we conduct performance reviews in the Quarter I for the performance during the prior	No discrepancy

Evaluation Items	Facts of performance(Note 1)			Status on discrepancy and reasons in relation to Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Description of Summary	
year? Besides, does the Company submit the outcome of performance evaluation to the board of directors to be used as the handy reference in salary remuneration of respective directors and their salaries?			year. At least in every three years, the Company retains outsourced experts, independent institution or the outsourced scholars and experts into a team to conduct one evaluation. Upon closure of every year, the Company conducts the annual performance evaluation. Our self-evaluations are based on: (1) board composition and structure; (2) the election of the board directors; (3) the composition and continued training & education of functional committees; (4) the participation in the company operations, corporate governance and corporate social responsibility; (5) internal control; (6) operating performances. The assessment reports are forwarded to the board. The Nominating Committee presents to the board the basis for nominations, performance review and evaluation method for the effectiveness of the board during the previous year. The Company outsourced independent institutions to conduct an evaluation in 2018, and the result of the evaluation was "Excellent". The results of the self-evaluation by the board of directors and functional committees on performance in 2020 were passed by the board of directors on February 25, 2020, and the result was “Outstanding”. External assessments will be conducted in 2021 after three years of self-evaluations. The results of evaluation are disclosed at the section for corporate governance at our company website http://www.voltronicpower.com.tw.	
(4) Does the company periodically evaluate the independence of the certified public accountant?	V		(4) On February 25, 2016, the Company duly stipulated "Regulations Governing Independence and Performance Evaluation of Certified Public Accountants", where under the Company will evaluate the Certified Public Accountants on an annual basis. The method of evaluation (I) Evaluation over independence (II) Evaluation on their performance. The outcome of evaluation over the Certified Public Accountants' independence and performance in 2020 were both in line with the requirements and were duly resolved by the Audit Committee and the Board of Directors on February 25, 2021. The statements of independence by Certified Public Accountants Chen Chung-Cheng and Chen Chao-Mei of Deloitte & Touche are	No discrepancy

Evaluation Items	Facts of performance(Note 1)			Status on discrepancy and reasons in relation to Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Description of Summary	
			satisfactory to the Company’s evaluation criteria in independence and the criteria of independence for Certified Public Accountants. The results of evaluation are disclosed at the section for corporate governance at our company website http://www.voltronicpower.com.tw.	
4. Have TWSE/TPEX listed companies been equipped with eligible and appropriate corporate governance personnel, and designated corporate governance executives responsible for corporate governance-related affairs (including but not limited to providing directors, supervisors with the information needed to perform business, assisting directors, supervisors in complying with laws to handle matters related to meetings of the board of directors and shareholders 'meetings in accordance with the law, with production of minutes of board of directors meetings and shareholders' meetings)?	V		On November 11, 2019, the Board of Directors approved the establishment of the Corporate Governance and Sustainability Committee, to assist the Board of Directors in the advocacy of corporate governance, corporate social responsibility, and sustainability in business. The purpose is to strengthen the Company’s corporate governance, environmental protection, and corporate social responsibility. Meanwhile, the position Chief Governance Officer was created. Chief Governance Officer has ten years of experience in shareholder services and board meetings management and will work together with the financial department in corporate governance matters. Chief Governance Officer shall report periodically to the Board of Directors any relevant issues according to the Standard Operational Procedures for Dealing with Requests from Directors The responsibilities of Chief Governance Officer and the financial department are as follows: (1) Planning and formation of the company systems and organizational structure to facilitate board independence, corporate transparency and legal compliance; (2) Agenda planning for board meetings and functional committee meetings; (3) Informing of the board directors and preparation of sufficient materials for any meetings at least seven (7) days in advance, according to relevant laws and regulations; reminders to the parties with conflict of interest to avoid discussions; (4) Registration of shareholders’ meeting dates each year before deadlines, and issuance of meeting notices with public announcements as required by laws; preparation of Meeting Handbooks, agenda materials, meeting minutes; amendments to the Articles of Incorporation and registration for	No discrepancy

Evaluation Items	Facts of performance(Note 1)			Status on discrepancy and reasons in relation to Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Description of Summary	
			any changes to the board composition; commissioning a professional unit to proceed with the Company's alteration registration. (5) We internally evaluate the performance of the board each year. According to our Guidelines for the Evaluation of Board Performances, we commission external professional organizations or experts/scholars to evaluate the performance of the board at least once every three years. (6) Arrangement on a quarterly basis for sound communications by and between the Certified Public Accountants and the independent directors about the update of laws and ordinances concerned. (7) Reviews, suggestions, and follow-ups regarding the implementation effectiveness of corporate governance measures (assessments) and the status of annual plans/projects. Chief Governance Officer participated in a total of 24 hours of training in 2020.	
5. Does the company establish communication channels for stakeholders (including but not limited to shareholders, employees, customers and suppliers), and an exclusive section for stakeholders in the company's website, and properly respond to the issues of corporate social responsibility pertinent to stakeholders?	V		(1) The Company places importance on interested parties including employees, clients, investors and suppliers: A. Employees: Convening labor-management conferences on a quarterly basis to provide a sound platform for communications in due time to balance and harmonize relationship by and between the employees and the management. B. Customers: Visiting customers, putting the customers' confidential information into confidentiality. Execution of non-disclosure obligation agreements among in-house employees. C. Investors-The efforts to promulgate the Company's operating revenue performance, financial information through the Company's website and Market Observation Post System (MOPS); to accept invitation from time to time on a nonscheduled basis from the investment institutions to participate in in the investment oriented symposiums to report the Company's business performance, the efforts to take the initiative to work out Corporate Social Responsibility (CSR) report for adequate disclosure of the relevant	No discrepancy

Evaluation Items	Facts of performance(Note 1)			Status on discrepancy and reasons in relation to Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Description of Summary	
			information. D. Suppliers: The efforts to maximize the entire enterprises toward sounder development, boost all suppliers to faithfully comply with the international human right related laws, labor related laws of the nations and to request all suppliers to put them into sound implementation as a means to render warm concern about employees. The Company keep channels for smooth communication and respect and maintain their legal rights by offering a complaint hotline +886-2-2791-0054. (2) All interested parties can instantly access to our information via Market Observation Post System (MOPS) and Corporate Social Responsibility Zone at our official website. On the issues of corporate social responsibility that are of concern to interested parties, please refer to the Investor Relations Zone or Corporate Responsibility Report on the Company's website. http: //www.voltronicpower.com.tw. (3) The Company has appointed a spokesperson and a deputy spokesperson responsible for the external communication. We have also set up the Interested Party Mailbox and the Accusation reporters' mailbox (whistleblower@voltronic.com.tw) available to interested parties for smooth communication.	
6. Does the company appoint a professional stock affair handling agency to process the affairs of shareholders' meeting?	V		The Company has appointed a professional stock affairs agency – Stock Affairs Department of Yuanta Securities to deal with shareholder affairs and establish Measures Governing Stock Affairs Management to deal with related issues.	No discrepancy
7. Information Opening (1) Does the company set up a website to disclose the financial business and the corporate governance information?	V		(1) The Company announces the reports of financial business and corporate governance issues at the Market Observation Post System (MOPS) and the Company's website provides special zones, i.e., "Investor Relations" and "Corporate Social Responsibility", "Company Profile" "Corporate Governance" "Financial Information" and "Interested Party" with relevant	No discrepancy

Evaluation Items	Facts of performance(Note 1)			Status on discrepancy and reasons in relation to Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Description of Summary	
			information in detail for investors to consult with. http: //www.voltronicpower.com.tw.	
(2) Does the company adopt other information disclosure methods (such as setting up an English website, designating exclusive personnel to be in charge of the corporate information collection and disclosure, actualizing the spokesperson system, institutional investor conference process placement in the company's website, etc.)?	V		(2) The Company has set up an English website and appointed a spokesperson and a deputy spokesperson to be responsible for information collection and disclosure, and related information will be published at Market Observation Post System (MOPS) or our official website. To efforts to promulgate the shareholders' meeting and juristic person explanation meeting related information toward the Company's website and Market Observation Post System (MOPS).	No discrepancy
(3) Did the Company announce and declare its annual financial statements within two months after the end of the fiscal year, and announce and declare the financial statements of the Quarters I, II and III and operating performance of each month ahead of schedule as required?			(3) The Company files and publishes annual financial reports within two months after the end of the fiscal year, as required by relevant laws and regulations. Meanwhile, the financial reports for the Quarters I, II and III and the operating performance per month are filed and reported before statutory deadlines. Relevant disclosure and information are available at the Company's website and Market Observation Post System (MOPS).	No discrepancy
8. Does the company have other available important information helpful to understand the corporate governance and performance status (including but not limited to employee interests, employee care, investor relation, supplier relation, rights of stakeholders, advanced study status of directors and supervisors, execution status of risk management policy and risk measurement standard, execution status of client policy, the status of purchasing liability insurance of the company for its directors and supervisors, etc.)?	V		(1) Employee interests and care about employees: The Company, as always, pays supreme attention to employee interests, and holds labor-management meetings on a regular basis. The employer's representatives and labor representatives fully communicate their opinions and the Company has set up Employee Welfare Committee to ensure the rights and interests of employees, the employees' physical and mental health. The Company has budgeted regular funds to carry out health examinations and in addition to the inspection items stipulated by the law, the Company takes the initiative to adjust the screening project inspection to build a dynamic and secure workplace environment. Regarding environmental safety management, the Company has satisfactorily passed ISO 14001: 2015 Certification, ISO 9001:2015 and ISO 45001：2018 (Occupational Safety and Health Management system). Performance reviews of all the employees are conducted at the end of each year, as the basis for promotions and wages adjustments.	No discrepancy

Evaluation Items	Facts of performance(Note 1)			Status on discrepancy and reasons in relation to Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Description of Summary	
			(2) Investor relations: The Company convenes the shareholder meeting annually to give shareholders opportunities to ask questions and make proposals. Since 2016, the annual meeting of shareholders has listed the use of electronic methods as one voting option. Meanwhile, we established a spokesperson system to deal with suggestions or inquiries from shareholders. Investors can visit Investor's Zone at our official website to access information related to the Company and are invited to our capital market day events organized by institutional investors on an ad-hoc basis. All these efforts aim to enhance information transparency. In accordance with the stipulations set forth by competent authorities, we have also made our disclosures and information available to investors. (3) Supplier relations: Based on the Company's Procurement and Payment Cycle and Measures for Procurement Management as part of internal control, we always act with integrity and honesty. The Company seeks to establish a well-managed supply chain after comparing prices, quality, delivery, and payment terms. We emphasize the importance of suppliers' commitment to legal compliance, labor rights, environmental protection, and CSR, and we ardently hope to work with suppliers to create better life environment and relationships according to Supplier CSR Management Agreement with Voltronic Power. (4) Rights of interested parties: As the Company places importance on interested parties, including employees, customers, investors and suppliers who are our stakeholders, we have maintained smooth communication channels and respected and protected their legal rights. We have also set up the Interested Party Zone and the Channel to File Complaints About A Loss of Rights at our official website. (5) Directors and supervisors' advanced study: The Company's directors, supervisors and independent directors who are those with professional backgrounds or practical experience have completed their study of corporate governance and securities regulations in accordance with related rules. The advanced study of our directors and supervisor during their tenure is disclosed in the Market Observation Post System (MOPS) (website	

Evaluation Items	Facts of performance(Note 1)			Status on discrepancy and reasons in relation to Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Description of Summary	
			at http://newmops.tse.com.tw/) or 2020 Advanced Study. Additional remarks which are given as below. (6) Implementation of risk management policy and risk measurement criteria: Having adhered to its stable operations as the principle, the Company focuses on its core business, establishes its operation strategies based on the controllable and bearable risks which are checked by the internal audit unit regularly or irregularly to reduce possible risks facing corporate operations. On November 6, 2020, the board of directors approved the formulation of the Operational Guidelines for Risk and Crisis Management to drive the risk management policy and establish the crisis management mechanism. (7) Implementation of customer policy: The Company upholds the principle of "Customer First," designing and producing high-quality products to meet customer needs, regularly reviewing customer relationships and communicating with customers effectively to maintain long-term cooperation relationships. In terms of qualitative and quantitative management, the Company faithfully follows "Total Quality Assurance, Service Satisfaction" and complies with ISO 9001: 2015 specifications to provide the best possible quality toward our customers. (8) Purchase of liability insurance for board directors: According to our Articles of Incorporation, we may purchase liability insurance for board directors, with the approval from the board. On May 6, 2021, the board agreed to extend the insurance policy with Cathay Century Insurance Co., Ltd. for coverage of US$3 million from June 24, 2021 through June 24, 2022, in order to mitigate and diversify the potential losses incurred by the Company in the event of erroneous behavior of board directors. All the information regarding the liability insurance for board directors of our company has been disclosed in the Market Observation Post System (MOPS). (9) Risk & management measures toward information technology safety &	

Evaluation Items	Facts of performance(Note 1)			Status on discrepancy and reasons in relation to Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Description of Summary	
			security: The Company has set up sound managerial specifications over information safety & security to assure confidentiality, security and usability of the corporate information. Defense: To minimize the possibility of potential attack against the Company's network which, once coming true, might smash the system or even kidnap information and, in turn, affects the normal operation of the relevant departments with production inclusive, the Company installs firewalls, anti-virus software on all information devices (servers or personal computers) in each plant. All such defensive tools are updated for the anti-virus mechanism on a regular basis. The Company further updates the operating system security, and periodically changes the passwords to minimize the risk of new attacks on the network. In addition, the Company introduced a dual factor protection mechanism to increase the defense capability against potential foreign attacks. In an effort to minimize the human error caused by the Company's business information being improperly extorted or phished, or maliciously destroyed or possibly implanted with a Trojan horse program, the information units of all factories, either on a regular basis or from time to time on a nonscheduled basis, conduct information security promotion and reminding to internal colleagues to remove illegal software, and strengthen the filtering mechanism of spams. In an attempt to prevent the Company's business secrets from being improperly outflowed, the Company demands that the employees and those who may be aware of confidential information take responsibility for absolute confidentiality. Toward computers of specific professional functional units, the Company restricts access to data and restricts communication. The permission setting of the software is used not to regularly check the information flow of the computer operation. Through all these measures and efforts, the Company definitely prevents the commercial confidential information from being improperly flown out.	

Evaluation Items	Facts of performance(Note 1)			Status on discrepancy and reasons in relation to Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Description of Summary	
			Rescue To ensure the potential accidents in the defense measures, all important information equipment of each and every factory area is equipped with a regular and complete data double backup and off-site backup mechanism. Once the data is damaged by the network attack, all such data can be backed up in the shortest possible period of time to minimize the potential impact upon the business operation of the entire Company. To ensure the effectiveness of the backup data and recovery mechanism, the Company, on a regular basis, arranges information disaster prevention drills, data recovery drills, and develops the standard processing procedures for the security incidents to ensure that an accident, if any, can be managed in the most composed manner. As part of the information security/network security policy, all employees are informed of the following: ❏ Information security/network security awareness training ❏ When an employee identifies a suspicious situation, the employee can follow a clear reporting procedure. ❏ Information security/network security is part of an employee's performance review (such as disciplinary actions). On November 6, 2020, the board of directors formulated the Information Security Policy. Quarterly advocacy on information security is performed. The Company did not experience major information security events in 2020. (10) Intellectual property management The intellectual property management system aims to reduce operational risks, protect company profits, boost competitiveness and abide by laws and regulations governing intellectual properties by steering away from the prior fragmented and case-by-case approach. The purpose is to provide a basis for the Company in the management and utilization of intellectual properties. On November 6, 2020, the Report on Intellectual Management Plan presented by the Company was approved by the Corporate	

Evaluation Items	Facts of performance(Note 1)			Status on discrepancy and reasons in relation to Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Description of Summary	
			Governance Committee and Sustainability Committee and the board of directors. Implementation status: (a) Encouragement of innovation in product function/effectiveness and creation of product patents (b) Continued development of digital power products and enhancement of product conversion efficiency and power density (c) Higher R&D investment in firmware and software and increase of barriers to product copycats (d) Strengthening of three-phase UPS systems, so that Tier 1 brand customers outsource more projects (e) Cooperation with universities to develop new technology platforms for certain projects By 2020, the Company has obtained 114 patent certificates on UPS (uninterruptible power supply), solar inverters and power inverter in the U.S., Taiwan and China.	
9. Please provide explanations for the improvement made according to the results of the corporate governance evaluation by the Corporate Governance Center of Taiwan Stock Exchange during the most recent year, and details on the priority issues and measures for the areas yet to be improved (not applicable to the companies not evaluated).	V		In four sessions (years) in a row since 2016, the Company has been ranked among the top 5% of all companies in terms of “Corporate Governance Evaluation” and, in “Corporate Governance Evaluation” in Year 2018~2020, the Company was rated among the top 10% of all listed companies in the electronic category with market value over NT$10 billion. For the uncompleted corrective actions, it shall submit concrete explanation and evaluation: 1.15 Indicator – Disclosure of the hours, targets and curricula of training and education 2.13 Indicator – Failure to disclose dates, proposals and resolutions of the Remuneration Committee in 2020. Already disclosed on the Company’s website. 2.14 Indicator- Establishment of the Disclosure Committee (at least the names of committee members), duties and responsibilities, and functioning during the	No discrepancy

Evaluation Items	Facts of performance(Note 1)			Status on discrepancy and reasons in relation to Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Description of Summary	
			year. Already disclosed. 4.3 Indicator – Initiatives to drive corporate social responsibility and regular disclosure of implementation effectiveness. Specific and quantifiable performance metrics required such as the number of people involved and helped in events. Already disclosed.	

Note 1: Whether selecting YES or NO for facts of performance shall be specified in the Description of Summary.

1) Advanced study for directors in 2020:

Title	Name	Date of Advanced Study (mm/dd/yy)	Name of Program	No. of study hour
Director	Hsieh Juor-Ming	11/06/2020	Corporate Governance 3.0 – Blueprint for Sustainable Development and Responding Strategies for Corporates	6
Representative of juristic person director	Chen Tsui-Fang	11/06/2020	Corporate Governance 3.0 – Blueprint for Sustainable Development and Responding Strategies for Corporates	6
Director	Passuello Fabio	11/06/2020	Corporate Governance 3.0 – Blueprint for Sustainable Development and Responding Strategies for Corporates	6
Representative of juristic person director	Cheng Ya-Jen	06/24/2020	Advanced Practical Workshop for Directors, Supervisors and Corporate Governance Officers	3
		11/06/2020	Corporate Governance 3.0 – Blueprint for Sustainable Development and Responding Strategies for Corporates	6
Independent director	Lee Chien-Jan	11/06/2020	Corporate Governance 3.0 – Blueprint for Sustainable Development and Responding Strategies for Corporates	6
Independent director	Yang Ching-Hsi	11/06/2020	Corporate Governance 3.0 – Blueprint for Sustainable Development and Responding Strategies for Corporates	6
Independent director	Wang Hsiu-Chih	11/06/2020	Corporate Governance 3.0 – Blueprint for Sustainable Development and Responding Strategies for Corporates	6
Independent director	Ho Yun-Hsuan	11/06/2020	Corporate Governance 3.0 – Blueprint for Sustainable Development and Responding Strategies for Corporates	6

2) Advanced study for finance supervisors and auditors in 2020:

Title	Name	Date of Advanced Study (mm/dd/yy)	Name of Program	No. of study hour
Financial Manager	Wang Kuo-Chin	9/28~29/2020	Continued advanced training seminars for accounting heads of issuers and the Taiwan Stock Exchange Corporation (TWSE).	12
		11/06/2020	Corporate Governance 3.0 – Blueprint for Sustainable Development and Responding Strategies for Corporates	6
Division Chief of Audit	Yang Hui-Hua	9/22/2020	How Internal Auditors Deal with Frequently Seen Deficiencies in Preparation of IFRS Financial Repots	6
		9/23/2020	"Enhancement of Competence in Preparation of Financial Reports" – Policy Interpretation and Practical Issues in Internal Control Management	6

3) Assessment Criteria for independence of CPAs (key items)

Evaluation of independence	Assessment result
Has any of the Company's Chairman, General Manager, financial or accounting managers during the most recent year worked in the CPA firm currently serving as our external auditors or its affiliated enterprises?	Compliance
Does the CPA firm currently serving as our external auditors or its affiliated enterprises have direct or major indirect financial interest with any of the board directors?	Compliance
Does the CPA firm currently serving as our external auditors or its affiliated enterprises engage in any financing or guarantee for our company or board directors?	Compliance
Does the CPA firm currently serving as our external auditors or its affiliated enterprises have close business ties with the company?	Compliance
Does the CPA firm currently serving as our external auditors or its affiliated enterprises have potential employment relationships with the company?	Compliance
Is any of the CPAs or the members of the auditing service team currently or has served as the company's board directors, supervisors, managers or any positions with significant influence on auditing undertakings during the past two years?	Compliance
Is any of the CPAs or the members of the auditing service team a spouse or a relative in the first or second degree with any of the company's board directors, supervisors, managers or any positions with significant influence on auditing undertakings?	Compliance

(4) If the Company has established the Remuneration Committee, its organizational structure, duties and facts of performance shall be disclosed:

1) Remuneration Committee

Information on Members of the Remuneration Committee

Position	Terms / Names	Meet One of the Following Professional Qualification Requirements, Together with at Least Five Years Work Experience			Compliance with independence criteria(Note)										Number of the Other Public Companies in Which the Concerned Director Acts Concurrently as an Independent Director	Remarks
		An instructor in or a higher position in a department of commerce, law, finance, accounting, or other academic department related to the business needs of the company in a public or a private junior college, college, or university	A judge, public prosecutor, attorney, certified public accountant, or other professional or technical specialists who has passed a national examination and been awarded a certificate in a profession necessary for the business of the company	Have work experience in the area of commerce, law, finance, or accounting, or otherwise necessary for the business of the company	1	2	3	4	5	6	7	8	9	10		
Independent Director	Lee Chien-Jan	✓	—	—	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	2	N/A
Independent Director	Yang Ching-Hsi	✓	—	—	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	1	N/A
Independent Director	Wang Hsiu-Chih	✓	—	—	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Nil	N/A

Note 1: Please tick with √ mark in the boxes below where the Remuneration Committee members prove to have met with the conditions enumerated below in two years before being appointed and during their tenure of office

(1) Not an employee of the company or any of its affiliated enterprises.
(2) Not a director or supervisor of the company or any of its affiliated enterprises. (This, nevertheless, does not apply to cases where the person is an independent director of the Company, its parent company or any subsidiary or a subsidiary with same parent company where the independent directors perform multiple duties concurrently among themselves)
(3) Not a natural person shareholder who holds shares, together with those held by the person's spouse, minority or held by the person under others' names, in an aggregate amount of 1% or more of the total number of outstanding share of the company or rank as top-10 shareholders.
(4) Not a spouse, relative within the second-degree relatives, or lineal relative within the third degree by blood, of any of the managers specified under (1) or (2) (3).
(5) Not as a director, supervisor or a director of a corporate shareholder who directly holds more than 5% of the Company's total issued shares, the top five shareholders or representative designated to serve as a director, supervisor or a director or an employee of a corporate shareholder in accordance with Paragraphs 1 or 2 under Article 27 of the Company Act (This, nevertheless, does not apply to cases where the person is an independent director of the Company, its parent company or any subsidiary or a subsidiary with same parent company where the independent directors perform multiple duties concurrently among themselves in accordance with the Act or the laws and ordinances concerned prevalent in the home country).
(6) The directors and supervisors or employees of another company not under control by a same person as the Company's directors with one half majority of the shares (This, nevertheless, does not apply to cases where the person is an independent director of the Company, its parent company or any subsidiary or a subsidiary with same parent company where the independent directors perform multiple duties concurrently among themselves in accordance with the Act or the laws and ordinances concerned prevalent in the home country).
(7) Not as a director (trustee), supervisor (supervising officer) or employee of another company or institution as the same person or the spouse thereof of the Company's Chairman, General Manager or person of equivalent position (This, nevertheless, does not apply to cases where the person is an independent director of the Company, its parent company or any subsidiary or a subsidiary with same parent company where the independent directors perform multiple duties concurrently among themselves in accordance with the Act or the laws and ordinances concerned prevalent in the home country).
(8) Not as a director (trustee), supervisor (supervising officer) , manager or a shareholder holding more than 5% of the shares of a specific company or institution in financial or business transaction with the Company(This, nevertheless, does not apply to a specific company or institution which holds more than 20%, less than 50% of the aggregate total outstanding shares of the Company, and where the company and its parent company, subsidiary or a subsidiary with the same parent company where the independent directors perform multiple duties concurrently among themselves according to the Act or the laws prevalent locally.)
(9) Not as the enterprise proprietor, partner, director (trustee), supervisor (supervisory officer), manager and the spouse thereof of the professionals, sole proprietors, partners, companies or institutions rendering auditing, commercial, legal, financial, accounting and such relevant services to the Company or affiliated enterprises thereof with remuneration obtained over the past two years not beyond NT$500,000. This, nevertheless, does not apply to a member of the Open Acquisition Committee, Remuneration Committee or Special Merger/Acquisition (M&A) Committee in accordance with Securities and Exchange Act, Business Mergers And Acquisitions Act and relevant laws.
(10) Not been a person or any conditions defined in Article 30 of the Company Act.

Information on Facts of Performance of the Remuneration Committee

1. The Remuneration Committee of the Company is comprised of 3 members.
2. Committee members' tenure of their current term: From June 5, 2018 to June 4, 2021. The Remuneration Committee held a total of five meetings (A) during the most recent year (from January 1, 2020, and as of the print date of this annual report). The members' qualifications and attendance records are provided as bellows:

Title	Name	Number of required participations	Times of Attendance in Person (B)	Times of Attendance by Proxy	Actual Attendance Ratio (%) (B/A)	Remarks
Convener / Independent Director	Lee Chien-Jan	5	5	0	100%	—
Independent Director	Yang Ching-Hsi	5	5	0	100%	—
Independent Director	Wang Hsiu-Chih	5	5	0	100%	—

Note: In Year 2020, the average participation rate was 100%

3. The Remuneration Committee faithfully fulfills the following duties and responsibilities and develops suggestions for the board of directors' discussions:
   (1) Regular review of this charter and suggestions for improvement
   (2) Formulation and periodical review of policies, systems, standards and structures of annual and long-term performance targets, salaries and remunerations for directors and managers
   (3) Regular evaluation of performance target achievements and determination of contents and amounts of salaries and remunerations to individual directors and managers
   (4) Important resolutions by the Remuneration Committee

Meeting date	Summary of key proposals
01/10/2020 The 5th meeting of Session Three	Approval of the projected allocation of year-end performance bonuses for Year 2019
02/25/2020 The 6th meeting of Session Three	Approval of the total remuneration to directors and employees for Year 2019
08/06/2020 The 7th meeting of Session Three	Approval of the allocation of remuneration to directors and employees for Year 2019
01/18/2021 The 8th meeting of Session Three	Approval of the projected allocation of year-end performance bonuses for managers and division chief of audit for Year 2020
02/25/2021 The 9th meeting of Session Three	Approval of the total remuneration to directors and employees for Year 2020

Other entries as required:

1. Where the operations by the Remuneration Committee prove to meet any one among those circumstances enumerated below, the Company should expressly elaborate on the date, term, contents of motions, outcome of the decisions resolved in the Remuneration Committee and how the Company manages toward the opinions of the Remuneration Committee:

Dates (mm/dd/yy)	Terms	Contents of motions	Results of the decisions resolved in the Remuneration Committee and the actions taken by the Company in response to the opinions of the Remuneration Committee.
01/10/2020	The 5th meeting of Session Three	Discussion on allocation of the performance year-end bonus for Company's managers in Year 2019	Results of the decisions resolved in the Remuneration Committee: Successfully resolved by all participating Remuneration Committee members on January 10, 2020. The actions taken by the Company in response to the opinions of the Remuneration Committee: Submitted to the 11th Board of Directors Meeting of Session Five, as successfully resolved in that meeting.
02/25/2020	The 6th meeting of Session Three	Review over the total amounts of the remuneration to directors and employees in Year 2019	Results of the decisions resolved in the Remuneration Committee: Successfully resolved by all participating Remuneration Committee members on February 25, 2020. The actions taken by the Company in response to the opinions of the Remuneration Committee: Submitted to the 11th Board of Directors Meeting of Session Five, as successfully resolved in that meeting.
08/06/2020	The 7th meeting of Session Three	Review over the allocation of remunerations to directors and employees for Year 2019	Results of the decisions resolved in the Remuneration Committee: Successfully resolved by all participating Remuneration Committee members on August 6, 2020. The actions taken by the Company in response to the opinions of the Remuneration Committee: Submitted to the 13th Board of Directors Meeting of Session Five, as successfully resolved in that meeting.
01/18/2021	The 8th meeting of Session Three	Review over the projected allocation of year-end performance bonuses for managers and division chief of audit for Year 2020	Results of the decisions resolved in the Remuneration Committee: Successfully resolved by all participating Remuneration Committee members on January 18, 2021. The actions taken by the Company in response to the opinions of the Remuneration Committee: Submitted to the 17th Board of Directors Meeting of Session Five, as successfully resolved in that meeting.
02/25/2021	The 9th meeting of Session Three	Review over the total remuneration to directors and employees for Year 2020	Results of the decisions resolved in the Remuneration Committee: Successfully resolved by all participating Remuneration Committee members on February 25, 2021. The actions taken by the Company in response to the opinions of the Remuneration Committee: Submitted to the 17th Board of Directors Meeting of Session Five, as successfully resolved in that meeting.

2. If the Board of Directors refuses to accept or modify suggestions of the Remuneration Committee, the meeting date, session, agenda content, results resolved by the Board of Directors, and the Company's treatment of opinion of the Remuneration Committee should be clearly stated: None.
3. If the members have opposite opinion or reservations against the resolution of the

Remuneration Committee and the opinion or reservations have been recorded or documented, the meeting date, session, agenda content, the opinion of all members of the Remuneration Committee, and the treatment of the members' opinion should be clearly stated: None.

2) Nominating Committee

Information on members of the Nominating Committee

Position	Terms / Names	Equipped with at least five years of relevant work experience and professional qualifications			Compliance with independence criteria (Note)									
		Lecturer in public/private college/university in business, law, finance, accounting of discipline required for company operations	Judge, district attorney, lawyer, accountant or other professional/technician with national qualifications in a discipline required for company operations	Work experience in business, law, finance, accounting or a discipline required for company operations	1	2	3	4	5	6	7	8	9	10
Independent Director	Lee Chien-Jan	✓	—	—	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Independent Director	Wang Hsiu-Chih	✓	—	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Commission member	Liao Kuei-Fang	—	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓

Note 1: Please tick with √ mark in the boxes below where the Nominating Committee members prove to have met with the conditions enumerated below in two years before being appointed and during their tenure of office

(1) Not an employee of the company or any of its affiliated enterprises.

(2) Not a director or supervisor of the company or any of its affiliated enterprises. (This, nevertheless, does not apply to cases where the person is an independent director of the Company, its parent company or any subsidiary or a subsidiary with same parent company where the independent directors perform multiple duties concurrently among themselves)

(3) Not a natural person shareholder who holds shares, together with those held by the person's spouse, minority or held by the person under others' names, in an aggregate amount of 1% or more of the total number of outstanding share of the company or rank as top-10 shareholders.

(4) Not a spouse, relative within the second-degree relatives, or lineal relative within the third degree by blood, of any of the managers specified under (1) or (2) (3).

(5) Not as a director, supervisor or a director of a corporate shareholder who directly holds more than 5% of the Company's total issued shares, the top five shareholders or representative designated to serve as a director, supervisor or a director or an employee of a corporate shareholder in accordance with Paragraphs 1 or 2 under Article 27 of the Company Act (This, nevertheless, does not apply to cases where the person is an independent director of the Company, its parent company or any subsidiary or a subsidiary with same parent company where the independent directors perform multiple duties concurrently among themselves in accordance with the Act or the laws and ordinances concerned prevalent in the home country).

(6) The directors and supervisors or employees of another company not under control by a same person as the Company's directors with one half majority of the shares (This, nevertheless, does not apply to cases where the person is an independent director of the Company, its parent company or any subsidiary or a subsidiary with same parent company where the independent directors perform multiple duties concurrently among themselves in accordance with the Act or the laws and ordinances concerned prevalent in the home country).

(7) Not as a director (trustee), supervisor (supervising officer) or employee of another company or institution as the same person or the spouse thereof of the Company's Chairman, General Manager or person of equivalent position (This, nevertheless, does not apply to cases where the person is an independent director of the Company, its parent company or any subsidiary or a subsidiary with same parent company where the independent directors perform multiple duties concurrently among themselves in accordance with the Act or the laws and ordinances concerned prevalent in the home country).

(8) Not as a director (trustee), supervisor (supervising officer) , manager or a shareholder holding more than 5% of the shares of a specific company or institution in financial or business transaction with the Company(This, nevertheless, does not apply to a specific company or institution which holds more than 20%, less than 50% of the aggregate total outstanding shares of the Company, and where the company and its parent company, subsidiary or a subsidiary with the same parent company where the independent

directors perform multiple duties concurrently among themselves according to the Act or the laws prevalent locally.)

(9) Not as the enterprise proprietor, partner, director (trustee), supervisor (supervisory officer), manager and the spouse thereof of the professionals, sole proprietors, partners, companies or institutions rendering auditing, commercial, legal, financial, accounting and such relevant services to the Company or affiliated enterprises thereof with remuneration obtained over the past two years not beyond NT$500,000. This, nevertheless, does not apply to a member of the Open Acquisition Committee, Remuneration Committee or Special Merger/Acquisition (M&A) Committee in accordance with Securities and Exchange Act, Business Mergers and Acquisitions Act and relevant laws.

(10) Not been a person or any conditions defined in Article 30 of the Company Act.

Functioning of the Nominating Committee

The Nominating Committee is comprised of three members. The tenure of this current term starts from June 5, 2018 and ends on June 4, 2021. The Nominating Committee held a total of two meetings (A) (from January 1, 2020, and as of the print date of this annual report). The members' qualifications and attendance records are provided as bellows:

Title	Name	Number of required participations	Times of Attendance in Person (B)	Times of Attendance by Proxy	Actual Attendance Ratio (%) (B/A)	Specialization
Convener / Independent Director	Lee Chien-Jan	2	2	0	100%	Audit, corporate governance
Independent Director	Wang Hsiu-Chih	2	2	0	100%	Accounting
Commission member	Liao Kuei-Fang	2	2	0	100%	Accounting, management

Note: In Year 2020, the average participation rate was 100%

Responsibilities of the Nominating Committee:

1. The Nominating Committee formulates the diversity and independence requirements for the professional knowledge, competences, experience and gender profile of the board members and senior managers, so that our company can identify, review and nominate the candidates for board directors and senior managers.
2. The Nominating Committee constructs and develops the organizational structure of the board and different functional committees, reviews the performance of the board, functional committees, board directors and senior managers, and evaluates the independence of independent directors.
3. The Nominating Committee establishes and regularly reviews the training and education programs for board directors and the succession plan for board directors and senior managers.

Other entries as required:

1. Where the operations by the Nominating Committee prove to meet any one among those circumstances enumerated below, the Company should expressly elaborate on the date, term, contents of motions, outcome of the decisions resolved in the Nominating Committee and how the Company manages toward the opinions of the Committee:

Dates (mm/dd/yy)	Terms	Contents of motions	Results of the decisions resolved in the Nominating Committee and the actions taken by the Company in response to the opinions of the Nominating Committee.
11/06/2020	The 4th meeting of Session Two	1. Performance review of the board of directors and functional committees for Year 2020 2. Advanced study plan for directors	Results of the decisions resolved in the Nominating Committee: Successfully resolved by all participating Nominating Committee members on November 6, 2020. The actions taken by the Company in response to the opinions of the Nominating Committee: Submitted to the 17th Board of Directors Meeting of Session Five, as successfully resolved in that meeting. The actions taken by the Company in response to the opinions of the Nominating Committee: Submitted of the approved proposal in February 2020 for review and implementation and reported to the board of Directors for review. On February 25, 2021, the board of directors approved the performance review of the board of directors and functional committees
2/25/2021	The 5th meeting of Session Two	Suggestion of the list of director candidates for the Board of Session Six	Results of the decisions resolved in the Nominating Committee: Successfully resolved by all participating Nominating Committee members on February 25, 2021. The actions taken by the Company in response to the opinions of the Nominating Committee: Submitted to the 17th Board of Directors Meeting of Session Five, as successfully resolved in that meeting.

2. An issue beyond the aforementioned ones, not successfully resolved in the Nominating Committee but resolved by two-thirds majority of all directors: None.
3. Facts by Committee members in avoidance from conflict of interests: Should expressly state the names of Committee members, contents of motions, causes of avoidance from conflict of interests and facts of participation in the voting process: None.

3) Corporate Governance and Sustainability Committee

Information on members of the Corporate Governance and Sustainability Committee

Position (Noe 2)	Terms / Names	Equipped with at least five years of relevant work experience and professional qualifications			Compliance with independence criteria (Note)									
		Lecturer in public/private college/university in business, law, finance, accounting of discipline required for company operations	Judge, district attorney, lawyer, accountant or other professional/technician with national qualifications in a discipline required for company operations	Work experience in business, law, finance, accounting or a discipline required for company operations	1	2	3	4	5	6	7	8	9	10
Independent Director	Lee Chien-Jan	✓	—	—	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Independent Director	Wang Hsiu-Chih	✓	—	—	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Independent Director	Yang Ching-Hsi	✓	—	—	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓

Note 1: Please tick with √ mark in the boxes below where the Nominating Committee members prove to have met with the conditions enumerated below in two years before being appointed and during their tenure of office

(1) Not an employee of the company or any of its affiliated enterprises.

(2) Not a director or supervisor of the company or any of its affiliated enterprises. (This, nevertheless, does not apply to cases where the person is an independent director of the Company, its parent company or any subsidiary or a subsidiary with same parent company where the independent directors perform multiple duties concurrently among themselves)

(3) Not a natural person shareholder who holds shares, together with those held by the person's spouse, minority or held by the person under others' names, in an aggregate amount of 1% or more of the total number of outstanding share of the company or rank as top-10 shareholders.

(4) Not a spouse, relative within the second-degree relatives, or lineal relative within the third degree by blood, of any of the managers specified under (1) or (2) (3).

(5) Not as a director, supervisor or a director of a corporate shareholder who directly holds more than 5% of the Company's total issued shares, the top five shareholders or representative designated to serve as a director, supervisor or a director or an employee of a corporate shareholder in accordance with Paragraphs 1 or 2 under Article 27 of the Company Act (This, nevertheless, does not apply to cases where the person is an independent director of the Company, its parent company or any subsidiary or a subsidiary with same parent company where the independent directors perform multiple duties concurrently among themselves in accordance with the Act or the laws and ordinances concerned prevalent in the home country).

(6) The directors and supervisors or employees of another company not under control by a same person as the Company's directors with one half majority of the shares (This, nevertheless, does not apply to cases where the person is an independent director of the Company, its parent company or any subsidiary or a subsidiary with same parent company where the independent directors perform multiple duties concurrently among themselves in accordance with the Act or the laws and ordinances concerned prevalent in the home country).

(7) Not as a director (trustee), supervisor (supervising officer) or employee of another company or institution as the same person or the spouse thereof of the Company's Chairman, General Manager or person of equivalent position (This, nevertheless, does not apply to cases where the person is an independent director of the Company, its parent company or any subsidiary or a subsidiary with same parent company where the independent directors perform multiple duties concurrently among themselves in accordance with the Act or the laws and ordinances concerned prevalent in the home country).

(8) Not as a director (trustee), supervisor (supervising officer) , manager or a shareholder holding more than 5% of the shares of a specific company or institution in financial or business transaction with the Company(This, nevertheless, does not apply to a specific company or institution which holds more than 20%, less than 50% of the aggregate total outstanding shares of the Company, and where the company and its parent company, subsidiary or a subsidiary with the same parent company where the independent directors perform multiple duties concurrently among themselves according to the Act or the laws prevalent locally.)

(9) Not as the enterprise proprietor, partner, director (trustee), supervisor (supervisory officer), manager and the spouse thereof of the professionals, sole proprietors, partners, companies or institutions rendering auditing, commercial, legal, financial, accounting and such relevant services to the Company or affiliated

enterprises thereof with remuneration obtained over the past two years not beyond NT$500,000. This, nevertheless, does not apply to a member of the Open Acquisition Committee, Remuneration Committee or Special Merger/Acquisition (M&A) Committee in accordance with Securities and Exchange Act, Business Mergers and Acquisitions Act and relevant laws.

(10) Not been a person or any conditions defined in Article 30 of the Company Act.

Activities of the Corporate Governance and Sustainability Committee:

The Nominating Committee is comprised of three members. The tenure of this current term starts from November 11, 2019 and ends on June 4, 2021. The Nominating Committee held a total of one meeting (A) (from January 1, 2020, and as of the print date of this annual report). The members' qualifications and attendance records are provided as bellows:

Title	Name	Number of required participations	Times of Attendance in Person (B)	Times of Attendance by Proxy	Actual Attendance Ratio (%) (B/A)	Specialization
Convener / Independent Director	Lee Chien-Jan	1	1	0	100%	Audit, corporate governance
Independent Director	Wang Hsiu-Chih	1	1	0	100%	Accounting
Independent Director	Yang Ching-Hsi	1	1	0	100%	Accounting

Note: In Year 2020, the average participation rate was 100%

Responsibilities of the Corporate Governance and Sustainability Committee:

1. The Corporate Governance and Sustainability Committee seeks to advocate corporate governance and implement corporate social responsibility and sustainable development, as well as to enhance the Company's corporate governance, environmental protection, and social responsibility.
2. The Corporate Governance and Sustainability Committee promotes and strengthens the Company's governance.
3. The Corporate Governance and Sustainability Committee promotes corporate social responsibility and sustainable development.
4. The Corporate Governance and Sustainability Committee reviews the governance relationships among the Company, its subsidiaries, and other affiliated enterprises.

Other entries as required:

1. Where the operations by the Corporate Governance and Sustainability Committee prove to meet any one among those circumstances enumerated below, the Company should expressly elaborate on the date, term, contents of motions, outcome of the decisions resolved and how the Company manages toward the opinions of the Committee:

Dates	Terms	Contents of motions	Results of the decisions resolved in the Corporate Governance and Sustainability Committee and the actions taken by the Company in response to the opinions of the Corporate Governance and Sustainability Committee
11/06/2020	The 1st meeting of Session One	1. Corporate Governance Plan for Year 2021 2. Formulation of the system and targets for corporate sustainable	Results of the decisions resolved in the Corporate Governance and Sustainability Committee: Successfully resolved by all participating Corporate Governance and Sustainability Committee members

		development; development of three material issues through a materiality analysis: climate strategy, innovation, risk and crisis management; the formulation of the Operational Guidelines for Risk and Crisis Management, Intellectual Property Management Plan, and Information Security Policy.	on November 6, 2020. The actions taken by the Company in response to the opinions of the Nominating Committee: Submitted to the 17th Board of Directors Meeting of Session Five, as successfully resolved in that meeting.

2. An issue beyond the aforementioned ones, not successfully resolved in the Corporate Governance and Sustainability Committee but resolved by two-thirds majority of all directors: None.
3. Facts by Committee members in avoidance from conflict of interests: Should expressly state the names of Committee members, contents of motions, causes of avoidance from conflict of interests and facts of participation in the voting process: None.

Chief Governance Officer:

On November 11, 2019, the Board of Directors approved the establishment of the Corporate Governance and Sustainability Committee, to assist the Board of Directors in the advocacy of corporate governance, corporate social responsibility, and sustainability in business. The purpose is to strengthen the Company's corporate governance, environmental protection, and corporate social responsibility. Meanwhile, the position of Chief Governance Officer was created and served by Chen Yi-Ju, Supervisor, Shareholder Services in the General Manager's Offices. Her primary duties and responsibilities in Year 2020 were as follows:

(1) Formulation and planning of corporate systems and organizational structure, to promote the independence of the Board of Directors, transparency of the Company, and compliance with laws
(2) Agenda planning and advanced study for the Board of Directors and functional committees
(3) Notification to all the directors to attend meetings no later than seven days in advance, according to laws, and preparation of adequate meeting materials; reminders in advance to those with conflict of interest to recuse from discussions of relevant proposals
(4) Registration of shareholders' dates each year before statutory deadlines; announcement of meeting notices, agenda manuals, relevant meeting materials and meeting minutes according to laws; amendment of charters; registration for board changes after director reelection; commissioning of professional service providers for company change registrations
(5) Annual review of the board's performances; commissioning of external and independent organizations or external scholars and experts at least once every three years to conduct performance reviews according to the Regulations Governing Evaluation of Board of Directors Performance
(6) Facilitation of quarterly communication between the Public Certified Accountant and independent directors and update of relevant laws and regulations
(7) Review, suggestion and follow-up of corporate governance system (evaluations), annual plans and progress

Advanced study for Chief Governance Officer in 2020:

Date of Advanced Study	Training institution	Name of Program	No. of study hour
11/11/2019	Accounting Research and Development Foundation	Establishment of Independent Directors and Legal Compliance of Audit Committee	6
09/04/2020	Securities and Futures Institute	Advanced Practical Workshop for Directors, Supervisors and Corporate Governance Officers – Remuneration for Employees and Directors	3
10/16/2020	Taiwan Stock Exchange	2020 Advocacy Conference for Directors and Supervisors Regarding Corporate Governance and Corporate Ethics	3
11/06/2020	Accounting Research and Development Foundation	Corporate Governance 3.0 – Blueprint for Sustainable Development and Responding Strategies for Corporates	6
11/24-25/2020	Securities and Futures Institute	Practical Workshop for Directors, Supervisors and Corporate Governance Officers	12

(5) Performance of social responsibility:

Evaluation Items	Facts of performance(Note 1)			The discrepancy of such implementation from the Corporate Social Responsibility Best Practice Principles for TSEC/TPEX Listed Companies, and the reason for any such discrepancy
	Yes	No	Description of Summary(Note 2)	
1. Does the company conduct environmental, social and governance risk assessments according to the principle of materiality, and formulate relevant risk management policies or strategies accordingly? (Note 3)			(1) Environmental protection Our business philosophy is the pursuit of environmental protection and harmonious symbiosis. We strive to create and maintain a safe and clean environment, by ensuring our products are in compliance with international environmental laws and regulations. We spare no efforts to the protection of the green planet, by relentlessly enhancing the efficiency of resource utilization. The Company strives to protect environment by adhering to all the relevant environmental laws/regulations. There has been no breach of laws/regulations in environmental protection. Our main factories have passed the IS014001, ISO 9001 and ISO45001 We urge our suppliers to comply with relevant laws, regulations, and technical standards regarding environmental protection. These include ROHS (Restriction of Hazardous Substances Directive), pollution control, waste processing and other laws/regulations in environmental protection. Suppliers should present relevant certificates or documents regarding surveys on environmental protection or compliance with environmental protection codes, per requests from Voltronic Power. (2) Climate change and energy management Risk management for climate change is a key issue to corporate sustainability. The Company seeks to enhance energy efficiency and reduce carbon emissions, in response to the climate crisis. Our business strategy is to maintain dedicated in the long run to the development of InfiniSolar (a hybrid inverter) by integrating the solar system, AC system and batteries to provide continuous power. The smart prioritization of the cheapest and the most economic source of power assists public utilities, corporates, homes and communities in different regions and countries to reduce energy consumption and carbon emissions. The water consumption in our company is only for day-to-day consumption by employees. The only source of greenhouse gas (GHG) emissions by the Company is the carbon	No discrepancy

Evaluation Items	Facts of performance(Note 1)			The discrepancy of such implementation from the Corporate Social Responsibility Best Practice Principles for TSEC/TPEX Listed Companies, and the reason for any such discrepancy
	Yes	No	Description of Summary(Note 2)	
			dioxide (CO2) due to externally purchased electricity. We are a low emission company with only one GHG emission. Voltronic Power is a designer, developer, and manufacturer of UPS (uninterruptible power supply), inverters and PV (photovoltaic) inverters. As a midstream player in the supply chain, we develop products according to customers' requirements and our customers resell our products to end users in different industries. Therefore, climate change does not have direct influence or create direct risks to the R&D and manufacturing of our products. In fact, PV inverters work to reduce GHG emissions and contribute to energy efficiency and environmental protection. Solar panels convert sunlight into electricity for the grids, and utilization of solar power and storage will play a pivotal role in the balancing of power grids in the future. As power supply is increasingly tight and there is shortage during peak hours, PV inverters and storage systems can store electricity off-peak and support the demand at peak. This reduces the need for further deployment of fossil fuels and nuclear power plants. It is the best solution for energy efficiency and environmental protection. The Company's products have a reuse or recycle ratio of over 80% at the end of their lives. This is compliant with the EU's WEEE Directors requirement for at least 70% reuse/recycle ratios. (3) Society – employment relations The Company has duly established employee guidebooks and related management methods in accordance with labor related laws and Gender Equality in Employment Act amidst compliance with international labor-related rules & regulations (including compliance with local laws and international standards, human rights assessments which have been complied with by subsidiaries). All such laws and ordinances concerned are readily available to all employees through the Company's website amidst the efforts to safeguard employees for their inherent interests. The Company is committed to complying with applicable labor and employment laws, as well as international standards. The Company insists on a policy to hire	

Evaluation Items	Facts of performance(Note 1)			The discrepancy of such implementation from the Corporate Social Responsibility Best Practice Principles for TSEC/TPEX Listed Companies, and the reason for any such discrepancy
	Yes	No	Description of Summary(Note 2)	
			employees disregarding gender, age, religion, ethnic race, nationality, sexual orientation, other legal protections, absolutely free of any potential discrimination. The company puts into implementation thoroughly all varieties of employment and labor related laws and regulations. Under no circumstances shall the Company hire child labor or illegal labor. The Company strictly bans potential sexual harassment and prohibits forced labor services. By all available means, the Company provides safe, secure and healthful working environment. Amidst multifaceted and equal opportunity corporate culture, here at the Company we strictly enforce the "equal pay for equal work" and "gender equality" principles. In all key strongholds amidst various categories of staff members, we assure above 100% (inclusive) of the statutory threshold in salary policy as required by the laws prevalent locally, disregarding the gender. Females account for at least 25% of the board composition. (At least one independent director is female, one director female.) Over 1/3 of the senior managers (i.e. two or one levels below General Manager or similar roles) are female. (4) Corporate governance We do not seek to strengthen corporate governance just for show. We are committed as corporate governance is the most important element of corporate social responsibility. We believe that if we do our part as a corporate citizen, we will excel in corporate governance. Corporate governance involves corporate social responsibility to different stakeholders in the economy, the environment, and the society, as well as the pursuit of sustainable development. This is the reason why we place risks and crisis management as one of the three key issues to sustainable development. The Company has established a risk management policy and a crisis management mechanism by urging our colleagues to take heed of risk management and crisis responses. The purpose is to ensure proper management of risks and	

Evaluation Items	Facts of performance(Note 1)			The discrepancy of such implementation from the Corporate Social Responsibility Best Practice Principles for TSEC/TPEX Listed Companies, and the reason for any such discrepancy
	Yes	No	Description of Summary(Note 2)	
			crises by enhancing the effectiveness of risk management and crisis responses to achieve corporate sustainability. Please refer to our official website at http://www.voltronicpower.com.tw for corporate responsibility reports.	
2. Does the company implement a full-time (part-time) sector to promote corporate social responsibility, and for the Board of Directors to authorize the high-level management to take action and report the disposition status to the Board of Directors?			To drive corporate social responsibility initiatives, the Company's CSR Committee is part of the Board of Directors and under direct supervision by Chairman, i.e. the executive director in charge in corporate social responsibility. The General Manager Office plays a supporting role by submitting relevant management guidelines and action plans to the Corporate Governance and Sustainability Committee for implementation of CSR and sustainability measures and regular reporting to the Board of Directors. We publish CSR and sustainability reports in the second quarter of each year. The reports are available at our company website at http://www.voltronicpower.com.tw for corporate responsibility reports.	No discrepancy
3. Environmental Issues (1) Does the company establish a proper environmental management system in response to its industry characteristics?	V		(1) The Company is a committed a corporate citizen, striving to comply with environmental laws and regulations to ensure environmental protection. We adhere to all the laws and regulations in environmental protection. Our factories in China have obtained the IS014001, ISO9001 and ISO45001 certification.	No discrepancy
(2) Does the company endeavor to upgrade the utilization efficiency of various resources, and use the regenerated material with a low impact on environmental load?	V		(2) Voltronic Power is a designer, developer, and manufacturer of UPS (uninterruptible power supply), inverters and PV (photovoltaic) inverters. As a midstream player in the supply chain, we develop products according to customers' requirements and our customers resell our products to end users in different industries. Therefore, the R&D and manufacturing of our products does not cause direct environmental impacts or risks. The Company's products have a reuse or recycle ratio of over 80%, compliant with the current requirement from the EU's	No discrepancy

Evaluation Items	Facts of performance(Note 1)			The discrepancy of such implementation from the Corporate Social Responsibility Best Practice Principles for TSEC/TPEX Listed Companies, and the reason for any such discrepancy
	Yes	No	Description of Summary(Note 2)	
			WEEE Directors for at least 70% reuse/recycle ratios.	
(3) Does the company assess existing and potential risks and opportunities associated with climate change and adopt the corresponding responses and measures?	V		(3) Risk management in relation to climate change is a key issue to corporate sustainability. The Company's response to climate change is to enhance energy efficiency and reduce carbons. We spare no efforts in GHG emission management, energy efficiency and carbon reductions. We strive to develop green products to provide high-performance products or solutions to customers. Our strategic business line is InfiniSolar, a hybrid inverter that we have been developing for a long time. We commenced the R&D of InfiniSolar eight years ago, with new series launched every year by improving storage efficiency and ease-of-use, to assist public utilities, corporates, homes and communities in different regions and countries in energy efficiency and carbon reduction.	No discrepancy
(4) Does the Company calculate the GHG emissions, water consumption and total wastes during the past two years, and formulate policies to achieve energy efficiency, reduction of carbon emissions, GHS emissions, water consumption or manage wastes?	V		(4) The Company's greenhouse gas emission sources in daily operations are only the carbon emissions (CO2) generated by purchased electricity (municipal power supply) required by the Company's business operation as a company with only the single greenhouse gas low-emission and the household living water (municipal water supply). In Taiwan, the total electricity consumption was 606,743 kWh and the corresponding total carbon emissions were 296,968 kg in 2020. The total water consumption in Taiwan was 154,150 cubic meters, at a corresponding carbon emissions of 286 kg in 2020. Whilst we are still in the growth stage (with revenues totaling NT$12,936,382,000 in 2019 and NT$13,652,564,000 in 2020), we have set goals in energy consumption reduction, consumption reduction, and waste reduction regarding the emission of carbon and greenhouse gases. Our goal in the reduction of energy consumption and carbon emission is set at ≦ 0.75%. We achieved this goal in carbon emission expenses as a percentage of revenues in both 2019 and 2020. Our goal in the reduction of energy consumption and carbon emission is set at ≦0.85%. We achieved this goal in carbon emission expenses as a percentage of operating costs in both 2019 and 2020. Our goal in the	No discrepancy

Evaluation Items	Facts of performance(Note 1)			The discrepancy of such implementation from the Corporate Social Responsibility Best Practice Principles for TSEC/TPEX Listed Companies, and the reason for any such discrepancy
	Yes	No	Description of Summary(Note 2)	
			reduction of energy consumption and carbon emission is set at ≦3.85%. We achieved this goal in carbon emission expenses as a percentage of operating profits in both 2019 and 2020. The Company's publicity & dissemination policies and the descriptions thereof: Publicity & dissemination on energy management promotion: The Company puts forth maximum possible efforts to advocate employees to turn off the lights as most often as possible. The indoor office area is fully equipped with energy-saving LED lamps, air-conditioned to maintain a constant temperature of 25 to 26 degrees to minimize the concentration of carbon dioxide in indoor air amidst the heavy potted greening plants, with 0.218 kg. in carbon emission generated on the first floor of the elevator. The Company encourages employees to walk more staircases to reduce elevator rides. Publicity & dissemination on water resources management promotion: The Company encourages employees to minimize water consumption and equips all offices in Taiwan with rainwater recycling equipment. Through rainwater recycling irrigation green for plants, the Company virtually minimizes water consumption. Publicity & dissemination on waste utilization efficiency and management promotion: In terms of office paper consumption, the Company advocates employees to reduce paper photocopying and use more recycled paper. The Company also encourages staff members to reduce the use of paper towels to set up resource recycling bins, The Company also encourages staff members to reduce the use of paper towels by setting up resource recycling bins and offering each employee a towel for hand drying. There are also kitchen waste barrels in the tearoom for waste sorting and disposal. The details of our measures to reduce carbon emissions and energy consumptions and our policy in greenhouse gas reductions are available in our Corporate Social Responsibility (CSR) Report.	

Evaluation Items	Facts of performance(Note 1)			The discrepancy of such implementation from the Corporate Social Responsibility Best Practice Principles for TSEC/TPEX Listed Companies, and the reason for any such discrepancy
	Yes	No	Description of Summary(Note 2)	
			Please refer to our CSR reports or Corporate Sustainability Reports for detailed information on our environmental initiatives via our company website at http://www.voltronicpower.com.tw.	
4. Maintenance of Community Public Welfare (1) Does the company establish related management policies and procedures in accordance with related laws and international covenants on human right?	V		(1) The Company complies with labor laws, Act of Gender Equality in Employment and international labor laws and regulations (including our subsidiaries adhering to relevant laws, regulations, international standards, and human right assessments in the jurisdictions where they operate). To protect the rights of employees, we have also prepared employee manuals and relevant management guidelines, available at our intranet for the inquiry by employees at any time. We have issued the Statement for Human Rights. Statement 1: We respect and support human rights as advocated by international covenants. Statement 2: We do not work with those who trash human rights. Statement 3: We firmly acknowledge and support the right for collective negotiations. Statement 4: We seek to eliminate coerced or compulsory labor in any form. Statement 5: We abolish child labor. Statement 6: We reject any discrimination in relation to work and occupations. The Human Right Charter strictly prohibits (1) child labor or illegal labor; (2) sexual harassment; (3) coerced and forced labor. We provide a safe and healthy work environment to our employees. We adhere to the SA8000 Social Accountability Standards regarding our cooperation with suppliers and business partners. Please visit the corporate governance section of the Company's website (at http://www.voltronicpower.com.tw) for our	No discrepancy

Evaluation Items	Facts of performance(Note 1)			The discrepancy of such implementation from the Corporate Social Responsibility Best Practice Principles for TSEC/TPEX Listed Companies, and the reason for any such discrepancy
	Yes	No	Description of Summary(Note 2)	
			Statement for Human Rights.	
(2) Does the company formulates and implemented an employee welfare scheme (including wages, holidays and other benefits) and reflected appropriately the business performance onto employee remunerations?	V		(2) We comply with the Labor Standards Act and we have put in place an internal standard for performances and rewards. We hope to grow our business so that our employees see a corresponding increase in their salaries.	No discrepancy
(3) Does the company provide employees with a safe and healthy working environment, and implement safety and health education to employees on a periodical basis?	V		(3) The Company takes the safety and health of the workplace seriously by going beyond the requirements by the Labor Standards Act. We organize health checks for employees and provide on-the-job training and education regarding labour safety and health. This covers health management and fire safety, so that our employees are better aware of occupational safety and health issues. The Company's offices in Taiwan submit fire prevention proposals to the competent authorities each year. All the regional offices have strict access control and there are security guards to protect the safety of employees. The Company's main factories site has obtained the ISO 45001 certification. To prevent COVID-19 and to echo with the UN SDGs, the Company formulated Management Guidelines on COVID-19 Prevention in 2020 to effectively prevent the virus from spreading and to protect the health of employees. Company's policy: daily measurement of body temperatures by all employees; visitors asked to fill in a statement of health; training and advocacy in occupational health and safety; avoidance of gatherings; advocacy of personal hygiene and daily reminders via the Company's intranet; health education and care.	No discrepancy
(4) Does the company establish effective career competency development and training plans for employees?	V		(4) We provide training & education so that our employees can develop their professional capabilities. The Company seeks to empower our employees by combining industry training & development and performance management so that our employees can fulfill their maximum potential and we can achieve sustainable operations. In 2015-2020, the Company	No discrepancy

Evaluation Items	Facts of performance(Note 1) Yes	No	Description of Summary(Note 2)	The discrepancy of such implementation from the Corporate Social Responsibility Best Practice Principles for TSEC/TPEX Listed Companies, and the reason for any such discrepancy
			recruited talents from the Research and Development Substitute Services (RDSS) program. We provide training and education to these fulfilling military services by working which can help them develop career goals.	
(5) Does the company observe the relevant laws, regulations and international standards regarding the health, safety, customer privacy, marketing and labeling of products/services, and has formulated relevant policies and complaint procedures to protect the right of consumers?	V		(5) Our products are not sold to consumers, and hence we have not formulated or published a policy regarding consumers' rights. Our products are customized, and our services and labels follow the relevant rules and regulations of different regions as well as international standards. We seek to achieve sustainable business with a customer-oriented quality system and customer complaint processing procedures.	No discrepancy
(6) Does the company set up supplier management policies by requesting suppliers to adhere to relevant standards in environmental protection, occupational health & safety or labor & human rights and reporting their implementations accordingly?	V		(6) We strive to protect the environment and the society. We have put in place a robust set of requirements for suppliers in environmental protection, code of conduct, and corporate social responsibility. These are the basis of our evaluations of the appropriateness of suppliers in a timely manner. The Company advocates to suppliers regarding the adherence to the International Human Rights Law, labor laws in different countries, the SA8000 Social Accountability Certification, and OHSAS18001 (Occupational Health and Safety Assessment Series). We encourage our suppliers to adopt these standards. The percentage of new suppliers selected based on environmental standards and criteria in 2020 was no lower than 84.4% in 2019. Please refer to our CSR reports for detailed information on our environmental initiatives via our company website at http://www.voltronicpower.com.tw.	No discrepancy
5. Does the company refer to internationally acceptable standards or guidelines for the compilation of CSR reports to disclose non-financial information? Are these reports confirmed or endorsed by third-party evaluation organizations?	V		The Company prepares CSR reports on a voluntary basis. We follow all the disclosure standards of core options according to Global Reporting Initiatives (GRI) released by the Global Sustainability Standards Board (GSSB). We also provide the GRI indexing in our CSR reports. However, some of the contents are supplementary details according to the BLOOMBERG ESG SURVEY Disclosure Score. The 2019 CSR report added extra disclosure according the requirement by SAM	No discrepancy

Evaluation Items	Facts of performance(Note 1)			The discrepancy of such implementation from the Corporate Social Responsibility Best Practice Principles for TSEC/TPEX Listed Companies, and the reason for any such discrepancy
	Yes	No	Description of Summary(Note 2)	
			- Corporate Sustainability Assessment 2020. Our CSR reports are confirmed by third parties and declared independently by third parties. Please refer to our CSR reports for detailed information on our environmental initiatives via our company website at http://www.voltronicpower.com.tw.	

6. In case a company establishes its own Corporate Social Responsibility Code in accordance with “Corporate Social Responsibility Best Practice Principles for TSEC/TPEX Listed Companies”, please describe its operation and the deviation from the established Best Practice Principles:

The Company’s day-to-day operations are implemented as disclosed in corporate governance, economy, environmental protection, and corporate social responsibility. Please refer to “Report on Corporate Governance” of Chapter 3 of this annual report for details regarding corporate governance. We comply with the Corporate Social Responsibility Best Practice Principles for TSEC/TPEX Listed Companies.

7. Other important information facilitating to understand the operation status of corporate social responsibility:

(1) In addition to our core business, we strive to protect the environment and pursue prosperity by working with stakeholders. Corporate social responsibility: adherence with international covenants; relevant laws in different countries and regions; value creation via business sustainability to enhance the rights of stakeholders; maintenance of good corporate governance; compliance with relevant laws and regulations.

(2) Social concern: small donations or assistance from time to time to support the disadvantaged people and public interest groups. We donated 500 fire alarms for home use in 2020 to the Fire Department of Taipei City Government, as our support to the government’s policy to promote the residential use of fire alarms in order to protect the safety of citizens and prevent fire disasters. This donation helped a total of 500 families in Taiwan and we intend to continue with this initiative. Meanwhile, we offer UPS systems and knowhow via government agencies to the regions with low electricity penetration.

(3) Active involvement of green energy trade shows in Taiwan and overseas (e.g. Cebit in Germany; Computex in Taiwan; Renewable Energy India Expo and solar shows in other countries); collaboration with green energy policies around the world.

(4) Employees: The Employee Welfare Committee provides small subsidies for training & education and health management of employees.

(6) Facts about the Company's performance in ethical corporate management:

Evaluation Items	Facts of performance(Note 1)			The discrepancy of such implementation from Ethical Corporate Management Best Practice Principles for TSEC/TPEX Listed Companies, and the reason for any such discrepancy
	Yes	No	Description of Summary	
1. Establish Operation Policy and Scheme of Ethical Corporate Management				
(1) Does the company expressly specify policy, practice of operation in ethical corporate management in its corporate statutes and bylaws and external documents, and do the Board of Directors and management level actively actualize the promise of operation policy?	V		(1) The Company has duly established "Ethical Corporate Management Best Practice Principles" which functions as the very grounds of honesty and integrity. In Year 2016, the Company promoted to set up the Ethical Management Committee. The committee is subordinate to the Board of Directors and is directly supervised by the chairman of the Board of Directors while the General Manager Office functions as the concurrent unit responsible for integrity management policies and prevention programs. We place a heavy emphasis on business ethics and strictly prohibit any direct or indirect offering, commitment, asking or accepting any improper benefits or any unethical or illegal behavior, or any breach of fiduciary duties by directors, managers or employees in the process of commercial dealings. The Company seeks to balance the interest of different stakeholders. The formulation and supervision of execution, Annual Report or CSR Report provide details and standardize the Company's directors, managers, employees' policies on the Company's integrity management and the Board's active commitment for implementation.	No discrepancy
(2) Has the company put in place an assessment mechanism for the risks associated with dishonest behavior, and regularly analyzed and assessed the operating activities exposed to higher risks of dishonest behavior, and formulated preventive measures accordingly and covering at least the preventive measures specified in the second paragraph of Article 7, the Ethical Corporate Management Best Practice Principles TWSE/TPEX Listed Companies?	V		(2) The Company has duly enacted "Ethical Corporate Management Best Practice Principles", "Rules Governing Code of Ethical Conduct" and "Accusation Report system" as well as the regulating procedures which have been put into faithful enforcement. We firmly demand our entire staff members, including all staff members of our subsidiaries, to strictly comply with the ethical conduct criteria, safeguard the Company's goodwill, comply with laws and ordinances concerned to maximize performance of assigned duties. We advocate our core value and compliance system to our colleagues via training, education, and advocacy campaigns. The Company acknowledges that a healthy and orderly supplier relation is the	No discrepancy

Evaluation Items	Facts of performance(Note 1)			The discrepancy of such implementation from Ethical Corporate Management Best Practice Principles for TSEC/TPEX Listed Companies, and the reason for any such discrepancy
	Yes	No	Description of Summary	
			foundation of a win-win outcome. We ask our suppliers to issue the Letter of Commitment to Business Ethics. Whenever an unfaithful behavior is heard from an accusation report or noticed, the Company will immediately investigate into the fact forthwith. Where a behavior in contravention of laws and ordinances concerned or ethical conduct code, or against the good-faith principles, the Company's management shall immediately demand that offender to discontinue the wrongdoing and impose penalty as appropriate. Through necessary and appropriate statutory procedures, the Company would claim for damage indemnity. These efforts could well safeguard the Company in goodwill and interests. The Company has set up the special mailbox for such purposes: (whistleblower@voltronic.com.tw)	
(3) Does the company specify a scheme to prevent dishonest behaviors, and expressly describe in operation procedures, conduct guidelines, punitive measures and compliant channels accordingly, in order to properly implement the abovementioned scheme?	V		(3) The Company has established "Rules Governing Code of Ethical Conduct" and "Ethical Corporate Management Best Practice Principles" to normalize our key personnel's behaviors, and our internal auditing personnel also carry out regular audits to enhance the implementation of policy of Ethical Corporate Management Best Practice Principles. Toward varied law compliance realms, the Company has set up a variety of relevant regulations. These realms include anti-corruption, anti-harassment, environmental protection, preparation of financial statements/internal control system, anti-inside trading, protection over patents, protection of personal information and privacy, custody of documents, management over information security and the like. Here at the Company, we do not build self-brand name. We do not compete against customers. That means under no circumstances shall the Company get involved in an act against competition, against trust and monopolization. We require all our employees to be fully aware of laws and regulations relevant to our businesses, to ensure correct and appropriate business and ethical judgment.	No discrepancy
2. Actualize Ethical Corporate Management				

Evaluation Items	Facts of performance(Note 1)			The discrepancy of such implementation from Ethical Corporate Management Best Practice Principles for TSEC/TPEX Listed Companies, and the reason for any such discrepancy
	Yes	No	Description of Summary	
(1) Does the company evaluate the record of ethical corporate management of the transaction parties, and expressly specify clauses dealing with behaviors of ethical corporate management in the signed contracts of the transaction parties?	V		(1) The Company has established mechanisms for evaluating customers and suppliers. When entering into a contract, rights and obligations of both sides will be specified in the contract and be kept confidential. All suppliers commit themselves into Best-Practice Principles on Ethical Corporate Management as well. Through the great teamwork between the up- and down-streams, we never cease efforts to maximize core competitive edge. We try to focus on only such products in the pricing of the maximum possible competitive edge to simplify the transaction behaviors. Under no circumstances shall the Company try to win over a purchase order through not absolutely justifiable means to strive for unjust benefits in competition.	No discrepancy
(2) Has the company established a unit under the Board of Directors to promote corporate operation in ethical corporate management, and regularly report to the Board of Directors (at least once per year) its execution and oversight of the business ethics policy and prevention of dishonest behavior?	V		(2) The Company advocates the Ethical Management Committee which is attached under the Board of Directors, directly supervised by the chairman. The General Manager Office is a concurrent unit which reports to the board of directors on a regular basis. All departments concerned have stipulated respective Best-Practice Principles to assure faithful fulfillment of such Principles. To avoid conflict of interests and provide a whistleblowing channel, the Company set up the Ethical Corporate Management Best Practice Principles. On May 6, 2021, the Board of Directors reported on corporate governance initiatives and progress of sustainability development. Implementation status of ethical corporate management in 2020: no whistleblowing, no corruption, and no anti-competition behavior The Company's training and education to drive ethical corporate management: 1. Advocacy of ethical corporate management when onboarding new hires 2. Inclusion of ethics into annual performance reviews of employees 3. Average 1 hour or so per employee participating in training	No discrepancy

Evaluation Items	Facts of performance(Note 1)			The discrepancy of such implementation from Ethical Corporate Management Best Practice Principles for TSEC/TPEX Listed Companies, and the reason for any such discrepancy
	Yes	No	Description of Summary	
			in 2020	
(3) Does the Company stipulate a policy of preventing interest conflict, provide due statement channels, and actualize the execution?	V		(3) If necessary, the Company requires new recruits to sign the Letter of Confidentiality for Business Secrets and the Agreement for Procurement Ethics. In addition, the Company has put in place the Rules Governing Code of Ethical Conduct and the Corporate Management Best Practice Principles and requires adherence to these standards and principles.	No discrepancy
(4) Has the Company established an effective accounting system and an internal control system to implement operation in ethical corporate management, designated internal auditors or commissioned external auditors accordingly to formulate audit plans based on the assessment of risks associated with dishonest behavior as the basis for the audit of dishonest behaviors?	V		(4) The Company has set up effective accounting system and specifically responsible accounting unit. Here at the Company, the internal audit unit also works out the annual audit plan to carry out a variety of audit duties based on the outcome of risk assessment. It also works out the plans for subsequent corrective action to assure sound performance in audit. On a quarterly basis, the unit would report to the board of directors. In the self-evaluation inside the enterprise, all staff members shall conduct self-examination into the Internal Control System design and the effectiveness of the enforcement thereof.	No discrepancy
(5) Does the Company hold internal, external educational training for operation in ethical corporate management on a periodical basis?	V		(5) At any time, the Company's publicity unit promotes our colleagues' resolute commitment to observe norms governing the corporate operations in ethical corporate management during meetings and on the bulletin board for substantial implementation. In Year 2020, all participants received per capita training programs for one hour. We also advocate business ethics in the supplier conferences so that they understand our principles and business philosophy based on integrity.	No discrepancy
3. Operation Status of Corporate Reporting System of an Offense				
(1) Does the Company establish substantial offense reporting and incentive systems, and establish convenient offense reporting channels, and assign proper exclusively responsible personnel to accept the reported subject of an offense?	V		(1) The Company has established a reporting system by setting up an accusation reporters' mailbox at our official site (whistleblower@voltronic.com.tw), human resources and audit unit that are available to whistleblowers who can also submit information to independent directors, managers, direct supervisors or other appropriate personnel; external	No discrepancy

Evaluation Items	Facts of performance(Note 1) Yes	No	Description of Summary	The discrepancy of such implementation from Ethical Corporate Management Best Practice Principles for TSEC/TPEX Listed Companies, and the reason for any such discrepancy
			whistleblowers can submit whistleblowing reports to the preceding accusation reporters' mailbox(mails will be automatically forwarded to the Company's independent directors and senior executives) or supervisors and related units in charge of our business group and organization, and whistleblowers' identity and the contents of whistleblowing shall be kept confidential to protect whistleblowers from improper dispositions. After receiving a whistleblowing report, we will appoint paid staff to receive reports and assist in handling cases and give a reply.	
(2) Has the Company established the standard investigational procedures of receiving whistle-blowing reports, subsequent measures after investigations and the confidentiality mechanism?	V		(2) The Company has maintained a rigorous attitude to keep the whistleblowing and subsequent investigation confidential, specified in the internal rules. We guarantee to keep complaints or a whistleblower's personal information and information offered by the whistleblower absolutely confidential according to Personal Information Protection Act.	No discrepancy
(3) Does the Company take measures to protect an offense reporting party from suffering improper disposition due to an offense report?	V		(3) We guarantee that whistleblowers will never be punished.	No discrepancy
4. Strengthen Information Disclosure Does the Company disclose the content of operation principles of ethical corporate management and promotion performance in its website and Market Observation Post Site?	V		The Company discloses related information at Market Observation Post System and our official website according to related regulations. Besides, corporate operations in ethical corporate management related information has been disclosed in the annual report and CSR report.	No discrepancy
5. If the Company has established its Ethical Corporate Management Best Practice Principles in accordance with Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies, discrepancies between the operations and the established principles shall be illustrated: To foster a corporate culture of ethical management and sound development to strengthen its business operations, the Company has established Ethical Corporate Management Best Practice Principles to observe the principles in accordance with Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies that shows no discrepancy.				
6. Other important information which can facilitate the understanding of the Company's operations in ethical corporate management: (such as the Company's review and of amendment of its Ethical Corporate Management Best Practice Principles) The Company observes the Company Act, Securities and Exchange Act, Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies or other regulations				

<table>
<tr><th rowspan="2">Evaluation Items</th><th colspan="3">Facts of performance(Note 1)</th><th rowspan="2">The discrepancy of such implementation from Ethical Corporate Management Best Practice Principles for TSEC/TPEX Listed Companies, and the reason for any such discrepancy</th></tr>
<tr><th>Yes</th><th>No</th><th>Description of Summary</th></tr>
<tr><td colspan="5">related to commercial activities to fulfill the principle of operations in ethical corporate management to create a business environment of sustainable development.
Our suppliers issue the Letter of Commitment to Business Ethics and sign Supplier CSR Management Agreement with Voltronic Power.</td></tr>
</table>

(7) If the Company has established Corporate Governance Best Practice Principles and related regulations, the inquiry methods shall be disclosed at the Market Observation Post System (MOPS) and the Investor's Zone at its official website available to investors for reference, the website: http: //www.voltronicpower.com.tw.

(8) Other important information which facilitates investors' understanding of the corporate governance practices should be disclosed:

1) To solidify and strengthen the Company's corporate governance, the Board of Directors of the Company on Nov. 12, 2015 passed the establishment of the Charter for Audit Committee. The Audit Committee was established following the 2016 annual meeting of shareholders. On November 11, 2019, the Board of Directors approved the formulation of the Charter for the Corporate Governance and Sustainability Committee and the creation of the Corporate Governance and Sustainability Committee.
2) In the corporate governance evaluation by the government authorities in Session III (Year 2016), Session IV (Year 2017), Session V (Year 2018), Session VI (Year 2019) for the TWSE/TPEX Listed Companies, the Company ranks among the top 5% and Session VII (Year 2020) for the TWSE/TPEX Listed Companies, the Company ranks among the top 6%~20%. By industry: top 10% among the listed electronics companies with a market capitalization of NT$10 billion or above.
3) As expressly provided for the Company's Articles of Incorporation, the Company shall have five (5) to eight (8) directors on the board. To strengthen our corporate governance, all the directors shall be elected via the nomination system. There are four (4) independent directors, including one female independent director. On May 6, 2021, the Board of Directors approved the nomination of four candidates for independent directorship. Two of the candidates were female.

(9) The Performance in Internal Control System shall disclose items given as follows:

Voltronic Power Technology Corp.
Declaration of Internal Control System

Date: February 25, 2021

Over the Company's internal control system of Year 2020, based on the results of our self-evaluation, we'd hereby like to declare enumerated below:

1. Here at the Company, we confirm full awareness that implementation and maintenance of the internal control system are the inherent responsibility of the Company's board of directors and managers. The Company has duly set up such internal control system in an attempt to provide rational assurance of the effect and efficiency of the business operation (including profitability, performance and assurance of the safety of assets), reliability of reports, timeliness, transparency and accomplishment of the compliance targets on related requirements, laws and regulations.
2. Internal control system is subject to inherent restriction, disregarding how sound it has been designed. Effective internal control system could only provide rational assurance for accomplishment of the three aforementioned targets. Besides, in line with the changes in circumstances and environments, effectiveness of internal control system might change as well. For the Company's internal control system, nevertheless, we have set up sound self-superintendence mechanism. As soon as a defect is identified, the Company would take corrective action forthwith.
3. Exactly in accordance with the items of judgment for the effectiveness of the internal control system under "Regulations Governing Establishment of Internal Control Systems by Public Companies" (hereinafter referred to as "Regulations"), we duly judge whether the internal control system is effective in design and implementation. The items adopted for aforementioned "Regulations" for judgment of internal control system are the process for management control. The internal control system is composed of five composition elements: 1. Circumstances of control, 2. Risk evaluation, 3. Control operation, 4. Information and communication, and 5. Superintendence. Each and every composing element includes a certain items. For more details regarding the aforementioned items, please refer to contents of the "Regulations".
4. Here at the Company, we have adopted the aforementioned items of judgment over internal control system to evaluate the effectiveness of the design and implementation of the internal control system.
5. On the grounds of the results of evaluation in the preceding paragraph, we are confident that the Company's internal control system in design and implementation as of December 31, 2020 (including the superintendence and management over subsidiaries), including the understanding of the results and efficiency of business operation in accomplishment of the targets, reliability of reports, timeliness, transparency and compliance of the relevant laws and regulations are effective and would reasonably assure accomplishment of the aforementioned targets.
6. The Declaration will function as the key element of the Company's Annual Report and Prospectus and will be made public externally. In the event that the aforementioned made

public involve misrepresentation, concealment or such unlawful practice, the Company shall get involved in the legal responsibilities under Articles 20, 32, 171 and 174 of the Securities and Exchange Act.

7. This Declaration has been approved by the Company's board of directors on February 25, 2021. Eight (8) directors were in attendance, none kept objecting opinions, and all directors in attendance hereby state their agreement to the contents of this declaration.

Voltronic Power Technology Corp.

Chairman cum General Manager: Hsieh Juor-Ming

(10) In the most recent year and as of the Annual Report issuance date, facts of penalty imposed upon the Company and its internal personnel for their violation of the regulations of the internal control system, the major defects and the corrective actions taken: there is no such situation.

(11) In the most recent year and as of the Annual Report issuance date, the major decisions resolved in the shareholders' meeting and board of directors are as below:

1) Major decisions resolved in the annual meeting of shareholders and the implementation thereof:

Date of the meeting	Key issues in summary	Outcome of resolution	Facts of implementation
Resolutions by 2020 general shareholders' meeting (June 24, 2020)	Matters to be ratified: 1. 2019 Business report and Financial Statements	Matters to be ratified: The balloting outcome: 72,830,494 pro votes, accounting for 94.33% of the aggregate total votes; 4 con votes, 0 invalid vote, abstention/non-voting votes: 4,373,931 votes. This matter is duly resolved exactly as proposed.	Matters to be ratified: 1. Reports and statements distributed to shareholders according to relevant laws and regulations
	2. Appropriation of 2019 earnings	Matters to be ratified: The balloting outcome: 72,744,565 pro votes, accounting for 94.22% of the aggregate total votes; 115,650 con votes, 0 invalid vote, abstention/non-voting votes: 4,344,214 votes. This matter is duly resolved exactly as proposed.	2. Earnings appropriated accordingly, with the ex-dividend base date scheduled on September 22, 2020. Cash dividend payday on November 9, 2020.
	Management Presentation: 1. The proposal to distribute cash with additional paid-in capital	Management Presentation: The balloting outcome: 72,744,565 pro votes, accounting for 94.22% of the aggregate total votes; 115,650 con votes, 0 invalid vote, abstention/non-voting votes: 4,344,214 votes. This matter is duly resolved exactly as proposed.	Management Presentation: 1. This matter has been duly completed in enforcement exactly as resolved in the shareholders' meeting; with the base date on September 22, 2020 and the payday on November 9, 2020.
	2. The Company's 2019 earnings to increase capital to issue new shares	The balloting outcome: 72,860,211 pro votes, accounting for 94.37% of the aggregate total votes; 4 con votes, 0 invalid vote, abstention/non-voting votes: 4,344,214 votes. This matter is duly resolved exactly as proposed.	2. This matter has been duly completed in enforcement exactly as resolved in the shareholders' meeting; with the ex-dividend base date scheduled on September 22, 2020 and the payday on November 9, 2020.
	3. Amendment of the Articles of Incorporation	The balloting outcome: 72,860,211 pro votes, accounting for 94.37% of the aggregate total votes; 4con votes, 0 invalid vote, abstention/non-voting votes: 4,344,214 votes. This matter is duly resolved exactly as proposed.	3. This matter has been duly completed in enforcement exactly as resolved in the shareholders' meeting; The Ministry of Economic Affairs issued an approval on August 7, 2020, for registration and announcement.
	4. Amendment of partial articles to the Rules and Procedures for Shareholders' Meeting.	The balloting outcome: 72,860,211 pro votes, accounting for 94.37% of the aggregate total votes; 4 con votes, 0 invalid vote, abstention/non-voting votes: 4,344,214 votes. This matter is duly resolved exactly as proposed.	4. This matter has been duly completed in enforcement exactly as resolved in the shareholders' meeting and published on the Company's website.

2) Major decisions resolved in the board of directors

Date of the meeting (mm/dd/yy)	Key issues in summary
02/25/2020	(1) According to the Official Letter No. 1081805654 issued by the Taiwan Stock Exchange, the preparation of financial reports refers to the compilation of the draft by the issuing company of the four key statements and all the footnotes and tables, so that the Public Certified Accountant can review (audit) the draft. The preparation of financial statements should follow the Regulations Governing Establishment of Internal Control Systems by Public Companies. (2) Summarized report about self-evaluation of the Company's internal control system. (3) Report about the Company's business performance in Quarter IV, Year 2019. (4) Report about the subsidiaries' lending of funds to others. (5) Report about evaluation of independence and performance of the Company's Certified Public Accountants in Year 2019. (6) Resolution & approval of the Company's issues reviewed in the 5th meeting convened by the Remuneration Committee of Session Three. (7) Resolution & approval of allocation of the Company's remuneration to directors and remuneration to employees for Year 2019. (8) Resolution & approval of the Company's Business Report and Financial Statements for Year 2019. (9) Resolution & approval of the Company's allocation of earnings in Year 2019. (10) Resolution & approval of the proposal to distribute cash with additional paid-in capital (11) Resolution & approval of the Company's conversion of earnings of Year 2019 into capital increase to issue new shares. (12) Resolution & approval of the Company's Business Operation Plan for Year 2020. (13) Resolution & approval of the Company's evaluation of performance by the Board of Directors for Year 2019. (14) Resolution & approval of the Company's execution of valid performance evaluation in design in internal control system for Year 2019 and issuance of the "Declaration of Internal Control System" (15) Resolution & approval of partial amendment to the Company's operating procedures for its internal control system. (16) Resolution & approval of partial amendment to the Company's Charter for the Remuneration Committee, Charter for the Audit Committee and Standard Operational Procedures for Dealing with Requests from Directors. (17) Resolution & approval of partial amendment to the Articles of Incorporation the Procedures of Board Meetings (18) Resolution & approval of partial amendment to the Rules and Procedures for Board of Directors Meeting (19) Resolution & approval of partial amendment to the Rules and Procedures for Shareholders' Meeting (20) Resolution & approval of the time, venue and relevant motions about annual meeting of shareholders to be convened for Year 2020. (21) Resolution & approval of Fees payable to Certified Public Accountants for Year 2020.
05/07/2020	(1) Report about the Company's business performance in Quarter I, Year 2020 (2) Report about the draft of the financial statements in Quarter I, Year 2020 as duly resolved by the Audit Committee. (3) Report about the status of the subsidiary's lending to other parties. (4) Report about the internal audit in Quarter I, 2020. (5) Report about the progress of Phase II project at the new facilities of the subsidiary Zhongshan Voltronic Power Electronic Limited. (6) Scheduled completion of the 2019 corporate social responsibility report for Quarter 2, 2020 to drive the progress in corporate governance and corporate sustainability and responsibility. Ranked top 5% in the 6th Corporate Governance Evaluation of Listed Companies. (7) Approval of credit lines of funds to be loaned by subsidiaries to related parties. (8) Resolution & approval of the Company's extension of credit line facilities. (9) Approval of the purchase of liability insurance for directors and managers. (10) Approval of the cancelation of new restricted employee shares issued in 2019 and

Date of the meeting (mm/dd/yy)	Key issues in summary
	corresponding capital decrease. (11) Approval of the amendment of partial articles to the Charter of the Audit Committee.
08/06/2020	(1) Report about the Company's business performance in Quarter II, Year 2020 (2) Report about the draft of the financial statements in Quarter II, Year 2020 as duly resolved by the Audit Committee. (3) Report about the status of the subsidiary's lending to other parties. (4) Report about the internal audit in Quarter II, 2020. (5) Approval of the items reviewed by the Remuneration Committee in the 7th meeting of Session Three (6) Approval of credit lines of funds to be loaned by subsidiaries to related parties. (7) Approval of the amendment of partial articles to the Charter of the Remuneration Committee. (8) Approval of the amendment of partial articles to the Rules and Procedures for Board of Directors Meeting. (9) Approval of the amendment of partial articles to the Procedures for the Election of Directors. (10) Approval of lease renewal for the Taipei plant.
09/01/2020	(1) Approval of the issuance of cash dividends from capital surplus and new shares issued with retained earnings in Year 2020. (2) Approval of new credit lines of funds to be loaned by subsidiaries to related parties.
09/25/2020	(1) Approval of Phase II engineering for the subsidiary Zhongshan Voltronic Power Electronic Limited.
11/06/2020	(1) Report about the Company's business performance in Quarter III, Year 2020 (2) Report about the draft of the financial statements in Quarter III, Year 2020 as duly resolved by the Audit Committee. (3) Report about the status of the subsidiary's lending to other parties. (4) Report about the internal audit in Quarter III, 2020. (5) Approval of the annual audit plan of Year 2021. (6) Approval of credit lines of funds to be loaned by subsidiaries to related parties. (7) Approval of partial amendment to the Workflows for Financial Report Preparation (8) Approval of the cancelation of new restricted employee shares issued in 2019 and corresponding capital decrease. (9) Approval of the items reviewed by the Corporate Governance and Sustainability Committee's first meeting of Session One-Formulation of the Operational Guidelines for Risk and Crisis Management, Intellectual Property Management Plan, and Information Security Policy
02/25/2021	(1) Per Official Letter Tai-Securities-Listed (1) No. 1101800228 from Taiwan Stock Exchange on January 19, 2021, the Company plans to introduce a competence program for financial report preparation and quarterly control of implementation status and update to the Audit Committee and Board of Directors for the project progress and achievements. (2) Summarized report about self-evaluation of the Company's internal control system. (3) Report about the Company's business performance in Quarter IV, Year 2020. (4) Report about the subsidiaries' lending of funds to others. (5) Report about evaluation of independence and performance of the Company's Certified Public Accountants in Year 2020. (6) Resolution & approval of the Company's issues reviewed in the 8th meeting convened by the Remuneration Committee of Session Three (2020 performance of managers and division chief of audit). (7) Resolution & approval of allocation of the Company's remuneration to directors and remuneration to employees for Year 2020. (8) Resolution & approval of the Company's Business Report and Financial Statements for Year 2020. (9) Resolution & approval of the Company's allocation of earnings in Year 2020. (10) Resolution & approval of the proposal to distribute cash with additional paid-in capital (11) Approval of the cancelation of new restricted employee shares issued in 2019 and corresponding capital decrease.

Date of the meeting (mm/dd/yy)	Key issues in summary
	(12) Resolution & approval of the Company's Business Operation Plan for Year 2021. (13) Approval of the self-evaluation on performance of Board of Directors and functional committees for Year 2020. (14) Resolution & approval of Fees payable to Certified Public Accountants for Year 2021. (15) Resolution & approval of the Company's execution of valid performance evaluation in design in internal control system for Year 2020 and issuance of the "Declaration of Internal Control System" (16) Approval of the complete reelection of the directors. (17) Approval of the list of candidates for directorship. (18) Approval of the matters in relation to acceptance of nominations from general shareholders' meetings for board directors. (19) Approval of the removal of non-compete covenant on new directors. (20) Resolution & approval of the time, venue and relevant motions about annual meeting of shareholders to be convened for Year 2021.

(12) In the most recent year and as of the Annual Report issuance date, different opinions posed by the directors to the Key Resolutions in the board of directors, as backed with written records or declaration in writing: None

(13) In the most recent year and as of the Annual Report issuance date, facts regarding the compilation for resignation, discharge of the chairman, general manager, chief accountant, financial head, principal internal auditor and research & development head: None

5. Information on Certified Public Accountant fees

(1) List of Range for Information on Certified Public Accountant fees

Name of CPA firm	Name of CPA		Duration covered in the audit	Remarks
Deloitte & Touche	Chen Chung-Chen	Chen Chao-Mei	01/01/2020~ 12/31/2020	-

Note: Where the Company replaced Certified Public Accountant or Certified Public Accountant firm during the fiscal year, the Company should exceptional indicate the duration of audit, with remarks to explain the causes for replacement.

Amount expressed in Thousands of New Taiwan Dollars

Amount range \ Fee Item		Audit fees	Non-audit fees	Total
1	Below $2,000 thousand			
2	$2,000 thousand (inclusive)～$4,000 thousand			
3	$4,000 thousand (inclusive)～$6,000 thousand	4,600	379	4,979
4	$6,000 thousand (inclusive)～$8,000 thousand			
5	$8,000 thousand (inclusive)～$10,000 thousand			
6	Above $10,000 thousand (inclusive)			

(2) Where the fees paid to the Certified Public Accountant, the Certified Public Accountant firm and the affiliated enterprise thereof as non-audit fee that accounts for over one quarter of the aggregate total of audit fee: Please disclose the contents of the audit fees, non-audit fees and non-audit services respectively.

Amount expressed in Thousands of New Taiwan Dollar

Name of CPA firm	Name of CPA	Audit fees	Non-audit fees						Duration covered in the audit by CPAs	Remarks
			System design	Industrial and Commercial registry	Human resources	Others (Note 2)	Subtotal			
Deloitte & Touche	Chen Chung-Chen Chen Chao-Mei	4,600		35		344	379		01.01.2020~ 12.31.2020	Transfer of pricing report 210, Conversion of earnings to paid-in capital 25, Disbursement 109

Note 1: Where the Company replaced Certified Public Accountant or Certified Public Accountant firm during the fiscal year, the Company should respectively indicate the duration of audit, with remarks to explain the causes for replacement and shall disclose the information of the audit and non-audit fees by order.

Note 2: On non-audit fees, please enumerate based on the items of services. In case of “others” in non-audit fees which is up to 25% of the aggregate total, the Company should enumerate the contents of services in the box of remarks.

(3) Replacement of the Certified Public Accountant firm where the audit fee so paid reduced from the audit fee paid in the preceding year: Please elaborate on the amount so reduced, percentage and causes of reduction: Not applicable.

(4) Where the audit fee so paid reduced by over 15% from the audit fee paid in the preceding year: Please elaborate on the amount so reduced, percentage and causes of reduction: Not applicable.

6. Information of a change in the Certified Public Accountants (CPAs)

(1) Information of the former CPAs:

1) The date and cause for replacement of the Certified Public Accountant, with explanation that the Certified Public Accountant took the initiative to terminate the retaining and would no longer accept the appointment; or the issuer took the initiative to terminate the appointment and not to continue the appointment: None
2) In case the former Certified Public Accountant remarked Audit Report with unqualified (unreserved) opinions over the past two years, such unqualified (unreserved) opinions and the background causes: None
3) The discrepancy in opinions existent by the Company and the Certified Public Accountant regarding the accounting principles and practices, disclosure of financial statements, scope of audit or steps: None
4) In case the former Certified Public Accountant once notified that the Company lacked a sound Internal Control System, making the financial statements not trustworthy: None
5) In case the former Certified Public Accountant once notified the interrelationship between their distrust of the Company's declaration and their unwillingness to take charge of the Company's financial statements: None
6) In case the former Certified Public Accountant once notified the need to expand the scope of audit or that the information indicates the expanded scope of audit might impair the trustworthiness of the audited financial statements, but that Certified Public Accountant did not expand the scope of audit due to replacement of Certified Public Accountant or other causes: None
7) In case the former Certified Public Accountant once notified that on the grounds of already collected information, the trustworthy of audited financial statements might have been impaired, but that Certified Public Accountant did not take charge of the issue due to replacement of Certified Public Accountant or other causes: None

(2) Facts about succeeding Certified Public Accountant: None

(3) The reply by the former Certified Public Accountant in response to the three key points under Subparagraphs 1 and 2 of Paragraph 5, Article 10 lf "Regulations Governing Information to be Published in Annual Reports of Public Companies": Not applicable .

7. The Company's chairman, general manager, managers in charge of finance or accounting who have served with a Certified Public Accountant firm or the affiliated enterprise thereof over the past one year, please disclose the name, position title and the period served at the Certified Public Accountant firm or the affiliated enterprise thereof: None

8. In the most recent year and as of the Annual Report issuance date, transfer of shares, pledge or change in equity by the directors, managers and shareholders holding over 10% of the aggregate total:

Changes in directors, managers and key shareholders:

Expressed in shares

<table>
<tr><th rowspan="2">Title</th><th rowspan="2">Name</th><th colspan="2">2020</th><th colspan="2">As of April 30, 2021</th></tr>
<tr><th>Increase (decrease) in shares held</th><th>Increase (decrease) in shares pledged</th><th>Increase (decrease) in shares held</th><th>Increase (decrease) in shares pledged</th></tr>
<tr><td>Director</td><td>Hsieh Juor-Ming (Note 1)</td><td>526,477</td><td>—</td><td>—</td><td>—</td></tr>
<tr><td>Director</td><td>Representative of Open Great International Investment Limited Company: Chen Tsui-Fang</td><td>157,686</td><td>—</td><td>—</td><td>—</td></tr>
<tr><td>Director</td><td>Representative of FSP Group: Cheng Ya-Jen</td><td>111</td><td>—</td><td>(150,000)</td><td>—</td></tr>
<tr><td>Director</td><td>Passuello Fabio</td><td>—</td><td>—</td><td>—</td><td>—</td></tr>
<tr><td>Independent Director</td><td>Lee Chien-Jan</td><td>—</td><td>—</td><td>—</td><td>—</td></tr>
<tr><td>Independent Director</td><td>Yang Ching-Hsi</td><td>—</td><td>—</td><td>—</td><td>—</td></tr>
<tr><td>Independent Director</td><td>Wang Hsiu-Chih</td><td>—</td><td>—</td><td>—</td><td>—</td></tr>
<tr><td>Independent Director</td><td>Ho Yun-Hsuan</td><td>—</td><td>—</td><td>—</td><td>—</td></tr>
<tr><td>Vice General Manager</td><td>Chin Chih-Hsin (Note 3)</td><td rowspan="6">(100,933)</td><td rowspan="6">—</td><td rowspan="6">(41,000)</td><td rowspan="6">—</td></tr>
<tr><td>Vice General Manager</td><td>Wang Chia-Yi (Note 3)</td></tr>
<tr><td>Assistant Manager for R&D Department.</td><td>Lu Yu-Cheng (Note 3)</td></tr>
<tr><td>R&D Manager</td><td>Feng Wen-Lin (Note2. 3)</td></tr>
<tr><td>Financial Manager</td><td>Wang Kuo-Chin (Note 3)</td></tr>
<tr><td>Chief Governance Officer</td><td>Chen Yi-Ju (Note 4)</td></tr>
</table>

Note 1: The shares held include shareholding trust reserved for legal utilization 2,680,318 shares

Note 2: Dismissed on February 5, 2021

Note 3: Including the part of the restricted shares to employees.

2) Where the transferee of equity transfer is a related party, the Company should disclose the name, his or her relationship with the Company, the Company's directors and supervisors, key shareholders holding over 10% shares and the number of shares held: None

3) Where a pledge of equity is a related party, the statistical data from the latest date of suspension from share transfer till April 23, 2021: The Company has no shares pledged.

9. Information of the interrelationship as related party, spouse, blood relatives within the second degree of kinship among the top ten shareholders in shareholding

April 23, 2021；Expressed in shares; %

Name	Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Names or Titles and Relations of Top 10 Shareholders who are related parties, Spousal Relationship or are within the Second Degree of Kinship		Remarks
	Number of Shares	Shareholding rate (%)	Number of Shares	Shareholding rate (%)	Number of Shares	Shareholding rate (%)	Title	Relation	
Hsieh Juor-Ming (Note)	11,052,484	12.65%	1,922,357	2.20%	670,078 (Note)	0.77%	Open Great International Investment Limited Company	The representative is the spouse.	—
							Hsieh Yi-Ling	The second degree of kinship	—
							Chen Tsui-Fang	Spouse	—
FSP Group	4,369,822	5.00%	—	—	—	—	—	—	—
Yuanta Securities – Custodian Account for RGI S.R.L.	3,729,464	4.27%	—	—	—	—	—	—	—
Open Great International Investment Limited Company	3,310,359	3.79%	—	—	—	—	—	—	—
Taipei Branch, Deutsche Bank – Custodian Account for St James's Global Emerging Markets Acc. Trustee: Wasatch Advisors, Inc. on behalf of NatWest	3,090,677	3.54%	—	—	—	—	—	—	—
Hsieh Yi-Ling	2,199,874	2.52%	—	—	—	—	Hsieh Juor-Ming	The second degree of kinship	—
							Chen Tsui-Fang	The second degree of kinship	—
							Open great international investment limited company	The representative is the second degree of kinship.	—
J.P. MORGAN SECURITIES PLC	2,103,177	2.41%	—	—	—	—	—	—	—
Chen Tsui-Fang	1,922,357	2.20%	—	—	—	—	Hsieh Juor-Ming	Spouse	—
							Hsieh Yi-Ling	The second degree of kinship	
							Open Great International Investment Limited Company	The representative is the spouse.	
Government of Singapore	1,848,958	2.12%	—	—	—	—	—	—	—
Investec Funds Series iii Global Environment Fund	1,760,752	2.01%	—	—	—	—	—	—	—

Note: The shares held include shareholding trust reserved for legal utilization 2,680,318 shares; Ming Fang International Investment Co., Ltd.

10. The number of shares held by the Company

The number of shares held by the Company, the Company's directors, supervisors, managers and the businesses under control by the Company either directly or indirectly to the same re-investment business and consolidated shareholder percentages are combined and calculated:

Expressed in Thousands of Shares, %

Reinvested companies (Note 1)	Investment by this Company		Investment by directors, supervisor, manager and directly or indirectly controlled company		Syndicated investment	
	Number of Shares	Shareholding rate	Number of Shares	Shareholding rate	Number of Shares	Shareholding rate
Voltronic International Corp.	28,000	100%	-	-	28,000	100%
Voltronic Power Technology (Vietnam) Company Limited	Note 2	100%	-	-	-	100%
Voltronic International H.K. Corp. Limited	217,240	100%	-	-	217,240	100%
Potentia Technology Inc. Limited	0	100%	-	-	0	100%
Voltronic Power Technology (Shen Zhen) Corp.	Note 2	100%			-	100%
Orchid Power (Shen Zhen) Manufacturing Company	Note 2	100%			-	100%
Zhongshan Voltronic Power Electronic Limited	Note 2	100%			-	100%
Zhongshan Voltronic Precision Inc.	Note 2	100%			-	100%

Note 1: As the long-term investment recognized in equity method.

Note 2: As a limited company, it did not issue share certificates.

IV. Facts of Capital Raising

1. Capital and shares

(1) Source of Capital

1. Process for the share capital to come into being:

April 30, 2021; Expressed in Thousands of Shares/Thousands of New Taiwan Dollars

Month/ Year	Issue price	Authorized capital		Paid-in capital		Remarks		
		Shares	Amount	Shares	Amount	Source of capital	Paid by property other than cash	Other
May 2008	10	25,000	250,000	20,010	200,100	Initiative founding capital	—	Fu-Chan-Ye-Shang-Zi No. 09784125510
Feb. 2009	10	25,000	250,000	24,010	240,100	Increment in cash NT$40,000 thousand	—	Fu-Chan-Ye-Shang-Zi No.09881961610
Jun. 2010	10	30,000	300,000	29,325	293,250	Bonus to shareholders and to employees converted into capital increase NT$53,150 thousand	—	Fu-Chan-Ye-Shang-Zi No.09985123100
Nov. 2010	50	36,000	360,000	31,825	318,250	Increment in cash NT$25,000 thousand	—	Fu-Chan-Ye-Shang-Zi No.09989627010
Jun. 2011	10	60,000	600,000	44,022	440,223	Bonus to shareholders and to employees converted into capital increase NT$121,973 thousand	—	Fu-Chan-Ye-Shang-Zi No.10085773700
Dec. 2011	60	60,000	600,000	46,222	462,223	Increment in cash NT$22,000 thousand	—	Fu-Chan-Ye-Shang-Zi No.10091161500
Jun. 2012	10	60,000	600,000	54,348	543,476	Bonus to shareholders and to employees converted into capital increase NT$81,253 thousand	—	Jing-Shou-Shang-Zi No.10101139360
Mar. 2013	81.41	60,000	600,000	55,848	558,476	New restricted employee shares NT$15,000 thousand	—	Jing-Shou-Shang-Zi No.10201043680
Jul. 2013	83.81	70,000	700,000	61,640	616,400	Bonus to shareholders converted into capital increase NT$27,924 thousand Increment in cash NT$30,000 thousand	—	Jing-Shou-Shang-Zi No.10201143730
Mar. 2014	146	70,000	700,000	67,470	674,700	Increment in cash NT$58,300 thousand	—	Jing-Shou-Shang-Zi No.10301065990
Aug. 2014	10	80,000	800,000	70,843	708,435	Bonus to shareholders converted into capital increase NT$33,735 thousand	—	Jing-Shou-Shang-Zi No.10301194700
Jul. 2015	10	80,000	800,000	70,813	708,135	New restricted employee shares recovered for cancellation NT$300 thousand	—	Jing-Shou-Shang-Zi No.10401136300
Sept. 2015	10	80,000	800,000	74,355	743,557	Bonus to shareholders converted into capital increase NT$35,422 thousand	—	Jing-Shou-Shang-Zi No.10401193990
Mar. 2016	10	80,000	800,000	74,337	743,377	New restricted employee shares recovered for cancellation NT$180 thousand	—	Jing-Shou-Shang-Zi No.10501044770
Aug. 2016	10	100,000	1,000,000	78,705	787,054	Bonus to shareholders converted into capital	—	Jing-Shou-Shang-Zi No.10501222580

Month/ Year	Issue price	Authorized capital		Paid-in capital		Remarks		
		Shares	Amount	Shares	Amount	Source of capital	Paid by property other than cash	Other
						increase NT$37,178 thousand Issuance of new restricted shares to employees for NT$6,500 thousand		
Jul. 2017	10	100,000	1,000,000	78,688	786,884	New restricted employee shares recovered for cancellation NT$170 thousand	—	Jing-Shou-Shang-Zi No.10601096850
Mar. 2018	10	100,000	1,000,000	78,685	786,852	New restricted employee shares recovered for cancellation NT$32 thousand	—	Jing-Shou-Shang-Zi No.10701038020
Oct. 2019	10	100,000	1,000,000	83,301	833,014	Bonus to shareholders converted into capital increase NT$39,342 thousand Issuance of new restricted shares to employees for NT$6,820 thousand	—	Jing-Shou-Shang-Zi No.10801136360
Aug. 2020	10	100,000	1,000,000	83,273	832,734	New restricted employee shares recovered for cancellation NT$280 thousand	—	Jing-Shou-Shang-Zi No.10901129070
Oct. 2020	10	100,000	1,000,000	87,438	874,385	Bonus to shareholders converted into capital increase NT$41,650 thousand	—	Jing-Shou-Shang-Zi No.10901187530
Jan. 2021	10	100,000	1,000,000	87,435	874,353	New restricted employee shares recovered for cancellation NT$32 thousand	—	Jing-Shou-Shang-Zi No.10901250920
Apr. 2021	10	100,000	1,000,000	87,419	874,193	New restricted employee shares recovered for cancellation NT$160 thousand	—	Jing-Shou-Shang-Zi No.11001059610

2. Categories of outstanding shares

Categories of shares	Authorized capital			Remarks
	Outstanding shares	Unissued shares	Total	
Ordinary shares	87,419,367	12,580,633	100,000,000	Listed stocks

3. Information relevant to overall declaration system: None

(2) Structure of shareholders

April 23, 2021; Expressed in Persons; Shares

Type of Shareholder / Quantity	Government agencies	Financial institutions	Other juristic persons	Individuals	Foreign institutions and foreigners	Total
Number of shareholders	2	2	33	1,284	425	1,746
Shares held	65,513	996,536	11,885,075	16,059,134	58,413,109	87,419,367
Shareholding rate	0.07	1.14	13.59	18.38	66.82	100

(3) Facts of disperse of shareholding

1. Ordinary shares

April 23, 2021

Shareholding grading	Number of shareholders	Number of shares held	Shareholding percentage %
1 to 999	981	79,378	0.09
1,000 to 5,000	379	684,407	0.78
5,001 to 10,000	56	411,917	0.47
10,001 to 15,000	27	339,566	0.39
15,001 to 20,000	28	486,985	0.56
20,001 to 30,000	43	1,061,629	1.21
30,001 to 40,000	19	662,262	0.76
40,001 to 50,000	18	806,356	0.92
50,001 to 100,000	62	4,372,760	5.00
100,001 to 200,000	50	6,842,986	7.83
200,001 to 400,000	34	9,365,744	10.71
400,001 to 600,000	15	7,407,301	8.47
600,001 to 800,000	15	10,187,194	11.65
800,001 to 1,000,000	4	3,717,080	4.25
Above 1,000,001	15	40,993,802	46.91
Total	1,746	87,419,367	100

2. Preferred shares: The Company does not issue preferred shares.

(4) List of key shareholders:
The names, shareholding number and percentages of shareholders holding over 5% or shareholders ranking among the top ten:

Shares / Names of Key shareholders	Number of shares held	Shareholding rate (%)
Hsieh Juor-Ming (Note)	11,052,484	12.65%
FSP Group	4,369,822	5.00%
Yuanta Securities – Custodian Account for RGI S.R.L.	3,729,464	4.27%
Open Great International Investment Limited Company	3,310,359	3.79%
NatWest Trustee and Depositary Services Limited as Trustee of St. Jamess Place Emerging Markets Equity Unit Trust - Wasatch Advisors Inc. as external fund manager	3,090,677	3.54%
Hsieh Yi-Ling	2,199,874	2.52%
J.P. MORGAN SECURITIES PLC	2,103,177	2.41%
Chen Tsui-Fang	1,922,357	2.20%
Government of Singapore	1,848,958	2.12%
Investec Funds Series iii Global Environment Fund	1,760,752	2.01%

Note: The shares held include shareholding trust reserved for legal utilization 2,680,318 shares.

(5) Market price per share, net value, earnings, dividends and other related information for the most recent 2 years:

Item / Year			2019	2020	As of March 31, 2021
Market price per share	Highest		743	1,165	1,430
	Lowest		519	554	1,015
	Average		634.25	844.69	1,197.61
Net Value per share	Before distribution		58.58	61.06	-
	After distribution		35.38	(Note 2)	-
Earnings per share	Weighted average shares		82,370 thousand shares	86,795 thousand shares	-
	Earnings per share	Before retrospective adjustment	25.87	25.31	-
		After retrospective adjustment	24.64	(Note 2)	-
Dividends per share	Cash dividends		23.20	23.50	-
	Stock dividends	From retained earnings	0.5	-	-
		From capital surplus	-	-	-
	Retained dividends		-	-	-
ROI	PER		24.52	33.37	-
	Price-dividend ratio		27.34	35.94	-
	Cash dividends yield		3.66	2.78	-

Note 1: Net worth per share, Earnings per share (EPS): The Company should fill up the data duly audited (reviewed) by the Certified Public Accountant of the latest quarter as of the Annual Report issuance date.

Note 2: The Company's appropriation of earnings in 2020 was officially resolved by the board of directors on February 25, 2021 and is not yet resolved by the shareholders' meeting.

(6) The Company's dividend policies and facts of implementation:

1) The dividend policy as set forth under the Articles of Incorporation:

According to the Articles of Incorporation, the Company should allocate 3.75%-11.5% of pre-tax profits (prior the allocation of bonuses to employees and remunerations to directors) as bonuses to employees and no more than 3.75% of the pre-tax profits (prior the distribution of bonuses to employees and remunerations to directors) as remunerations to directors. In case of cumulative losses (including the earnings adjusted but not yet distributed), the priority should be given to the offsetting of the cumulative losses.

In case of any post-tax net earnings for the current period, the funds should be used first to make up the prior losses (including the earnings adjusted but not yet appropriated), followed with the allocation of 10% as legal reserve. However, this is not applicable to the situation where cumulative legal reserve has reached the same amount as paid-in capital. Any additional earnings shall then be appropriated as or converted into additional surplus as required by laws or competent authorities. Finally, the earnings remaining, together with the earnings adjusted but not yet appropriated (including the earnings adjusted but not yet appropriated), shall be subject to the allocation proposed by the board and distributed as dividends once resolved by the shareholders' meeting.

Our dividend policy is formulated according to our current and future development plans, the investment environment, funding requirements and competitive landscape in Taiwan and overseas, and with a view to the best interest of shareholders. We may allocate no less than 20% of the earnings available for distributions each year as dividends, in cash or in stock. To maintain the stability of our dividend streams, our policy dictates that cash dividends shall not fall below 10% of the total dividends. However, if the dividend is lower than NT$ 0.3 per share, the board may decide not to appropriate earnings, subject to the resolution from the shareholders' meeting.

Where the Company allocates bonus to employees in stocks, the payees may include the employees of the Company's auxiliaries who satisfy the vesting conditions. The terms of allocation shall be resolved by the chairman. Where the Company operates at no earnings, no dividend and bonus shall be allocated. Given consideration of the Company's finance, business and operating environments, the Company may allocate the legal reserve and capital surplus either in whole or in part according to laws or requirements of the competent authority.

2) Allocation of dividend for the year having been proposed:

The Company's board of directors already resolved on February 25, 2021 the appropriation of earnings of Year 2020:

Expressed in New Taiwan Dollars

Items	Amount
2020 Net profit this period	2,197,144,285
Legal reserve (10%), set aside by law	(219,714,429)
Special reserve, set aside by law	11,771,452
2020 Distributable net profit for this period	1,989,201,308
Add: Beginning unappropriated retained earnings Cancellation restoration of new shares with restricted employee rights	 191,027,822 72,640
Distributable net profit as of this period	2,180,301,770
Distributable items - Bonus to stockholders: Cash dividend: $22.5 per share	 (1,967,295,758)
Undistributed earnings	213,006,012

Pursuant to Article 241 of the Company Act, the board on February 25, 2021 decided to cash dividends with a total of NT$87,435,367 funded with the additional paid-in capital (i.e. the premium over the par value of ordinary shares issued). This translates to NT$ 1 per share according to the number of shares held by shareholders on the base date. This is pending the resolution from the annual meeting of shareholders.

(7) The impact of the bonus share grants proposed by the present shareholders' meeting upon the Company's business performance and earnings per share (EPS): Not applicable.

(8) The remuneration to employees and remuneration to directors:

1) The percentage and scopes of the remuneration to employees and remuneration to directors as set forth under the Articles of Incorporation:

As expressly provided for in the Company's current Articles of Incorporation, where the Company proves to operate at a profit (which means the profit before tax before deduction of the remuneration to employees and remuneration to directors), a sum 3.75%~11.5% of the balance shall be the remuneration to employees and 3.75% maximum shall be the remuneration to directors and supervisors. Before the Company's Audit Committee came into being, the remuneration to the supervisors along with the remuneration to the directors shall be allocated within 3.75% of the profit made by the Company in the year.

2) The accounting process in case of a discrepancy among the grounds to estimate the remuneration to employees and remuneration to directors this term, the grounds to calculated the stock bonus from the amounts estimated:

According to the relevant laws, the Company estimated the remuneration to employees and remuneration to directors for 2020 in amounts of NT$105,000,000 and NT$14,400,000, respectively. The aforementioned the remuneration to employees and remuneration to directors were calculated on the grounds of the previous experiences and allocable amounts. As resolved in the board of directors meeting convened on February 25, 2021, the aforementioned remunerations should be allocated in cash. This is pending the resolution by the shareholders by the board of June 21, 2021. In case of any material changes to amounts before the release of the annual consolidated financial reports, as resolved by the board, the change shall be accompanied with the adjustment to the originally recognized annual expenses. In case of any material changes to amounts after the release of the annual consolidated financials, such changes should be treated as changes of accounting estimates, and adjustments shall be made accordingly for the subsequent year.

3) Information of the remuneration to employees proposed and resolved by the board of directors:

(1) The total amount of remuneration to employees: NT$119,400,000.

(2) The percentage of stock bonus to employees as proposed to the aggregate total to the net profit after tax of the parent company only or the individual financial statements and the bonus to employees: None

4) Allocation of remuneration to employees, directors and supervisors in the preceding year with significant discrepancy of the acknowledgement of bonus to employees and remuneration to directors and supervisors, the causes and countermeasures:

In terms of remuneration to employees, directors and supervisors in the Year 2020, both the estimate and the actual allocation amounted to NT$104,400,000, without any discrepancy.

(9) The Company’s repurchase of its own shares: Not applicable.

2. Facts about the corporate bonds

(1) Acts on corporate bonds: None

(2) Data of convertible corporate bonds: None

(3) Data of exchange corporate bonds: None

(4) Aggregate total declaration of corporate bonds: None

(5) Data of issuance of the preferred shares with warrants: None

3. Acts on preferred shares: None

4. Acts on global depositary receipts (GDR): None

5. Acts on employee stock option certificates: None

6. Acts on new restricted employee shares:

December 31, 2019

<table>
<tr><td>Categories of new restricted employee shares</td><td>New shares to employees with restricted rights issued in 2019</td></tr>
<tr><td>Date when the declaration became effective</td><td>July 25, 2019</td></tr>
<tr><td>Date of issue (Base (reference) date of capital increase)</td><td>September 8, 2019</td></tr>
<tr><td>Number of new restricted employee shares having been issued</td><td>682,000 shares</td></tr>
<tr><td>Price of issue</td><td>Issue gratuitously</td></tr>
<tr><td>Percentage of the number of shares of new restricted employee shares to the aggregate total outstanding shares</td><td>0.87%</td></tr>
<tr><td>Vesting conditions for the new restricted employee shares</td><td>1. Below is the schedule for the expiry of restrictions attached to this tranche of new shares issued to employees who were employed by the Company at the date of shares receipt, has not violated the Company’s labor contract, work rules, confidentiality agreements and non-compete clauses, and achieved the goal and targets set by the employees and the Company.
On the job for one year after receipt of new shares and achieving performance targets set by the employee and the Company: 20%;
On the job for two year after receipt of new shares and achieving performance targets set by the employee and the Company: another 20%;
On the job for three year after receipt of new shares and achieving performance targets set by the employee and the Company: remaining 60%.
2. Performance targets are determined by Chairman with employees of four indicators, i.e. different departments. The Company’s operating targets are based on consolidated revenues, consolidated gross margin, consolidated operating profits, and consolidated operating margin. Each indicator has two variations, A and B. Achieving either A or B is considered hitting the target. Once a target has been achieved, 25% of the shares shall be allocated for the current year. The determination of the indicators and target achievements are based on the consolidated financial statements of the year before the Company has met its vesting conditions and audited by the Public Certified Accountant.

Below is a detailed list of the targets.
<table>
<tr><th>Operating target (consolidated)</th><th>Target A</th><th>Target B</th><th>Shares allocated during the current year once either target is hit</th></tr>
<tr><td>Revenue</td><td>Up by 10% or more year-over-year</td><td>Higher than the average during the past three years</td><td>25%</td></tr>
<tr><td>Gross margin (%)</td><td>Up by 1% or more year-over-year</td><td>Higher than the average during the past three years</td><td>25%</td></tr>
</table>
</td></tr>
</table>

<table>
<tr><td></td><td><table>
<tr><td>Operating profits (NT$)</td><td>Up by 10% or more year-over-year</td><td>Higher than the average during the past three years</td><td>25%</td></tr>
<tr><td>Operating margin (%)</td><td>Up by 1% or more year-over-year</td><td>Higher than the average during the past three years</td><td>25%</td></tr>
</table></td></tr>
<tr><td>Restrictions of the new restricted employee shares</td><td>Rights subject to restriction for the new shares accepted before satisfaction to the vesting conditions:
(1) After an employee is allocated restriction for the new shares under these Regulations before satisfaction to the vesting conditions, he or she shall submit all the shares into trust custody by the Company or an institution designated by the Company and shall sign all required documents based on the specified procedures.
(2) Other than the restriction for trust custody set forth under the preceding Paragraph, for the new restricted employee shares an employee is allocated, such employee shall not sell, pledge, transfer, donate, mortgage or dispose in any other means for such shares not accomplishing the vesting conditions.
(3) These shares are held by a trust and do not have the rights for attending shareholders’ meeting, making proposals and comments or voting.
(4) The employees with the shares of limited rights may participate in the distribution of stock dividends, cash dividends and bonus shares, and subscribe to new shares. All else rights of these shares are the same as ordinary shares.</td></tr>
<tr><td>Custody of the new restricted employee shares</td><td>The specially designated (earmarked) account for trust custodian properties of CTBC Bank Co., Ltd.</td></tr>
<tr><td>The manners to deal with the event after an employee is allocated such new restricted employee shares but fails to live up to the vesting conditions</td><td>Where an employee fails to live up to the vesting conditions or develops inheritance, such employee shall take the following acts:
1. Severance:
An employee who quits, retires or is laid off before satisfaction to the conditions vested for the new restricted employee shares shall forfeit the qualifications to receive the shares starting from the date when such fact becomes effective. At such an event, the Company will retrieve and revoke his or her shares according to law.
2. In case of natural death:
Where an employee dies as a result of factor other than occupation-oriented calamity, such employee forfeits from the date of death the qualifications to claim the new restricted employee shares for which he or she has not accomplished the vesting conditions. The Company will retrieve and cancel such shares according to law without compensation.
3. Where an employee becomes handicapped as a result of occupation-oriented calamity:
Where an employee becomes handicapped physically as a result of occupation-oriented calamity and, as a result, unable to work and quits, he or she is deemed to have automatically accomplished the vesting conditions starting from the date on which his or her quit becomes effective though he or she has not accomplished the vesting conditions for the new restricted employee shares.
4. In case of death resulting from a occupation-oriented calamity:
Where an employee dies as a result of factor of occupation-oriented calamity, such employee is deemed to have automatically accomplished the vesting conditions starting from the date of his or her death though he or she has not accomplished the vesting conditions for the new restricted employee shares.</td></tr>
</table>

	5. Prolonged leave without pay: Where an employee is specifically approved of prolonged leave without pay, the time schedule for his or her acquirement of new restricted employee shares for which he or she has not accomplished the required qualifications shall be extended with the period starting from the date when the period of leave without pay becomes effective until the day on which he or she resumes employment. 6. If any employee violates the terms and conditions of the labor contract or work rules post the granting of shares with limited rights, the Company reserves the right to recall and cancel the new shares to employees with limited rights for those whose vesting conditions are not accomplished. For the new restricted employee shares for which an employee has accomplished the qualification requirements to acquire, either the employee or his or her inheritor(s) may retrieve through trust accord according to Paragraph 1, Article 6. Where the Company, due to a need of business operation, calls for an employee or his or her inheritor(s) to coordinate with the retrieval process, the or his or her inheritor(s) shall complete the retrieval procedures within one(1) year starting from receipt of the notification served in accordance with these Regulations. In the event that his or her inheritor(s) fail(s) to retrieve within the specified time limit, his or her inheritor(s) shall be deemed to have refused to retrieve and the Company is entitled to retrieve such new restricted employee shares without compensation and cancel them.
The number of the new restricted employee shares having been retrieved or repurchased	47,200 shares
The number of the new restricted employee shares having been lifted from restriction	130,800 shares
The number of the new restricted employee shares having not been lifted from restriction	504,000 shares
The percentage taken by the number of the new restricted employee shares having not been lifted from restriction to the aggregate total outstanding shares (%)	0.58%
Impact upon the shareholders' equity	As of February 15, 2019, the number of the Company's shares outstanding was 78,685,230. The expected number of new restricted shares to be issued to employees is 0.87% of the current number of shares outstanding. The impact on earnings per share is expected to be c. NT$0.61, NT$1.56, NT$0.96 and NT$0.48 for 2019, 2020, 2021, and 2022, respectively. The amount likely to be expensed does not have a material effect on shareholders' equity.

Names and facts of acquirement of managers and top ten employees who have obtained the new restricted employee shares

December 31, 2020

	Title (Note 1)	Name	Number of the new restricted employee shares acquired	The percentage of the new restricted employee shares acquired to the aggregate total outstanding shares (Note 3)	Having been lifted from restriction				Having not been lifted from restriction			
					Number of the new restricted employee shares acquired having been lifted from restriction	Price of issue	Amount of issue	The percentage of the new restricted employee shares having been lifted from restriction to the aggregate total outstanding shares	Number of the new restricted employee shares having not been lifted from restriction	Price of issue	Amount of issue	The percentage of the new restricted employee shares having not been lifted from restriction to the aggregate total outstanding shares
Managers	Vice General Manager	Chin Chih-Hsin	162,000 shares	0.19%	32,400 shares	Issuance without compensation	—	0.04%	129,600 share	Issuance without compensation	—	0.15%
	Vice General Manager	Wang Chia-Yi										
	Senior Manager of R&D Department	Lu Yu-Cheng										
	Manager of R&D Department(Note)	Feng Wen-Lin										
	Financial Manager	Wang Kuo-Chin										
	Chief Governance Officer	Chen Yi-Ju										
Employees (Note 2)	Manager of Marketing Department	Ke Ai-Chen	110,000 shares	0.13%	22,000 share	Issuance without compensation	—	0.03%	88,000 shares	Issuance without compensation	—	0.10%
	Manager of Product Department	Lin Chih-Chien										
	Manager of R&D Department	Yen Kun-Lung										
	Manager of R&D Department	Huang Sheng-Kai										
	Manager of R&D Department	Yu Tung-Chen										
	Manager of Product Department	Huang Nien-Yang										
	Manager of Product Department	Lin Chih-Chien										
	Manager of Sales Department	Lin Hsiu-Chen										
	Manager of Sales Department	Wang Wan										
	Section Chief of Management Department	Chen Tsui-Ling										

Note:
(1) This refers to both managers and employees (including those who have left or deceased, to be noted). The names and job titles should be separately disclosed but the allocations or subscriptions may be summarized in disclosure.
(2) This refers to the employees, not managers, vested with the top 10 positions of the new shares with restricted employee interests.
(3) The number of shares issued refers to the number of shares issued as updated with the registration to the Ministry of Economic Affairs.
(4) Resignation on February 5, 2021.

7. **Facts of merger/acquisition (M&A) or inward transfer of outstanding new shares from another company:** None

8. **Facts of implementation in utilization of working capital**
As of the quarter preceding the Annual Report issuance date, the facts of negotiable securities in the previous issuances or privately placed securities had not been accomplished or had been accomplished within the past three years with the effectiveness not yet emerged: None

V. Operations Overview

1. Business content

(1) Scope of business

1) The Company shall engage in the following business lines:
   1. F113050 Wholesale of computing and business machinery equipment
   2. F118010 Wholesale of computer software
   3. F119010 Wholesale of electronic components
   4. F401010 International trade
   5. IG03010 Energy technology services
   6. E605010 Computing equipment installation
   7. E603050 Automation equipment engineering
   8. CC01010 Electric power generation, electrical transmission and power distribution machinery production
   9. I501010 Product designs
   10. I599990 Other designs
   11. ZZ99999 All business items that are not prohibited or restricted by law and regulations

2) Business Proportion

Expressed in Thousands of New Taiwan Dollars

Year / Product	2019		2020	
	Amount of operating income	Proportion (%)	Amount of operating income	Proportion (%)
Off-Line UPS	4,478,747	34.62	4,331,940	31.73
On-Line UPS	5,138,309	39.72	4,998,080	36.61
Inverter and Others	3,319,326	25.66	4,322,544	31.66
Total	12,936,382	100.00	13,652,564	100.00

3) Current products of The Company
The Company's primary business is the production and sales of UPS (Uninterruptible Power System). Additionally, the Company offers professional ODM design and manufacturing of power converters (also known as inverter), AVR (Automatic Voltage Regulator), PV inverter. The main products are indicated as the following:
A. UPS
   (A) Off-line UPS: 400VA – 2000VA
   (B) On-line UPS: 1KVA – 300KVA
B. Inverter/AVR: 600VA – 10KVA
C. ACCESSORY:
   (A) SNMP Card
   (B) MODBUS Card
   (C) PDU & MAINTENANCE Bypass Switch
D. SOLAR Inverter: 1KVA – 10KVA
E. Charger

(2) Business overview

1) Current situation and development in the industry

The Company is a DMS (Design & Manufacturing Service) supplier for UPS, inverter, and PV inverters. Its primary business is to perform the design and manufacturing services for clients of various international branding customers, our products are primarily for export sales. In the past three years, our export exceeded 90% of the total revenues. The Company's unrelenting pursuit in development of innovative and high quality products, at the same time avoid competition with clients, by not making its own brand, and provided customized products and services to meet clients' needs, thus maintaining excellent cooperative relationships with clients.

The Company is a DMS (Design & Manufacturing Service) manufacturer for UPS and other electronic equipment such as inverters, and PV inverters. For the past three years, the revenues from UPS averaged between 70 to 80 percent of our revenues, and have become the primary source of earnings. In addition, The Company is optimistic about the market potential of PV Inverter and continues to invest in our R&D capacities. The industry overview of UPS and PV Inverter are explained below.

A. UPS Industry

(A) Overview of product development

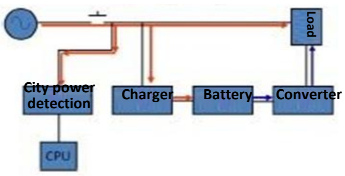
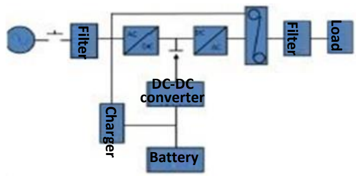
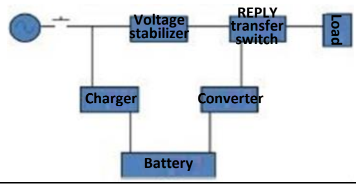
When there are electrical problems such as power outages or destabilizing voltages, UPS can switch the electrical input source to internal batteries automatically; it continues to supply power to PC or peripherals for a short period of time. The PC and peripherals then can utilize the power provided by UPS to shut down the operating systems, prevent damage or data loss. In today's world, we are heavily dependent upon electrical equipment, the benefits of UPS appears in situations of abnormal power conditions, (e.g., power outage, unstable current) it can still provide stable current to electronic equipment. UPS is often used to maintain a stable operation of commercial computer systems, communication equipment, and precision instruments.

The origin of UPS can be traced back to the time before World War II, in the beginning, it was used in communication products via vacuum tube and multivibrator. Its primary function at that time was to maintain a stable voltage. It was later developed into flywheel UPS (also called a rotary UPS). It utilized the inertia of a flywheel to generate power continuously, but the system was bulky, the power quality was poor, it had a reduced efficiency and it was hard to operate, it was later converted to UPS with lead-acid batteries as the current mainstream. Due to the rise of environmental consciousness in recent years, some suppliers started using the lithium-ion battery as the power source. However, due to the higher costs, its current market share is still low.

Current UPS with lead-acid battery primarily consists of a battery, power semiconductors, transformers, power converters, resistors, capacitors and other related components. The theory to supply power is when the Grid power supply is nominal, the machine converts the AC from Grid power into DC, and charges the battery. But, when UPS detects a power outage or abnormal voltage from Grid power, it converts the battery-stored DC into AC and provides it to the protected equipment continuously, thus achieving the function of an uninterrupted power supply. In general, UPS can be classified based on their design categories:

a. Off-Line UPS: Standby UPS and Line-interactive UPS
b. On-Line UPS

The pros and cons of Off-line and On-line UPS and their applications are summarized in the following table:

	Off-line Type	On-line Type	Line Interactive Type
			
Advantages	Simple construction, small footprint, light weight, lowest price.	It's able to provide pure AC output, and poor power quality is able to improve this situation.	Able to improve portion of poor power quality, price between online and off-line types.
Disadvantages	City power not treated, unable to improve poor power quality, long time to convert, lowest protection.	Expensive, converter continues to operate, complex construction, highest cost, malfunction probability higher than off-line UPS.	Complicated controls, complex construction, high cost.
Applications	PC, mostly used by personal applications.	Large scale telecommunication equipment, hospitals, etc.	Enterprise servers.

Source: Industrial Technology Research Institute IEK (2011/12)

The advancement of human society was facilitated by technical progress, industrialization, and automation. New electronic products were constantly introduced on the market. Many had completely altered the pace of development and outlook of society, propelling us into the information age. However, as the economy prospers, the energy and power shortages started to spread, power failures occurred more frequently, each failure would shut down equipment, cause data loss, interrupted work, sometimes it could also damage the entire electrical equipment and precision instruments, causing economic loss that is hard to quantify, and the primary function of UPS is to monitor the condition of power supply continually. Whenever there is a power outage or when the power quality degrades, UPS can, within a very short time, switch power supply to the batteries within the UPS, to ensure that the protected equipment can continue to operate normally, or to have sufficient time for operators to start appropriate contingency measures in response to the needs of equipment.

Therefore, the pursuit of stability of electrical energy quality, the reliability of equipment power, data security, became the most significant driving forces of UPS product advancement and technical innovation. In the meantime, as the industrialization of society and the degree of IT applications continue to accelerate, UPS demand in international market maintains a momentum of rapid growth.

(B) Overview of UPS industry

a. Stable growth of the market

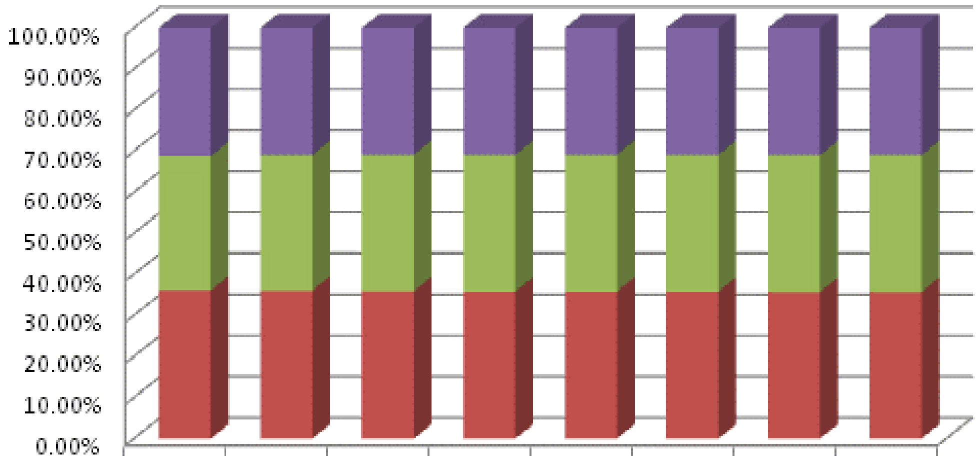
According to the 2012 research report by Frost & Sullivan, production values and volumes of global UPS market continued to show a growth trend since 2010, the CAGR of both production values and volumes from 2000 through 2017 are 5.04% and 5.24%, respectively. Technavio, a research firm, forecasts a CAGR of about 5% for the UPS market in 2020-2024. The market size is expected to reach US$5.71 billion. Global Market Insights forecasts a CAGR of 5.5% for the UPS market in 2020-2026, driven by demand for IoT, small buildings and data centers. Despite the difference in forecasts on the market size by different firms, all research reports point to a stable growth for the UPS industry.

b. Even distribution in sales regions

As technology advances, electronic products are taking on a more significant role in people's daily lives. As individual consumer and enterprise users increased their usage and reliance, and because UPS can provide backup power within a short period, to ensure the normal operation of equipment and to protect the functions of electronic products, making UPS all the more indispensable. According to a report issued by the famous research firm Frost & Sullivan in 2012, the market size in different regions has been similar in the Americans, Asia Pacific, and EMEA (Europe, the Middle East and Africa) over recent years, with each of these regions accounting for approximately 30% of the global market. Global Market Insights estimated that in 2018, North America accounted for c. 43% of the global market, Europe 25%, Asia Pacific 24%, other regions only 8%. In other words, the market is relatively diversified without overconcentration.

Due to the highly evolved industry in the developed nations, server workstations of enterprise users, construction of large equipment room and data center derived from the cloud computing, those markets have already established the basic concept with UPS as necessary equipment. Due to the incomplete development of basic infrastructure and facilities of the power supply, markets in developing and emerging nations have even higher demand for UPS products. In general, because UPS products can offer protection to electronic products and machinery equipment, there is demand regardless of market location.

Fig: UPS products, distribution of major sales regions



	99	100	101	102	103	104	105	106
Europe, Middle-East and Africa	31.10%	30.90%	30.80%	30.80%	30.80%	30.80%	30.90%	30.90%
Asia-Pacific Region	32.80%	33.10%	33.30%	33.40%	33.40%	33.40%	33.40%	33.40%
The Americas	36.10%	36.00%	35.90%	35.80%	35.80%	35.80%	35.70%	35.70%

Source: Frost & Sullivan (2012)

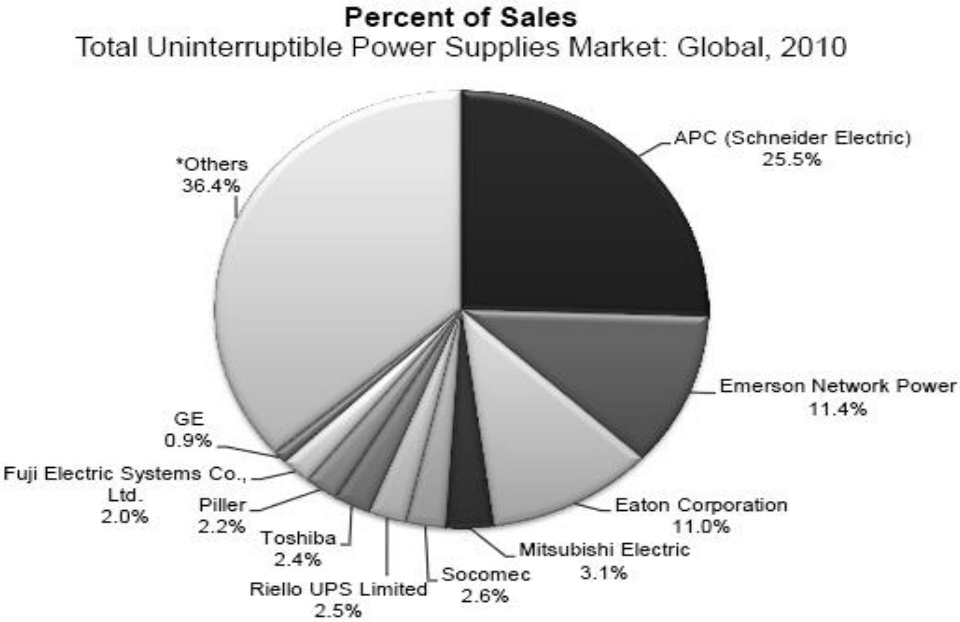
c. Small to medium-sized UPS products as mainstream. High growth for large-capacity UPS

The UPS specifications vary according to their applications; it's primarily based on the products' unit of capacity KVA (Kilo-Volt-Ampere). Presently, there are UPS products for less than 1KVA to over 200KVA. Because the product specifications are very complex, the separation was placed at 20 KVA, for large capacity products if greater than 20 KVA, medium to small capacity products if less than 20 KVA. According to a report issued by the famous research firm Frost & Sullivan in 2012, small to medium-sized UPS products accounted for majority of the global market in terms of volumes since 2010. In 2014, the market size of small to medium-sized UPS products reached $6.41 billion, accounting for more than half of the global market. However, large-capacity UPS products have become the biggest segment over past few years, due to high growth in cloud equipment and data centers.

d. Intense market competition

Although UPS is a mature industry with stable growth, over 100 firms are competing in this market globally. According to the 2012 research report by Frost & Sullivan, the top three global firms APC、Emerson, and Eaton had a combined production value of 47.9% of global output. The remaining suppliers' production value market share was all less than 5%. Even though in the recent ten years, the top three firms continued to expand market share via merger, and because UPS products involve the power supply condition in various regions, the product design must meet the needs of the local requirements. Therefore, the regional suppliers that are familiar with their local markets and environments have the advantage to stake a share in the market. In general, the competitions in global UPS industry are generally fierce.

Fig: Market share of global UPS industry



Source: Frost & Sullivan (2012)

(C) Market overview of end-user applications

The market size of end-user applications was the key to driving force for the global UPS production values. According to the 2012 research report by Frost & Sullivan, from the viewpoint of production values of UPS application products, the two primary application categories are from enterprise infrastructure (the majority was servers) and data center (including edge computing). The server and data center of the enterprise account for approximately 80% of the total output value, while the other 20% mainly as communication equipment and individual users.

According to the reference in the Information Industry Yearbook published by MIC of Institute for Information Industry (Taiwan), looking at the industry trend of global information and communication, cloud computing has become a development priority for the next ten years. Looking from the supply side of the market, suppliers that involve in the cloud concept such as software, hardware, services, and applications are all optimistic about the market opportunities brought on by the cloud concept. They're committed to conducting product R&D of related applications and controlling market orders.

As to the market demand driven by the cloud opportunities, and the rapid development of cloud computing, many enterprises have started to move toward cloud development when deploying their IT systems, in an attempt to reduce cost. For many companies, due to consideration of internal data security had chosen to establish their private cloud computing cluster, represented by larger enterprise sector. And the pattern of server suppliers is responsible for setting up infrastructure, offering lease options to small to mid-size enterprises.

As to the apparent benefits brought on by the cloud computing to the UPS industry, the hardware equipment requirement by the enterprise to develop cloud applications, primarily includes the safety consideration of stable power source as required by servers and data centers, UPS products have become a mandatory standard.

In addition, the constant evolution of cloud computing also drove related applicable services, such as Facebook, is the most well known in related application services. Facebook has over two billion users, and because of its large number of users globally, the traditional server and data centers gradually become insufficient to meet their increasing demands. Facebook then started construction of its own data centers to meet the needs for processing the enormous amount of data. Other large enterprises also experienced the increased applications of cloud computing, they also followed Facebook's approach to expand their server room and data centers, and small to mid-size enterprises were limited by their economic scale and switched to adopt the solution offered by large data centers, driving the overall increase in market demand. The market overview of servers and data centers are described below:

a. Servers

As business developed and the business volume grew, the volume of servers and workstations that drive enterprises grew as well. As indicated by TrendForce Memory Storage Research (DRAMeXchange), in Year 2018, the server markets continued to grow in the entire global market. Shipment volume is anticipated to increase by approximately 5% annually to reach 12.42 million units. In 2019, the server market slowed down due to global tensions and migration of manufacturing capacities. It is expected that the demand from data centers in 2020 will drive a double-digit growth in the server market. 5% growth is expected to resume in 2021.

In the wake of business transformation while intelligent end-user devices become increasingly popular, a vast majority of services in recent years have been integrated through servers. In particular of such services that call for the massive amount of data for calculation and training, even driven by Virtualization Platform and cloud storage. The demand for servers is growing with each passing day. Among them, application of servers in the Information Center shall become the very key toward the growth in server shipment.

Capital expenditures on IT hardware are the driver for the global server market. The growth momentum is mainly from the infrastructure requirements in emerging markets such as China, Africa, the Middle East and the Asia Pacific except for Japan. Although the growth in the BRIC countries (i.e., Brazil, Russia, India, and China) is slowing down, the demand remains robust. The primary source of growth comes from network operators, search engines, digital content providers online and the projects supported by governments and industries. Although the global server market during the recent year was affected by macroeconomic and currency fluctuation in different countries, the market is expected to continue expanding at a steady pace.

b. Data centers

In recent years, the cloud computing trend drove the growth and establishment of global data centers, with the prominence of could service providers and network giants, came many large data centers. Such trend brought on a new movement d to the development of global data centers. The construction of data centers repealed the old patterns of enterprises building and owning equipment. Data centers and cloud services for lease started to gain popularity. They included flexible data center architecture that allows an enterprise to adjust according to rapid changing environments, and even to meet the various needs of enterprises, by combining different models of data centers to satisfy demand. For example, for an enterprise based on IT development, when converting their own data center into a private cloud cluster, they also need to introduce certain public cloud services, even integrating some previous IT outsourcing infrastructure model, as it carried out integration plan according to the confidentiality and cost requirement of the enterprise.

As forecast by Gartner, an international research and advisory firm, the global public cloud services market will reach US$257.9 billion in 2020, up by 6.3% from 2019, pushed by the rising demand of remote working during the pandemic. The market is expected to reach US$364.1 billion in 2022. TechNavio forecasts the global data center market to grow at a CAGR of 8.32% in 2017-2021.

c. PC sector

According to the survey results by Gartner, an international research institute, the PC shipment volume exceeded 275 million units in 2020, up 4.8% from 2019. This growth was higher than the previous level due to the demand for homeworking in the pandemic. But, the mid-to-large UPS required by more and more enterprise users' private computer rooms, server rooms, data centers and bank ATMs will expand gradually.

B. Industry overview for PV inverters

Broadly speaking, PV inverter's construction and operation are similar to the UPS. Thus, PV inverter is also a category in the UPS products, Voltronic Power specialized DMS, it provides clients complete service and is optimistic about the growth potential, and investing in the R&D and manufacturing of PV inverters. Product evolution and industry overview of PV inverters are explained below:

(A) Product overview

Because the energy generated by solar power is direct current (DC), and direct current must be converted to alternating current (AC) before it can be channeled into a city's power grid, and to be used by general household appliances, business and industrial equipment. And the function of PV inverter in a solar system is to convert DC to AC. Thus, the performance of PV inverters significantly affects the power generation efficiency in a solar system.

PV inverters can be classified by circuit architecture and output power: they can be categorized into three topologies: High power central (Conventional) inverter, Mid-power string inverter, and low power micro inverter. Their product features and applications are analyzed and organized as below:

Table: Product features and applications of PV inverter

	Low power (Micro inverter)	Mid power (String inverter, Multi- string inverter)	High power (Central inverter, Multi- string inverter)
AC output range	50W~400W	1~20KW	21KW~2MW
Application markets	Residential, commercial	Residential, commercial	Commercial, public utilities
Unit cost	High	Mid	Low
Installation costs	Low	Mid	High
Reliability	High	Mid	Low
Product applications			

Source: ITRI IEK (2012/12)

Because the price of solar energy system continues to drop, reducing the cost to generate power, resulting in an increase in the number of solar power stations, driving the market demand for high power PV inverter. In addition, the micro inverter that can increase overall solar power system and the introduction of power optimizer, are gradually gaining popularity in the U.S. markets. Their sales volumes have gradually increased. But, the European markets focus on the development of application products of high energy string inverters. Therefore, the PV inverter market initially for residential and small commercial applications, will split into two different categories (large and small) at the same time.

(B) Industry overview

PV inverter is a key component in a solar energy system, its' sales varies directly to the global installation volumes of solar energy systems. According to the research report by Topology Research Institute, since 2010, the installation of solar energy grew significantly, driving the annual shipment growth of PV inverters.

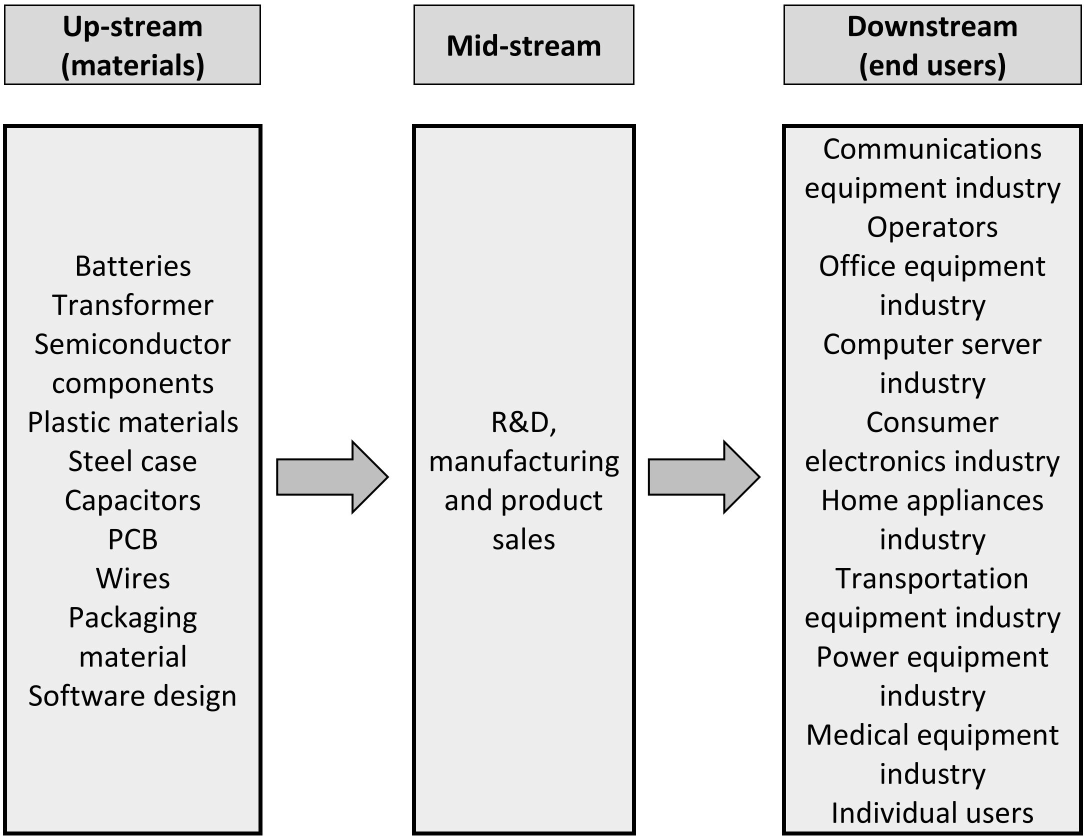
In general, although the European and the American reduced the subsidies for the solar energy industry and caused the industry perform poorly. But a crisis also brings opportunity. The barriers to entering the PV inverter market were high which included R&D and design of sophisticated electrical and electronic engineering. In the past, the market was dominated by European, U.S., and Japanese suppliers in R&D and manufacturing. But with the significant price drop of solar energy products, PV inverters are showing a trend of gradual price reduction. This offered an opportunity for suppliers in Taiwan and China with lower cost products to enter the market with the cost advantage.

According to the estimate from the research firm Wood Mackenzie, the global shipment of solar inverters in 2019 totaled 114.5 gigawatts, up about 18% from 2018. The global demand is expected to reach 120-125GW in 2024. As the growth from the Chinese market beats market expectations, analysts are revising their forecast. The CAGR in 2017-2022 is expected to be at 5.2%. Even though the demand from developed markets such as the UK, Japan, and Germany has slowed down, the growth in emerging markets will help the industry to restore momentum.

2) Correlation in up, mid, and downstream segment in the industry

Voltronic Power accepts clients' projects, specializing in the R&D, design, and product manufacturing services of UPS, inverter, and PV inverter. Our upstream products are components (batteries, transformer, semiconductor electronic components, cabinet, PCB, etc.), among these components, battery occupies the highest proportion, our company's manufacturing base in Shenzhen, China where many local Chinese battery factories are located. Our company carefully selected suppliers through rigorous quality tests. At present, we have excellent relationships with our suppliers, and the supplies are stable without the risks of price fluctuation and supply shortage.

Our company also occupies the mid-stream in the industrial supply chain. R & D products based on customer order requirements are resold to end-users of downstream industries through customer orders. At present, The Company has over 300 clients, the sales are diverse, with relatively low risks. In the downstream applications, there are IT communication industry, home appliance industry, medical equipment industry, individual users, mass transportation equipment, and electrical equipment, etc. The applications are diverse with stable growth in the markets, so far, there is no apparent operating risk. The following figure depicts the product correlation among our company's up, mid, and downstream segments:



The Company operates in the electronics industry, with revenues in the Quarter II slightly lower than those in other quarters, this is typical of the electronics manufacturers. However, the seasonality for Voltronic Power has become less evident as the revenue continues to grow. The revenue breakdown for the first and second half was 49:51 and 49:51 in Year 2019 and Year 2020. The first half and the second half revenue breakdown during the most recent two years indicates that the Company's revenue no longer exhibits pronounced seasonality.

Table: Revenue distributions, Voltronic Power in recent two years

Revenue distributions	Year 2019	Year 2020
First half of the year	49%	49%
Second half of the year	51%	51%

To sum up, our company, due to factors such as its industry characteristics, product positions, and stable clients cooperation relationships, it's correlation to fluctuation in market economy is not as apparent as it is in other industries.

3) Various development trends and competitive situation of products

A. Future development trends of the industry

With the coming of The Internet era, IT and communication equipment require ever higher power quality, requirements for environmental protection for green, energy-saving are also on the rise, in order to meet the needs of future markets, the development of UPS shows the following trends:

(A) Product functions are becoming more versatile

With the coming of the networking era and the popularity of the Internet, UPS does not just safeguard power sources, but goes a step further, becoming a loop within the network, allowing users to manage and monitor systems remotely. To meet this market requirement, according to various applications, UPS started to have multiple communication interfaces. E.g., Dry contact, RS232, RS485, USB and even Ethernet, the purpose is to merge power management into the entire network management, by allowing users to carry out intelligent control of UPS via a network with ease. Our company is one of the few UPS firms that can develop its Dry contact, RS232, RS485, USB, and Ethernet communication functions. In addition, we also own the independently developed power management monitoring software, not just by merely providing equipment to protect power sources, but also moved toward more complete and comprehensive power protection systems.

Also, with technological advancements, UPS design also receives upgrades. UPS adopts the latest digital signal processor (DSP) or microprocessor (MCU), to perform sampling of inspection and testing of control units. It achieves the digital operation of UPS systems. DSP or MCU performs inspection and testing of units via sampling. It monitors the UPS working condition in real time and adjusts UPS control in real time, by implementing intelligent management. In a system with parallel redundancy, it also adopts multiple controllers to control the operation of parallel redundancy collectively, this improved the fault tolerance and reliability of the whole system.

(B) Product specification moving toward smaller footprint in a distributed manner

When many types of equipment required the power protection of UPS, one can choose from either centralized or distributed types. In a large UPS, moving power to the protected equipment, this type of installation is called centralized UPS system. The advantage of such a system is only needs to maintain one unit. The disadvantage is bearing all risk on a single unit, if an operation error occurs, it could result in failures all protected equipment. Also with only one UPS, it is hard to make an adjustment to power services required by various equipments. The other option is to utilize multiple, smaller UPS to be installed by the equipment that needs the protection, this type of installation is called distributed UPS system. Its advantage is high degrees of flexibility; the load can be set separately, moreover, due to large-scale production, the prices of small UPS are becoming more competitive. Therefore, the architecture of distributed UPS is the future trend.

(C) Energy saving and efficiency

Due to the growing tension in energy supply, energy saving and environmental protection will be the principles of new technical innovation in power enterprise. Technological innovation in UPS product mainly focused on raising energy utilization efficiency and lowering environmental pollution. Therefore, increasing the work efficiency of UPS products and reducing equipment's power loss will be a significant trend in the technical development of future products.

In addition, the harmonic current generated by various power consumption equipment and power devices polluted power grid severely. With the introduction of various policies and regulations, the call for pollution-free green power devices is gaining momentum. Other than adding wave filter on UPS, power factor correction at the input side of power grid should also be adopted. This will reduce the effect of UPS harmonic current in a power grid.

The subject of solar power generation has received much attention in recent years, the core technology in solar energy converter is the same as the power conversion technology and core control technology used in the UPS. The knowledge to combine UPS and green energy applications, to generate power more efficiently and to protect power source, and power backup is essential development trends of UPS. Presently, the solar photovoltaic in light energy utilization, power conversion, and green architecture applications convey the concept of creating future green energy. Due to its characteristics of pollution-free and easy to obtain, solar energy has been favored by the new energy industry. A complete solar energy industry chain has been formed; competition is becoming increasingly fierce. Although in recent years, the solar energy industry faced negative impacts such as high power generation costs, declined industry profit, and excessive production capacity, but, the ratio of power generation by solar energy is still low, the development potential is still enormous for the industry.

(D) Product safety and reliability continue to rise

Because UPS products are advertised to offer stable temporary power during a power outage or in an emergency, by allowing users to avoid damaging electronic products and the potential loss of important data. With the upgrade in the high tech industry, due to the more expensive equipment and precision manufacturing processes, their requirement for power quality has also increased. Therefore, the demand for the reliability of UPS products increased accordingly.

In addition, the market demand for the traditional large machine room and equipment applications, grow in concurrency with the need for small to mid-size electronic products; based on applications of various products and their configuration of electrical circuits, the design and development of UPS products changed accordingly. Thus, it provides more secure and complete protection.

(E) Development of cloud industry drove demand for On-line UPS

With the concept of cloud computing gaining popularity, and a large number of the establishment of related computer IT supporting hardware such as servers, large workstations, data centers. Because of special requirement of electrical current design and power equipment spec, On-line UPS products have been growing significantly. Market demand patterns of global UPS products in the future will go with the maturity of cloud industry business opportunities and impacts its downstream applications significantly. It will drive the market requirement of On-line UPS product growth.

As to PV inverter products, invested firms are usually electrical and electronic manufacturers that has experience making power supplies, power protection devices (Such as UPS, rectifiers, transformers, etc.). Other than closely related to UPS, the PV inverter industry, with the evolution of the market situation and the requirement of product features, the future development trend of PV inverter is described below:

(a) Increasing conversion efficiency

The conversion efficiency is still the most crucial focus in PV Inverter. Presently, the highest efficiency can be reached at 97-98%. But market average efficiency is around 92-94%; there are still lots of room for improvement. Because the conversion efficiency directly affects the power generation efficiency of a solar power generation system, the market has never stopped requesting for higher conversion efficiency, and it’s also the goal of future R&D for suppliers.

(b) Bidirectional applications of PV inverter products

In recent years, the various governments gradually reduced the subsidies for On-Grid based PV inverter systems. Because when sunshine is abundant, feeding a significant amount of electricity into the electrical grid when the load was exceeded the Grid limit will cause the system to go off-line completely. They cannot be utilized at night, it caused excessive energy fluctuation in the electrical grid, and it was a problem for power distribution and unstable power supply. Therefore, to avoid a situation where installation of solar energy becomes widespread but causing a degradation to the safety of electrical grid, consideration was put in place to increase safety and stability to the electrical grid. At present, the market trend of PV inverter is being developed with self-consumption as the priority, in solar energy-related systems. Germany and the U.S. both plan to subsidize products that do not feed into the electrical grid directly.

B. The competitive situation of products

With the adjustment of global industrial structure, Asia Pacific region has become the center of manufacturing industry, relying on the relatively inexpensive labor and abundant technical talents. Most UPS brand companies adopted two methods to lower their operating costs: One approach is to invest in setting up factory in these regions, the other method is to sub-contract the design and manufacturing through OEM or ODM. Due to the continued refinement of labor in industrial chain, sub-contracting the design and production has become mainstream.

Mainland China and Taiwan are located in the Asia Pacific regions and have a complete supply chain for UPS industry. And thus are gradually becoming the international center of manufacturing of UPS production. Most UPS companies both manufacture customized brands, and their brands, the products they made for clients compete with their brands which created irreconcilable market conflicts.

Our company's business model specialized in DMS design and manufacturing. We focused on offering the customized R&D and production services to our clients; we do not develop our own brand. In the ODM strategy positioning, with the current size of the Company, it has obtained the leadership position. Through advantageous centralized resources in design, scale procurement, and scale production, it continued to leave the OEM manufacturers and branding mix suppliers further behind.

The Company's primary source of revenue comes from UPS. UPS, as the name suggests, is when there is a power outage, it can quickly replace Grid power, supplying power to equipment, it is similar to emergency lighting equipment. But, UPS design is more precise, it can switch between Grid power and battery or converter more quickly, it remedies the disadvantages of extended power downtime of fuel generators and other backup equipment. It also does not have the problems of noise and pollution as created by fuel generators. Unless they can effectively improve the power supply speed and reduce environmental pollution, fuel generators cannot replace UPS.

There are various product specifications according to UPS power rating, the product of different ratings meet the market needs of their applications, they are not interchangeable.

In addition, PV inverter is devices that convert direct current (DC) generated by solar power to alternating current (AC), with the current conversion, the solar energy power can be connected to the electrical grid to be used as Grid power. At present, there is no substitution of PV inverter in solar energy power system, so far, there are no replacement risks.

(3) Overview of technology and R&D

1) Technical levels and R&D of operating business

The Company was founded in May 2008. Enormous amount of R&D resources were invested even in the early years, it worked on the independent R&D of Off-line and On-line UPS, and established R&D group for monitoring software in 2009. R&D on On-grid and Off-grid PV inverter products in 2010, and started three-phase R&D work on UPS. Up to now, classified according to product categories, there are various R&D units such as Off-line UPS, On-line UPS, monitoring software and PV inverters.

2) Educational background and experience of R&D staff

Year		2020 (Expressed in persons)	Current year up to March 2021 (Expressed in persons)
Beginning headcount		416	486
New staff		167	35
Staff who left		113	54
Laid off and retirement		0	0
Department changes		6	1
Total R&D staff at period end		476	456
Average length of service		6.75	6.99
Turnover rate		40.14%	18.15%
Distribution of degrees	PhD	1	1
	Master	35	34
	University and College	346	333
	High school	94	88

Note 1: Turnover = Staff who left / (staff at period end + Staff who left)

Note 2: Total count of R&D staff included Voltronic Power and its subsidiary

3) Annual R&D expenses invested in recent two years

Expressed in Thousands of New Taiwan Dollars; %

Year / Item	2020	2019
R&D expenses	574,437	566,542
Net operating income	13,652,564	12,936,382
R&D expenses/Net operating income	4.21%	4.38%

4) Successful technologies or products or development in recent years

Year	R & D achievements	Content description
2020	On-Line 1~5KVA： (1) Online 1~3kVA 230V long-lasting lithium iron phosphate battery model development. (2) Online 2k 1U rack lithium battery model development.	New model development
	On-Line 6~120KVA： (1) Development of on line 6k / 10k third generation of UPS models with high charging capacity, high power density and low noise. (2) On line 3/3 30k Rack/Tower dual-purpose model development (3) On line 3/3 50kW high power density module UPS development. (4) Based on On line 3/3 60kW high-frequency module, developing 100/120/200kW industrialized integrated model. (5) Based on Online 3/3 60KW module, developing wire current sharing 300KW modular UPS.	(1) Improved cost structure (2) Completed debugging and development of high power module model
	Solar, Inverter, Charger: (1) 7.2kW off-grid solar inverter development. (2) 5kW uninterrupted off-grid integrated model development. (3) Split phase 6kW off-grid integrated model development. (4) 1.5 ~ 3.7kW general-purpose inverter development. (5) Centralized monitoring platform development. (with network security level certification) (6) 180kW ~ 360kW European regulations, Japanese model, GB three-in-one charging pile (three shots) development.	(1) Power enhancement (2) Improvement of the battery management system (3) Expanded module system of Charger/Inverter (4) Parallel connection; charging efficiency enhancement

(4) Long and short-term business development plans

1) Short-term business plan

A. Product strategy

Continue to expand the product line, develop from small, mid-capacity to large capacity. From a single machine to modularization, parallel operation, implementing one-stop, complete solution service by building a comprehensive product range. In addition, each major product line should focus on R&D advantages to improve reliability, and in each regional market, satisfy and provide various product combinations of price-performance ratio.

B. Production strategy

Scale production and automation are the focus of the Company's production strategy. And to satisfy clients' sales characteristics of "small amount with diversity," our company integrated and merged parts, centralized production bases, modularized common circuits, to optimize supply chain management. Operational management focuses on reduce production costs, shorten delivery, and inventory reduction.

C. Sales strategy

Continue to expand all major sales market globally. Utilizing the current product lines as a basis to develop new clients in new markets proactively, and gain a deeper understanding of existing markets' client requirement, and with customized services to assist the clients to strengthen their competitiveness in the markets.

D. Financial cooperation

Based on sound business principles, The Company currently utilizes private capital and operation profits as the working capital, avoid risky investments and operations of derivative products.

2) Long term business plan

A. Product strategy and goals

Continue to improve the profitability of each product line via sequentially enhancing product reliability with scale production, value analysis, value engineering cycles, continue raising the entry barriers from competitors, and to maintain the growth momentum. Gradually increasing the revenues generated by new products each year, and raise the revenues proportion of high-end products.

B. Production strategy

Focus on cost control and strengthen cooperation with supply chains, utilizing automation to increase production efficiency, adequately reflect the cost-effectiveness of large-scale production.

C. Sales strategy

Pushback against low price competitors via independent R&D capabilities, increase ODM orders from leading regional firms (Regional leading manufacturer), expand the product applications into specialized areas such as industry, transportation, medical, and communication.

D. Financial strategy

Continue to monitor changes in interest rates and exchange rates, control interest expense and working capital accurately, do not get into investments in unfamiliar industries, utilizing own funds and operating profits to continue investing in advanced technology and equipment.

2. Overview of markets, production and sales

(1) Market analysis

1) Sales areas of key products

Expressed in Thousands of New Taiwan Dollars; %

Sales regions		Year 2019		Year 2020	
		Amount	Percentage	Amount	Percentage
Domestic sales		521,153	4.03%	556,186	4.07%
Exports	Asia	6,060,324	46.85%	5,956,540	43.63%
	Others	6,354,905	49.12%	7,139,838	52.30%
	Total exports	12,415,229	95.97%	13,096,378	95.93%
Total		12,936,382	100.00%	13,652,564	100.10%

2) Market shares

The Company's major shipment of UPS is under 20KVA. In 2020, the combined shipments were 6,210,000 units. According to market analysis report by Frost & Sullivan on global UPS, in terms of UPS shipments to global markets. The Company's share is about 24%. Where, nevertheless, the Company mainly focuses on small and medium capacity UPS. If it is relative to the output value, the Company only accounts for 3%.

3) Supply, demand and growth of markets in the future

A. UPS industry

The overview of the global production of UPS industry in recent years shows that UPS industry belongs in a sector of stable growth. With the flourishment in global communication products, Internet, cable TV, Radio base station, smart grid, cloud computing. Developed end-user applications such as personal desktop PC, enterprise large data center, and the large equipment room for public infrastructure, all require protection from a stable power source, making UPS indispensable equipment, global UPS industry is then able to grow steadily.

Although the UPS industry has shown a trend of stable growth, but looking from the product mix, UPS products above 20KVA, benefited from large data centers of enterprise users, and public infrastructure equipment room in recent years, the annual growth speed was higher than that of UPS products below 20KVA and the overall UPS production growth rate. At present, our company's revenues still primarily came from UPS products less than 20KVA. However, with R&D capability, The Company already introduced UPS at 300KVA (highest), there should be sufficient technical capability to respond to sub-contracting from large international firms.

B. UPS application products

(A) Servers

According to MIC's (of Institute for Information Industry) research report, in the market area of global server, driven by the calculation needs of data centers, market size will continue to grow. With the development of the Internet, business opportunities in cloud computing continue to grow, some applications derived from business IT equipment, computer room equipment, market demand for related products continued to appear. In the future, the market demand for server products will also continue to grow.

(B) Data centers

According to the latest "Global IT spending statistics and forecast report" by Gartner, the global IT spending is expected to reach US$3.8 trillion in 2019, up 2.8% from 2018.

	2017 spending	2017 growth	2018 spending	2018 growth	2019 spending	2019 growth
Data Center Systems	181	6.3%	188	3.7%	190	1.1%
Business software	352	8.8%	391	11.1%	424	8.4%
Installations	663	5.1%	706	6.6%	715	1.3%
IT services	933	4.4%	1,003	7.4%	1,048	4.6%
Communication services	1,392	1.3%	1,452	4.3%	1,468	1.1%
IT TOTAL	**3,521**	**3.8%**	**3,740**	**6.2%**	**3,846**	**2.8%**

Global IT spending and forecast (expressed in billions of US dollars)

Among them all, data center systems and devices are expected to grow by 1.1% and 1.3%, while software and IT services are expected to maintain a good growth momentum, growing by 8.4%, 4.6%. With the maturity of Internet and cloud computing, in order to satisfy the rapidly growing cloud demand by enterprises, whether they are built for internal use or sales/leasing business by cloud serves firms, the construction of mid to large data centers, and data access to related hardware and software demand of network communications equipment market have been increasing gradually.

Looking at the development of the global markets, construction and maintenance of existing data centers in mature markets such as the U.S. and Europe, markets in emerging countries, led by Asia, their rapid growth in enterprises, accelerated demand for construction of new data centers. It is expected that future global markets' demand for data centers will continue to grow aggressively.

(C) Personal computers

Amidst the gradual popularization of mobile or cell phone devices, the global market for personal desktops, notebooks and tablets will continually decline. According to the Institute of Industrial Intelligence (MIC), the traditional PC market will continue a trend to decline. MIC pointed out that Taiwan's desktop computer shipment volumes are growing in the next few years, due primarily to the majority of international brand commercial orders. In the year 2019 while the PC market lacks growth momentum, shipments shall be stagnant. Growth in 2020 and 2021 is expected for the notebook market due to the demand for homeworking in the pandemic. In the short run, the notebook market will enjoy significant growth over the next two years. It is expected that the global demand for personal computers will continue its gradual decline, as a result of increasing popularity of smartphones.

C. PV inverter industry

Global PV inverter industry market demand and solar energy power generation system are closely related. In order to replace traditional fossil fuel energy, the long-term direction of development is to continue reducing the cost to generate solar power energy. The same also drove the prices of various components in a solar energy system lower. The market primarily depends on the government subsidies to stimulate the development of the solar energy industry. The efficiency of PV inverter goes up each year, but the continuous declining of average price will become the future development norm of PV inverter.

Due to the government policy to reduce subsidies in many countries, leading to a weaker demand for end-user applications, coupled with the mass production in mainland China, caused price per watt from PV inverter continued to drop. A large number of suppliers resulting in increasing price competitions, resulted in PV inverter market to grow at a slow pace. But, in the long run, because various countries adopted the goal to replace traditional fossil energy with renewable energy, PV inverter will face small fluctuation due to inventory adjustments in supply and demand. But a trend of stable growth each year will take shape.

4) Competitive niche

A. Business strategy focusing on DMS areas

The business strategy of UPS companies in Taiwan and mainland China is mostly a hybrid of own brands and client sub-contracting, but the management team of our company cultivated DMS clients for many years, deeply felt that mixture of own brand and client sub-contracting created a conflict of interests becoming a significant obstacle in cooperation. The Company firmly believes that by focusing on the DMS service model can develop reasonable values for clients, shareholders, and employees. Thus since the inception, The Company insisted on not operating on its own brand, to strengthen clients' confidence and to avoid conflict of interest with clients, by maintaining a long-term cooperative partnership with clients. And since its inception, the Company's business grew steadily each year, the number of clients also increased year by year, The Company insistence on the business model of not operating on own brand has achieved clients' recognition.

B. Market orientation

Our company is a professional DMS company, its clients are either manufacturers of internationally renowned brand or leading local brand in each country. The Company has reached the economies of scale of the world's largest production in DMS UPS, and the capabilities of innovation and customization from a sizable R & D team, well received by clients and able to earn tenders. Although The Company does not operate with its own brand, but the management team has accumulated years of experience from industry and market and is capable of mastering the power environment and special needs of local markets around the world, the Company is undoubtedly the DMS leader in the industry.

C. The R&D capability of rapid innovation

The Company's management team of business, development, and manufacturing areas has had many years of experience, has cultivated clients from various regions with different needs for a long time, thus was able to seize key market position quickly, and gained the leading edge. Our sizable R&D team continued to improve localization and innovation product specification and technology, introduced innovative products quarterly. On the one hand, using rapid efficiency and innovation and the most extensive product line in the industry, continue to separate the technical gap from competition, on the other hand, also depend on the demand of diversity and timeliness of the market, offering customized products to clients.

D. Production advantages

(A) Economies of scale

In 2020, The Company holds 24% of global market shares, in terms of shipment volume, and become world's largest DMS UPS manufacturer. Thus relative to competition, the Company enjoys apparent economic scale in procurement costs, therefore was able to maintain The Company's cost-competitiveness.

(B) Flexible production

Because UPS is a high-mixture, low volume industry. In response to clients' various product designs and production needs, The Company already developed a system superior to others in the industry: capacity deployment and production system of customization products, mixing and matching production line planning of various long-line, short-line, U-shaped production grid, introduced automation equipment, supply chain management and key components manufacturing with vertical integration, allowing The Company to maintain cost-competitive production model with a high yield rate and efficiency.

E. Complete product offerings

The Company and its subsidiaries have a professional R&D team of 400 highly-qualify engineers, focusing on different products. From the development of monitoring software or the development and maintenance of various UPS models or even for the development and design of PV inverter and other accessories and products. All have dedicated teams fully accountable for each project. At present, the Company offers a complete series of UPS products starting from the small 400VA to the large, three-phase 300KVA systems. And clients can choose products of PV inverter from 1KW-10KW, the clients can make adjustments to the standard model developed with independent R&D team from the Company, depending on the level of customization, The Company can complete the development in 2-12 weeks, making The Company the most experienced DMS firm.

5) Favorable, unfavorable factors of development prospects and countermeasures

A. Favorable factors

(A) Sheer size of overall industry and continued stable growth

UPS industry has been one with stable growth, despite the decline caused by the financial turmoil in 2009-2010, with the growth momentum gradually recovered after 2011. In addition to continually introducing new innovative products that satisfy the demand for power backups, India blackout that occurred at the end of July 2012 highlighted the fact of one-third of world's population is still experiencing problems with stable power supply. Besides, with the continued development in Internet and telecommunications industry and data center equipment rooms, industry new trends in cloud computing and the smart grid will also increase demand for UPS related products. In the future, there is room for continuous and continued growth for the UPS industry.

(B) Strong R&D team

R&D staff includes 400 highly-qualify engineers in the Company and its subsidiaries focusing on different products. From the development of monitoring software or the development and maintenance of various UPS models or even for the development and design of PV inverter and other accessories and products. All have dedicated teams fully accountable for each project.

(C) Economies of scale in production model with effective cost control

When The Company was founded in 2008, it coincided with the global financial turmoil. Since its inception, we understood only by continuous efficiency optimization and production scale, can the costs be effectively managed and controlled. With constant efforts in recent years, not only does the revenues increased, due to continuous improvement in related cost control measures, reasonable profits were achieved.

In addition, there are many UPS firms globally, with average selling price declining in recent years due to intense competition. But Voltronic Power Technology, due to its economic scale in production and superior ability to control costs, highlights our competitiveness in seizing the market and improve our performances.

(D) Working with clients closely

Other than providing services to large firms with international brands, taking into account the differences in power supply system among various regions, our Company also develop a close working relationship with the leading companies in each local country, by providing customers highly customized products based on each region's environment and market characteristics.

B. Unfavorable factors and countermeasures

(A) Dramatic changes in world economic climate

Since the financial turmoil in 2008, the downturn in European markets continues, Greece, Spain and Portugal were primarily affected by the debt storm, not only the end-user demand slowed down, the entire European market showed no apparent growth.

Countermeasures:

The Company continues to serve its existing European clients, but also expand markets into other regions, as well as focus on developing high-end products, expanding the existing product mix. In the overall weak economic environment, internationally renowned manufacturers and local brand leader will also conduct an assessment on make-buy, cost-effectiveness, and the DMS services offered by our company ensures quality in line with clients' expectation. To facilitate the orders from renowned international firms and local leading brands by obtaining the most favorable position. Therefore, even when the overall environment is poor or unfavorable, The Company still has a chance to expand its client base.

(B) Difficulties in developing talents

UPS industry must continuously invest in talent development. It is challenging to develop qualified R&D staff and gather experience at the same time, as The Company conducts the DMS business model, it must possess sufficient and highly qualify R&D staff, to respond to the need of client customizations.

Countermeasures:

Other than to increase staff salaries and various benefits, we also establish core values for our employees to identify the company's operating direction and strategy. We also cooperate with major universities, to create a smooth pipeline in hiring future talents.

The Company also sets up R&D units in Taiwan, by developing our own R&D staff, offers a solid training foundation from product appearance to electronic circuit configuration, etc. in an attempt to identify specialized R&D talents for Taiwan's UPS industry in order to satisfy the need for customization by clients in global markets.

(C) Merger uncertainties from international brand clients

In 2007, after large UPS international company Schneider purchased APC and merged with MGE, and became world's largest UPS branding manufacturer. Also in 2007, large international branding company Eaton acquired Taiwan's largest UPS manufacturer Phoenixtec Limited. The French company Legrand has been acquiring local UPS brands around the world to boost its market share. Related mergers have a significant impact on global UPS industry. Their operating strategy and direction, and the possibility to purchase or merge with local brands in regional countries will impact their in-house or out-sourcing decisions. And because DMS is our company's current business model, there are uncertainties caused by these transactions.

Countermeasures:

In the UPS industry, local manufacturers in each region have the advantages of being familiar with local markets and power environment. Thus, they can have a certain market share in the local market, therefore, other than striving to get the orders from large manufacturers with international brands; our company also strive for clients from local manufacturers in each country. The strategy is to continue broadening our client base, to minimize the impact of any single client. In addition, The Company continues to improve product quality, technological capabilities, and high-end product development. If a client is being merged with an international branding company, with the Company's competitive advantage in DMS services, it would be an opportunity to penetrate the supply chain of this particular international brand.

(D) The rising of manufacturing costs

In recent years, our operational expenditure was affected by the ever-increasing cost in both the wage and the lease of production floor capacity to our major manufacturing facilities in China.

Countermeasures:

The Company continues to improve on process efficiency, by introducing automation equipment and reduction in human labor. Thus, offsetting the negative impact is brought by rising labor costs. In addition, by accelerating the product mix improvement, making the high-end technology-intensive product to take on a higher business proportion, thus reducing the effect of rising labor and material costs on business performance.

(E) Risks of foreign exchange rates

The Company's business model focuses on exports. Our products are shipped to over 100 countries in the U.S., Europe, etc. The trading currencies are primarily U.S. dollars and RMB. In procuring goods, USD and RMB are often used to make payments, after foreign currency receivables payments offset each other, there remains a certain amount of foreign currency receivables. Thus, the fluctuation of exchange rates in USD and RMB impacts our company's profit and loss to a certain degree.

Countermeasures:

Financial department is responsible for gathering data from various financial institutions, monitoring international economic climate, grasp the trend of future exchange rates at any time. Depending on the need of capitals and the pattern of foreign currency, be flexible in holding of foreign currencies, to reduce the exchange rate risk due to import and export. In the future, our company still adopts natural hedging of foreign exchange positions to control the risk of exchange rates, adjust foreign currency assets and liabilities position timely, to reduce the risk due to the fluctuation of exchange rates.

(2) Important applications and production processes of major products

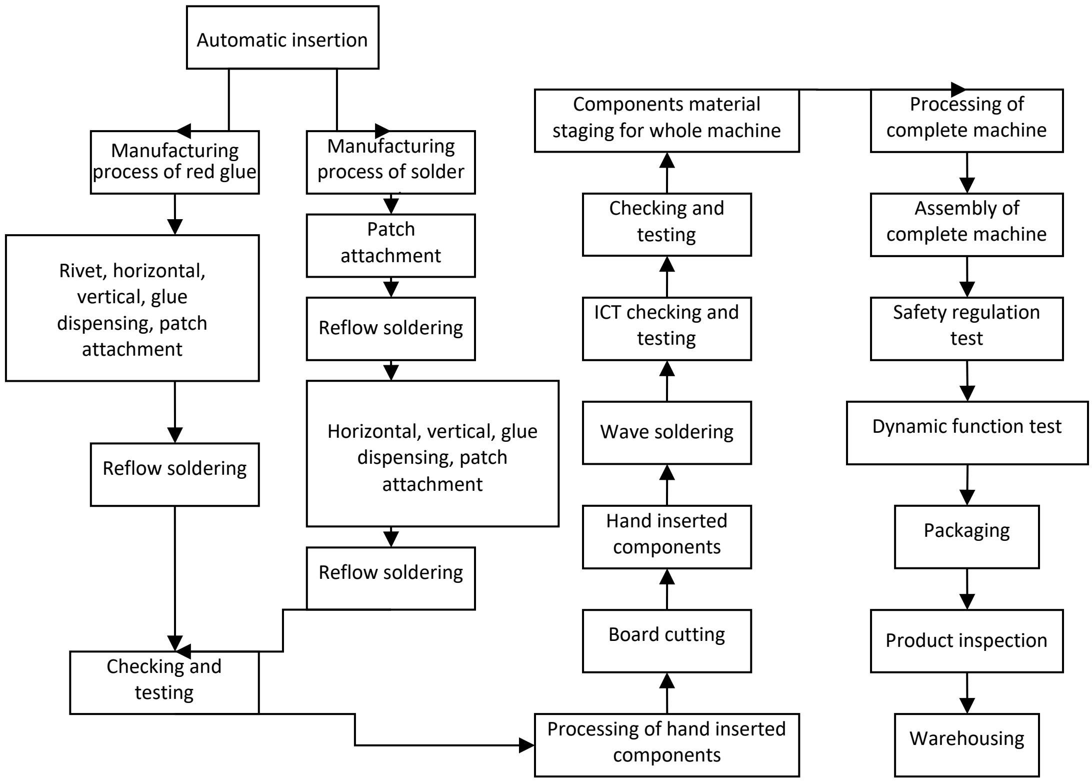
1) Important applications of major products

● Major products	● Important applications
UPS system	● Equipment that provides uninterrupted AC to electrical load and key equipment in situations of abnormal Grid power (e.g., power outage, under voltage, interference or inrush current), so electrical appliances can maintain normal operation. Usually, UPS is used to maintain uninterrupted operation of computer (especially servers) or switchboard etc. key business equipment or precision instrument, to prevent computer data loss, interruption in telephone communication network, or instrument losing control.
Stand Alone Inverter	● Stand Alone Inverter is a power converter, it is able to convert DC to AC Stand Alone Inverters often adopt renewable energy such as solar panels or small wind

	turbine, after the current has been converted into AC, it can be used by homes and small industries. This type of inverter is mainly used in remote areas not converted by power grid, or areas with frequent power outages.
On-grid PV Inverter	● PV inverter is a special power converter used in the solar PV On-grid power generation area. It converts the DC generated by solar batteries directly into On-grid AC, it's an indispensable core component in an On-grid PV system.

2) Production process of major products

The Company delegates its reinvestment firms to produce UPS and inverter. The process flow of product manufacturing process is depicted in the following figure:



(3) Supply condition of major materials

The Company primarily goes through its reinvestment firms for production, then ship directly to customers. The primary materials for The Company's products are batteries, transformers, semiconductor electronic parts, plastic materials, steel cases, PCB, wires, etc. There are many suppliers, but none of the suppliers provide a significant share of materials, thus, incoming sources are not overly centralized. The Company also maintains long-term and excellent relations with suppliers, to ensure the stability of supply sources, along with other suppliers. The supply availability is in excellent condition, material shortage or stoppage has never occurred.

(4) Lists of major purchasing and sales clients

1) In recent two years, of any year, with purchasing volume exceeded 10%, the client's company name, purchasing amount and proportion, and with an explanation for their reasons to increase or decrease purchasing. But due to contractual agreement, a client's name cannot be released, or if the transaction was with an individual and not related party and is represented by a code:

   The Company, from 2020 through the Quarter I of 2021, there was not one client that had over 10% of our purchasing volume.

2) In recent two years, of any year, with sales volume exceeded 10%, the client company name, sales amount and proportion, and with an explanation for their reasons to increase or decrease sales. But due to contractual agreement, a client's name cannot be released, or if the transaction was with an individual and not related party and is represented by a code:

   The Company, from 2020 through the Quarter I of 2021, there was not one firm that had sales over 10% of our sales volume.

(5) Table of purchasing volume in recent two years

Expressed in Thousands of Units/Thousands of New Taiwan Dollars

Year / Output value / Major product	2019			2020		
	Production capacity	Output	Output values	Production capacity	Output	Output value
On-line UPS systems	780	743	5,160,380	810	792	5,189,185
Off-line UPS systems	5,900	5,474	4,587,730	5,900	5,455	4,417,730
Inverter and other products	—	—	3,418,405	—	—	3,833,217
Total			13,166,515			13,440,132

(6) Value table of sales volume in recent two years

Expressed in Thousands of Units/Thousands of New Taiwan Dollars

Year / Sales values / Major products	2019				2020			
	Domestic sales		Export		Domestic sales		Export	
	Volume	Value	Volume	Value	Volume	Value	Volume	Value
On-line UOS systems	23	163,279	715	4,975,030	26	176,258	761	4,821,822
Off-line UPS systems	96	86,825	5,272	4,391,922	74	64,594	5,354	4,267,346
Inverter and other products		271,049		3,569,430		315,334		4,007,210
Total		521,153		12,936,382		556,186		13,652,564

3. Employee data in recent two years as of the Annual Report issuance date

Expressed in persons

Year		2019	2020	Current year up to March 31, 2021
Number of employees	Direct	1,123	1,169	1,100
	Indirect	1,460	1,815	1,783
	Total	2,583	2,984	2,883
Average age		31.98	31.93	32.28
Average years of service (year)		2.01	2.48	2.41
Ratios of degree distribution (%)	PhD	0%	0.01%	0.01%
	Master	8.78%	8.90%	8.96%
	College	34.66%	33.00%	33.92%
	High school and below	56.56%	58.08%	57.10%

4. Information on expenditure for environmental protection

The most recent year and as of the Annual Report issuance date, total amount of penalties (including compensations) and loss due to polluting the environment, and describe the countermeasures in the future (including improvement measures) and possible expenditures (including estimated amount of loss, penalties, and compensations if countermeasures are not adopted. If it cannot be estimated reasonably, this fact should be stated.

The Company does not have this issue.

The politic goals of environmental protection:
Voltronic Power Technology Corp. primarily engages in such business for Uninterruptible Power System (UPS power converters (or converters, inverters, Inverters and the like), voltage regulator (AVR), solar inverter (PV Inverter), professional ODM design and manufacturing. The Company accepts as well customers' requests in designing or assembling the product exactly according to customers' requirements, and then transporting it to the customers' designated destinations. In the battery, transformer and plastic used in the production of the products, iron shell shall be the very raw materials (accounting for approximately 50% of the original raw material costs) and the related packaging materials which are recyclable in all cases but the recycling behavior lies on the client terminal.

Below is the Company’s KPIs in environmental protection:

	Detailed explanations	Purposes
1	Continued distribution of high energy efficient products so that users can reduce power consumption and carbon footprint	Target: Assistance to product users in energy efficiency and carbon reduction. The benefit is equivalent the planting of 25 million trees per annum. Target year: ongoing
2	The Company does not directly emit GHGs. The only source of indirect GHG emission is the carbon oxide emission associated with externally sourced electricity for	Target 1 Carbon emission cost as a percentage of revenues: 0.75%; 2 Carbon emission cost as a percentage

	operations. Therefore, it is about the financial benefits of controlling electricity bills (i.e. carbon emission expenses).	of operating expenses: ≦0.85%; 3 Carbon emission cost as a percentage of revenues: ≦3.85%。 Target year: ongoing
3	Ensuring all the products across the supply chain are green	Target: 100% of raw materials compliant with the EU's RoHS Directive (Restriction of Hazardous Substances Directive) and the EU's regulations concerning registration, assessment and permitting of Substances of Very High Concern (SVHC); zero use of conflict materials Target year: ongoing

Voltronic Power Technology Corp.'s business philosophy: "Environmental protection, harmonious symbiosis", as committed to creating and maintaining a safe and clean environment. All products manufactured by the Company are strictly in compliance with international environmental regulations to protect the green earth as its holy mission, to enhance the use of resources efficiency. The Company's main plant areas have been officially accredited for IS014001, ISO 9001 and OHSAS18001.

Energy management measures:
As commissioned by customers, the Company lying in the middle of the industry chain specializes in research & development, design and manufacturing services of UPS, Inverters and PV Inverters, creates and maintains a safe and clean environment, with its products strictly in compliance with international environmental regulations. To protect the green earth as its holy mission, the Company puts forth maximum possible efforts to improve the efficiency of the use of a variety of resources.

The Company puts forth maximum possible efforts toward the environmental protection of the offices to minimize energy consumption. The Company office buildings in Taiwan adopt green building materials that meet the regulatory standards to reduce the energy consumption of the entire buildings. The indoor office areas are equipped in full with energy-saving LED lamps, with an average service life up to 20,000 hours. All LED lamps meet the LM80 test requirements. For the air-conditioning equipment of the entire buildings, the Company adopts time-based control system to save relative power consumption. The entire indoor temperature is maintained at 25~26 degrees, and the colleagues are publicized heavily to turn off the lights at the very moment when they leave.

Managerial measures over water resources:
Voltronic Power Technology Corp. calls for no use of water resources (i.e., without industrial water demand) in both Taiwan and the Mainland China. It only needs to use domestic water for employees as the municipal water supply. The Company, after all, advocates all employees to save water resources whenever possible.

Managerial measures over greenhouse gases:
In terms of the energy used by Voltronic Power Technology Corp. for business operation in Taiwan and for production in Mainland China, the Company does not at all use renewable energy, coal, natural gas, crude oil, diesel, carbon emissions (CO2) generated by the purchase of electricity only for operation, as a single greenhouse gas. The Company is known as a (CO2) low-emission firm and in line with the implementation of local government energy policies and measures, the Company heavily strengthens the concept of promoting energy conservation, minimization of consumption in coordination with the execution of the government policies. The entire staff members of the Company have been intensively publicized into energy saving & carbon reduction and greenhouse gas reduction along with effort to minimize waste emission.

Waste managerial policies:
As the action of recycling depends on customers, we focus on waste reduction in the R&D and design stage by reusing or recycling packaging materials (including corrugated paper, cardboards, cardboard boxes, paper pallets, wood, and the like) whenever possible, and we do not use any substances that pose a threat to the ozone layer. The Company strives to minimize our environmental impact by complying with relevant regulations. The R&D and manufacturing of our products do not cause a direct effect or risk to the environment. The reuse or recycle ratio is over 80%, meeting the 70% threshold required by the most updated WEEE Directives in the European Union. We hope to protect the environment and achieve our sustainable development by getting all our personnel involved and committed.

Risk management and opportunities in climate variation:
In terms of regulatory aspects: For all products, the Company faithfully complies with the environmental protection regulations prevalent in the territories of customers. The Company conducts actively research and development combined with UPS and green energy applications to assure maximum possible efficiency in power generation. Power protection and power backup are, as well, an important development trend of UPS.

In the aspect of climate disaster: With different application environments and with the efforts for efficient and flexible use of solar energy, commercial power and battery power, the Company can achieve the highest efficiency of UPS. In sales of products in 2018, 2019 and 2020 respectively, the Company has provided customers with reduction in carbon emissions up to 420,207 metric tons, 516,602 metric tons and 670,302 metric tons.

Impact by other acts: The climate change would not lead to any direct impact and risk at all upon Voltronic Power Technology Corp. in research & development of its products.

5. Labor relations

(1) List employee welfare measures, education, training, retirement system and implementation status, and agreements with labors and the situation of maintaining employees' rights.

1) Employee welfare measures

In addition to labor and health insurance and pension contributions as required by laws, the Company provides allowance for the following: travel expenses, year-end banquets, year-end bonuses, Labor Day gift benefit, Mid-Autumn Festival gift benefit, subsidies for weddings, funerals, hospital stays, childbirths, group insurance, training and education, assistance in health management and emergency loans. Meanwhile, we have set up the Employee Welfare Committee to take care of employees. The Company, as always, attaches great importance to the work environment to assure employees' safety and well-being, implements the employee health examination with active adjustment of the contents of examinations which prove significantly better than those required under the Labor Standards Act. Besides, the Company implements employee safety and health related in-service education educational & training programs for employees throughout the Company, including health management and fire safety along with the technology & know-how of first-aid, emergency response, traffic safety and other educational propaganda to enhance employees' awareness of occupational safety and health. Moreover, the Company sets up healthy and energetic places to with fitness equipment, fitness programs. Average 1 hour or so per employee in 2020. Breastfeeding room.

Parental leave:

Year	Descriptions		Male	Female	Subtotal
2020	A	Number of employees qualified to apply for parental leave.	105	51	156
	B	Number of employees under long-term leave without pay in the wake of application for parental leave	0	0	0
	C	Number of employees anticipated to resume normal services from long-term leave without pay amidst parental leave	0	0	0
Note: The number of employees qualified for parental leave is counted based on the number of applicants for maternal and paternal leaves.					

2) Employee education and training

The Company has established management procedures for employee education and training, to develop employees’ knowledge and skills, so they can perform their functions, increase work efficiency, to ensure work quality, and achieve The Company’s goal of sustainable operation and development. Other than education and training for new employees, to help new employees quickly merge into the organizational team. Managers and employees of each department, in responding to the operating condition of The Company, can request special program, sponsorship for companywide or department-wide, international or domestic training courses and seminars, to improve employees’ expertise and core competencies, and strengthen the channel for employees to receive complete training and advanced studies.

In an efforts to cultivate talented resources for the society, power supply industry calls for continued efforts and investment in human resources cultivation. Those research & development talents have a hard time to be cultivated to accumulate their hands-on experiences. The Company is supposed to foster adequate and high-level research & development oriented candidate as the seed talents. So far the Company has participated in the research & development teams of the Ministry of the Interior with candidates amidst draftees-to-be for substitute services in the Year 2018 ~ Year 2020. Meanwhile, undergraduates of university-related electronic departments under training internship platforms and students outside school and participating in campus recruitment activities. Through inheritance of hands-on experiences, the Company virtually creates the sound ambiance to cultivate research & development talents from newcomer of the society.

Total 35.00 hours per employee of training and education in 2020.

3) Retirement system and implementation status

Starting on July 1, 2005, implemented the (new system) of labor pension regulation. The Company was founded in 2008, all employees are applicable to the new system of labor pension regulations, adopting a predefined contribution system, according to the provisions of labor pension Act of the Company, no less than 6% of monthly salary are to be transferred or saved toward the individual special account of retired labor in Bureau of Labor Insurance.

4) Agreements between labor and management

The Company has faithfully complied with the Labor Standards Act as the very guiding principle for all of rules & regulations and has duly set up the Employee Welfare Committee for Employees through which all employees have a mean to communicate with the Company management regarding a variety of concerns in their working environments. Most significantly, the labor-management conferences are duly convened on a quarterly basis as a convenient platform to bridge the opinions between the labor and the management. In fact, the Company is proud of the highly harmonious labor relations. Never has the Company run into a labor dispute that calls for external mediation at all.

5) Implementation status of safeguarding various employee rights

The Company has a complete system and regulations, indicate clearly all managerial standards, the content specifies employees' rights and obligations and benefits programs clearly, The Company also reviews and amends the benefits content on a periodic basis, to safeguard all employees' rights.

6) Work environment and safeguarding of employee personal safety

The Company complies truthfully to the following relevant provisions: Labor Safety and Health Act and its detailed rules for implementation, Labor Safety and Sanitation Rules, Labor Inspection Act and its detailed rules for implementation, Review and inspection scheme of Hazardous workplace, strengthen operating key points of labor safety and health management, labor standards law and its detailed rules for implementation, safe sanitary facilities standards. In Taiwan, we have appointed dedicated health & safety personnel, as required by laws. Also, the Company strictly adheres to Employment Services Act, the Workplace Gender Equality Act, etc. and related regulations, and clearly indicated in work regulations that "the hiring of employees is based on the conditions of knowledge, integrity, ability, experience, and suitable for jobs and work as the principle.” During employee’s work in the Company, the Company adheres to, complies with various regulations and work rules. Treat every employee equally, set prevention measures for sexual harassment, to ensure gender equality, without discrimination. Enhance the peace of mind of the workplace with AED equipment and venue of peace.

To prevent COVID-19 and to echo with the UN SDGs, the Company formulated Management Guidelines on COVID-19 Prevention in 2020 to protect the health of employees.

Company’s policy: weekly distribution of masks to employees; daily measurement of body temperatures by all employees; visitors asked to fill in a statement of health; avoidance of unnecessary meetings; videoconferencing if necessary; addition of COVID-19 protection in the group insurance; training and advocacy in occupational health and safety; avoidance of gatherings; emails and announcements on the Company’s intranet for constant reminders of personal hygiene and daily care.

Our main factories in China have obtained the ISO45001 certification in occupational health and safety.

Voltronic Power Technology Corp. has taken charge of employees’ health, safety & security related issues exactly in accordance with the laws and ordinances concerned.

Work injury records in 2020 (regions, gender, absence records)

Regions	Mainland China		Taiwan		Vietnam	
Gender	Male	Female	Male	Female	Male	Female
Number of employees under injury in line of duty	6	0	2	3	0	0
Aggregate total of workforce	1667	918	77	63	175	84
Frequency of injury in line of duty	0.36%	0.00%	2.60%	4.76%	0	0
Categories of injury in line of duty	6 employees injured in line of duty	-	2 employees injured not in line of duty (traffic accidents)	2 employees injured not in line of duty (traffic accidents) 1 employee injured in line of duty	-	-
Aggregate total number of days at loss	134.25	0	17	7.5	0	0
Death accident in line of duty	0	0	0	0	0	0

(2) The most recent year up to this Annual Report's issuance date, the loss due to labor/management dispute, also revealed/disclosed possibly occurred estimated amount and countermeasures current and future. If it cannot be estimated reasonably, this fact should be stated. The Company does not have this issue.

6. Important contracts

Nature of contract	Concerned party	Contract start and end dates	Major content	Restrictions
Trust deed of marketable securities	CTBC Bank	March 14, 2013 - March 13, 2022	New shares of Voltronic Power employee restricted stock	According to published provisions

VI. Financial Standing

1. The condensed balance sheet and Comprehensive Income Statement for the past five years

(1) Information on the condensed balance sheet and comprehensive income statement

1) The condensed balance sheet－International Financial Reporting Standards (IFRS)

A. The consolidated financial statements

Expressed in Thousands of New Taiwan Dollars

Item \ Year		Financial information for the past five years 2016	2017	2018	2019	2020	As of March 31, 2021
Current Assets		5,747,296	5,679,633	6,046,610	7,561,908	8,798,465	9,641,745
Property, plant and equipment		1,062,153	1,295,195	1,964,461	2,167,695	2,427,833	2,519,155
Right-to-use assets		-	-	-	397,408	488,755	466,653
Intangible assets		8,198	6,691	5,235	12,515	26,165	27,070
Other assets		261,588	255,655	269,465	200,746	179,992	184,523
Total assets		7,079,235	7,237,174	8,285,771	10,340,272	11,921,210	12,839,146
Current liabilities	Before distribution	2,772,007	3,058,182	3,835,225	5,266,965	6,324,114	6,777,967
	After distribution	4,346,115	4,631,950	5,487,615	7,199,559	6,324,114	6,777,967
Non-current liabilities		18,969	231	541	193,392	258,528	235,833
Total liabilities	Before distribution	2,790,976	3,058,413	3,835,766	5,460,357	6,582,642	7,013,800
	After distribution	4,365,084	4,632,181	5,488,156	7,392,951	6,582,642	7,013,800
The equity contributed to the parent company		4,288,259	4,178,761	4,450,005	4,879,915	5,338,568	5,825,346
Capital stock		787,055	786,885	786,853	833,015	874,354	874,194
Capital surplus	Before distribution	1,697,404	1,295,700	900,718	1,257,149	1,154,070	1,144,500
	After distribution	1,303,877	902,258	822,033	1,173,848	1,154,070	1,144,500
Retained earnings	Before distribution	2,171,080	2,354,143	2,987,513	3,505,498	3,811,771	4,235,035
	After distribution	990,499	1,173,817	1,374,466	1,614,554	3,811,771	4,235,035
Other equity		367,280	(257,967)	(225,079)	(715,747)	(501,627)	(428,383)
Treasury stock		—	—	—	—	—	—
Non-controlled Equity		—	—	—	—	—	—
Total equity	Before distribution	4,288,259	4,178,761	4,450,005	4,879,915	5,338,568	5,825,346
	After distribution	2,714,151	2,604,993	2,797,615	2,947,321	5,338,568	5,825,346

Note 1: The 2016 ~2020 financial statements had been duly certified by Certified Public Accountant.

Note 2: The financial data for the Quarter I of 2021 was reviewed by Certified Public Accountants.

Note 3: The appropriation of earnings in Year 2020 had been resolved in the board of directors but not been resolved by the shareholders' meeting.

1) The condensed balance sheet—International Financial Reporting Standards (IFRS)

B. Parent company only financial statements

Expressed in Thousands of New Taiwan Dollars

Item \ Year		Financial information for the past five Years 2016	2017	2018	2019	2020
Current Assets		3,740,140	3,587,828	4,053,064	4,589,303	5,300,166
Investment of equity method adopted		2,550,549	3,469,418	4,048,270	4,785,681	6,004,828
Property, plant and equipment		860,456	933,168	1,105,997	1,100,460	1,078,839
Right-to-use assets		—	—	—	3,326	5,614
Intangible assets		7,270	6,037	4,894	11,885	21,724
Other assets		28,569	53,030	58,064	95,198	105,170
Total assets		7,186,984	8,049,481	9,270,289	10,585,853	12,516,341
Current liabilities	Before distribution	2,880,022	3,870,720	4,819,970	5,700,353	7,175,543
	After distribution	4,454,130	5,444,488	6,472,360	7,632,947	7,175,543
Non-current liabilities		18,703	—	314	5,585	2,230
Total liabilities	Before distribution	2,898,725	3,870,720	4,820,284	5,705,938	7,177,773
	After distribution	4,472,833	5,444,488	6,472,674	7,638,532	7,177,773
The equity contributed to the parent company		4,288,259	4,178,761	4,450,005	4,879,915	5,338,568
Capital stock		787,055	786,885	786,853	833,015	874,354
Capital surplus	Before distribution	1,697,404	1,295,700	900,718	1,257,149	1,154,070
	After distribution	1,303,877	902,258	822,033	1,173,848	1,154,070
Retained earnings	Before distribution	2,171,080	2,354,143	2,987,513	3,505,498	3,811,771
	After distribution	990,499	1,173,817	1,374,466	1,614,554	3,811,771
Other equity		367,280	(257,967)	(225,079)	(715,747)	(501,627)
Treasury stock		—	—	—	—	—
Non-controlled Equity		—	—	—	—	—
Total equity	Before distribution	4,288,259	4,178,761	4,450,005	4,879,915	5,338,568
	After distribution	2,714,151	2,604,993	2,797,615	2,947,321	5,338,568

Note 1: The 2016 ~2020 financial statements had been duly certified by Certified Public Accountant.

Note 2: The appropriation of earnings in Year 2020 had been resolved in the board of directors but not been resolved by the shareholders' meeting.

2) The condensed comprehensive income statement — International Financial Reporting Standards (IFRS)

A. The consolidated financial statements

Expressed In Thousands of New Taiwan Dollars, Except Earnings Per Share

Item \ Year	Financial information for the past five Years					As of March 31, 2021
	2016	2017	2018	2019	2020	
Operating revenue	8,120,220	9,862,230	11,407,894	12,936,382	13,652,564	3,462,582
Gross operating profit	2,485,612	2,694,648	3,105,166	3,785,002	4,018,181	849,578
Operating gain/loss	1,679,275	1,828,597	2,110,963	2,557,103	2,730,474	524,856
Non-Operating revenues and expenditures	42,946	(173,407)	145,413	58,646	(80,923)	4,907
Net profit before tax	1,722,221	1,655,190	2,256,376	2,615,749	2,649,551	529,763
Net profit for the year of continuing operations	1,428,336	1,363,644	1,813,632	2,131,032	2,197,144	422,901
Loss from discontinued operations	—	—	—	—	—	—
Net profit for the year (loss)	1,428,336	1,363,644	1,813,632	2,131,032	2,197,144	422,901
Other consolidated gain/loss for the year (net after tax)	(150,533)	(31,899)	(50,002)	(158,997)	11,771	39,606
Total amount of consolidated gain/loss for the year	1,277,803	1,331,745	1,763,630	1,972,035	2,208,915	462,507
Net profit contributed to the Parent Company	1,428,336	1,363,644	1,813,632	2,131,032	2,197,144	422,901
Net profit contributed to the Non-controlled equity	—	—	—	—	—	—
Total amount of consolidated gain/loss contributed to the Parent Company	1,277,803	1,331,745	1,763,630	1,972,035	2,208,915	462,507
Total amount of consolidated gain/loss contributed to the non-controlled equity	—	—	—	—	—	—
Earnings per share	18.25	17.46	23.18	25.87	25.31	4.87

Note 1: The 2016 ~2020 financial statements had been duly certified by Certified Public Accountant.

Note 2: The financial data for the Quarter I of 2021 was reviewed by Certified Public Accountants.

2) The condensed comprehensive income statement — International Financial Reporting Standards (IFRS)

B. Parent company only financial statements

Expressed In Thousands of New Taiwan Dollars, Except Earnings Per Share

Item \ Year	Financial information for the past five Years				
	2016	2017	2018	2019	2020
Operating revenue	7,111,206	8,710,973	9,997,629	11,179,336	11,812,535
Gross operating profit	1,512,514	1,490,846	1,848,105	2,071,786	2,062,534
Operating gain/loss	1,105,793	1,024,748	1,351,323	1,520,390	1,469,071
Non-Operating revenues and expenditures	532,796	472,018	752,936	923,630	994,155
Net profit before tax	1,638,589	1,496,766	2,104,259	2,444,020	2,463,226
Net profit for the year of continuing operations	1,428,336	1,363,644	1,813,632	2,131,032	2,197,144
Loss from discontinued operations	—	—	—	—	—
Net profit for the year(loss)	1,428,336	1,363,644	1,813,632	2,131,032	2,197,144
Other consolidated gain/loss for the year (net after tax)	(150,533)	(31,899)	(50,002)	(158,997)	11,771
Total amount of consolidated gain/loss for the year	1,277,803	1,331,745	1,763,630	1,972,035	2,208,915
Net profit contributed to the Parent Company	1,428,336	1,363,644	1,813,632	2,131,032	2,197,144
Net profit contributed to the Non-controlled equity	—	—	—	—	—
Total amount of consolidated gain/loss contributed to the Parent Company	1,277,803	1,331,745	1,763,630	1,972,035	2,208,915
Total amount of consolidated gain/loss contributed to the non-controlled equity	—	—	—	—	—
Earnings per share	18.25	17.46	23.18	25.87	25.31

Source: The 2016 ~2020 financial statements had been duly certified by Certified Public Accountant.

(2) Names of CPAs and their audit opinions for the past five years

1) Names of CPAs and their audit opinions for the past five years

Year	CPA's house	Name of CPA	Audit Opinions
2016	Deloitte & Touche	Yu Cheng-Chuan, Chen Chung-Chen	Unqualified opinions
2017	Deloitte & Touche	Yu Cheng-Chuan, Chen Chung-Chen	Unqualified opinions
2018	Deloitte & Touche	Chen Chung-Chen, Chen Chao-Mei	Unqualified opinions
2019	Deloitte & Touche	Chen Chung-Chen, Chen Chao-Mei	Unqualified opinions
2020	Deloitte & Touche	Chen Chung-Chen, Chen Chao-Mei	Unqualified opinions

2) Descriptions of the causes in change in Certified Public Accountant over the past five years: Nonexistent in such fact.

2. Financial analysis for the past five years

(1) International Financial Reporting Standards (IFRS)

A. The consolidated financial statements

Item	Year	Financial information for the past five years					As of March 31, 2021
		2016	2017	2018	2019	2020	
Capital Structure	Liabilities to assets ratio (%)	39.42	42.26	46.29	52.81	55.22	54.63
	Long-term funds to property, plant and equipment ratio (%)	405.52	322.65	226.55	234.04	230.54	240.60
Liquidity	Current ratio (%)	207.33	185.72	157.66	143.57	139.13	142.25
	Quick Ratio (%)	177.55	149.18	127.65	120.72	116.28	115.69
	Interest coverage ratio (times)	235.00	172.75	138.90	51.82	64.77	53.25
Operating ability	Accounts receivable turnover rate (times)	5.88	5.94	5.70	5.76	5.89	6.02
	Average days of accounts receivable (days)	62	61	64	63	62	61
	Inventory turnover rate (times)	10.29	8.70	8.74	8.95	8.12	7.02
	Accounts payable turnover rate (times)	3.12	3.27	3.51	3.41	3.05	3.09
	Average days of sales (days)	35	42	42	40.76	44.95	51.97
	Property, plant and equipment turnover rate (times)	8.15	8.37	7.00	6.26	5.94	5.60
	Total assets turnover rate (times)	1.21	1.38	1.47	1.39	1.23	1.12
Profitability	Return on assets (%)	21.33	19.16	23.54	23.32	20.04	13.93
	Return on equity (%)	34.18	32.21	42.04	45.68	43.00	30.30
	Net gains before tax to paid-in capital ratio (%)	218.82	210.35	286.76	314.01	303.03	242.40
	Net gains ratio (%)	17.59	13.83	15.90	16.47	16.09	12.21
	Earnings per share ($)	18.25	17.46	23.18	25.87	25.31	4.87
Cash flow	Cash flow ratio (%)	49.74	56.94	48.62	56.91	41.53	5.65
	Cash flow adequacy ratio (%)	117.68	98.28	91.94	102.93	98.29	100.79
	Cash reinvestment ratio (%)	5.80	3.78	6.14	26.71	12.43	12.56
Leverage	Operating leverage	1.00	1.00	1.00	1.00	1.02	1.01
	Financial leverage	1.00	1.01	1.01	1.02	1.02	1.02

Causes behind the increase/decrease ratio change up to 20% of various financial ratios over the past two years:
Higher interest coverage ratio: primarily due to Increase due to lower borrowing rates in the US dollars and reduced interest expenses as a result in 2020
Lower cash flow ratio (%): primarily due to an increase in short-term loans
Lower cash reinvestment ratio (%): primarily due to an increase in cash dividends and fixed assets in 2020

Note 1: The 2016 ~2020 financial statements had been duly audited and certified by Certified Public Accountant.
Note 2: The financial data for the Quarter I of 2021 was reviewed by Certified Public Accountants.

B. Parent company only financial statements

Item		Financial information for the past five Years (2016)	2017	2018	2019	2020
Capital Structure	Liabilities to assets ratio (%)	40.33	48.09	52.00	53.90	57.35
	Long-term funds to property, plant and equipment ratio (%)	500.54	447.80	402.38	443.95	495.05
Liquidity	Current ratio (%)	129.86	92.69	84.09	80.51	73.86
	Quick Ratio (%)	129.40	92.36	83.78	79.78	73.35
	Interest coverage ratio (times)	223.63	156.31	129.60	62.54	92.12
Operating ability	Accounts receivable turnover rate (times)	5.53	6.06	5.65	5.70	5.97
	Average days of accounts receivable (days)	66	60	65	64	61
	Inventory turnover rate (times)	2,368.81	7,942.93	10,570.07	661.38	361.22
	Accounts payable turnover rate (times)	2.38	2.42	2.23	2.32	2.20
	Average days of sales (days)	0.15	0.05	0.03	0.55	1.01
	Property, plant and equipment turnover rate (times)	8.71	9.71	9.81	10.13	10.84
	Total assets turnover rate (times)	1.02	1.14	1.15	1.13	1.02
Profitability	Return on assets (%)	20.61	18.00	21.09	21.78	19.21
	Return on equity (%)	34.18	32.21	42.04	45.68	43.00
	Net gains before tax to paid-in capital ratio (%)	208.19	190.21	267.43	293.39	281.72
	Net gains ratio (%)	20.09	15.65	18.14	19.06	18.60
	Earnings per share ($)	18.25	17.46	23.18	25.87	25.31
Cash flow	Cash flow ratio (%)	42.99	40.27	28.81	27.76	27.39
	Cash flow adequacy ratio (%)	119.52	98.88	94.82	92.64	87.52
	Cash reinvestment ratio (%)	2.82	Note 1	Note 1	Note 1	0.61
Leverage	Operating leverage	1.09	1.15	1.07	1.08	1.10
	Financial leverage	1.01	1.01	1.01	1.03	1.02

Causes behind the increase/decrease ratio change up to 20% of various financial ratios over the past two years:
Higher interest coverage ratio: primarily due to Increase due to lower borrowing rates in the US dollars and reduced interest expenses as a result in 2020
Lower inventory turnover and higher average days of sales: due to an increase in inventory caused by the shift of production to Taiwan for some orders from the U.S.

Source: Financial statements having been audited by Certified Public Accountants 2016~2020

Note 1: Not counted because the cash flow in the operating activities after deducting the cash dividend becomes negative.

Note 2: The following calculation formulas should be enumerated at end of the Statement in the annual report.

1. Capital Structure
   (1) Liabilities to assets ratio = total liabilities / total assets
   (2) Long-term funds to property, plant and equipment ratio = (total equity + non-current liabilities) / net property, plant and equipment
2. Liquidity
   (1) Current ratio = current assets / current liabilities
   (2) Quick ratio = (current assets – inventory- prepaid expenses) / current liabilities
   (3) Interest coverage ratio (times) = net gains before income tax and interest expenses/ interest expenditure of the current term
3. Operating ability
   (1) Account receivables (including notes receivables from operating activities and accounts receivable) turnover = net sales/average receivables of each term (including notes receivables from operating activities and accounts receivable) balance
   (2) Average days of cash received = 365 / receivables turnover rate
   (3) Inventory turnover rate = COGS/average inventory amount
   (4) Account payables (including notes payable from operating activities and accounts payable) turnover= COGS/average payables of each term (including Notes payable from operating activities and accounts payable) balance

(5) Average days of sales = 365 / inventory turnover rate
(6) Property, plant and equipment turnover rate = net sales / average net property, factory and equipment
(7) Total assets turnover rate = net sales / average total assets

4. Profitability
(1) Return on assets = [gain/loss after tax + interest expense x (1-tax rate)] / average total asset
(2) Return on equity = gain/loss after tax / average total equity
(3) Net gains ratio = gain/loss after tax / net sales
(4) Earnings per share = (the gain/loss contributed to the parent company – preferred stock dividend) / weighted average shares outstanding

5. Cash flow
(1) Cash flow ratio= net cash flow of operating activities/current liabilities
(2) Cash flow adequacy ratio= net cash flow of operating activities in the past five years / five years sum of (capital expenditures + inventory addition +cash dividends)
(3) Cash reinvestment ratio= (net cash flow of operating activities- cash dividends) / (Property, plant and equipment gross + long term investment + other non-current assets + working capital)

6. Leverage:
(1) Operating leverage = (net operating revenue - variable operating cost and expenses)/operating gains
(2) Financial leverage = operating gains / (operating gains - interest expense)

Note 3: The following key points for attention should be taken into account upon measuring of calculation of the aforementioned earnings per share (EPS):
1. The calculation is conducted on the grounds of number of ordinary shares in weighted average instead of the number of outstanding shares at end of the year.
2. Upon increment in cash or trading treasury stocks, the Company should take into account the duration of circulation to calculate the weighted average.
3. Where earnings are taken for capital increase or capital surplus is taken for capital increase, upon calculation of the previous year and semiannual earnings per share (EPS), the Company shall conduct retrospective adjustment without taking into account the duration of issuance in the capital increase.
4. In case of unconvertible preferred shares accumulated, the dividend of the year (disregarding whether it is allocated) should be deducted from the earnings after tax or be taken to increase the net value after tax. In the event that the preferred shares are not accumulated in attribute, in a status after tax, the preferred shares should be deducted with the net profit after tax. No adjustment is required if the Company operated at a loss.

Note 4: The following key points for attention should be taken into account upon measuring of analyses of cash flow:
1. Net cash flow in operating activities refers to the net cash inflow among the operating activities in the cash flow statements.
2. Capital expenditure refers to cash outflow of capital investment every year.
3. The increase in inventory was counted only when the balance at the end of year was found greater than the balance at the beginning of year. In case of a decrease of inventory at end of the year, it is counted zero.
4. Cash dividend includes cash dividend for both ordinary shares and preferred shares.
5. The gross amount of property, plant and equipment refers to the aggregate total of property, plant and equipment before deduction of accumulated depreciation.

Note 5: An issuer shall classify various operating cost and operating expenses by their respective attributes into fixed and variable. If it involves subjective judgment, the Company should watch the rationality and uniformity.

Note 6: Where the Company’s share certificates have no face amount or in a face amount other than NT$10, the ratio of the former to the paid-in capital shall be calculated based on the ratio of the equity contributed to the parent company as shown through the balance sheet.

3. The Audit Committee's audit report of financial statements in the most recent year

Voltronic Power Technology Corp.

Audit Committee's Report

The Audit Committee has approved and the board has ratified the 2020 financial statements (including consolidated statements), operational reports and earning appropriation proposal. Meanwhile, the financial statements (including consolidated statements) have been audited by Deloitte Taiwan, who has issued unqualified opinions.

Hence, the 2020 financial statements (including consolidated statements), operational reports and earning appropriation proposal approved by the Audit Committee and ratified by the board are in compliance with relevant laws and regulations, and presented pursuant to Article 219 of the Company Act.

Please review.

Submitted to:
2021 shareholders' meeting of Voltronic Power Technology Corp.

Convener of Audit Committee: Lee Chien-Jan

March 04, 2021

4. Financial reports in the most recent year

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Voltronic Power Technology Corp.

Opinion

We have audited the accompanying consolidated financial statements of Voltronic Power Technology Corp. and its subsidiaries (the Group), which comprise the consolidated balance sheets as of December 31, 2020 and 2019, the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the "consolidated financial statements").

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 of the Republic of China.

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 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 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 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.

The key audit matters identified in the Group's consolidated financial statements for the year ended December 31, 2020 are stated below:

Validity of Occurrence of Operating Revenue

For the year ended December 31, 2020, the Group's operating revenue was $13,652,564 thousand, net profit before income tax was $2,649,551 thousand, and earnings per share was $25.31. The Group's overall operating revenue growth rate reached 6% in 2020. Among all the customers in 2020, revenue from customers whose individual growth rates exceeded the overall growth rate and whose total transaction amounts for the whole year were significant, reached $4,293,354 thousand, representing 31% of the Group's operating revenue for the year ended December 31, 2020. In addition, the Group's revenue has grown consistently from the time it was listed on the Taiwan Stock Exchange. To meet shareholders' and external investors' expectations, the management may be under pressure to meet the profit target. Therefore, we identified the validity of occurrence of sales transactions from customers whose individual growth rates exceeded the overall revenue growth rate and whose total transaction amounts for the whole year were significant as a key audit matter. The revenue recognition accounting policy is disclosed in Note 4 to the consolidated financial statements.

In response, we performed the following audit procedures:

1. We obtained an understanding of the internal controls related to the aforementioned sales and assessed the operating effectiveness of the design and implementation of these controls.

2. We performed substantive testing of the aforementioned transactions and verified the sales details for completeness and correctness. We further examined the shipping documents and the recovery of receivables to verify the occurrence of the transactions. We also verified the settlement of trade receivables according to the trade terms with major customers.

Other Matter

We have also audited the parent company only financial statements of Voltronic Power Technology Corp. 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 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 of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance, including the audit committee, are responsible for overseeing the Group's financial reporting process.

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 Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our 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 audits resulting in this independent auditors' report are Chung Chen Chen and Chao Mei Chen.

Deloitte & Touche
Taipei, Taiwan
Republic of China

February 25, 2021

<u>*Notice to Readers*</u>

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

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

VOLTRONIC POWER TECHNOLOGY CORP. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2020 AND 2019
(In Thousands of New Taiwan Dollars)

	2020		2019	
ASSETS	**Amount**	**%**	**Amount**	**%**
CURRENT ASSETS				
Cash and cash equivalents (Notes 4 and 6)	$ 4,886,193	41	$ 4,002,796	39
Notes receivable (Notes 4, 7 and 19)	29,555	-	33,168	-
Trade receivables (Notes 4, 5, 7 and 19)	2,153,150	18	2,090,094	20
Trade receivables from related parties (Notes 4, 19 and 27)	163,299	2	155,074	2
Other receivables (Notes 4 and 7)	102,784	1	47,628	-
Current tax assets (Notes 4 and 21)	18,575	-	27,750	-
Inventories (Notes 4 and 8)	1,294,053	11	1,029,815	10
Prepayments (Note 13)	150,856	1	173,610	2
Other financial assets - current (Note 13)	-	-	1,973	-
Total current assets	8,798,465	74	7,561,908	73
NON-CURRENT ASSETS				
Property, plant and equipment (Notes 4 and 10)	2,427,833	20	2,167,695	21
Right-of-use assets (Notes 4 and 11)	488,755	4	397,408	4
Other intangible assets (Notes 4 and 12)	26,165	-	12,515	-
Deferred tax assets (Notes 4 and 21)	128,920	1	121,163	1
Long-term prepayments for leases (Note 13)	2,743	-	-	-
Other non-current assets (Notes 4, 13 and 27)	48,329	1	79,583	1
Total non-current assets	3,122,745	26	2,778,364	27
TOTAL	$ 11,921,210	100	$ 10,340,272	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Note 14)	$ 1,768,000	15	$ 1,091,309	11
Contract liabilities - current (Notes 4, 19 and 27)	179,338	1	145,214	1
Notes payable (Note 15)	29	-	36	-
Trade payables (Note 15)	3,320,151	28	3,000,399	29
Trade payables to related parties (Note 27)	1,749	-	2,113	-
Other payables (Note 16)	792,541	7	771,021	7
Current tax liabilities (Notes 4 and 21)	166,452	1	195,793	2
Lease liabilities - current (Notes 4, 11 and 27)	93,715	1	58,759	1
Other current liabilities (Note 16)	2,139	-	2,321	-
Total current liabilities	6,324,114	53	5,266,965	51
NON-CURRENT LIABILITIES				
Deferred tax liabilities (Notes 4 and 21)	-	-	5,083	-
Lease liabilities - non-current (Notes 4, 11 and 27)	257,753	2	188,094	2
Other non-current liabilities (Note 16)	775	-	215	-
Total non-current liabilities	258,528	2	193,392	2
Total liabilities	6,582,642	55	5,460,357	53
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Note 18)				
Share capital				
Ordinary shares	874,354	7	833,015	8
Capital surplus	1,154,070	10	1,257,149	12
Retained earnings				
Legal reserve	1,080,287	9	867,184	8
Special reserve	343,240	3	184,243	2
Unappropriated earnings	2,388,244	20	2,454,071	24
Total retained earnings	3,811,771	32	3,505,498	34
Other equity (Notes 4 and 23)	(501,627)	(4)	(715,747)	(7)
Total equity	5,338,568	45	4,879,915	47
TOTAL	$ 11,921,210	100	$ 10,340,272	100

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

VOLTRONIC POWER TECHNOLOGY CORP. AND 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 REVENUE				
Sales (Notes 4, 19 and 27)	$ 13,652,564	100	$ 12,936,382	100
OPERATING COSTS				
Cost of goods sold (Notes 8, 20 and 27)	(9,634,383)	(71)	(9,151,380)	(71)
GROSS PROFIT	4,018,181	29	3,785,002	29
OPERATING EXPENSES (Note 20)				
Selling and marketing expenses	(351,222)	(2)	(322,444)	(2)
General and administrative expenses	(357,390)	(3)	(341,115)	(3)
Research and development expenses	(574,437)	(4)	(566,542)	(4)
Expect credit (loss) gain (Notes 4, 5 and 7)	(4,658)	-	2,202	-
Total operating expenses	(1,287,707)	(9)	(1,227,899)	(9)
PROFIT FROM OPERATIONS	2,730,474	20	2,557,103	20
NON-OPERATING INCOME AND EXPENSES				
Interest income (Note 20)	60,676	-	55,999	-
Other income (Note 20)	54,142	-	42,154	-
Other gains and losses (Note 20)	(154,194)	(1)	11,960	-
Finance costs (Notes 20 and 27)	(41,547)	-	(51,467)	-
Total non-operating income and expenses	(80,923)	(1)	58,646	-
PROFIT BEFORE INCOME TAX FROM CONTINUING OPERATIONS	2,649,551	19	2,615,749	20
INCOME TAX EXPENSE (Notes 4 and 21)	(452,407)	(3)	(484,717)	(4)
NET PROFIT FOR THE YEAR	2,197,144	16	2,131,032	16
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that may be reclassified subsequently to profit or loss				
Exchange differences on translation of the financial statements of foreign operations (Notes 4 and 18)	14,714	-	(198,746)	(1)
Income tax relating to items that may be reclassified subsequently to profit (Notes 18 and 21)	(2,943)	-	39,749	-
Other comprehensive income (loss) for the year, net of income tax:	11,771	-	(158,997)	(1)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	$ 2,208,915	16	$ 1,972,035	15

(Continued)

VOLTRONIC POWER TECHNOLOGY CORP. AND 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**	**%**
EARNINGS PER SHARE (Note 22)				
Basic	$25.31		$24.64	
Diluted	$25.14		$24.51	

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

VOLTRONIC POWER TECHNOLOGY CORP. AND 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 Company							
			Retained Earnings			Other Equity		
	Ordinary Shares	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translation of the Financial Statements of Foreign Operations	Others	Total Equity
BALANCE AT JANUARY 1, 2019	$ 786,853	$ 900,718	$ 685,821	$ 134,241	$ 2,167,451	$ (184,243)	$ (40,836)	$ 4,450,005
Appropriation of 2018 earnings (Note 18)								
Legal reserve	-	-	181,363	-	(181,363)	-	-	-
Special reserve	-	-	-	50,002	(50,002)	-	-	-
Cash dividends distributed by the Company	-	-	-	-	(1,573,705)	-	-	(1,573,705)
Share dividends distributed by the Company	39,342	-	-	-	(39,342)	-	-	-
Share-based payment transactions (Notes 18, 20 and 23)	6,820	435,116	-	-	-	-	(331,671)	110,265
Issuance of cash dividends from the capital surplus (Note 18)	-	(78,685)	-	-	-	-	-	(78,685)
Net profit for the year ended December 31, 2019	-	-	-	-	2,131,032	-	-	2,131,032
Other comprehensive loss for the year ended December 31, 2019, net of income tax (Note 18)	-	-	-	-	-	(158,997)	-	(158,997)
Total comprehensive income (loss) for the year ended December 31, 2019	-	-	-	-	2,131,032	(158,997)	-	1,972,035
BALANCE AT DECEMBER 31, 2019	833,015	1,257,149	867,184	184,243	2,454,071	(343,240)	(372,507)	4,879,915
Appropriation of 2019 earnings (Note 18)								
Legal reserve	-	-	213,103	-	(213,103)	-	-	-
Special reserve	-	-	-	158,997	(158,997)	-	-	-
Cash dividends distributed by the Company	-	-	-	-	(1,849,293)	-	-	(1,849,293)
Share dividends distributed by the Company	41,651	-	-	-	(41,651)	-	-	-
Share-based payment transactions (Notes 18, 20 and 23)	(312)	(19,778)	-	-	73	-	202,349	182,332
Issuance of cash dividends from the capital surplus (Note 18)	-	(83,301)	-	-	-	-	-	(83,301)
Net profit for the year ended December 31, 2020	-	-	-	-	2,197,144	-	-	2,197,144
Other comprehensive income for the year ended December 31, 2020, net of income tax (Note 18)	-	-	-	-	-	11,771	-	11,771
Total comprehensive income for the year ended December 31, 2020	-	-	-	-	2,197,144	11,771	-	2,208,915
BALANCE AT DECEMBER 31, 2020	$ 874,354	$ 1,154,070	$ 1,080,287	$ 343,240	$ 2,388,244	$ (331,469)	$ (170,158)	$ 5,338,568

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

VOLTRONIC POWER TECHNOLOGY CORP. AND 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		
Income before income tax	$ 2,649,551	$ 2,615,749
Adjustments for:		
Depreciation expenses	231,733	173,483
Amortization expenses	6,388	4,143
Expected credit loss recognized/(reversed) on trade receivables	4,658	(2,202)
Finance costs	41,547	51,467
Interest income	(60,676)	(55,999)
Share-based compensation	182,332	110,265
Loss on disposal of property, plant and equipment	326	4,701
Property, plant and equipment transferred to expenses	-	452
Write-downs of inventories	-	12,013
Net loss on foreign currency exchange	21,812	57,953
Prepayments for equipment transferred to expenses	217	-
Gain on lease modification	-	(185)
Changes in operating assets and liabilities		
Notes receivable	3,613	(23,550)
Trade receivables	(75,011)	(108,340)
Trade receivables - related parties	(9,638)	21,227
Other receivables	(51,258)	18,885
Inventories	(264,469)	(67,545)
Prepayments	22,754	588
Other financial assets	(770)	(1,973)
Contract liabilities	34,124	43,772
Notes payable	(7)	15
Trade payables	319,755	631,476
Trade payables - related parties	(364)	1,118
Other payables	42,810	71,827
Other current liabilities	(182)	748
Cash generated from operations	3,099,245	3,560,088
Interest received	56,778	57,524
Interest paid	(41,547)	(51,467)
Income tax paid	(488,356)	(568,695)
Net cash generated from operating activities	2,626,120	2,997,450
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property, plant and equipment	(368,986)	(382,063)
Proceeds from the disposal of property, plant and equipment	1,486	223
Increase in refundable deposits	(5,158)	-
Decrease in refundable deposits	-	3,950
Payments for intangible assets	(20,006)	(11,450)
Increase in prepayments for equipment	(18,319)	(48,633)
Net cash used in investing activities	(410,983)	(437,973)

(Continued)

VOLTRONIC POWER TECHNOLOGY CORP. AND 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 FINANCING ACTIVITIES		
Proceeds from short-term borrowings	$ 705,024	$ 707,011
Repayment of the principal portion of lease liabilities	(73,922)	(52,198)
Proceeds from guarantee deposits received	582	-
Distributed cash dividends	(1,932,594)	(1,652,390)
Net cash used in financing activities	(1,300,910)	(997,577)
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS HELD IN FOREIGN CURRENCIES	(30,830)	(188,333)
NET INCREASE IN CASH AND CASH EQUIVALENTS	883,397	1,373,567
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	4,002,796	2,629,229
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	$ 4,886,193	$ 4,002,796

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

VOLTRONIC POWER TECHNOLOGY CORP. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. GENERAL INFORMATION

Voltronic Power Technology Corp. (the "Company") was incorporated in the Republic of China (ROC) in May 2008. The Company mainly manufactures and sells uninterruptible power systems (UPS).

The Company's shares have been listed on the Taiwan Stock Exchange since March 31, 2014.

The consolidated financial statements are presented in the Company's functional currency, the New Taiwan dollar.

2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by the board of directors on February 25, 2021.

3. APPLICATION OF NEW, AMENDED AND REVISED STANDARDS AND INTERPRETATIONS

a. Initial application of the amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), Interpretations of IFRS (IFRIC), and Interpretations of IAS (SIC) (collectively, the "IFRSs") endorsed and issued into effect by the Financial Supervisory Commission (FSC)

   Assessed the application of the IFRSs endorsed and issued into effect by the FSC did not have material impact on the accounting policies of Voltronic Power Technology Corp. and its subsidiaries (the "Group").

b. The IFRSs endorsed by the FSC for application starting from 2021

New IFRSs	Effective Date Announced by IASB
Amendments to IFRS 4 "Extension of the Temporary Exemption from Applying IFRS 9"	Effective immediately upon promulgation by the IASB
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 "Interest Rate Benchmark Reform - Phase 2"	January 1, 2021
Amendment to IFRS 16 "Covid-19 - Related Rent Concessions"	June 1, 2020

   Except for the above impact, as of the date the consolidated financial statements were authorized for issue, the Group is continuously assessing the possible impact that the application of other standards and interpretations will have on the Group's financial position and financial performance and will disclose the relevant impact when the assessment is completed.

c. New IFRSs in issue but not yet endorsed and issued into effect by the FSC

New IFRSs	Effective Date Announced by IASB (Note 1)
"Annual Improvements to IFRS Standards 2018-2020"	January 1, 2022 (Note 2)
Amendments to IFRS 3 "Reference to the Conceptual Framework"	January 1, 2022 (Note 3)
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	To be determined by IASB
IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"	January 1, 2023
Amendments to IAS 1 "Disclosure of Accounting Policies"	January 1, 2023 (Note 6)
Amendments to IAS 8 "Definition of Accounting Estimates"	January 1, 2023 (Note 7)
Amendments to IAS 16 "Property, Plant and Equipment - Proceeds before Intended Use"	January 1, 2022 (Note 4)
Amendments to IAS 37 "Onerous Contracts - Cost of Fulfilling a Contract"	January 1, 2022 (Note 5)

Note 1: Unless stated otherwise, the above New IFRSs are effective for annual reporting periods beginning on or after their respective effective dates.

Note 2: The amendments to IFRS 9 are applied prospectively to modifications and exchanges of financial liabilities that occur on or after the annual reporting periods beginning on or after January 1, 2022. The amendments to IAS 41 "Agriculture" are applied prospectively to the fair value measurements on or after the annual reporting periods beginning on or after January 1, 2022. The amendments to IFRS 1 "First-time Adoptions of IFRSs" are applied retrospectively for annual reporting periods beginning on or after January 1, 2022.

Note 3: The amendments are applicable to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 1, 2022.

Note 4: The amendments are applicable to property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after January 1, 2021.

Note 5: The amendments are applicable to contracts for which the entity has not yet fulfilled all its obligations on January 1, 2022.

Note 6: The amendments will be applied prospectively for annual reporting periods beginning on or after January 1, 2023.

Note 7: The amendments are applicable to changes in accounting estimates and changes in accounting policies that occur on or after the beginning of the annual reporting period beginning on or after January 1, 2023.

1) Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”

The amendments clarify that for a liability to be classified as non-current, the Group shall assess whether it has the right at the end of the reporting period to defer settlement of the liability for at least twelve months after the reporting period. If such rights are in existence at the end of the reporting period, the liability is classified as non-current regardless of whether the Group will exercise that right. The amendments also clarify that, if the right to defer settlement is subject to compliance with specified conditions, the Group must comply with those conditions at the end of the reporting period even if the lender does not test compliance until a later date.

The amendments stipulate that, for the purpose of liability classification, the aforementioned settlement refers to a transfer of cash, other economic resources or the Group’s own equity instruments to the counterparty that results in the extinguishment of the liability. However, if the terms of a liability that could, at the option of the counterparty, result in its settlement by a transfer of the Group’s own equity instruments, and if such option is recognized separately as equity in accordance with IAS 32: Financial Instruments: Presentation, the aforementioned terms would not affect the classification of the liability.

2) Amendments to IAS 1 “Disclosure of Accounting Policies”

The amendments specify that the Group should refer to the definition of material to determine its material accounting policy information to be disclosed. Accounting policy information is material if it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. The amendments also clarify that:

- Accounting policy information that relates to immaterial transactions, other events or conditions is immaterial and need not be disclosed;
- The Group may consider the accounting policy information as material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial; and
- Not all accounting policy information relating to material transactions, other events or conditions is itself material.

The amendments also illustrate that accounting policy information is likely to be considered as material to the financial statements if that information relates to material transactions, other events or conditions and:

a) The Group changed its accounting policy during the reporting period and this change resulted in a material change to the information in the financial statements;

b) The Group chose the accounting policy from options permitted by the standards;

c) The accounting policy was developed in accordance with IAS 8 “Accounting Policies, Changes in Accounting Estimates and Errors” in the absence of an IFRS that specifically applies;

d) The accounting policy relates to an area for which the Group is required to make significant judgements or assumptions in applying an accounting policy, and the Group discloses those judgements or assumptions; or

e) The accounting is complex and users of the financial statements would otherwise not understand those material transactions, other events or conditions.

3) Amendments to IAS 8 “Definition of Accounting Estimates”

The amendments define that accounting estimates are monetary amounts in financial statements that are subject to measurement uncertainty. In applying accounting policies, the Group may be required to measure items at monetary amounts that cannot be observed directly and must instead be estimated. In such a case, the Group uses measurement techniques and inputs to develop accounting estimates to achieve the objective. The effects on an accounting estimate of a change in a measurement technique or a change in an input are changes in accounting estimates unless they result from the correction of prior period errors.

Except for the above impact, as of the date the consolidated financial statements were authorized for issue, the Group is continuously assessing the possible impact that the application of other standards and interpretations will have on the Group’s financial position and financial performance and will disclose the relevant impact when the assessment is completed.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

For the convenience of readers, the accompanying consolidated financial statements have been translated into English from the original Chinese version prepared and used in the ROC. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language consolidated financial statements shall prevail. However, the consolidated financial statements do not include the English translation of the additional footnote disclosures that are not required under IFRSs but are required by FSC for their oversight purposes.

a. Statement of compliance

The consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IFRSs as endorsed and issued into effect by the FSC.

b. Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis.

c. Classification of current and non-current assets and liabilities

Current assets include:

1) Assets held primarily for the purpose of trading;

2) Assets expected to be realized within 12 months after the reporting period; and

3) Cash and cash equivalents, unless the asset is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

Current liabilities include:

1) Liabilities held primarily for the purpose of trading;

2) Liabilities due to be settled within 12 months after the reporting period; and

3) Liabilities for which the Group does not have an unconditional right to defer settlement for at least 12 months after the reporting period.

Assets and liabilities that are not classified as classified as non-current.

d. Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and the entities controlled by the Company (i.e., its subsidiaries). Income and expenses of subsidiaries acquired or disposed of during the period are included in the consolidated statement of profit or loss and other comprehensive income from the effective date of acquisition up to the effective date of disposal, as appropriate. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the Company. All intra-group transactions, balances, income and expenses are eliminated in full upon consolidation.

See Note 9 and Tables 6 and 7 for more information on subsidiaries (including the percentages of ownership and main businesses).

e. Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the entity’s functional currency (i.e., foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions.

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Exchange differences arising from settlement or translation are recognized in profit or loss in the period in which they arise.

Non-monetary items that are measured at historical cost in a foreign currency are not retranslated.

For the purpose of presenting the consolidated financial statements, the functional currencies of the Company and its foreign operations (including subsidiaries, associates, joint ventures and branches in other countries that use currencies different from the currency of the Company) are translated into the presentation currency - the New Taiwan dollar as follows: Assets and liabilities are translated at the exchange rates prevailing at the end of the reporting period; income and expense items are translated at the average exchange rates for the period. The resulting currency translation differences are recognized in other comprehensive income.

f. Inventories

Inventories, which consist of raw materials, supplies, semi-finished goods, finished goods and work-in-process, are stated at the lower of cost or net realizable value. Inventory write-downs are made by item, except where it may be appropriate to group similar or related items. Net realizable value is the estimated selling price of inventories less all estimated costs of completion and costs necessary to make the sale. Inventories are recorded at weighted-average cost on the balance sheet date.

g. Property, plant and equipment

Property, plant and equipment are initially measured at cost and subsequently measured at cost less accumulated depreciation and accumulated impairment loss.

Property, plant and equipment in the course of construction are carried at cost, less any recognized impairment loss. Cost includes professional fees and borrowing costs eligible for capitalization. Such assets are depreciated and classified to the appropriate categories of property, plant and equipment when completed and ready for their intended use.

Depreciation on property, plant and equipment is recognized using the straight-line method. Each significant part is depreciated separately. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimates accounted for prospectively.

On derecognition of an item of property, plant and equipment, the difference between the sales proceeds and the carrying amount of the asset is recognized in profit or loss.

h. Intangible assets

1) Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are initially measured at cost and subsequently measured at cost less accumulated amortization and accumulated impairment loss. Amortization is recognized on a straight-line basis. The estimated useful life, residual value, and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimates accounted for prospective basis.

2) Derecognition of intangible assets

On derecognition of an intangible asset, the difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss.

i. Impairment of property, plant and equipment, right-of-use asset, intangible assets

At the end of each reporting period, the Group reviews the carrying amounts of its property, plant and equipment, right-of-use asset, intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit (CGU) to which the asset belongs. Corporate assets are allocated to the individual CGUs on a reasonable and consistent basis of allocation.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

The recoverable amount is the higher of fair value less costs to sell and value in use. If the recoverable amount of an asset or CGU is estimated to be less than its carrying amount, the carrying amount of the asset or CGU is reduced to its recoverable amount, with the resulting impairment loss recognized in profit or loss.

When an impairment loss is subsequently reversed, the carrying amount of the asset or CGU is increased to the revised estimate of its recoverable amount, but only to the extent of the carrying amount that would have been determined had no impairment loss been recognized for the asset or CGU in prior years. A reversal of an impairment loss is recognized in profit or loss.

j. Financial instruments

Financial assets and financial liabilities are recognized when a group entity becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issuance of financial assets and financial liabilities (other than financial assets and financial liabilities at FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognized immediately in profit or loss.

1) Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis.

a) Measurement category

Financial assets are classified as financial assets at amortized cost.

Financial assets at amortized cost

Financial assets that meet the following conditions are subsequently measured at amortized cost:

i. The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

ii. The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, financial assets at amortized cost, including cash and cash equivalents, notes receivable, trade receivables, trade receivables from related parties, other receivables, other financial assets - current, other financial assets - non-current and refundable deposits are measured at amortized cost, which equals the gross carrying amount determined using the effective interest method less any impairment loss. Exchange differences are recognized in profit or loss.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of such a financial asset, except for:

i. Purchased or originated credit-impaired financial assets, for which interest income is calculated by applying the credit adjusted effective interest rate to the amortized cost of such financial assets; and

ii. Financial assets that are not credit impaired on purchase or origination but have subsequently become credit impaired, for which interest income is calculated by applying the effective interest rate to the amortized cost of such financial assets in subsequent reporting periods.

A financial asset is credit impaired when one or more of the following events occur: significant financial difficulty of the issuer or the borrower, breach of contract, it is becoming probable that the borrower will enter bankruptcy or undergo a financial reorganization or the disappearance of an active market for that financial asset because of financial difficulties.

Cash equivalents include time deposits with original maturities within 3 months from the date of acquisition, which are highly liquid, readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These cash equivalents are held for the purpose of meeting short-term cash commitments.

b) Impairment of financial assets

The Group recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including trade receivables).

The Group always recognizes lifetime expected credit losses (ECLs) for trade receivables, For all other financial instruments, the Group recognizes lifetime ECLs when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on a financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECLs.

Expected credit losses reflect the weighted average of credit losses with the respective risks of default occurring as the weights. Lifetime ECLs represent the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECLs represent the portion of lifetime ECLs that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

For internal credit risk management purposes, the Group determines that the following situations indicate that a financial asset is in default (without taking into account any collateral held by the Group):

i. Internal or external information show that the debtor is unlikely to pay its creditors.

ii. When a financial asset is more than 180 days past due unless the Group has reasonable and corroborative information to support a more lagged default criterion.

The impairment loss of all financial assets is recognized in profit or loss by a reduction in their carrying amounts through a loss allowance account, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognized in other comprehensive income and the carrying amounts of such financial assets are not reduced.

c) Derecognition of financial assets

The Group derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

On derecognition of a financial asset at amortized cost in its entirety, the difference between the asset’s carrying amount and the sum of the consideration received and receivable is recognized in profit or loss.

2) Equity instruments

Debt and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments issued by a group entity are recognized at the proceeds received, net of direct issue costs.

The repurchase of the Company’s own equity instruments is recognized in and deducted directly from equity. No gain or loss is recognized in profit or loss on the purchase, sale, issuance or cancellation of the Company’s own equity instruments.

3) Financial liabilities

a) Subsequent measurement

All financial liabilities are measured at amortized cost using the effective interest method.

b) Derecognition of financial liabilities

The difference between the carrying amount of a financial liability derecognized and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

k. Revenue recognition

The Group identifies contracts with customers, allocates the transaction price to the performance obligations and recognizes revenue when performance obligations are satisfied.

Revenue from the sale of goods

Revenue from the sale of goods comes from sales of uninterrupted power system electronic equipment. Sales of leisure goods and electronic equipment are recognized as revenue when the goods are shipped because it is the time when the customer has full discretion over the manner of distribution and price to sell the goods, has the primary responsibility for sales to future customers and bears the risks of obsolescence. Trade receivables are recognized concurrently. Contract liabilities are the advance receipts which have not been recognized as revenue.

l. Leasing

At the inception of a contract, the Group assesses whether the contract is, or contains, a lease.

The Group as lessee

The Group recognizes right-of-use assets and lease liabilities for all leases at the commencement date of a lease, except for short-term leases and low-value asset leases accounted for applying a recognition exemption where lease payments are recognized as expenses on a straight-line basis over the lease terms.

Right-of-use assets are initially measured at cost, which comprises the initial measurement of lease liabilities adjusted for lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs needed to restore the underlying assets, and less any lease incentives received. Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses and adjusted for any remeasurement of the lease liabilities. Right-of-use assets are presented on a separate line in the consolidated balance sheets.

Right-of-use assets are depreciated using the straight-line method from the commencement dates to the earlier of the end of the useful lives of the right-of-use assets or the end of the lease terms.

Lease liabilities are initially measured at the present value of the lease payments, which comprise fixed payments. The lease payments are discounted using the interest rate implicit in a lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group uses the lessee’s incremental borrowing rate.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. When there is a change in a lease term or a rate used to determine those payments, the Group remeasures the lease liabilities with a corresponding adjustment to the right-of-use-assets. However, if the carrying amount of the right-of-use assets is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss. Lease liabilities are presented on a separate line in the consolidated balance sheets.

m. Employee benefits

1) Short-term employee benefits

Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related services.

2) Retirement benefits

Payments to defined contribution retirement benefit plans are recognized as an expense when employees have rendered services entitling them to the contributions.

n. Share-based payment arrangements

Restricted shares granted to employees

The fair value at the grant date of the restricted shares for employees is expensed on a straight-line basis over the vesting period, based on the Group’s best estimates of the number of shares or options that are expected to ultimately vest, with a corresponding increase in other equity - unearned employee benefits. It is recognized as an expense in full at the grant date if vested immediately.

When restricted shares for employees are issued, other equity - unearned employee benefits are recognized on the grant date, with a corresponding increase in capital surplus - restricted shares for employees. If restricted shares for employees are granted for consideration and should be returned, they are recognized as payables. Dividends paid to employees on restricted shares that do not need to be returned if employees resign in the vesting period are recognized as expenses when the dividends are declared with a corresponding adjustment in retained earnings.

At the end of each reporting period, the Group revises its estimate of the number of restricted shares for employees expected to vest. The impact of the revision of the original estimates is recognized in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the capital surplus - restricted shares for employees.

o. Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

1) Current tax

Income tax payable (recoverable) is based on taxable profit (loss) for the year determined according to the applicable tax laws of each tax jurisdiction.

According to the Income Tax Law in the ROC, an additional tax on unappropriated earnings is provided for in the year the shareholders approve to retain earnings.

Adjustments of prior years’ tax liabilities are added to or deducted from the current year’s tax provision.

2) Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. A previously unrecognized deferred tax asset is also reviewed at the end of each reporting period and recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liabilities are settled or the assets are realized, based on tax rates and laws that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

3) Current and deferred tax for the year

Current and deferred tax are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity; in which case, the current and deferred taxes are also recognized in other comprehensive income or directly in equity, respectively.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group’s accounting policies, management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Key Sources of Estimation Uncertainty

<u>Estimated impairment of financial assets</u>

The provision for impairment of trade receivables is based on assumptions about risk of default and expected loss rates. The Group uses judgment in making these assumptions and in selecting the inputs to the impairment calculation, based on the Group’s historical experience, existing market conditions as well as forward looking estimates as of the end of each reporting period. For details of the key assumptions and inputs used, see Note 7. Where the actual future cash inflows are less than expected, a material impairment loss may arise.

6. CASH AND CASH EQUIVALENTS

	December 31	
	2020	2019
Cash on hand	$ 798	$ 1,155
Demand deposits	2,384,587	2,483,652
Cash equivalents (investments with original maturities of less than 3 months)		
Time deposits	2,500,808	1,517,989
	$ 4,886,193	$ 4,002,796

The market interest rates for cash in bank at the end of the reporting period were as follows:

	December 31	
	2020	2019
Demand deposits	0.001%-0.350%	0.001%-0.350%
Time deposits	0.300%-2.950%	2.080%-3.200%

7. NOTES RECEIVABLE, TRADE RECEIVABLES AND OTHER RECEIVABLES

	December 31	
	2020	2019
Notes receivable		
At amortized cost		
Gross carrying amount	$ 29,555	$ 33,168
Less: Allowance for impairment loss	-	-
	$ 29,555	$ 33,168
Trade receivables		
At amortized cost		
Gross carrying amount	$ 2,161,072	$ 2,097,462
Less: Allowance for impairment loss	(7,922)	(7,368)
	$ 2,153,150	$ 2,090,094
Other receivables		
Tax refund receivables	$ 80,225	$ 32,832
Interest receivables	6,503	2,605
Others	16,056	12,191
	$ 102,784	$ 47,628

Notes Receivable

At amortized cost

The average paid of notes receivable was 49 to 124 days.

The Group measures the loss allowance for notes receivables at an amount equal to lifetime ECLs. The expected credit losses on trade receivables are estimated using a provision matrix by reference to past default experience of the customer, the customer's current financial position, economic condition of the industry in which the customer operates, as well as the forecasts and industry outlook. As of December 31, 2020 and 2019, the Group evaluated that no allowance for impairment loss was needed for notes receivable.

As of December 31, 2020 and 2019, the Group did not pledge any collateral as security for such note receivable.

The following table details the aging analysis of notes receivable:

	December 31	
	2020	**2019**
1 to 60 days	$ 24,110	$ 31,646
61 to 90 days	4,078	1,522
91 to 120 days	1,367	-
	$ 29,555	$ 33,168

The above aging analysis of notes receivable is based on the journal date.

Trade Receivables

At amortized cost

The average credit period of sales of goods was 0 to 180 days.

In order to minimize credit risk, the management of the Group has delegated a team responsible for determining credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade debt at the end of the reporting period to ensure that adequate allowance is made for possible irrecoverable amounts. In this regard, the management believes the Group's credit risk was significantly reduced.

The Group measures the loss allowance for notes receivables at an amount equal to lifetime ECLs. The expected credit losses on trade receivables are estimated using a provision matrix by reference to past default experience of the customer, the customer's current financial position, economic condition of the industry in which the customer operates, as well as the GDP forecasts and industry outlook. The provision for expected credit losses is based on the number of past due days from the end of the credit term.

The Group writes off a trade receivable when there is information indicating that the debtor is experiencing severe financial difficulty and there is no realistic prospect of recovery. For trade receivables that have been written off, the Group continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognized in profit or loss.

Since the Group purchased insurance individually and the credit rating is evaluated by the insurance company, no impairment loss was needed for trade receivables. As of December 31, 2020 and 2019, the carrying amount of trade receivables was $1,327,551 thousand and $1,260,323 thousand, respectively.

The following table details the loss allowance of trade receivables based on the Group's provision matrix.

December 31, 2020

	Not Past Due	Less than 90 Days	91 to 180 Days	181 to 270 Days	271 to 365 Days	Over 365 Days	Total
Expected credit loss rate	0.59%	3.68%	49.70%	100%	100%	100%	
Gross carrying amount	$ 783,448	$ 48,067	$ 1,012	$ -	$ -	$ 994	$ 833,521
Loss allowance (Lifetime ECLs)	(4,658)	(1,767)	(503)	-	-	(994)	(7,922)
Amortized cost	$ 778,790	$ 46,300	$ 509	$ -	$ -	$ -	$ 825,599

December 31, 2019

	Not Past Due	Less than 90 Days	91 to 180 Days	181 to 270 Days	271 to 365 Days	Over 365 Days	Total
Expected credit loss rate	0.46%	4.64%	33.17%	100%	100%	100%	
Gross carrying amount	$ 802,212	$ 28,383	$ 6,301	$ 13	$ 182	$ 48	$ 837,139
Loss allowance (Lifetime ECLs)	(3,719)	(1,316)	(2,090)	(13)	(182)	(48)	(7,368)
Amortized cost	$ 798,493	$ 27,067	$ 4,211	$ -	$ -	$ -	$ 829,771

The movements of the loss allowance of trade receivables were as follows:

	2020	2019
Balance at January 1	$ 7,368	$ 9,758
Add: Net remeasurement of loss allowance	4,658	
Less: Net impairment losses reversed	-	(2,202)
Less: Amounts written off	(4,110)	-
Foreign exchange losses	6	(188)
Balance at December 31	$ 7,922	$ 7,368

Other Receivables

The Group's other receivables included interest receivables and refundable tax. The Group follows the policy of trade with whom maintains good credit. The Group estimates whether the credit risk is significantly increased and measures the loss allowance for other receivables by monitoring, also by reference to past default experience of the debtor and analysis of the debtor's current financial position. As of December 31, 2020 and 2019, the Group evaluated no allowance for impairment loss was needed for other receivable.

8. INVENTORIES

	December 31	
	2020	2019
Raw materials	$ 741,022	$ 535,595
Supplies	1,201	1,199
Semi-finished goods	87,260	65,861
Work in progress	231,198	175,423
Finished goods	233,372	251,737
	$ 1,294,053	$ 1,029,815

The nature of the cost of goods sold is as follows:

	For the Year Ended December 31	
	2020	2019
Cost of inventories sold	$ 9,634,383	$ 9,139,367
Inventory write-downs	-	12,013
	$ 9,634,383	$ 9,151,380

9. SUBSIDIARIES

Entities Included in the Consolidated Financial Statements

Investor	Investee	Nature of Activities	Proportion of Ownership December 31 2020	Proportion of Ownership December 31 2019	Remark
Voltronic Power Technology Corp.	Voltronic International Corp.	Investment activities	100%	100%	a
	Voltronic Power Technology (Vietnam) Company Limited	Design, manufacture and sale of UPS	100%	100%	b and c
Voltronic International Corp.	Voltronic International H.K. Corp. Limited	Investment activities	100%	100%	a
	Potentia Technology Inc. Limited	Sale of uninterruptible power systems (UPS)	100%	100%	a
Voltronic International H.K. Corp. Limited	Voltronic Power Technology (Shen Zhen) Corp.	Design, manufacture and sale of UPS	100%	100%	d
	Orchid Power (Shen Zhen) Manufacturing Company	Design, manufacture and sale of UPS	100%	100%	d
	Zhongshan Voltronic Power Electronics Limited	Design, manufacture and sale of UPS	100%	100%	d
Zhongshan Voltronic Power Electronics Limited	Zhongshan Voltronic Precision Inc.	Design, manufacture and sale of UPS related components	100%	100%	d

a. The main operating risk is the foreign exchange rate risk.

b. Voltronic Power Technology (Vietnam) Company Limited was established in August 2019.

c. The main operating risks are foreign exchange rate risks and government decrees.

d. The main operating risks are foreign exchange rate risks, government decrees and political risk arising from the uncertainty in relationship between China and Taiwan.

10. PROPERTY, PLANT AND EQUIPMENT

Assets Used by the Group

	Freehold Land	Buildings	Machinery and Equipment	Transportation	Office Equipment	Leasehold Improvements	Other Equipment	Property under Construction	Total
Cost									
Balance at January 1, 2020	$ 720,761	$ 1,135,284	$ 415,737	$ 8,936	$ 46,448	$ 17,303	$ 195,097	$ 699	$ 2,540,265
Additions	-	25,653	140,996	3,358	10,237	21,372	58,975	88,856	349,447
Disposals	-	-	(4,860)	(17)	(863)	(14,489)	(4,286)	-	(24,515)
Reclassified (Note 1)	-	33,929	9,808	-	10,212	-	1,051	(696)	54,304
Effect of foreign currency exchange differences	-	2,570	678	(2)	255	98	(913)	729	3,415
Balance at December 31, 2020	$ 720,761	$ 1,197,436	$ 562,359	$ 12,275	$ 66,289	$ 24,284	$ 249,924	$ 89,588	$ 2,922,916

(Continued)

	Freehold Land	Buildings	Machinery and Equipment	Transportation	Office Equipment	Leasehold Improvements	Other Equipment	Property under Construction	Total
Accumulated depreciation and impairment									
Balance at January 1, 2020	$ -	$ 40,927	$ 204,661	$ 4,659	$ 25,656	$ 12,897	$ 83,770	$ -	$ 372,570
Depreciation expense	-	44,733	52,465	1,378	7,735	3,735	34,068	-	144,114
Disposals	-	-	(4,378)	(10)	(764)	(14,489)	(3,062)	-	(22,703)
Reclassified	-	-	-	-	-	-	-	-	-
Effect of foreign currency exchange differences	-	314	541	18	94	(57)	192	-	1,102
Balance at December 31, 2020	$ -	$ 85,974	$ 253,289	$ 6,045	$ 32,721	$ 2,086	$ 114,968	$ -	$ 495,083
Carrying amounts at December 31, 2020	$ 720,761	$ 1,111,462	$ 309,070	$ 6,230	$ 33,568	$ 22,198	$ 134,956	$ 89,588	$ 2,427,833
Cost									
Balance at January 1, 2019	$ 720,761	$ 357,931	$ 350,551	$ 7,586	$ 39,830	$ 37,394	$ 136,170	$ 606,138	$ 2,256,361
Additions	-	111,309	77,058	1,668	10,725	1,027	66,054	93,166	361,007
Disposals	-	-	(585)	(19)	(2,575)	(20,460)	(1,566)	-	(25,205)
Reclassified (Note 2)	-	698,053	1,675	35	(93)	-	604	(698,506)	1,768
Effect of foreign currency exchange differences	-	(32,009)	(12,962)	(334)	(1,439)	(658)	(6,165)	(99)	(53,666)
Balance at December 31, 2019	$ 720,761	$ 1,135,284	$ 415,737	$ 8,936	$ 46,448	$ 17,303	$ 195,097	$ 699	$ 2,540,265
Accumulated depreciation and impairment									
Balance at January 1, 2019	$ -	$ 9,731	$ 166,010	$ 3,641	$ 23,792	$ 24,417	$ 64,309	$ -	$ 291,900
Depreciation expense	-	31,968	43,964	1,246	5,112	5,344	23,404	-	111,038
Disposals	-	-	(279)	(1)	(2,465)	(16,340)	(1,196)	-	(20,281)
Reclassified	-	-	19	(40)	(24)	-	45	-	-
Effect of foreign currency exchange differences	-	(772)	(5,053)	(187)	(759)	(524)	(2,792)	-	(10,087)
Balance at December 31, 2019	$ -	$ 40,927	$ 204,661	$ 4,659	$ 25,626	$ 12,897	$ 83,770	$ -	$ 372,570
Carrying amounts at December 31, 2019	$ 720,761	$ 1,094,357	$ 211,076	$ 4,277	$ 20,792	$ 4,406	$ 111,327	$ 699	$ 2,167,695

(Concluded)

Note 1: Reclassified from prepayments for equipment to property, plant and equipment in the amount of $54,304 thousand.

Note 2: Reclassified from prepayments for equipment to property, plant and equipment in the amount of $2,220 thousand and transferred from property under construction to expenses of $452 thousand.

For the years ended December 31, 2020 and 2019, no impairment assessment was performed as there was no indication of impairment.

The above items of property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives as follows:

Buildings	
Main buildings	50 years
Draining and air-conditioning units	3-10 years
Machinery and equipment	3-10 years
Transportation	3-10 years
Office equipment	2-10 years
Leasehold improvements	3-5 years
Other equipment	2-5 years

The unrecognized commitments for the acquisition of property, plant and equipment were set out in Note 28.

11. LEASE ARRANGEMENTS

a. Right-of-use assets

	December 31	
	2020	**2019**
Carrying amounts		
Land	$ 153,965	$ 156,914
Buildings	334,296	239,369
Transportation equipment	494	1,125
	$ 488,755	$ 397,408

	2020	**2019**
Additions to right-of-use assets	$ 179,225	$ 68,595
Depreciation charge for right-of-use assets		
Land	$ 3,344	$ 3,503
Buildings	83,644	57,964
Transportation equipment	631	978
	$ 87,619	$ 62,445

b. Lease liabilities

	2020	**2019**
Carrying amounts		
Current	$ 93,715	$ 58,759
Non-current	$ 257,753	$ 188,094

Range of discount rate for lease liabilities was as follows:

	2020	**2019**
Buildings	2.64%-6.00%	2.64%-6.00%
Transportation equipment	2.64%	2.64%

c. Material lease activities and terms (the Group is the lessee)

The Group leases land for use in operations with a lease term of 50 years. The Group does not have bargain purchase options to acquire the leased land at the end of the lease term.

The Group also leases buildings and vehicles used as plants, dormitories and vehicles with lease terms of 2 to 8 years. The Group does not have bargain purchase options to acquire buildings and vehicles at the end of the lease terms.

d. Other lease information

	2020	2019
Expenses relating to short-term leases	$ 3,441	$ 9,227
Expenses relating to low-value asset leases	$ 715	$ 730
Total cash outflow for leases	$ (92,669)	$ (74,016)

The Group leases certain plants and transportation equipment which qualify as short-term leases and certain office equipment which qualify as low-value asset leases. The Group has elected to apply the recognition exemption and thus, did not recognize right-of-use assets and lease liabilities for these leases.

The amount of lease commitments for short-term leases for which the recognition exemption is applied was $622 thousand and $1,601 thousand as of December 31, 2020 and 2019.

All lease commitments with lease terms commencing after the balance sheet dates are as follows:

	December 31	
	2020	2019
Lease commitments	$ -	$ 2,927

12. OTHER INTANGIBLE ASSETS

	Computer Software
Cost	
Balance at January 1, 2020	$ 43,123
Additions	20,006
Disposals	(4,172)
Effect of foreign currency exchange differences	15
Balance at December 31, 2020	$ 58,972
Accumulated amortization and impairment	
Balance at January 1, 2020	$ 30,608
Amortization expense	6,388
Disposals	(4,172)
Effect of foreign currency exchange differences	(17)
Balance at December 31, 2020	$ 32,807
Carrying amount at December 31, 2020	$ 26,165
Cost	
Balance at January 1, 2019	$ 31,874
Additions	11,450
Effect of foreign currency exchange differences	(201)
Balance at December 31, 2019	$ 43,123

(Continued)

	Computer Software
Accumulated amortization and impairment	
Balance at January 1, 2019	$ 26,639
Amortization expense	4,143
Effect of foreign currency exchange differences	(174)
Balance at December 31, 2019	$ 30,608
Carrying amount at December 31, 2019	$ 12,515

(Concluded)

	For the Year Ended December 31	
	2020	2019
An analysis of depreciation by function		
Operating costs	$ 287	$ 285
Selling and marketing expenses	676	597
General and administrative expenses	3,950	2,547
Research and development expenses	1,475	714
	$ 6,388	$ 4,143

For the amount of the contract liability for purchases of computer software, refer to Note 28.

The above intangible assets are amortized on a straight-line basis over their estimated useful lives of 3 to 5 years.

13. OTHER ASSETS

	December 31	
	2020	2019
Current		
Prepayments	$ 150,856	$ 173,610
Other financial assets - current		
Restricted demand deposits (Note 1)	$ -	$ 1,973
Non-current		
Refundable deposits	$ 29,604	$ 24,656
Prepayments for equipment	18,725	54,927
	$ 48,329	$ 79,583
Other financial assets - non-current		
Restricted demand deposits (Note 2)	$ 2,743	$ -

Note 1: Restricted account for government grants.

Note 2: Restricted deposits for issuing a performance guarantee.

14. BORROWINGS

Short-term Borrowings

	December 31	
	2020	**2019**
Unsecured borrowings		
Line of credit borrowings	$ 1,768,000	$ 1,091,309

The range of weighted average effective interest rates on bank loans was 0.8000%-0.8028% and 2.32% per annum at December 31, 2020 and 2019, respectively.

15. NOTES PAYABLE AND TRADE PAYABLES

	December 31	
	2020	**2019**
Notes payable		
Operating	$ 29	$ 36
Trade payables		
Operating	$ 3,320,151	$ 3,000,399

The Group has financial risk management policies in place to ensure that all payables are paid within the pre-agreed credit terms.

16. OTHER LIABILITIES

	December 31	
	2020	**2019**
Current		
Other payables		
Payables for salaries and bonuses	$ 357,289	$ 342,913
Payables for employee compensation	174,878	174,954
Payables for remuneration of directors and supervisors	14,400	14,400
Payables for commission	72,806	70,876
Payables for insurance	35,407	33,792
Payables for sales tax	27,356	36,532
Payables for purchases of equipment (including buildings)	30,520	50,059
Others	79,885	47,495
	$ 792,541	$ 771,021

(Continued)

	December 31	
	2020	2019
Other liabilities		
Receipts under custody	$ 2,139	$ 2,321
Non-current		
Other liabilities		
Guarantee deposits	$ 775	$ 215

(Concluded)

17. RETIREMENT BENEFIT PLANS

Defined Contribution Plans

The Company has a pension plan under the Labor Pension Act (LPA), a state-managed defined contribution plan. Under the LPA, the Company makes monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages. The employees of the Group in China and Vietnam are members of state-managed retirement benefit plans operated by their local governments. The subsidiaries in China are required to contribute amounts calculated at a certain percentage of payroll costs to the retirement benefit scheme to fund the benefits. The only obligation of the Group with respect to the retirement benefit plan is to make the specified contributions.

18. EQUITY

a. Share capital

	December 31	
	2020	2019
Number of shares authorized (in thousands)	100,000	100,000
Shares authorized	$ 1,000,000	$ 1,000,000
Number of shares issued and fully paid (in thousands)	87,435	83,301
Shares issued	$ 874,354	$ 833,015

Fully paid ordinary shares, which have a par value of NT$10, carry one vote per share and carry a right to dividends.

Shares authorized include $20,000 thousand for the issuance of employee share options.

In the shareholders' meeting held on June 24, 2020, and June 25, 2019, respectively, the Company's shareholders approved the transfer of retained earnings of $41,651 thousand and $39,342 thousand, to 4,165 thousand and 3,934 thousand new shares, with a par value of NT$10. The transfer was approved by the FSC on August 24, 2020, and July 22, 2019, respectively, with September 22, 2020, and September 8, 2019, as the approved subscription base date, respectively.

On June 25, 2019, the shareholders approved a restricted share plan for employees consisting of 682 thousand shares, with a par value of NT$10. The subscription base date of September 8, 2019 was determined by the Company's board of directors on August 12, 2019.

On May 7 and November 6, 2020, the board of directors approved and authorized the chairman with full power to withdraw restricted shares. The Company withdraw $312 thousand, 31 thousand shares, with a par value of $10, with June 30 and December 25, 2020 as the effective date, and where the approval of the Ministry of Economic Affairs (MOEA) was obtained on January 12, 2021 and August 7, 2020.

A reconciliation of the number of shares outstanding was as follows:

	Number of Shares (In Thousands)	**Share Capital**
Balance at January 1, 2019	78,685	$ 786,853
Capital transferred from retained earnings	3,934	39,342
Issued employee restricted shares (Note 23)	682	6,820
Balance at December 31, 2019	83,301	$ 833,015
Balance at January 1, 2020	83,301	$ 833,015
Capital transferred from retained earnings	4,165	41,651
Retirement of recognized employee restricted shares (Note 23)	(31)	(312)
Balance at December 31, 2020	87,435	$ 874,354

b. Capital surplus

	December 31	
	2020	**2019**
May be used to offset a deficit, distributed as cash dividends, or transferred to share capital (Note)		
Premium from the issuance of ordinary shares	$ 331,068	$ 414,369
May be used to offset a deficit		
Premium from the issuance of ordinary shares	1,171	1,043
Premium from employee restricted shares	490,071	406,621
May not be used for any purpose		
Employee restricted shares	331,760	435,116
	$ 1,154,070	$ 1,257,149

Note: Capital surplus may be used to offset a deficit; in addition, when the Company has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital, limited to a certain percentage of the Company's capital surplus and only once a year.

A reconciliation of the capital surplus was as follows:

	Premium from Ordinary Shares	Premium from Employee Restricted Shares	Employee Restricted Shares
Balance at January 1, 2020	$ 415,412	$ 406,621	$ 435,116
Retired employee restricted shares (Notes 1 and 2)	128	-	(19,906)
Vested employee restricted shares	-	83,450	(83,450)
Distributed as cash dividends	(83,301)	-	-
Balance at December 31, 2020	$ 332,239	$ 490,071	$ 331,760
Balance at January 1, 2019	$ 494,097	$ 225,093	$ 181,528
Issued employee restricted shares	-	-	435,116
Vested employee restricted shares	-	181,528	(181,528)
Distributed as cash dividends	(78,685)	-	-
Balance at December 31, 2019	$ 415,412	$ 406,621	$ 435,116

Note 1: Accumulative stock dividends of $128 thousand for withdraw restricted stock was recognized as salary expense.

Note 2: Reversal of compensation cost of the restricted shares amounting to $20,218 thousand, net of retired share capital of $312 thousand.

c. Retained earnings and dividend policy

Under the dividend policy as set forth in the Articles, where the Company made a profit in a fiscal year, the profit shall be first utilized for offsetting losses of previous years (including adjusting the undistributed retained earnings), setting aside as a legal reserve 10% of the remaining profit, setting aside or reversing a special reserve in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings shall be used by the Company's board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for the distribution of dividends and bonuses to shareholders. For the policies on the distribution of employees' compensation and remuneration of directors, refer to employees' compensation and remuneration of directors in Note 20g.

Distribution of the compensation may be made by way of cash dividends or share dividends, where the ratio of the cash dividends distributed shall not be less than 10% of the total bonuses distributed. However, in the case where the bonus per share is less than NT$0.3, the board of directors may cancel the bonus distribution by submitting such cancellation for resolution at the shareholders' meeting.

The legal reserve may be used to offset deficits. If the Company has no deficit and the legal reserve has exceeded 25% of the Company's paid-in capital, the excess may be transferred to capital or distributed in cash.

Items referred to under Rule No. 1010012865 should be appropriated to or reversed from a special reserve by the Company.

The appropriations of earnings for 2019 and 2018 approved in the shareholders' meetings on June 24, 2020 and June 25, 2019, respectively, were as follows:

	For the Year Ended December 31	
	2019	2018
Legal reserve	$ 213,103	$ 181,363
Special reserve	$ 158,997	$ 50,002
Cash dividends	$ 1,849,293	$ 1,573,705
Share dividends	$ 41,651	$ 39,342
Cash dividends per share (NT$)	$ 22.2	$ 20.0
Share dividends per share (NT$)	$ 0.5	$ 0.5

The appropriation of earnings for 2020, which had been resolved by the Company's board of directors on June 24, 2020 and February 25, 2019, was as follows:

	For the Year Ended December 31
Legal reserve	$ 219,714
Special reserve	$ (11,771)
Cash dividends	$ 1,967,296
Cash dividends per share (NT$)	$ 22.5

The appropriation of earnings for 2020 is to be resolved by the shareholders in the shareholders' meeting on June 21, 2021.

In addition, the board of directors proposed the distribution of cash from the capital surplus of $87,435 thousand on February 25, 2021, which is to be resolved in the shareholders' meeting on June 21, 2021.

The appropriation of earnings of the Company and its subsidiaries are based on each individual company's policy, and is not limited by any contracts.

d. Special reserve

	For the Year Ended December 31	
	2020	2019
Balance at January 1	$ 184,243	$ 134,241
Appropriation in respect of:		
Debit to other equity items	158,997	50,002
Balance at December 31	$ 343,240	$ 184,243

e. Other equity items

Exchange differences on translating the financial statements of foreign operations

	For the Year Ended December 31	
	2020	2019
Balance at January 1	$ (343,240)	$ (184,243)
Recognized for the year		
Exchange differences on translating foreign operations	14,714	(198,746)
Income tax related to exchange differences arising on translating to the presentation currency	(2,943)	39,749
Other comprehensive income from the period	11,771	(158,997)
Balance at December 31	$ (331,469)	$ (343,240)

Employee unearned benefits

In the shareholders' meetings on June 25, 2019 and May 24, 2016, the shareholders approved the issuance of restricted shares to employees (refer to Note 24).

	For the Year Ended December 31	
	2020	2019
Balance at January 1	$ (372,507)	$ (40,836)
Issuance of shares	-	(441,936)
Share-based payment expenses recognized	182,131	110,265
Adjustment for retired restricted employee cash dividends	-	-
Retired restricted employee shares (Note)	20,218	-
Balance at December 31	$ (170,158)	$ (372,507)

Note: Deducted from the compensation cost of restricted shares amounting to $20,218 thousand.

19. REVENUE

	For the Year Ended December 31	
	2020	2019
Revenue from contracts with customers		
Revenue from sale of goods	$ 13,652,564	$ 12,936,382

	December 31, 2020	December 31, 2019	January 1, 2019
Contract balances			
Notes receivable (Notes 7)	$ 29,555	$ 33,168	$ 9,618
Trade receivables (Notes 7 and 27)	$ 2,316,449	$ 2,245,168	$ 2,188,668
Contract liabilities - current			
Sale of goods	$ 179,338	$ 145,214	$ 101,442

Revenue recognized in the current reporting period from contract liabilities at the beginning of the year is as follows:

	For the Year Ended December 31	
	2020	2019
From contract liabilities at the beginning of the year		
Sale of goods	$ 145,214	$ 101,442

20. NET PROFIT (LOSS) FROM OPERATIONS

Net profit (loss) from continuing operations was attributable to:

a. Interest income

	For the Year Ended December 31	
	2020	2019
Bank deposits	$ 60,670	$ 55,994
Other financial assets - current	6	5
	$ 60,676	$ 55,999

b. Other income

	For the Year Ended December 31	
	2020	2019
Government grants	$ 46,555	$ 29,719
Others	7,587	12,435
	$ 54,142	$ 42,154

c. Other gains and (losses)

	For the Year Ended December 31	
	2020	2019
Loss on disposal of property, plant and equipment	$ (326)	$ (4,701)
Net foreign exchange (losses)gains	(153,620)	17,573
Gain on lease modification	-	185
Others	(248)	(1,097)
	$ (154,194)	$ 11,960

d. Finance costs

	For the Year Ended December 31	
	2020	2019
Interest on bank loans	$ 19,364	$ 22,787
Interest on lease liabilities	14,591	11,861
Other interest expense	7,592	16,819
	$ 41,547	$ 51,467

e. Depreciation and amortization

	For the Year Ended December 31	
	2020	2019
An analysis of depreciation by function		
Operating costs	$ 149,770	$ 114,511
Operating expenses	81,963	58,972
	$ 231,733	$ 173,483
An analysis of amortization by function		
Operating costs	$ 287	$ 285
Operating expenses	6,101	3,858
	$ 6,388	$ 4,143

f. Employee benefits expense

	For the Year Ended December 31		
	2020		2019
Salary expenses	$ 1,576,106		$ 1,502,228
Other employee benefits			
Labor and health insurance	22,878		22,076
Other employee benefits	71,313		61,179
Equity-settled share-based payments (Note 23)	182,332	(Note)	110,265
Post-employment benefits			
Defined contribution plans	56,963		73,543
Total employee benefits expense	$ 1,909,592		$ 1,769,291
An analysis of employee benefits expense by function			
Operating costs	$ 1,134,033		$ 1,058,470
Operating expenses	775,559		710,821
	$ 1,909,592		$ 1,769,291

Note: Share-based payment expense recognized of $182,131 thousand and accumulated returned restricted of $201 thousand are included in the year of 2020.

g. Employees' compensation and remuneration of directors

According to the Articles of Incorporation of the Company, the Company accrued employees' compensation and remuneration of directors at the rates between 3.75% and 11.5% and no higher than 3.75%, respectively, of net profit before income tax, employees' compensation, and remuneration of directors. The employees' compensation and remuneration of directors for the years ended December 31, 2020 and 2019, which have been approved by the Company's board of directors on February 25, 2021 and 2020, respectively, were as follows:

Accrual rate

	For the Year Ended December 31	
	2020	2019
Employees' compensation	4.07%	4.10%
Remuneration of directors	0.56%	0.56%

Amount

	For the Year Ended December 31			
	2020		2019	
	Cash	Shares	Cash	Shares
Employees' compensation	$ 105,000	$ -	$ 105,000	$ -
Remuneration of directors	14,400	-	14,400	-

If there is a change in the amounts after the annual consolidated financial statements were authorized for issue, the differences are recorded as a change in the accounting estimate.

There was no difference between the actual amounts of employees' compensation and remuneration of directors paid and the amounts recognized in the consolidated financial statements for the years ended December 31, 2019 and 2018.

Information on the employees' compensation and remuneration of directors resolved by the Company's board of directors is available at the Market Observation Post System website of the Taiwan Stock Exchange.

h. Gain or loss on foreign currency exchange

	For the Year Ended December 31	
	2020	2019
Foreign exchange gains	$ 721,625	$ 514,493
Foreign exchange losses	(875,245)	(496,920)
Net (losses) gains	$ (153,620)	$ 17,573

21. INCOME TAXES RELATING TO CONTINUING OPERATIONS

a. Major components of income tax expense recognized in profit are as follows:

	For the Year Ended December 31	
	2020	2019
Current tax		
In respect of the current period	$ (522,537)	$ (534,063)
Adjustments for prior periods	54,409	39,620
	(468,128)	(494,443)
Deferred tax		
In respect of the current period	22,595	9,726
Adjustments to deferred tax attributable to changes in tax rates and laws	(6,874)	-
	15,721	9,726
Income tax expense recognized in profit or loss	$ (452,407)	$ (484,717)

A reconciliation of accounting profit and income tax expense is as follows:

	For the Year Ended December 31	
	2020	2019
Profit before tax	$ 2,649,551	$ 2,615,749
Income tax expense calculated at the statutory rate	$ (716,306)	$ (702,315)
Nondeductible expenses in determining taxable income	(10,204)	(3,910)
Deferred tax effect of earnings of subsidiaries	226,549	175,810
Tax-exempt income	25	6,078
Unrecognized deductible temporary differences	(6)	-
Effect of tax rate changes	(6,874)	-
Adjustments for prior years' tax	54,409	39,620
Income tax expense recognized in profit or loss	$ (452,407)	$ (484,717)

In July 2019, the president of the ROC announced the amendments to the Statute for Industrial Innovation, which stipulate that the amounts of unappropriated earnings in 2018 and thereafter that are reinvested in the construction or purchase of certain assets or technologies are allowed as deduction when computing the income tax on unappropriated earnings. When calculating the tax on unappropriated earnings, the Group only deducts the amount of the unappropriated earnings that has been reinvested in capital expenditure.

The applicable tax rate used by the entity in ROC for the years ended December 31, 2020 and 2019 was 20%. The applicable tax rate used by subsidiaries in China was 25%, except for Voltronic Power Technology (Shen Zhen) Corp. in 2020 and 2019 and Zhongshan Voltronic Power Electronics Limited in 2020, which used the tax rate of 15% due to them owning the high-tech enterprise certificate. Voltronic Power Technology (Vietnam) Company Limited is entitled to income tax incentives based on the Law on Foreign Investment in Vietnam and is entitled to income tax exemption for six years beginning from the first profit-earning year - full exemption in the first two years and half exemption in the next four years (10% tax rate).

As the status of the 2021 appropriations of earnings is uncertain, the potential income tax consequences of additional 5% on 2020 unappropriated earnings are not reliably determinable.

b. Income tax recognized in other comprehensive income

	For the Year Ended December 31	
	2020	2019
Deferred tax		
In respect of the current period		
Translation of foreign operations	$ (2,943)	$ 39,749

c. Current tax assets and liabilities

	December 31	
	2020	2019
Current tax assets		
Tax refund receivable	$ 18,575	$ 27,750
Current tax liabilities		
Income tax payable	$ 166,452	$ 195,793

d. Deferred tax assets and liabilities

The movements of deferred tax assets and deferred tax liabilities were as follows:

For the year ended December 31, 2020

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehen-sive Income	Exchange Differences	Closing Balance
Deferred tax assets					
Temporary differences					
Exchanges differences on foreign operations	$ 85,810	$ -	$ (2,943)	$ -	$ 82,867
Unrealized loss on write-down of inventories	5,053	(1,084)	-	5	3,974
Unrealized employee compensation	28,507	(7,607)	-	42	20,942
Allowance for impaired receivables	1,074	(201)	-	1	874
Unrealized exchange losses	-	18,092	-	-	18,092
Right-of-use assets	719	1,438	-	14	2,171
	$ 121,163	$ 10,638	$ (2,943)	$ 62	$ 128,920
Deferred tax liabilities					
Temporary differences					
Unrealized exchange gain	$ (5,083)	$ 5,083	$ -	$ -	$ -

For the year ended December 31, 2019

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehen-sive Income	Exchange Differences	Closing Balance
Deferred tax assets					
Temporary differences					
Exchanges differences on foreign operations	$ 46,061	$ -	$ 39,749	$ -	$ 85,810
Unrealized loss on write-down of inventories	2,795	2,450	-	(192)	5,053
Unrealized employee compensation	18,928	10,515	-	(936)	28,507
Allowance for impaired receivables	338	781	-	(45)	1,074
Right-of-use assets	-	749	-	(30)	719
	$ 68,122	$ 14,495	$ 39,749	$ (1,203)	$ 121,163
Deferred tax liabilities					
Temporary differences					
Unrealized exchange gains	$ (314)	$ (4,769)	$ -	$ -	$ (5,083)

e. Unused loss carryforwards for which no deferred tax assets have been recognized in the consolidated balance sheets.

	December 31	
	2020	2019
Loss carryforwards		
Expiry in 2024	$ -	$ 2,301

f. The aggregate amount of temporary differences associated with investments for which no deferred tax liabilities have been recognized

As of December 31, 2020 and 2019, the taxable temporary differences associated with investments in subsidiaries for which no deferred tax liabilities were recognized amounted to $5,402,081 thousand and $4,269,338 thousand, respectively.

g. Income tax assessments

The Company's tax returns through 2018 have been assessed by the tax authorities. As of December 31, 2020, the Group has no unsettled lawsuits related to tax.

22. EARNINGS PER SHARE

Unit: NT$ Per Share

	For the Year Ended December 31	
	2020	2019
Basic earnings per share		
Basic earnings per share	$ 25.31	$ 24.64
Diluted earnings per share		
Diluted earnings per share	$ 25.14	$ 24.51

The weighted average number of shares outstanding used for the earnings per share computation was adjusted retroactively for the issuance of bonus shares on September 22, 2020. The basic and diluted earnings per share adjusted retrospectively for the year ended December 31, 2019 are as follows:

Unit: NT$ Per Share

	Before Retrospective Adjustment	After Retrospective Adjustment
Basic earnings per share	$ 25.87	$ 24.64
Diluted earnings per share	$ 25.73	$ 24.51

The earnings and weighted average number of ordinary shares outstanding used in the computation of earnings per share are as follows:

	For the Year Ended December 31	
	2020	2019
Net profit for the year	$ 2,197,144	$ 2,131,032
Weighted average number of ordinary shares used in the computation of basic earnings per share (in thousands)	86,795	86,490
Effect of potentially dilutive ordinary shares		
Employees' compensation or bonuses issued to employees	115	173
Restricted employee share options	500	292
Weighted average number of ordinary shares used in the computation of diluted earnings per share (in thousands)	87,410	86,955

If the Company offered to settle the compensation or bonuses paid to employees in cash or shares, the Company assumed that the entire amount of the compensation or bonuses will be settled in shares, and the resulting potential shares were included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, as the effect is dilutive. Such dilutive effect of the potential shares is included in the computation of diluted earnings per share until the number of shares to be distributed to employees is resolved in the following year.

23. SHARE-BASED PAYMENT ARRANGEMENTS - RESTRICTED SHARE PLAN FOR EMPLOYEES

a. 2016

On May 24, 2016, the shareholders approved a restricted share plan for employees with a total amount of $6,500 thousand, consisting of 650 thousand shares. The subscription base date at August 30, 2016 was determined by the board of directors on August 8, 2016. The restrictions on the rights of the employees who acquire the restricted shares but have not met the vesting conditions are as follows:

1) The employees should provide the restricted shares to the Company or the agency designated by the Company acting as the trust custodian and cooperate in complying with all related procedures and preparing the required documents.

2) The employees shall not sell, pledge, transfer, donate or, in any other way, dispose of these shares.

3) The employees which hold equity under the custody of the trust agency do not have the right to attend shareholders' meetings or to engage in motions, speech, and voting therein.

4) The employees' other rights, which are the same as those of ordinary shareholders of the Company, include but are not limited to the rights to receive dividends, bonuses and capital surplus in shares and to vote on cash increases by share issuance.

The vesting conditions of restricted shares is when employee received the restricted shares, the restriction of acquiring the shares would be canceled as follows:

After one year from the grant date: 20%
After two years from the grant date: 20%
After three years from the grant date: 60%

If an employee fails to meet the vesting conditions, the Company will withdraw the restricted shares.

The fair value of NT$491 per share of the newly issued restricted shares was priced using the market-price-based method. The unearned employee benefits of $319,150 thousand were recognized on the basis of vesting conditions and expensed on a straight-line base over the vest period. Compensation costs of $40,835 thousand were recognized within the vesting period for the year ended December 31, 2019.

b. 2019

On June 25, 2019, the shareholders approved a restricted share plan for employees with a total amount of $6,820 thousand, consisting of 682 thousand shares. The subscription base date of September 8, 2019 was determined by the board of directs on August 12, 2019. The restrictions on the rights of the employees who acquire the restricted shares but have not met the vesting conditions are as follows:

1) The employees should provide the restricted shares to the Company or the agency designated by the Company acting as the trust custodian and cooperate in complying with all related procedures and preparing the required documents.

2) The employees shall not sell, pledge, transfer, donate or, in any other way, dispose of these shares.

3) The employees which hold equity under the custody of the trust agency do not have the right to attend shareholders' meetings or to engage in motions, speech, and voting therein.

4) The employees' other rights, which are the same as those of ordinary shareholders of the Company, include but are not limited to the rights to receive dividends, bonuses and capital surplus in shares and to vote on cash increases by share issuance.

The vesting conditions of restricted shares are when an employee received the restricted shares, and the restriction of acquiring the shares would be canceled as follows:

After one year from the grant date with achieved operational goals by individuals and companies: 20%.

After two years from the grant date with achieved operational goals by individuals and companies: 20%.

After three years from the grant date with achieved operational goals by individuals and companies: 60%.

The individual performance target is set by the Chairman for different employees of each department. The Company's operating objectives are based on four indicators: Consolidated revenue, combined gross profit margin, combined operating profit and combined operating profit ratio. Each objective contains A and B target conditions respectively, and achieving one of the target conditions is considered as achieving the objective. After each target condition is reached, 25% of the number of shares allocated in the current year can be obtained. The judgment of the achievement of the indicators and standards shall be based on the consolidated financial statements of the first year prior to the expiration of the Company's vested conditions. The target conditions are detailed in the table below.

Operating Objective	Target Condition A	Target Condition B	The Ratio of The Number of Shares to Be Awarded in the Current Year
Revenue	10% (inclusive) or more than the previous year	Higher than the Company's first three annual average	25%
Gross profit (GM%)	Increase by 1% or more from the previous year	Higher than the Company's first three annual average	25%
Operating profit (OPM $)	10% (inclusive) or more than the previous year	Higher than the Company's first three annual average	25%
Operating profit ratio (OPM %)	Increase by 1% or more from the previous year	Higher than the Company's first three annual average	25%

If an employee fails to meet the vesting conditions, the Company will withdraw the restricted shares.

The aforementioned newly issued restricted employee shares were assessed to have a fair value of NT$648 per share, based on the market approach. The unearned employee benefits of $441,936 thousand were recognized on the basis of vesting conditions and expensed on a straight-line basis over the vesting period. Compensation costs of $182,131 thousand and $69,430 thousand were recognized, respectively, within the vesting period for the years ended December 31, 2020 and 2019.

Information on the restricted share plan for employees was as follows:

	December 31	
	2020	2019
Balance at January 1	682	377
Issuance of shares	-	682
Vested	(131)	(377)
Forfeited (Note)	(31)	-
Balance at December 31	520	682

Note: The forfeited shares for the year ended December 31, 2020 were the shares that were cancelled due to the vesting conditions not being met.

24. CASH FLOW INFORMATION

a. Non-cash transactions

For the years ended December 31, 2020 and 2019, the Group entered into the following non-cash investing activities which were not reflected in the consolidated statements of cash flows:

As of December 31, 2020 and 2019, the outstanding payments for the acquisition of property, plant and equipment were $30,520 thousand and $50,059 thousand, respectively, and recorded as other payables - payables for purchases of equipment in the consolidated financial statements.

b. Changes in liabilities arising from financing activities

For the year ended December 31, 2020

	Opening Balance	Cash Flows	Non-cash Changes: New Leases	Non-cash Changes: Change of Variable Payments	Non-cash Changes: Exchange Rate Impact	Closing Balance
Short-term borrowings	$ 1,091,309	$ 705,024	$ -	$ -	$ (28,333)	$ 1,768,000
Guarantee deposits	215	582	-	-	(22)	775
Lease liabilities	246,853	(73,922)	179,225	-	(688)	351,468
	$ 1,338,377	$ 631,684	$ 179,225	$ -	$ (29,043)	$ 2,120,243

For the year ended December 31, 2019

	Opening Balance	Cash Flows	Non-cash Changes: New Leases	Non-cash Changes: Change of Variable Payments	Non-cash Changes: Exchange Rate Impact	Closing Balance
Short-term borrowings	$ 397,478	$ 707,011	$ -	$ -	$ (13,180)	$ 1,091,309
Guarantee deposits	227	-	-	-	(12)	215
Lease liabilities	262,672	(52,198)	68,595	(22,815)	(9,401)	246,853
	$ 660,377	$ 654,813	$ 68,595	$ (22,815)	$ (22,593)	$ 1,338,377

25. CAPITAL MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns while considering operating risks and maximizing the returns to shareholders through the optimization of the debt and equity balance.

The capital structure of the Group consists of equity of the Group (comprising issued capital, reserves, retained earnings and other equity).

The Group is not subject to any externally imposed capital requirements.

Under the recommendations of the key management, to balance the overall capital structure, the Group may adjust the number of new shares issued.

26. FINANCIAL INSTRUMENTS

a. Fair value of financial instruments that are not measured at fair value

Management believes the carrying amounts of financial assets and financial liabilities recognized in the consolidated financial statements which are not measured at fair value approximate their fair values.

b. Categories of financial instruments

	December 31	
	2020	**2019**
Financial assets		
Financial asset at amortized cost (1)	$ 7,287,103	$ 6,322,557
Financial liabilities		
Financial liabilities at amortized cost (2)	5,273,915	4,262,502

1) The balances include financial assets at amortized cost, which comprise cash and cash equivalents, notes receivable, trade receivables, trade receivables from related parties, other receivables, other financial assets - current, other financial assets - non-current and refundable deposits (included in other non-current assets).

2) The balances include financial liabilities at amortized cost, which comprise short-term borrowings, notes payable, trade payables, trade payables to related parties, other payables, and guarantee deposits received (included in other non-current liabilities) that are measured at amortized cost.

c. Financial risk management objectives and policies

The Group's major financial instruments included trade receivables, trade payables, short-term borrowings, and lease liabilities. The Group's corporate treasury function provides services to the business, coordinates access to domestic and international financial markets, and monitors and manages the financial risks relating to the operations of the Group through internal risk reports that analyze exposures by degree and magnitude of risks. These risks include market risk (currency risk and interest rate risk), credit risk and liquidity risk.

The corporate treasury function reports regularly to the board of directors, who monitors risks and policies implemented to mitigate risk exposures.

1) Market risk

The Group's activities exposed it primarily to the financial risks of changes in foreign currency exchange rates (see (a) below) and interest rates (see (b) below).

There had been no change to the Group's exposure to market risks or the manner in which these risks were managed and measured.

a) Foreign currency risk

The Group had foreign currency sales and purchases, which exposed the Group to foreign currency risk.

The carrying amounts of the Group's foreign currency-denominated monetary assets and monetary liabilities (including those eliminated on consolidation) are set out in Note 29.

Sensitivity analysis

The Group was mainly exposed to the fluctuations in the USD and the RMB.

The following table shows the Group's sensitivity to a 1% increase and decrease in the functional currencies of the group entities against the relevant foreign currencies (the USD and RMB). A sensitivity rate of 1% is used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis included only outstanding foreign currency-denominated monetary items, and their translation was adjusted at the end of the reporting period for a 1% change in foreign currency rates. A positive number below indicated an increase in pretax profit when the functional currencies of the group entities weakened by 1% against the relevant foreign currency. For a 1% strengthening of the functional currencies of the group entities against the relevant foreign currency, there would be an equal and opposite impact on pretax profit and the balances below would be negative.

	USD Impact	
	For the Year Ended December 31	
	2020	**2019**
Profit or loss	$ 12,582	$ 21,215

	RMB Impact	
	For the Year Ended December 31	
	2020	**2019**
Profit or loss	$ (25,799)	$ (28,777)

The above impact on profit and loss was mainly attributable to the exposure on USD bank deposits, USD receivables, USD payables, USD bank short-term borrowings, RMB bank deposits and RMB payables at the end of the reporting period.

The Group's sensitivity to the USD decreased during the current period mainly because of an increase in USD bank short-term borrowings. The Group's sensitivity to RMB decreased during the current period mainly because of a increase in RMB bank deposits.

b) Interest rate risk

The carrying amounts of the Group's financial assets and financial liabilities with exposure to interest rate risks at the end of the reporting period were as follows:

	December 31	
	2020	**2019**
Interest rate risk on fair value		
Financial assets	$ 2,500,808	$ 1,517,989
Financial liabilities	351,468	246,853
Interest rate risk on cash flow		
Financial assets	2,387,330	2,485,625
Financial liabilities	1,768,000	1,091,309

Sensitivity analysis

The sensitivity analysis in the next paragraph was based on the exposure of the Group's non-derivative instruments to interest rate risks at the end of the reporting period. A 100 basis point increase or decrease was used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

Had interest rates been 100 basis points higher/lower and all other variables been held constant, the Group's pretax profit for the years ended December 31, 2020 and 2019 would have increased/decreased by $6,193 thousand and $13,943 thousand, respectively, which was mainly attributable to the Group's exposure to interest rate risks on its floating-rate bank deposits and bank short-term borrowings.

The Group's sensitivity to interest rates decreased during the current period mainly because of the increase in floating-rate short-term bank borrowings.

2) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations, resulting in a financial loss to the Group. As of the end of the reporting period, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure of counterparties to discharge an obligation pertain to financial assets recognized in the consolidated balance sheets.

The Group adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults.

To minimize credit risk, the management of the Group has delegated a team responsible for determining credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each trade debt at the end of the reporting period to ensure that adequate allowances are made for irrecoverable amounts. Thus, management believes the Group's credit risk was significantly reduced.

The Group transacts with a large number of unrelated customers and, thus, no concentration of credit risk was observed.

3) Liquidity risk

The Group manages liquidity risk by monitoring and maintaining a level of cash and cash equivalents deemed adequate to finance the Group's operations and mitigate the effects of fluctuations in cash flows. In addition, management monitors the utilization of bank borrowings and ensures compliance with loan covenants.

The Group relies on bank borrowings as a significant source of liquidity. As of December 31, 2020 and 2019, the Group had available unutilized short-term bank loan facilities set out in (2) below.

Liquidity and interest rate risk table for non-derivative financial liabilities

The following tables show the Group's remaining contractual maturities for its non-derivative financial liabilities with agreed-upon repayment periods. The tables were based on the undiscounted cash flows of financial liabilities from the earliest date on which the Group can be required to pay. The tables included both interest and principal cash flows.

For interest flows pertaining to floating rates, the undiscounted amount was derived from the interest rate curve at the end of the reporting period.

December 31, 2020

	Less than 3 Months	3 Months to 1 Year	Over 1 Year to 5 Years	More than 5 Years
Non-derivative financial liabilities				
Non-interest bearing	$ 2,304,680	$ 1,200,460	$ 775	$ -
Lease liabilities	29,739	78,569	285,066	4,391
Variable interest rate liabilities	400,412	1,372,719	-	-
	$ 2,734,831	$ 2,651,748	$ 285,841	$ 4,391

Additional information about the maturity analysis for lease liabilities:

	Less than 1 Year	1-5 Years	5-10 Years	10-15 Years	15-20 Years	20+ Years
Lease liabilities	$ 108,308	$ 285,066	$ 4,391	$ -	$ -	$ -

December 31, 2019

	Less than 3 Months	3 Months to 1 Year	Over 1 Year to 5 Years	More than 5 Years
Non-derivative financial liabilities				
Non-interest bearing	$ 2,170,484	$ 1,000,494	$ 215	$ -
Lease liabilities	17,563	51,485	190,664	14,701
Variable interest rate liabilities	6,312	1,096,273	-	-
	$ 2,194,359	$ 2,148,252	$ 190,879	$ 14,701

Additional information about the maturity analysis for lease liabilities:

	Less than 1 Year	1-5 Years	5-10 Years	10-15 Years	15-20 Years	20+ Years
Lease liabilities	$ 69,048	$ 190,664	$ 14,701	$ -	$ -	$ -

Financing facilities

	December 31	
	2020	2019
Unsecured bank loan facilities		
Amount used	$ 1,768,000	$ 1,091,309
Amount unused	659,300	1,008,091
	$ 2,427,300	$ 2,099,400

d. Transfers of financial assets

The Group undertakes business in the forfaiting of trade receivables. For 2020, the trade receivables amounted to US$41,542 thousand and EUR3,008 thousand; for 2019, the trade receivables amounted to US$47,321 thousand and EUR2,167 thousand.

The aforementioned amounts were fully collected on December 31, 2020 and 2019, respectively. Pursuant to the agreements, losses from commercial disputes (such as sales returns and discounts) are borne by the Group, while losses from credit risk are borne by the bank.

27. TRANSACTIONS WITH RELATED PARTIES

Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, had been eliminated on consolidation and are not disclosed in this note. Details of transactions between the Group and other related parties are disclosed below.

a. Related party name and category

Related Name	Related Party Category
RPS. SPA	Essential related parties (whose managing director is the key management personnel of the Group)
RIELLO UPS (ASIA) Co., Ltd.	Essential related parties (whose managing director is the key management personnel of the Group)
RIELLO UPS (SHANGHAI) Co., Ltd.	Essential related parties (whose managing director is the key management personnel of the Group)
FSP Technology Inc.	Key management personnel
WUXI Zhonghan Technology Co., Ltd.	Essential related parties (whose parent company is the key management personnel of the Group)
Ming Fang International Investment Co., Ltd.	Essential related parties

b. Sales of goods

		For the Year Ended December 31	
Line Item	**Related Party Category**	**2020**	**2019**
Sales	Essential related parties	$ 445,447	$ 575,455
	Key management personnel	188,771	209,505
		$ 634,218	$ 784,960

The selling prices of the goods sold to the related parties in the table above are not comparable as these goods are not sold to other customers in 2020 and 2019. Payment terms of goods sold to related parties are 135-150 days after the end of the month, and 0-180 days for general customers.

c. Purchases of goods

	For the Year Ended December 31	
Related Party Category	**2020**	**2019**
Essential related parties	$ 5,332	$ 5,075

The purchase prices of golds purchased from the related parties in the table above are not comparable as these same goods are not purchased from other suppliers in 2020 and 2019. Payment terms of goods purchased from related parties are 150 days after every month end close, and 30-90 days for general suppliers.

d. Contract liabilities

Related Party Category	December 31 2020	December 31 2019
Essential related parties	$ -	$ 1,501
Key management personnel	-	101
	$ -	$ 1,602

e. Trade receivables from related parties (excluding loans to related parties)

Line Item	Related Party Category	December 31 2020	December 31 2019
Trade receivables from related parties	Essential related parties	$ 73,094	$ 66,320
	Key management personnel	90,205	88,754
		$ 163,299	$ 155,074

The outstanding trade receivables from related parties were unsecured.

The Group measures the loss allowance for trade receivables from related parties at an amount equal to lifetime ECLs. The expected credit losses on trade receivables are estimated using a provision matrix by reference to past default experience of the related parties, the related parties' current financial position, economic condition of the industry in which the related parties operates, as well as the GDP forecasts and industry outlook. The provision for expected credit losses is based on the number of past due days from the end of the credit term.

The Group writes off a trade receivable from related parties when there is information indicating that the from related parties are experiencing severe financial difficulty and there is no realistic prospect of recovery. For trade receivables from related parties that have been written off, the Group continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognized in profit or loss.

The following table details the loss allowance of trade receivables from related parties based on the Group's provision matrix:

December 31, 2020

	Not Past Due	Less than 90 Days	91 to 180 Days	181 to 270 Days	271 to 365 Days	Over 365 Days	Total
Expected credit loss rate	-	-	-	100%	100%	100%	
Gross carrying amount	$ 160,471	$ 2,828	$ -	$ -	$ -	$ -	$ 163,299
Loss allowance (Lifetime ECLs)	-	-	-	-	-	-	-
Amortized cost	$ 160,471	$ 2,828	$ -	$ -	$ -	$ -	$ 163,299

December 31, 2019

	Not Past Due	Less than 90 Days	91 to 180 Days	181 to 270 Days	271 to 365 Days	Over 365 Days	Total
Expected credit loss rate	-	-	-	100%	100%	100%	
Gross carrying amount	$ 154,588	$ 486	$ -	$ -	$ -	$ -	$ 155,074
Loss allowance (Lifetime ECLs)	-	-	-	-	-	-	-
Amortized cost	$ 154,588	$ 486	$ -	$ -	$ -	$ -	$ 155,074

f. Trade payables to related parties (excluding loans from related parties)

Line Item	Related Party Category	December 31 2020	December 31 2019
Trade payables to related parties	Essential related parties	$ 1,749	$ 2,113

The outstanding trade payables from related parties are unsecured.

g. Lease arrangements - Group is lessee

Related Party Category	For the Year Ended December 31 2020	For the Year Ended December 31 2019
Acquisitions of right-of-use assets		
Essential related parties	$ 5,851	$ -

Line Item	Related Party Category	December 31 2020	December 31 2019
Lease liabilities	Essential related parties	$ 5,136	$ 2,230

Related Party Category	For the Year Ended December 31 2020	For the Year Ended December 31 2019
Interest expense		
Essential related parties	$ 55	$ 94

The Group leased the premises from essential related parties in 2020 and 2019, the rental prices were determined with reference to the market quotations, and the terms of payment was for the month.

h. Other transactions with related parties

Refundable deposits

	December 31 2020	December 31 2019
Essential related parties-Ming Fang International Investment Co., Ltd.	$ 500	$ 500

i. Compensation of key management personnel

	For the Year Ended December 31	
	2020	2019
Short-term employee benefits	$ 89,029	$ 88,019
Post-employee benefits	647	613
Share-based payments	42,120	35,035
	$ 131,796	$ 123,667

The remunerations of directors and key executives were determined by the remuneration committee on the basis of individual performance and market trends.

28. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

In addition to those disclosed in other notes, significant commitments and contingencies of the Group as of the end of the reporting period were as follows:

Unrecognized commitments are as follows:

	December 31	
	2020	2019
Acquisition of property, plant and equipment	$ 449,920	$ 17,707
Acquisition of computer software	-	503
	$ 449,920	$ 18,210

29. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The following information was aggregated by the foreign currencies other than functional currencies of the group entities and the exchange rates between the foreign currencies and the New Taiwan dollar are disclosed. The significant financial assets and liabilities denominated in foreign currencies were as follows:

December 31, 2020

	Foreign Currencies (In Thousands)	Exchange Rate	Carrying Amount (In Thousands)
Financial assets			
Monetary items			
USD	$ 120,476	28.1000 (USD:NTD)	$ 3,385,376
USD	12,107	6.5249 (USD:RMB)	340,221
RMB	448,313	4.3066 (RMB:NTD)	1,930,705
RMB	1,228,474	0.1533 (RMB:USD)	5,291,943
			$ 10,948,245

(Continued)

	Foreign Currencies (In Thousands)	Exchange Rate	Carrying Amount (In Thousands)
Financial liabilities			
Monetary items			
USD	$ 73,914	28.1000 (USD:NTD)	$ 2,076,983
USD	13,878	6.5249 (USD:RMB)	390,397
RMB	1,061,925	4.3066 (RMB:NTD)	4,573,286
RMB	1,213,924	0.1533 (RMB:USD)	5,229,255
			$ 12,269,921

(Concluded)

December 31, 2019

	Foreign Currencies (In Thousands)	Exchange Rate	Carrying Amount (In Thousands)
Financial assets			
Monetary items			
USD	$ 123,211	29.9800 (USD:NTD)	$ 3,693,866
USD	10,142	6.9762 (USD:RMB)	304,065
RMB	169,184	4.2975 (RMB:NTD)	727,069
RMB	875,604	0.1433 (RMB:USD)	3,762,906
			$ 8,487,906
Financial liabilities			
Monetary items			
USD	47,311	29.9800 (USD:NTD)	$ 1,418,376
USD	14,634	6.9762 (USD:RMB)	458,016
RMB	875,604	4.2975 (RMB:NTD)	3,762,906
RMB	838,805	0.1433 (RMB:USD)	3,604,763
			$ 9,244,061

The Group is mainly exposed to the USD and the RMB. The following information was aggregated by the functional currencies of the group entities, and the exchange rates between the respective functional currencies and the presentation currency were disclosed.

The significant realized and unrealized foreign exchange gains (losses) were as follows:

	For the Year Ended December 31			
	2020		2019	
Foreign Currency	Exchange Rate	Net Foreign Exchange Gains (Losses)	Exchange Rate	Net Foreign Exchange Gains (Losses)
NTD	1.00 (NTD:NTD)	$ (157,311)	1.00 (NTD:NTD)	$ 36,804
USD	29.445 (USD:NTD)	(1,219)	30.8600 (USD:NTD)	(3,161)
RMB	4.2791 (RMB:NTD)	4,648	4.4781 (RMB:NTD)	(16,129)
VND	0.0012 (VND:NTD)	262	0.0013 (VND:NTD)	59
		$ (153,620)		$ 17,573

30. SEPARATELY DISCLOSED ITEMS

a. Information about significant transactions and investees:

1) Financing provided to others: Table 1

2) Endorsements/guarantees provided: None

3) Marketable securities held (excluding investments in subsidiaries, associates and joint ventures): None

4) Marketable securities acquired or disposed of at costs or prices of at least NT$300 million or 20% of the paid-in capital: None

5) Acquisition of individual real estate at costs of at least NT$300 million or 20% of the paid-in capital: Table 2

6) Disposal of individual real estate at prices of at least NT$300 million or 20% of the paid-in capital: None

7) Total purchases from or sales to related parties amounting to at least NT$100 million or 20% of the paid-in capital: Table 3

8) Receivables from related parties amounting to at least NT$100 million or 20% of the paid-in capital: Table 4

9) Trading in derivative instruments: None

10) Intercompany relationships and significant intercompany transactions: Table 5

b. Information on investees: Table 6

c. Information on investments in mainland China

1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the year, repatriations of investment income, and limit on the amount of investment in the mainland China area: Table 7

2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses: Table 8

a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the year

b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the year

c) The amount of property transactions and the amount of the resultant gains or losses

d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the year and the purposes

e) The highest balance, the ending balance, the interest rate range, and total current period interest with respect to the financing of funds

f) Other transactions that have a material effect on the profit or loss for the year or on the financial position, such as the rendering or receipt of services

d. Information of major shareholders: List all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder Table 9

e. The criteria governing preparation of affiliation reports, consolidated business reports and consolidated financial statements for affiliates shall disclose the listed particulars for the affiliates:

1) Subsidiaries' company names, relationships to the controlling company, nature of business, and the controlling company's shareholding or capital proportion: Note 9

2) Variation of subsidiaries which are included in the current consolidated financial statements: Note 9

3) Subsidiaries' company names, shareholding or capital proportion and the reasons that they are not listed on the consolidated financial statements: None

4) The adjustments and the ways to manage when the controlling company and a subsidiary have different fiscal year start/end dates: None

5) The adjustments when the controlling company and a subsidiary have different accounting policies: None

6) Operating risk such as exchange risk for an overseas subsidiary: Note 9

7) Retained earnings allocation of each subsidiary restricted by regulations or contracts: Note 18

8) Consolidated amortization methods and expirations: None

9) Others: None

f. The criteria governing preparation of affiliation reports, consolidated business reports and consolidated financial statements for affiliates shall disclose the below-listed for the controlling company and subordinate company respectively:

1) Information about accommodations of funds or endorsements: Table 1

2) Information about derivative instrument transactions: None

3) Significant contingencies: None

4) Significant events after the reporting period: None

5) Names, quantities, costs, market prices (if not available, disclose net worth per share), capital proportions and the highest shareholding situation of the securities: Note 9, Tables 6 and 7

6) Others: None

g. The subsidiaries holding the parent company's shares should list clearly the Company's name, number of shares held, the total amounts and the related reasons: None

31. SEGMENT INFORMATION

a. Financial information

Information reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance focuses on types of goods or services delivered or provided. The Group's reportable single segment is uninterruptible power supply. The related segment financial information was not necessary.

b. Geographical information

The Group's revenue from external customers by location of operations and information on its non-current assets by location of assets are shown below.

	Revenue from External Customers		**Non-current Assets**	
	For the Year Ended December 31		**December 31**	
	2020	**2019**	**2020**	**2019**
Taiwan	$ 11,812,535	$ 11,179,336	$ 1,109,263	$ 1,118,597
China	1,840,029	1,757,046	1,736,622	1,489,780
Vietnam	-	-	147,940	48,824
	$ 13,652,564	$ 12,936,382	$ 2,993,825	$ 2,657,201

Non-current assets excluded non-current assets classified as deferred tax assets.

c. Information on major customers

Total revenue from the sale of uninterruptible power systems amounted to $13,652,564 thousand and $12,936,382 thousand in 2020 and 2019, respectively, and out of these amounts, $1,853,710 thousand and $1,534,671 thousand respectively came from the Group's biggest client. There is no other single customer that contributed 10% or more to the Group's revenue for both 2020 and 2019.

VOLTRONIC POWER TECHNOLOGY CORP. AND SUBSIDIARIES

FINANCING PROVIDED TO OTHERS
FOR THE YEAR ENDED DECEMBER 31, 2020
(In Thousands of New Taiwan Dollars and Foreign Currencies)

No. (Note 1)	Lender	Borrower	Financial Statement Account (Note 6)	Related Party	Highest Balance for the Period (Note 4)	Ending Balance (Notes 4 and 5)	Actual Amount Borrowed	Interest Rate (%)	Nature of Financing (Note 2)	Business Transaction Amount	Reasons for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower (Note 3)	Aggregate Financing Limit (Note 3)
													Item	Value		
1	Orchid Power (Shen Zhen) Manufacturing Company	Zhongshan Voltronic Power Electronics Limited	Other receivables from related parties	Yes	$ 215,330 (RMB 50,000)	$ 215,330 (RMB 50,000)	$ 215,330 (RMB 50,000)	4.35	2	$ -	Operating capital financing funds	$ -	-	$ -	$ 1,109,041	$ 1,109,041
		Zhongshan Voltronic Power Electronics Limited	Other receivables from related parties	Yes	172,264 (RMB 40,000)	172,264 (RMB 40,000)	172,264 (RMB 40,000)	4.35	2	-	Operating capital financing funds	-	-	-	1,109,041	1,109,041
		Zhongshan Voltronic Power Electronics Limited	Other receivables from related parties	Yes	86,132 (RMB 20,000)	86,132 (RMB 20,000)	- (RMB -)	-	2	-	Operating capital financing funds	-	-	-	1,109,041	1,109,041
		Zhongshan Voltronic Power Electronics Limited	Other receivables from related parties	Yes	366,061 (RMB 85,000)	366,061 (RMB 85,000)	366,061 (RMB 85,000)	3.85	2	-	Operating capital financing funds	-	-	-	1,109,041	1,109,041

Note 1: Number column as follows:

a. "0" for the issuer.
b. Investees are numbered from "1".

Note 2: Number 1 represents business relationship between companies or firms.
Number 2 represents short-term financing is necessary between companies or firms.

Note 3: The aggregate financing limit shall not exceed 40% which were audited and attested by certified public accountants.

Note 4: a. The aggregate financing limit shall not exceed 40% of the net asset value of Voltronic Power Technology.

b. Financing limit for each borrower for the business relationship, the financing amount on each individual loan shall not exceed 30% of total business transaction amount or 10% of net assets value was in accordance with currently audited or reviewed financial statements by accountant; the lower value is final. The business transaction amount referred to the one with higher purchase or sales amount in the current year starting from one month before application date, for the necessary of short-term financing, the financing amount on each individual loan should not exceed 10% of net asset value in accordance with currently audited or reviewed financial statements by accountant but the restriction shall not apply to inter-company loans of funds between overseas subsidiaries in which the Company holds, directly or indirectly, 100% of the voting shares, nor to loans of fund to the Company by any overseas subsidiary in which the Company holds, directly or indirectly, 100% of the voting shares.

Note 5: The highest balance for the period and ending balance present in NT$. Foreign currencies are converted into NT$; the exchange rate was, RMB1=NT$4.3066 as of December 31, 2020.

Note 6: The amount was eliminated upon consolidation.

TABLE 2

VOLTRONIC POWER TECHNOLOGY CORP. AND SUBSIDIARIES

ACQUISITION OF INDIVIDUAL REAL ESTATE AT COSTS OF AT LEAST NT$300 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2020
(In Thousands of New Taiwan Dollars and Foreign Currencies)

Company Name	Types of Property	Transaction Date	Transaction Amount (Foreign Currencies in Thousands)	Payment Term	Counter-party	Nature of Relationships	Prior Transaction of Related Counter-party				Price Reference	Purpose of Acquisition	Other Terms
							Owner	Relationships	Transfer Date	Amount			
Zhongshan Voltronic Power Electronics Limited	New factory of Zhongshan City #1	March 28, 2017	$ 553,829 (RMB 128,600)	$ 537,838 (RMB 124,887)	Zhongtian Construction Group Co., Ltd.	-	-	-	-	$ -	-	For the production of future need	Note
	New factory of Zhongshan City #2	September 25, 2020	794,628 (RMB 184,514)	72,187 (RMB 16,762)	Shenzhen Sunmake Group Limited	-	-	-	-	-	-	For the production of future need	Note

Note: The above amounts of assets accounts and liabilities accounts are converted by exchange rate RMB1 into NT$4.3066 as of December 31, 2020.

VOLTRONIC POWER TECHNOLOGY CORP. AND SUBSIDIARIES

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST NT$100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2020
(In Thousands of New Taiwan Dollars)

Company Name	Related Party	Nature of Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Payable or Receivable		Note
			Purchase/ Sale	Amount	% to Total	Payment Terms	Unit Price	Payment Terms	Ending Balance (Note 3)	% to Total	
Voltronic Power Technology	RPS. SPA	Essential related parties	(Sales)	$ (428,167)	(4)	Net 150 days from the end of the month of when invoice is issued	No identical item	0-180 days	$ 65,539	3	-
	FSP TECHNOLOGY INC.	Key management personnel	(Sales)	(188,771)	(2)	Net 135 days from the end of the month of when invoice is issued	No identical item	0-180 days	90,205	5	〃
	Voltronic Power Technology (Shen Zhen) Corp.	Subsidiary	Purchase	208,680	2	Net 270 days from the end of the month of when invoice is issued	No identical item	30-90 days	(138,377)	(3)	〃
	Potentia Technology Inc. Limited	Subsidiary	Purchase	9,456,017	97	Net 270 days from the end of the month of when invoice is issued	No identical item	30-90 days	(4,659,767)	(97)	〃
Potentia Technology Inc. Limited	Voltronic Power Technology	Parent company	(Sales)	(9,456,017)	(78)	Net 270 days from the end of the month of when invoice is issued	Note 2	Note 2	4,659,767	88	〃
	Voltronic Power Technology (Shen Zhen) Corp.	The same parent company	(Sales)	(979,699)	(8)	Net 270 days from the end of the month of when invoice is issued	Note 2	Note 2	171,989	3	〃
	Voltronic Power Technology (Shen Zhen) Corp.	The same parent company	Purchase	4,366,376	29	Net 270 days from the end of the month of when invoice is issued	No identical item	30-90 days	(3,502,388)	(56)	〃
	Zhongshan Voltronic Power Electronics Limited	The same parent company	(Sales)	(773,191)	(6)	Net 270 days from the end of the month of when invoice is issued	Note 2	Note 2	144,138	3	〃
	Zhongshan Voltronic Power Electronics Limited	The same parent company	Purchase	5,075,821	33	Net 270 days from the end of the month of when invoice is issued	No identical item	30-90 days	(1,861,723)	(30)	〃
	Orchid Power (Shen Zhen) Manufacturing Company	The same parent company	(Sales)	(297,787)	(3)	Net 270 days from the end of the month of when invoice is issued	Note 2	Note 2	72,561	1	〃
	Voltronic Power Technology (Vietnam) Company Limited	The same parent company	(Sales)	(610,125)	(5)	Net 270 days from the end of the month of when invoice is issued	Note 2	Note 2	245,700	5	〃
	Voltronic Power Technology (Vietnam) Company Limited	The same parent company	Purchase	623,404	4	Net 270 days from the end of the month of when invoice is issued	No identical item	30-90 days	(129,718)	(2)	〃
Voltronic Power Technology (Shen Zhen) Corp.	Voltronic Power Technology	Parent company	(Sales)	(208,680)	(4)	Net 270 days from the end of the month of when invoice is issued	No identical item	30-90 days	138,377	4	〃
	Potentia Technology Inc. Limited	The same parent company	(Sales)	(4,366,376)	(90)	Net 270 days from the end of the month of when invoice is issued	No identical item	30-90 days	3,502,388	93	〃
	Potentia Technology Inc. Limited	The same parent company	Purchase	979,699	32	Net 270 days from the end of the month of when invoice is issued	No identical item	30-90 days	(171,989)	(15)	〃
	Orchid Power (Shen Zhen) Manufacturing Company	The same parent company	Purchase	204,604	7	Net 270 days from the end of the month of when invoice is issued	No identical item	30-90 days	(151,113)	(13)	〃
	Zhongshan Voltronic Precision Inc.	The same parent company	Purchase	243,252	8	Net 270 days from the end of the month of when invoice is issued	No identical item	30-90 days	(47,411)	(4)	〃
Orchid Power (Shen Zhen) Manufacturing Company	Potentia Technology Inc. Limited	The same parent company	Purchase	297,787	26	Net 270 days from the end of the month of when invoice is issued	No identical item	0-60 days	(72,561)	(11)	〃
	Voltronic Power Technology (Shen Zhen) Corp.	The same parent company	(Sales)	(204,604)	(2)	Net 270 days from the end of the month of when invoice is issued	No identical item	0-60 days	151,113	39	〃
	Zhongshan Voltronic Power Electronics Limited	The same parent company	Purchase	225,683	19	Net 270 days from the end of the month of when invoice is issued	No identical item	0-60 days	(85,159)	(13)	〃
	Zhongshan Voltronic Precision Inc.	The same parent company	Purchase	124,772	11	Net 270 days from the end of the month of when invoice is issued	No identical item	0-60 days	(19,228)	(3)	〃

(Continued)

Company Name	Related Party	Nature of Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Payable or Receivable		Note
			Purchase/ Sale	Amount	% to Total	Payment Terms	Unit Price	Payment Terms	Ending Balance (Note 3)	% to Total	
Zhongshan Voltronic Power Electronics Limited	Potentia Technology Inc. Limited	The same parent company	(Sales)	$ (5,075,821)	(95)	Net 270 days from the end of the month of when invoice is issued	Note 2	Note 2	$ 1,861,723	94	〃
	Potentia Technology Inc. Limited	The same parent company	Purchase	773,191	16	Net 270 days from the end of the month of when invoice is issued	No identical item	30-90 days	(144,138)	(10)	〃
	Orchid Power (Shen Zhen) Manufacturing Company	The same parent company	(Sales)	(225,683)	(4)	Net 270 days from the end of the month of when invoice is issued	Note 2	Note 2	85,159	4	〃
	Zhongshan Voltronic Precision Inc.	The same parent company	Purchase	439,366	9	Net 270 days from the end of the month of when invoice is issued	No identical item	30-90 days	(58,806)	(4)	〃
Zhongshan Voltronic Precision Inc.	Voltronic Power Technology (Shen Zhen) Corp.	The same parent company	(Sales)	(243,252)	(30)	Net 270 days from the end of the month of when invoice is issued	Note 2	Note 2	47,411	38	〃
	Orchid Power (Shen Zhen) Manufacturing Company	The same parent company	(Sales)	(124,772)	(16)	Net 270 days from the end of the month of when invoice is issued	Note 2	Note 2	19,228	15	〃
	Zhongshan Voltronic Power Electronics Limited	The same parent company	(Sales)	(439,366)	(54)	Net 270 days from the end of the month of when invoice is issued	Note 2	Note 2	58,806	47	〃
Voltronic Power Technology (Vietnam) Company Limited	Potentia Technology Inc. Limited	The same parent company	(Sales)	(623,404)	(100)	Net 270 days from the end of the month of when invoice is issued	Note 2	Note 2	129,718	100	〃
	Potentia Technology Inc. Limited	The same parent company	Purchase	610,125	99	Net 270 days from the end of the month of when invoice is issued	No identical item	30-90 days	(245,700)	(91)	〃

Note 1: Above amounts present in New Taiwan dollars (NT$). Foreign currency is converted into NT$ as of December 31, 2020; the amount of income accounts are converted by average exchange rate into New Taiwan dollars (NT$) as of 2020.

Note 2: There is no sales to unrelated parties.

Note 3: The amount was eliminated upon consolidation.

(Concluded)

TABLE 4

VOLTRONIC POWER TECHNOLOGY CORP. AND SUBSIDIARIES

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT$100 MILLION OR 20% OF THE PAID-IN CAPITAL
DECEMBER 31, 2020
(In Thousands of New Taiwan Dollars)

Company Name	Related Party	Relationship	Ending Balance (Note 1)	Turnover Rate	Overdue		Amount Received in Subsequent Period (Note 4)	Allowance for Impairment Loss	Note
					Amount	Actions Taken			
Trade receivables									
Potentia Technology Inc. Limited	Voltronic Power Technology	Parent company	$ 4,659,767	2.23	$ -	-	$ 635,878	$ -	Note 3
	Voltronic Power Technology (Shen Zhen) Corp.	The same parent company	171,989	5.04	-	-	80,893	-	〃
	Zhongshan Voltronic Power Electronics Limited	The same parent company	144,138	5.09	-	-	69,402	-	〃
	Voltronic Power Technology (Vietnam) Company Limited	The same parent company	245,700	4.04	-	-	84,742	-	〃
Voltronic Power Technology (Shen Zhen) Corp.	Voltronic Power Technology	Parent company	138,377	1.81	-	-	15,197	-	〃
	Potentia Technology Inc. Limited	The same parent company	3,502,388	2.43	-	-	324,222	-	〃
Zhongshan Voltronic Power Electronics Limited	Potentia Technology Inc. Limited	The same parent company	1,861,723	3.58	-	-	568,365	-	〃
Orchid Power (Shen Zhen) Manufacturing Company	Voltronic Power Technology (Shen Zhen) Corp.	The same parent company	151,113	1.71	-	-	16,770	-	〃
Voltronic Power Technology (Vietnam) Company Limited	Potentia Technology Inc. Limited	The same parent company	129,718	9.61	-	-	97,099	-	〃
Other receivables									
Orchid Power (Shen Zhen) Manufacturing Company	Zhongshan Voltronic Power Electronics Limited	The same parent company	755,747 (Note 2)	-	-	-	-	-	〃

Note 1: Above amounts present in New Taiwan dollar (NT$). Foreign currency is converted into NT$; the exchange rate was US$1=NT$28.1, RMB1=NT$4.3066 as of December 31, 2020.

Note 2: Including interest receivables of $2,092 thousand.

Note 3: The amount was eliminated upon consolidation.

Note 4: As of January 31, 2021.

TABLE 5

VOLTRONIC POWER TECHNOLOGY CORP. AND SUBSIDIARIES

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
FOR THE YEAR ENDED DECEMBER 31, 2020
(In Thousands of New Taiwan Dollars)

No. (Note 1)	Investee Company	Counterparty	Relationship (Note 2)	Transaction Details			
				Financial Statement Account	Amount (Note 5)	Payment Terms	% of Total Sales or Assets (Note 3)
1	Potentia Technology Inc. Limited	Voltronic Power Technology	2	Sales	$ 9,456,017	Net 270 days from the end of the month of when invoice is issued	69
		Voltronic Power Technology	2	Trade receivables from related parties	4,659,767	Net 270 days from the end of the month of when invoice is issued	39
		Voltronic Power Technology (Shen Zhen) Corp.	3	Sales	979,699	Net 270 days from the end of the month of when invoice is issued	7
		Voltronic Power Technology (Shen Zhen) Corp.	3	Trade receivables from related parties	171,989	Net 270 days from the end of the month of when invoice is issued	1
		Orchid Power (Shen Zhen) Manufacturing Company	3	Sales	297,787	Net 270 days from the end of the month of when invoice is issued	2
		Orchid Power (Shen Zhen) Manufacturing Company	3	Trade receivables from related parties	72,561	Net 270 days from the end of the month of when invoice is issued	1
		Zhongshan Voltronic Power Electronics Limited	3	Sales	773,191	Net 270 days from the end of the month of when invoice is issued	6
		Zhongshan Voltronic Power Electronics Limited	3	Trade receivables from related parties	144,138	Net 270 days from the end of the month of when invoice is issued	1
		Voltronic Power Technology (Vietnam) Company Limited	3	Sales	610,125	Net 270 days from the end of the month of when invoice is issued	4
		Voltronic Power Technology (Vietnam) Company Limited	3	Trade receivables from related parties	245,700	Net 270 days from the end of the month of when invoice is issued	2
2	Voltronic Power Technology (Shen Zhen) Corp.	Voltronic Power Technology	2	Sales	208,680	Net 270 days from the end of the month of when invoice is issued	2
		Voltronic Power Technology	2	Trade receivables from related parties	138,377	Net 270 days from the end of the month of when invoice is issued	1
		Potentia Technology Inc. Limited	3	Sales	4,366,376	Net 270 days from the end of the month of when invoice is issued	32
		Potentia Technology Inc. Limited	3	Trade receivables from related parties	3,502,388	Net 270 days from the end of the month of when invoice is issued	29
3	Orchid Power (Shen Zhen) Manufacturing Company	Voltronic Power Technology (Shen Zhen) Corp.	3	Sales	204,604	Net 270 days from the end of the month of when invoice is issued	1
		Voltronic Power Technology (Shen Zhen) Corp.	3	Trade receivables from related parties	151,113	Net 270 days from the end of the month of when invoice is issued	1
		Zhongshan Voltronic Power Electronics Limited	3	Other receivables from related parties	755,747	The loan period is one year and will be returned in installments according to the financial situation during the period.	6

(Continued)

No. (Note 1)	Investee Company	Counterparty	Relationship (Note 2)	Transaction Details			
				Financial Statement Account	Amount (Note 5)	Payment Terms	% of Total Sales or Assets (Note 3)
4	Zhongshan Voltronic Power Electronics Limited	Potentia Technology Inc. Limited	3	Sales	$ 5,075,821	Net 270 days from the end of the month of when invoice is issued	37
		Potentia Technology Inc. Limited	3	Trade receivables from related parties	1,861,723	Net 270 days from the end of the month of when invoice is issued	16
		Orchid Power (Shen Zhen) Manufacturing Company	3	Sales	225,683	Net 270 days from the end of the month of when invoice is issued	2
		Orchid Power (Shen Zhen) Manufacturing Company	3	Trade receivables from related parties	85,159	Net 270 days from the end of the month of when invoice is issued	1
5	Zhongshan Voltronic Precision Inc.	Voltronic Power Technology (Shen Zhen) Corp.	3	Sales	243,252	Net 270 days from the end of the month of when invoice is issued	2
		Voltronic Power Technology (Shen Zhen) Corp.	3	Trade receivables from related parties	47,411	Net 270 days from the end of the month of when invoice is issued	1
		Orchid Power (Shen Zhen) Manufacturing Company	3	Sales	124,772	Net 270 days from the end of the month of when invoice is issued	1
		Orchid Power (Shen Zhen) Manufacturing Company	3	Trade receivables from related parties	19,228	Net 270 days from the end of the month of when invoice is issued	1
		Zhongshan Voltronic Power Electronics Limited	3	Sales	439,366	Net 270 days from the end of the month of when invoice is issued	3
		Zhongshan Voltronic Power Electronics Limited	3	Trade receivables from related parties	58,806	Net 270 days from the end of the month of when invoice is issued	1
6	Voltronic Power Technology (Vietnam) Company Limited	Potentia Technology Inc. Limited	3	Sales	623,404	Net 270 days from the end of the month of when invoice is issued	5
		Potentia Technology Inc. Limited	3	Trade receivables from related parties	129,718	Net 270 days from the end of the month of when invoice is issued	1

Note 1: Intercompany transactions information between parent company and subsidiaries are noted within the number column as follows:

a. “0” for the parent company.
b. Subsidiaries are numbered from “1”

Note 2: Parties involved in the transaction have a directional relationship noted by the following:

a. “1” represents transactions from parent company to subsidiaries.
b. “2” represents transactions from subsidiaries to parent company.
c. “3” represents transactions between subsidiaries.

Note 3: The amounts of asset account and liability account are calculated as a percentage of the consolidated total assets. The amounts of income account are calculated as a percentage of the consolidated total sales.

Note 4: Above amounts present in New Taiwan dollar NT$1. Foreign currency is concerted into NT$ as of December 31, 2020, the amount of income accounts are converted by average exchange rate into New Taiwan dollar NT$1 as of 2020.

Note 5: The main transaction only expense unidirectical transactions information between intercompany relationship, and the amount was eliminated upon consolidation.

(Concluded)

VOLTRONIC POWER TECHNOLOGY CORP. AND SUBSIDIARIES

INFORMATION ON INVESTEES
FOR THE YEAR ENDED DECEMBER 31, 2020
(In Thousands of New Taiwan Dollars and Foreign Currencies, and Shares)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of December 31, 2020			Net Income (Loss) of the Investee	Share of Profit (Loss) (Note 2)	Note
				December 31, 2020	December 31, 2019	Number of Stock (Shares)	%	Carrying Value			
Voltronic Power Technology	Voltronic International Corp.	Anguilla	Investment activities	$ 888,285 (US$ 28,000)	$ 888,285 (US$ 28,000)	28,000	100	$ 5,934,574	$ 1,093,789	$ 1,087,893	Note 1
	Voltronic Power Technology (Vietnam) Company Limited	Bac Ninh Province, Vietnam	Design, manufacture and sale of UPS	30,945 (US$ 1,000)	30,945 (US$ 1,000)	-	100	70,254	44,850	44,850	Notes 1 and 3
Voltronic International Corp.	Potentia Technology Inc. Limited	Hong Kong	Sale of uninterruptible power systems (UPS)	-	-	-	100	22,778	2,356	2,356	Note 1
	Voltronic International H.K. Corp. Limited	Hong Kong	Investment activities	888,285 (US$ 28,000)	888,285 (US$ 28,000)	217,240	100	5,917,983	1,091,433	1,091,433	Note 1

Note 1: The amount of subsidiary was eliminated upon consolidation.

Note 2: Current investment gain or loss recognition is net of reversing prior period unrealized gain of $291 thousand from upstream transactions and deducts current unrealized loss of $720 thousand from upstream transaction and unrealized gain of $6,907 thousand on disposal of assets between intercompany transaction.

Note 3: This company is a “limited company” without stock issuance.

Note 4: For information of investments in mainland China, refer to Table 7.

Note 5: The mid-term highest holdings was the same as of December 31, 2020.

Note 6: There is no impignorate condition happened.

VOLTRONIC POWER TECHNOLOGY CORP. AND SUBSIDIARIES

INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2020
(In Thousands of New Taiwan Dollars and Foreign Currencies)

1. Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the period and repatriations of investment income in the mainland China area:

Investee Company	Main Businesses and Products	Paid-in Capital	Method of Investment (Note 1)	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2020	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2020	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Notes 2 and 3)	Carrying Amount as of December 31, 2020 (Notes 2 and 3)	Accumulated Repatriation of Investment Income as of December 31, 2020
					Outflow	Inflow						
Voltronic Power Technology (Shen Zhen) Corp.	Design, manufacture and sale of UPS	$ 64,630 (US$ 2,000)	b.	$ 64,630 (US$ 2,000)	-	-	$ 64,630 (US$ 2,000)	$ 512,227	100	$ 512,227	$ 3,249,914	$ -
Orchid Power (Shen Zhen) Manufacturing Company	Design, manufacture and sale of UPS	30,027 (US$ 1,000)	b.	30,027 (US$ 1,000)	-	-	30,027 (US$ 1,000)	251,327	100	251,327	1,109,041	-
Zhongshan Voltronic Power Electronics Limited	Design, manufacture and sale of UPS	793,628 (US$ 25,000)	b.	793,628 (US$ 25,000)	-	-	793,628 (US$ 25,000)	327,879	100	327,879	1,559,028	-
Zhongshan Voltronic Precision Inc.	Design, manufacture and sale of UPS related components	73,315 (RMB 16,000)	c.	-	-	-	-	165	100	165	104,570	-

2. Limit on the amount of investment in the mainland China area:

Accumulated Outflow Remittance for Investment in Mainland China as of December 31, 2020	Investment Amount Authorized by Investment Commission, MOEA	Upper Limit on the Amount of Investment Stipulated by Investment Commission, MOEA
$ 888,285 (Note 4) (US$ 28,000)	$ 888,285 (Note 4) (US$ 28,000)	$ 3,203,141

Note 1: Investment methods are classified into the following three categories:

a. Directly invest in a company in mainland China.
b. Through investing in the third area, which then invested in the investee in mainland China.
c. Other methods.

Note 2: The investment gain or loss and the carrying amount as of December 31, 2020:

The Company invested Zhongshan Voltronic Power Technology (Shen Zhen) Corp., Orchid Power (Shen Zhen) Manufacturing Company and Zhongshan Voltronic Power Electronics Limited through its subsidiary, Voltronic International H.K. Corp. Limited and recognized net income and book value of investee, Zhongshan Voltronic Precision Inc. through subsidiary Zhongshan Voltronic Power Electronics Limited as of December 31, 2020.

Note 3: The amount was calculated based on the financial statements which were audited and attested by certified public accounts engaged by Taiwan's parent company.

Note 4: The amount was calculated by the actual outflow exchange rate from the each times.

Note 5: The amount was eliminated upon consolidation.

Note 6: The mid-term highest holdings was the same as of December 31, 2020.

Note 7: There is no impignorate condition happened.

TABLE 8

VOLTRONIC POWER TECHNOLOGY CORP. AND SUBSIDIARIES

SIGNIFICANT TRANSACTIONS WITH INVESTEE COMPANIES IN MAINLAND CHINA, EITHER DIRECTLY OR INDIRECTLY THROUGH A THIRD PARTY, AND THEIR PRICES, PAYMENT TERMS, AND UNREALIZED GAINS OR LOSSES
FOR THE YEAR ENDED DECEMBER 31, 2020
(In Thousands of New Taiwan Dollars)

a. There were the amounts and percentages of the purchases, also the amounts and percentages displayed in the ending balance of the related payables.

Investee Company	Transaction Type	Purchase/Sale		Transaction Details			Notes/Accounts Receivable (Payable)		Unrealized Loss
		Amount	%	Price	Payment Terms	Comparison with Normal Transactions	Ending Balance	%	
Voltronic Power Technology (Shen Zhen) Corp.	Purchase	$ 4,508,492	46	Set by agreement of both parties	Net 270 days from the end of the month of when invoice is issued	No identical item	$ (2,160,514)	(45)	$ (720)
Zhongshan Voltronic Power Electronics Limited	Purchase	4,531,583	46	Set by agreement of both parties	Net 270 days from the end of the month of when invoice is issued	No identical item	(2,560,798)	(53)	-

b. There were the amounts and percentages of the sales, also the amounts and percentages displayed in the ending balance of the related receivables: None.

c. The amount and percentage of sales and the amount of the resultant gains or losses: None.

d. The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purpose: None.

e. The highest balance, the end of period balance, the interest rate range, and total current period interest with respect to financing of funds: None.

f. Other transactions that have a material effect on the profit or loss for the year or on the financial position, such as the rendering or receipt of services: None.

VOLTRONIC POWER TECHNOLOGY CORP.

INFORMATION OF MAJOR SHAREHOLDERS
DECEMBER 31, 2020

Name of Major Shareholder	Shares	
	Number of Shares	Percentage of Ownership (%)
Juor-Ming Hsieh	8,372,166	9.57
FSP Technology Inc.	4,500,822	5.14

Note 1: On the last business day as of quarter-end, Taiwan Depository & Clearing Company calculated the major shareholders’ information, the delivered and dematerialized registration common share and preferred share more than 5 % of the Company. The share capital recorded in the Company’s financial report and the actual number of the delivered and dematerialized registration securities amount may be different due to the different preparation and calculation basis.

Note 2: The above information, if the shareholder delivers the shares to the trust will be disclosed by the trustee’s trust account to reveal the individual settlor. As for shareholders’ declaration in accordance with the Securities and Exchange Act, shareholder holds more than 10% of insider equity holdings, includes their shareholdings and delivered to the trust which they have the power to decide how to allocate trust property. The insider equity holdings’ declaration and related information, please refer to the Market Observation Post System website of the Taiwan Stock Exchange.

5. The parent company only financial statements duly audited by the Certified Public Accountants in the most recent year

The Board of Directors and Shareholders
Voltronic Power Technology Corp.

Opinion

We have audited the accompanying financial statements of Voltronic Power Technology Corp. (the "Company"), which comprise the balance sheets as of December 31, 2020 and 2019, the statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2020 and 2019, and its financial performance and its 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 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 financial statements for the year ended December 31, 2020. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matters identified in the Company's financial statements for the year ended December 31, 2020 are stated below:

Validity of Occurrence of Operating Revenue

For the year ended December 31, 2020, the Company's revenue was $11,812,535 thousand, net profit before income tax was $2,463,226 thousand, and basic earnings per share was $25.31. The Company's overall operating revenue growth rate reached 6% in 2020. Among all the customers in 2020, revenue from customers whose individual growth rates exceeded the overall growth rate and whose total transaction amounts for the whole year were significant, reached $4,265,877 thousand, representing 36% of the Company's operating revenue for the year ended December 31, 2020. In addition, the Group's revenue has grown consistently from the time it was listed on the Taiwan Stock Exchange. To meet shareholders' and external investors' expectations, the management may be under pressure to meet the profit target. Therefore, we identified the validity of occurrence of sales transactions from customers whose individual growth rates exceeded the overall revenue growth rate and whose total transaction amounts for the whole year were significant as a key audit matter. The revenue recognition accounting policy is disclosed in Note 4 to the Company's financial statements.

In response, we performed the following audit procedures:

1. We obtained an understanding of the internal controls related to the aforementioned sales transactions and assessed the operating effectiveness of the design and implementation of these controls.

2. We performed substantive testing of the aforementioned transactions and verified the sales details for completeness and correctness. We further examined the shipping documents and the recovery of receivables to verify the occurrence of the transactions. We also verified the settlement of trade receivables according to the trade terms with major customers.

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

Management is responsible for the preparation and fair presentation of the 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 financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the 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 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 Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

1. Identify and assess the risks of material misstatement of the 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 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 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 financial statements, including the disclosures, and whether the 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 financial statements. We are responsible for the direction, supervision and performance of the 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 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 audits resulting in this independent auditors’ report are Chung Chen Chen and Chao Mei Chen.

Deloitte & Touche
Taipei, Taiwan
Republic of China

February 25, 2021

Notice to Readers

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

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

VOLTRONIC POWER TECHNOLOGY CORP.

BALANCE SHEETS
DECEMBER 31, 2020 AND 2019
(In Thousands of New Taiwan Dollars)

	2020		2019	
ASSETS	**Amount**	**%**	**Amount**	**%**
CURRENT ASSETS				
Cash and cash equivalents (Notes 4 and 6)	$ 3,257,827	26	$ 2,582,135	24
Notes receivable (Notes 4, 7 and 19)	29,555	-	33,168	-
Trade receivables (Notes 4, 5, 7 and 19)	1,809,105	15	1,769,460	17
Trade receivables from related parties (Notes 4, 19 and 27)	155,744	1	150,414	2
Other receivables (Notes 4 and 7)	10,729	-	9,829	-
Other receivables from related parties (Notes 4 and 27)	-	-	2,996	-
Inventories (Notes 4 and 8)	26,301	-	24,640	-
Prepayments (Note 13)	10,905	-	16,661	-
Total current assets	5,300,166	42	4,589,303	43
NON-CURRENT ASSETS				
Investments accounted for using the equity method (Notes 4 and 9)	6,004,828	48	4,785,681	45
Property, plant and equipment (Notes 4 and 10)	1,078,839	9	1,100,460	11
Right-of-use assets (Notes 4 and 11)	5,614	-	3,326	-
Other intangible assets (Notes 4 and 12)	21,724	-	11,885	-
Deferred tax assets (Notes 4 and 21)	102,084	1	92,272	1
Other non-current assets (Notes 4, 13 and 27)	3,086	-	2,926	-
Total non-current assets	7,216,175	58	5,996,550	57
TOTAL	$ 12,516,341	100	$ 10,585,853	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Note 14)	$ 1,768,000	14	$ 1,091,309	10
Contract liabilities - current (Notes 4, 19 and 27)	164,099	1	113,710	1
Notes payable (Note 15)	29	-	36	-
Trade payables (Note 15)	12,493	-	12,843	-
Trade payables to related parties (Note 27)	4,806,594	39	4,013,456	38
Other payables (Note 16)	292,887	2	303,765	3
Current income tax liabilities (Notes 4 and 21)	126,484	1	160,456	2
Lease liabilities - current (Notes 4, 11 and 27)	3,408	-	2,856	-
Other current liabilities (Note 16)	1,549	-	1,922	-
Total current liabilities	7,175,543	57	5,700,353	54
NON-CURRENT LIABILITIES				
Deferred tax liabilities (Notes 4 and 21)	-	-	5,083	-
Lease liabilities - non-current (Notes 4, 11 and 27)	2,230	-	502	-
Total non-current liabilities	2,230	-	5,585	-
Total liabilities	7,177,773	57	5,705,938	54
EQUITY (Note 18)				
Share capital				
Ordinary shares	874,354	7	833,015	8
Capital surplus	1,154,070	9	1,257,149	12
Retained earnings				
Legal reserve	1,080,287	9	867,184	8
Special reserve	343,240	3	184,243	2
Unappropriated earnings	2,388,244	19	2,454,071	23
Total retained earnings	3,811,771	31	3,505,498	33
Other equity (Notes 4 and 23)	(501,627)	(4)	(715,747)	(7)
Total equity	5,338,568	43	4,879,915	46
TOTAL	$ 12,516,341	100	$ 10,585,853	100

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

VOLTRONIC POWER TECHNOLOGY CORP.

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 REVENUE				
Sales (Notes 4, 19 and 27)	$ 11,812,535	100	$ 11,179,336	100
OPERATING COSTS				
Cost of goods sold (Notes 8, 20 and 27)	(9,750,001)	(82)	(9,107,550)	(81)
GROSS PROFIT	2,062,534	18	2,071,786	19
OPERATING EXPENSES (Note 20)				
Selling and marketing expenses	(265,119)	(2)	(235,946)	(2)
General and administrative expenses	(181,083)	(2)	(185,778)	(2)
Research and development expenses	(141,775)	(1)	(135,193)	(1)
Expected credit (loss) gain (Notes 4, 5 and 7)	(5,486)	-	5,521	-
Total operating expenses	(593,463)	(5)	(551,396)	(5)
PROFIT FROM OPERATIONS	1,469,071	13	1,520,390	14
NON-OPERATING INCOME AND EXPENSES				
Interest income (Note 20)	45,325	-	42,781	-
Other income (Notes 20 and 27)	431	-	4,710	-
Other gains and losses (Note 20)	(157,311)	(1)	36,804	-
Finance costs (Notes 20 and 27)	(27,033)	-	(39,714)	-
Share of profit of subsidiaries, associates and joint ventures (Note 4)	1,132,743	9	879,049	8
Total non-operating income and expenses	994,155	8	923,630	8
PROFIT BEFORE INCOME TAX FROM CONTINUING OPERATIONS	2,463,226	21	2,444,020	22
INCOME TAX EXPENSE (Notes 4 and 21)	(266,082)	(2)	(312,988)	(3)
NET PROFIT FOR THE YEAR	2,197,144	19	2,131,032	19

(Continued)

VOLTRONIC POWER TECHNOLOGY CORP.

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**	**%**
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that may be reclassified subsequently to profit or loss				
Exchange differences on translation of the financial statements of foreign operations (Notes 4 and 18)	$ 14,714	-	$ (198,746)	(2)
Income tax relating to items that may be reclassified subsequently to profit (Notes 18 and 21)	(2,943)	-	39,749	1
Other comprehensive income (loss) for the year, net of income tax	11,771	-	(158,997)	(1)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	$ 2,208,915	19	$ 1,972,035	18
EARNINGS PER SHARE (Note 22)				
Basic	$ 25.31		$ 24.64	
Diluted	$ 25.14		$ 24.51	

The accompanying notes are an integral part of the financial statements. (Concluded)

VOLTRONIC POWER TECHNOLOGY CORP.

STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
(In Thousands of New Taiwan Dollars)

			Retained Earnings			Other Equity		
	Ordinary Shares	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translation of the Financial Statements of Foreign Operations	Others	Total Equity
BALANCE AT JANUARY 1, 2019	$ 786,853	$ 900,718	$ 685,821	$ 134,241	$ 2,167,451	$ (184,243)	$ (40,836)	$ 4,450,005
Appropriation of 2018 earnings (Note 18)								
Legal reserve	-	-	181,363	-	(181,363)	-	-	-
Special reserve	-	-	-	50,002	(50,002)	-	-	-
Cash dividends distributed by the Company	-	-	-	-	(1,573,705)	-	-	(1,573,705)
Share dividends distributed by the Company	39,342	-	-	-	(39,342)	-	-	-
Share-based payment transactions (Notes 18, 20 and 23)	6,820	435,116	-	-	-	-	(331,671)	110,265
Issuance of cash dividends from capital surplus (Note 18)	-	(78,685)	-	-	-	-	-	(78,685)
Net profit for the year ended December 31, 2019	-	-	-	-	2,131,032	-	-	2,131,032
Other comprehensive loss for the year ended December 31, 2019, net of income tax (Note 18)	-	-	-	-	-	(158,997)	-	(158,997)
Total comprehensive income (loss) for the year ended December 31, 2019	-	-	-	-	2,131,032	(158,997)	-	1,972,035
BALANCE AT DECEMBER 31, 2019	833,015	1,257,149	867,184	184,243	2,454,071	(343,240)	(372,507)	4,879,915
Appropriation of 2019 earnings (Note 18)								
Legal reserve	-	-	213,103	-	(213,103)	-	-	-
Special reserve	-	-	-	158,997	(158,997)	-	-	-
Cash dividends distributed by the Company	-	-	-	-	(1,849,293)	-	-	(1,849,293)
Share dividends distributed by the Company	41,651	-	-	-	(41,651)	-	-	-
Share-based payment transactions (Notes 18, 20 and 23)	(312)	(19,778)	-	-	73	-	202,349	182,332
Issuance of cash dividends from capital surplus (Note 18)	-	(83,301)	-	-	-	-	-	(83,301)
Net profit for the year ended December 31, 2020	-	-	-	-	2,197,144	-	-	2,197,144
Other comprehensive income for the year ended December 31, 2020, net of income tax (Note 18)	-	-	-	-	-	11,771	-	11,771
Total comprehensive income for the year ended December 31, 2020	-	-	-	-	2,197,144	11,771	-	2,208,915
BALANCE AT DECEMBER 31, 2020	$ 874,354	$ 1,154,070	$ 1,080,287	$ 343,240	$ 2,388,244	$ (331,469)	$ (170,158)	$ 5,338,568

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

VOLTRONIC POWER TECHNOLOGY CORP.

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		
Income before income tax	$ 2,463,226	$ 2,444,020
Adjustments for:		
Depreciation expense	27,990	26,848
Amortization expense	5,563	3,831
Expected credit loss (reversed) recognized on trade receivables	5,486	(5,521)
Finance costs	27,033	39,714
Interest income	(45,325)	(42,781)
Share-based compensation	110,642	84,102
Share of profit of subsidiaries, associates and joint ventures	(1,132,743)	(879,049)
Write-downs of inventories	-	1,228
Net loss (gain) on foreign currency exchange	107,046	(35,457)
Changes in operating assets and liabilities		
Notes receivable	3,613	(23,550)
Trade receivables	(52,422)	(20,472)
Trade receivables from related parties	(6,743)	20,951
Other receivables	2,998	(6,504)
Other receivables from related parties	2,996	(2,996)
Inventories	(1,661)	(25,797)
Prepayments	5,756	(1,705)
Contract liabilities	50,389	31,861
Notes payable	(7)	15
Trade payables	(348)	(5,901)
Trade payables to related parties	704,803	302,758
Other payables	(8,785)	20,194
Other current liabilities	(373)	724
Cash generated from operations	2,269,134	1,926,513
Interest received	41,427	44,306
Interest paid	(27,033)	(39,714)
Income tax paid	(317,892)	(348,710)
Net cash generated from operating activities	1,965,636	1,582,395
CASH FLOWS FROM INVESTING ACTIVITIES		
Increase in investments accounted for using the equity method	-	(30,945)
Payments for property, plant and equipment	(3,148)	(60,020)
Decrease in refundable deposits	65	1,070
Payments for intangible assets	(15,402)	(10,822)
Increase in prepayments for equipment	(225)	-
Net cash used in investing activities	(18,710)	(100,717)

(Continued)

VOLTRONIC POWER TECHNOLOGY CORP.

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

	2020	2019
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term borrowings	$ 705,024	$ 707,011
Repayment of the principal portion of lease liabilities	(3,571)	(3,881)
Distributed cash dividends	(1,932,594)	(1,652,390)
Net cash used in financing activities	(1,231,141)	(949,260)
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS HELD IN FOREIGN CURRENCIES	(40,093)	(25,987)
NET INCREASE IN CASH AND CASH EQUIVALENTS	675,692	506,431
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	2,582,135	2,075,704
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	$ 3,257,827	$ 2,582,135

The accompanying notes are an integral part of the financial statements. (Concluded)

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. GENERAL INFORMATION

Voltronic Power Technology Corp. (the "Company") was incorporated in the Republic of China (ROC) in May 2008. The Company mainly manufactures and sells uninterruptible power systems (UPS).

The Company's shares have been listed on the Taiwan Stock Exchange since March 31, 2014.

The financial statements are presented in the Company's functional currency, the New Taiwan dollar.

2. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the board of directors on February 25, 2021.

3. APPLICATION OF NEW, AMENDED AND REVISED STANDARDS AND INTERPRETATIONS

a. Initial application of the amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), Interpretations of IFRS (IFRIC), and Interpretations of IAS (SIC) (collectively, the "IFRSs") endorsed and issued into effect by the Financial Supervisory Commission (FSC)

   Assessed the application of the IFRSs endorsed and issued into effect by the FSC did not have material impact on the accounting policies of the Company.

b. The IFRSs endorsed by the FSC for application starting from 2021

New IFRSs	Effective Date Announced by IASB
Amendments to IFRS 4 "Extension of the Temporary Exemption from Applying IFRS 9"	Effective immediately upon promulgation by the IASB
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 "Interest Rate Benchmark Reform - Phase 2"	January 1, 2021
Amendment to IFRS 16 "Covid-19-Related Rent Concessions"	June 1, 2020

   Except for the above impact, as of the date the financial statements were authorized for issue, the Company is continuously assessing the possible impact that the application of other standards and interpretations will have on the Company's financial position and financial performance and will disclose the relevant impact when the assessment is completed.

c. New IFRSs in issue but not yet endorsed and issued into effect by the FSC

New IFRSs	Effective Date Announced by IASB (Note 1)
"Annual Improvements to IFRS Standards 2018-2020"	January 1, 2022 (Note 2)
Amendments to IFRS 3 "Reference to the Conceptual Framework"	January 1, 2022 (Note 3)
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	To be determined by IASB
IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"	January 1, 2023
Amendments to IAS 1 "Disclosure of Accounting Policies"	January 1, 2023 (Note 6)
Amendments to IAS 8 "Definition of Accounting Estimates"	January 1, 2023 (Note 7)
Amendments to IAS 16 "Property, Plant and Equipment - Proceeds before Intended Use"	January 1, 2022 (Note 4)
Amendments to IAS 37 "Onerous Contracts - Cost of Fulfilling a Contract"	January 1, 2022 (Note 5)

Note 1: Unless stated otherwise, the above New IFRSs are effective for annual reporting periods beginning on or after their respective effective dates.

Note 2: The amendments to IFRS 9 will be applied prospectively to modifications and exchanges of financial liabilities that occur on or after the annual reporting periods beginning on or after January 1, 2022. The amendments to IAS 41 "Agriculture" will be applied prospectively to the fair value measurements on or after the annual reporting periods beginning on or after January 1, 2022. The amendments to IFRS 1 "First-time Adoptions of IFRSs" will be applied retrospectively for annual reporting periods beginning on or after January 1, 2022.

Note 3: The amendments are applicable to business combinations for which the acquisition date is on or after the beginning of the annual reporting period beginning on or after January 1, 2022.

Note 4: The amendments are applicable to property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after January 1, 2021.

Note 5: The amendments are applicable to contracts for which the entity has not yet fulfilled all its obligations on January 1, 2022.

Note 6: The amendments will be applied prospectively for annual reporting periods beginning on or after January 1, 2023.

Note 7: The amendments are applicable to changes in accounting estimates and changes in accounting policies that occur on or after the beginning of the annual reporting period beginning on or after January 1, 2023.

1) Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"

The amendments clarify that for a liability to be classified as non-current, the Company shall assess whether it has the right at the end of the reporting period to defer settlement of the liability for at least twelve months after the reporting period. If such rights are in existence at the end of the reporting period, the liability is classified as non-current regardless of whether the Company will exercise that right. The amendments also clarify that, if the right to defer settlement is subject to compliance with specified conditions, the Company must comply with those conditions at the end of the reporting period even if the lender does not test compliance until a later date.

The amendments stipulate that, for the purpose of liability classification, the aforementioned settlement refers to a transfer of cash, other economic resources or the Company's own equity instruments to the counterparty that results in the extinguishment of the liability. However, if the terms of a liability that could, at the option of the counterparty, result in its settlement by a transfer of the Company's own equity instruments, and if such option is recognized separately as equity in accordance with IAS 32: Financial Instruments: Presentation, the aforementioned terms would not affect the classification of the liability.

2) Amendments to IAS 1 "Disclosure of Accounting Policies"

The amendments specify that the Company should refer to the definition of material to determine its material accounting policy information to be disclosed. Accounting policy information is material if it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. The amendments also clarify that:

- Accounting policy information that relates to immaterial transactions, other events or conditions is immaterial and need not be disclosed;

- The Company may consider the accounting policy information as material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial; and

- Not all accounting policy information relating to material transactions, other events or conditions is itself material.

The amendments also illustrate that accounting policy information is likely to be considered as material to the financial statements if that information relates to material transactions, other events or conditions and:

a) The Company changed its accounting policy during the reporting period and this change resulted in a material change to the information in the financial statements;

b) The Company chose the accounting policy from options permitted by the standards;

c) The accounting policy was developed in accordance with IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors" in the absence of an IFRS that specifically applies;

d) The accounting policy relates to an area for which the Company is required to make significant judgements or assumptions in applying an accounting policy, and the Company discloses those judgements or assumptions; or

e) The accounting is complex and users of the financial statements would otherwise not understand those material transactions, other events or conditions.

3) Amendments to IAS 8 "Definition of Accounting Estimates"

The amendments define that accounting estimates are monetary amounts in financial statements that are subject to measurement uncertainty. In applying accounting policies, the Company may be required to measure items at monetary amounts that cannot be observed directly and must instead be estimated. In such a case, the Company uses measurement techniques and inputs to develop accounting estimates to achieve the objective. The effects on an accounting estimate of a change in a measurement technique or a change in an input are changes in accounting estimates unless they result from the correction of prior period errors.

Except for the above impact, as of the date the financial statements were authorized for issue, the Company is continuously assessing the possible impact that the application of other standards and interpretations will have on the Company's financial position and financial performance and will disclose the relevant impact when the assessment is completed.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

For the convenience of readers, the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the ROC. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language financial statements shall prevail. However, the financial statements do not include the English translation of the additional footnote disclosures that are not required under IFRSs but are required by FSC for their oversight purposes.

a. Statement of compliance

The parent company only financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

b. Basis of preparation

The financial statements have been prepared on the historical cost basis.

When preparing these parent company only financial statements, the Company used the equity method to account for its investment in subsidiaries, associates and joint ventures. In order for the amounts of the net profit for the year, other comprehensive income for the year and total equity in the parent company only financial statements to be the same as the amounts attributable to the owner of the Company in its consolidated financial statements, adjustments arising from the differences in accounting treatment between the parent company basis and the consolidated basis were made to investments accounted for using the equity method, share of profit or loss of subsidiaries, associates and joint ventures, share of other comprehensive income of subsidiaries, associates and joint ventures and related equity items, as appropriate, in these parent company only financial statements.

c. Classification of current and non-current assets and liabilities

Current assets include:

1) Assets held primarily for the purpose of trading;

2) Assets expected to be realized within 12 months after the reporting period; and

3) Cash and cash equivalents, unless the asset is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

Current liabilities include:

1) Liabilities held primarily for the purpose of trading.

2) Liabilities due to be settled within 12 months after the reporting period; and

3) Liabilities for which the Company does not have an unconditional right to defer settlement for at least 12 months after the reporting period.

Assets and liabilities that are not classified as current are classified as non-current.

d. Foreign currencies

In preparing the Company’s financial statements, transactions in currencies other than the Company’s functional currency (i.e., foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions.

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Exchange differences arising from settlement or translation are recognized in profit or loss in the period in which they arise.

Non-monetary items that are measured at historical cost in a foreign currency are not retranslated.

For the purpose of presenting the financial statements, the functional currencies of the Company and the group entities (including subsidiaries associates, joint ventures and branches in other countries that use currencies different from the currency of the Company) are translated into the presentation currency - the New Taiwan dollar as follows: Assets and liabilities are translated at the exchange rates prevailing at the end of the reporting period; income and expense items are translated at the average exchange rates for the period. The resulting currency translation differences are recognized in other comprehensive income.

e. Inventories

Inventories consist of raw materials, merchandise, and work in progress and are stated at the lower of cost and net realizable value. Inventory write-downs are made by item, except where it may be appropriate to group similar or related items. The net realizable value is the estimated selling price of inventories less all estimated costs of completion and costs necessary to make the sale. Inventories are recorded at the weighted-average cost on the balance sheet date.

f. Investments in subsidiaries

The Company uses the equity method to account for its investments in subsidiaries.

A subsidiary is an entity (including structured entity) that is controlled by the Company.

Under the equity method, an investment in a subsidiary is initially recognized at cost and adjusted thereafter to recognize the Company’s share of the profit or loss and other comprehensive income of the subsidiary. The Company also recognizes the changes in the Company’s share of equity of subsidiaries.

Changes in the Company’s ownership interest in a subsidiary that do not result in the Company losing control of the subsidiary are equity transactions. The Company recognizes directly in equity any difference between the carrying amount of the investment and the fair value of the consideration paid or received.

When the Company’s share of losses of a subsidiary exceeds its interest in that subsidiary (which includes any carrying amount of the investment accounted for using the equity method and long-term interests that, in substance, form part of the Company’s net investment in the subsidiary), the Company continues recognizing its share of further losses.

Any excess of the cost of acquisition over the Company’s share of the net fair value of the identifiable assets and liabilities of a subsidiary at the date of acquisition is recognized as goodwill, which is included within the carrying amount of the investment and is not amortized. Any excess of the Company’s share of the net fair value of the identifiable assets and liabilities over the cost of acquisition is recognized immediately in profit or loss.

The Company assesses its investment for any impairment by comparing the carrying amount with the estimated recoverable amount as assessed based on the entire financial statements of the invested company. Impairment loss is recognized when the carrying amount exceeds the recoverable amount. If the recoverable amount of the investment subsequently increases, the Company recognizes the reversal of the impairment loss; the adjusted post-reversal carrying amount should not exceed the carrying amount that would have been recognized (net of amortization or depreciation) had no impairment loss been recognized in prior years. An impairment loss recognized on goodwill cannot be reversed in a subsequent period.

When the Company loses control of a subsidiary, it recognizes the investment retained in the former subsidiary at its fair value at the date when control is lost. The difference between the fair value of the retained investment plus any consideration received and the carrying amount of the previous investment at the date when control is lost is recognized as a gain or loss in profit or loss. Besides, the Company accounts for all amounts previously recognized in other comprehensive income in relation to that subsidiary on the same basis as would be required if the Company had directly disposed of the related assets or liabilities.

Profits or losses resulting from downstream transactions are eliminated in full only in the parent company’s financial statements. Profits and losses resulting from upstream transactions and transactions between subsidiaries are recognized only in the parent company’s financial statements only to the extent of interests in the subsidiaries that are not related to the Company.

g. Property, plant and equipment

Property, plant and equipment are stated at cost, less subsequent accumulated depreciation and subsequent accumulated impairment loss.

Property, plant and equipment in the course of construction are carried at cost, less any recognized impairment loss. Cost includes professional fees and borrowing costs eligible for capitalization. Such assets are depreciated and classified to the appropriate categories of property, plant and equipment when completed and ready for their intended use.

Depreciation on property, plant and equipment is recognized using the straight-line method. Each significant part is depreciated separately. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimates accounted for prospectively.

On derecognition of an item of property, plant and equipment, the difference between the sales proceeds and the carrying amount of the asset is recognized in profit or loss.

h. Intangible assets

1) Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are initially measured at cost and subsequently measured at cost less accumulated amortization and accumulated impairment loss. Amortization is recognized on a straight-line basis. The estimated useful life, residual value, and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimates accounted for prospective basis.

2) Derecognition of intangible assets

On derecognition of an intangible asset, the difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss.

i. Impairment of property, plant and equipment, right-of-use asset, intangible assets

At the end of each reporting period, the Company reviews the carrying amounts of its property, plant and equipment, right-of-use asset, intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit (CGU) to which the asset belongs. Corporate assets are allocated to the individual CGUs on a reasonable and consistent basis of allocation.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

The recoverable amount is the higher of fair value less costs to sell and value in use. If the recoverable amount of an asset or CGU is estimated to be less than its carrying amount, the carrying amount of the asset or CGU is reduced to its recoverable amount, with the resulting impairment loss recognized in profit or loss.

When an impairment subsequently loss is reversed, the carrying amount of the asset or CGU is increased to the revised estimate of its recoverable amount, but only to the extent of the carrying amount that would have been determined had no impairment loss been recognized for the asset or CGU in prior years. A reversal of an impairment loss is recognized in profit or loss.

j. Financial instruments

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issuance of financial assets and financial liabilities (other than financial assets and financial liabilities at FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognized immediately in profit or loss.

1) Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis.

a) Measurement category

Financial assets are classified as financial assets at amortized cost.

<u>Financial assets at amortized cost</u>

Financial assets that meet the following conditions are subsequently measured at amortized cost:

i. The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

ii. The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, financial assets at amortized cost, including cash and cash equivalents, notes receivable, trade receivables, trade receivables from related parties, other receivables, other receivables from related parties and refundable deposits are measured at amortized cost, which equals the gross carrying amount determined using the effective interest method less any impairment loss. Exchange differences are recognized in profit or loss.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of such a financial asset, except for:

i. Purchased or originated credit-impaired financial assets, for which interest income is calculated by applying the credit adjusted effective interest rate to the amortized cost of such financial assets; and

ii. Financial assets that are not credit impaired on purchase or origination but have subsequently become credit impaired, for which interest income is calculated by applying the effective interest rate to the amortized cost of such financial assets in subsequent reporting periods.

A financial asset is credit impaired when one or more of the following events occur: significant financial difficulty of the issuer or the borrower, breach of contract, it is becoming probable that the borrower will enter bankruptcy or undergo a financial reorganization or the disappearance of an active market for that financial asset because of financial difficulties.

Cash equivalents include time deposits with original maturities within 3 months from the date of acquisition, which are highly liquid, readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These cash equivalents are held for the purpose of meeting short-term cash commitments.

b) Impairment of financial assets

The Company recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including trade receivables).

The Company always recognizes lifetime expected credit losses (ECLs) for trade receivables, For all other financial instruments, the Company recognizes lifetime ECLs when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on a financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month ECLs.

Expected credit losses reflect the weighted average of credit losses with the respective risks of default occurring as the weights. Lifetime ECLs represent the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECLs represent the portion of lifetime ECLs that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

For internal credit risk management purposes, the Company determines that the following situations indicate that a financial asset is in default without taking into account any collateral held by the Company:

i. Internal or external information show that the debtor is unlikely to pay its creditors.

ii. When a financial asset is more than 180 days past due unless the Company has reasonable and corroborative information to support a more lagged default criterion.

The impairment loss of all financial assets is recognized in profit or loss by a reduction in their carrying amounts through a loss allowance account, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognized in other comprehensive income and the carrying amounts of such financial assets are not reduced.

c) Derecognition of financial assets

The Company derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

On derecognition of a financial asset at amortized cost in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss.

2) Equity instruments

Debt and equity instruments issued by the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments issued by the Company are recognized at the proceeds received, net of direct issue costs.

The repurchase of the Company's own equity instruments is recognized in and deducted directly from equity. No gain or loss is recognized in profit or loss on the purchase, sale, issuance or cancellation of the Company's own equity instruments.

3) Financial liabilities

a) Subsequent measurement

All financial liabilities are measured at amortized cost using the effective interest method.

b) Derecognition of financial liabilities

The difference between the carrying amount of the financial liability derecognized and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

k. Revenue recognition

The Company identifies contracts with customers, allocates the transaction price to the performance obligations and recognizes revenue when performance obligations are satisfied.

<u>Revenue from the sale of goods</u>

Revenue from the sale of goods comes from sales of uninterrupted power system electronic equipment. Sales of leisure goods and electronic equipment are recognized as revenue when the goods are shipped because it is the time when the customer has full discretion over the manner of distribution and price to sell the goods, has the primary responsibility for sales to future customers and bears the risks of obsolescence. Trade receivables are recognized concurrently. Contract liabilities are the advance receipts which have not been recognized as revenue.

l. Leasing

At the inception of a contract, the Company assesses whether the contract is, or contains, a lease.

The Company as lessee

The Company recognizes right-of-use assets and lease liabilities for all leases at the commencement date of a lease, except for short-term leases and low-value asset leases accounted for applying a recognition exemption where lease payments are recognized as expenses on a straight-line basis over the lease terms.

Right-of-use assets are initially measured at cost, which comprises the initial measurement of lease liabilities adjusted for lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs needed to restore the underlying assets, and less any lease incentives received. Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses and adjusted for any remeasurement of the lease liabilities. Right-of-use assets are presented on a separate line in the balance sheets.

Right-of-use assets are depreciated using the straight-line method from the commencement dates to the earlier of the end of the useful lives of the right-of-use assets or the end of the lease terms.

Lease liabilities are initially measured at the present value of the lease payments, which comprise fixed payments. The lease payments are discounted using the interest rate implicit in a lease, if that rate can be readily determined. If that rate cannot be readily determined, the Company uses the lessee’s incremental borrowing rate.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. When there is a change in a lease term or a rate used to determine those payments, the Company remeasures the lease liabilities with a corresponding adjustment to the right-of-use-assets. However, if the carrying amount of the right-of-use assets is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss. Lease liabilities are presented on a separate line in the balance sheets.

m. Employee benefits

1) Short-term employee benefits

Liabilities recognized on short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

2) Retirement benefits

Payments to defined contribution retirement benefit plans are recognized as an expense when employees have rendered service entitling them to the contributions.

n. Share-based payment arrangements

Restricted shares granted to employees

The fair value at the grant date of the restricted shares for employees is expensed on a straight-line basis over the vesting period on the basis of the Company’s best estimates of the number of shares or options that are expected to ultimately vest, with a corresponding increase in other equity - earned employee benefits. It is recognized as an expense in full at the grant date if vested immediately.

When restricted shares for employees are issued, other equity - unearned employee benefits are recognized on the grant date, with a corresponding increase in capital surplus - restricted shares for employees. Under certain conditions, some employees who receive restricted shares are required to return their shares to the issuer on their resignation, and these shares will then be recognized as payables. If restricted shares for employees are granted for consideration and should be returned, they are recognized as payables. Dividends paid to employees on restricted shares that do not need to be returned if employees resign in the vesting period are recognized as expenses when the dividends are declared with a corresponding adjustment in retained earnings.

At the end of each reporting period, the Company revises its estimate of the number of restricted shares for employees expected to vest. The impact of the revision of the original estimates is recognized in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the capital surplus - restricted shares for employees.

Equity-settled share-based payment arrangements granted to the employees of a subsidiary

The grant by the Company of its equity instruments to the employees of a subsidiary under equity-settled share-based payment arrangements is treated as a capital contribution. The fair value of employee services received under the arrangement is measured by reference to the grant-date fair value and is recognized over the vesting period as an addition to the investment in the subsidiary, with a corresponding credit to share-based payments.

o. Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

1) Current tax

According to the Income Tax Law in the ROC, an additional tax on unappropriated earnings is provided for in the year the shareholders approve to retain earnings.

Adjustments of prior years' tax liabilities are added to or deducted from the current year's tax provision.

2) Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be used.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. A previously unrecognized deferred tax asset is also reviewed at the end of each reporting period and recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply to the period in which the liabilities are settled or the assets are realized, based on tax rates and laws that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences of how the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

3) Current and deferred tax for the year

Current and deferred tax are recognized in profit or loss, but when these taxes pertain to items that are recognized in other comprehensive income or directly in equity, the current and deferred taxes are also recognized in other comprehensive income or directly in equity, respectively.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Company's accounting policies, management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revisions affect only that period or in the period of the revisions and future periods if the revisions affects both current and future periods.

Key Sources of Estimation Uncertainty

Estimated impairment of financial assets

The provision for impairment of trade receivables is based on assumptions about risk of default and expected loss rates. The Company uses judgment in making these assumptions and in selecting the inputs to the impairment calculation, based on the Company's historical experience, existing market conditions as well as forward looking estimates as of the end of each reporting period. For details of the key assumptions and inputs used, see Note 7. Where the actual future cash inflows are less than expected, a material impairment loss may arise.

6. CASH AND CASH EQUIVALENTS

	December 31	
	2020	**2019**
Cash on hand	$ 354	$ 483
Demand deposits	1,336,055	1,718,007
Cash equivalents (investments with original maturities of less than 3 months)		
Time deposits	1,921,418	863,645
	$ 3,257,827	$ 2,582,135

The market interest rates for cash in bank at the end of the reporting period were as follows:

	December 31	
	2020	2019
Demand deposits	0.001%-0.250%	0.001%-0.350%
Time deposits	0.300%-2.950%	2.080%-3.200%

7. NOTES RECEIVABLE, TRADE RECEIVABLES AND OTHER RECEIVABLES

	December 31	
	2020	2019
Notes receivable		
At amortized cost		
Gross carrying amount	$ 29,555	$ 33,168
Less: Allowance for impairment loss	-	-
	$ 29,555	$ 33,168
Trade receivables		
At amortized cost		
Gross carrying amount	$ 1,813,339	$ 1,772,318
Less: Allowance for impairment loss	(4,234)	(2,858)
	$ 1,809,105	$ 1,769,460
Other receivables		
Interest receivables	$ 6,503	$ 2,605
Tax refund receivables	4,155	7,224
Others	71	-
	$ 10,729	$ 9,829

Notes Receivable

Amortized cost

The average paid of notes receivable was 49 to 124 days.

The Company measures the loss allowance for notes receivables at an amount equal to lifetime ECLs. The expected credit losses on trade receivables are estimated using a provision matrix by reference to past default experience of the customer, the customer's current financial position, economic condition of the industry in which the customer operates, as well as the forecasts and industry outlook. As of December 31, 2020 and 2019, the Company evaluated that there was no need to recognize expected credit losses on notes receivable.

As of December 31, 2020 and 2019, the Company did not pledge any collateral as security for such notes receivables.

The following table details the aging analysis of notes receivable.

	December 31	
	2020	2019
1 to 60 days	$ 24,110	$ 31,646
61 to 90 days	4,078	1,522
91 to 120 days	1,367	-
	$ 29,555	$ 33,168

The above aging analysis of notes receivable is based on the journal date.

Trade Receivables

At amortized cost

The average credit period of sales of goods was 0 to 180 days.

In order to minimize credit risk, the management of the Company has delegated a team responsible for determining credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Company reviews the recoverable amount of each individual trade debt at the end of the reporting period to ensure that adequate allowance is made for possible irrecoverable amounts. In this regard, the management believes the Company's credit risk was significantly reduced.

The Company measures the loss allowance for trade receivables at an amount equal to lifetime ECLs. The expected credit losses on trade receivables are estimated using a provision matrix by reference to past default experience of the customer, the customer's current financial position, economic condition of the industry in which the customer operates, as well as the GDP forecasts and industry outlook. The provision for expected credit losses is based on the number of past due days from the end of the credit term.

The Company writes off a trade receivable when there is information indicating that the customer is experiencing severe financial difficulty and there is no realistic prospect of recovery. For trade receivables that have been written off, the Company continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognized in profit or loss.

Since the Company purchased insurance individually and the credit rating is evaluated by the insurance company, no impairment loss was needed for trade receivables. As of December 31, 2020 and 2019, the carrying amount of trade receivables was $1,048,175 thousand and $1,048,896 thousand, respectively.

The following table details the loss allowance of trade receivables based on the Company's provision matrix:

December 31, 2020

	Not Past Due	Less than 90 Days	91 to 180 Days	181 to 270 Days	271 to 365 Days	Over 365 Days	Total
Expected credit loss rate	0.34%	3.62%	34.33%	100%	100%	100%	
Gross carrying amount	$ 717,280	$ 47,750	$ 134	$ -	$ -	$ -	$ 765,164
Loss allowance (Lifetime ECLs)	(2,460)	(1,728)	(46)	-	-	-	(4,234)
Amortized cost	$ 714,820	$ 46,022	$ 88	$ -	$ -	$ -	$ 760,930

December 31, 2019

	Not Past Due	Less than 90 Days	91 to 180 Days	181 to 270 Days	271 to 365 Days	Over 365 Days	Total
Expected credit loss rate	0.18%	2.07%	23.65%	100%	100%	100%	
Gross carrying amount	$ 699,302	$ 19,608	$ 4,321	$ 6	$ 181	$ 4	$ 723,422
Loss allowance (Lifetime ECLs)	(1,240)	(405)	(1,022)	(6)	(181)	(4)	(2,858)
Amortized cost	$ 698,062	$ 19,203	$ 3,299	$ -	$ -	$ -	$ 720,564

The movements of the loss allowance of trade receivables were as follows:

	2020	2019
Balance at January 1	$ 2,858	$ 8,379
Add: Net remeasurement of loss allowance	5,486	-
Less: Net impairment losses reversed	-	(5,521)
Less: Amounts written off	(4,110)	-
Balance at December 31	$ 4,234	$ 2,858

Other Receivables

The Company's other receivables included interest receivables and refundable tax. The Company follows the policy of trade with whom maintains good credit. The Company estimates whether the credit risk is significantly increased and measures the loss allowance for other receivables by monitoring, also by reference to past default experience of the debtor and analysis of the debtor's current financial position. As of December 31, 2020 and 2019, the Company evaluated no allowance for impairment loss was needed for other receivable.

8. INVENTORIES

	December 31	
	2020	2019
Merchandise	$ 8,005	$ 4,705
Work in process	3,800	5,273
Material	14,496	14,662
	$ 26,301	$ 24,640

	For the Year Ended December 31	
	2020	2019
Cost of inventories sold	$ 9,750,001	$ 9,106,322
Inventory write-downs	-	1,228
	$ 9,750,001	$ 9,107,550

9. INVESTMENT ACCOUNTED FOR USING THE EQUITY METHOD

	December 31	
	2020	2019
Investments in subsidiaries		
Voltronic International Corp.	$ 5,934,574	$ 4,757,781
Voltronic Power Technology (Vietnam) Company Limited (Note)	70,254	27,900
	$ 6,004,828	$ 4,785,681

At the end of the reporting period, the percentage of ownership of and voting rights in the subsidiary held by the Company were as follows:

	December 31	
	2020	2019
Voltronic International Corp.	100%	100%
Voltronic Power Technology (Vietnam) Company Limited	100%	100%

For information on investments in subsidiaries which were held indirectly by Company, refer to Tables 5 and 6.

The investments accounted for using the equity method and the share of profit or loss and other comprehensive income of those investments for the years ended December 31, 2020 and 2019 were based on the subsidiary's financial statements audited by the auditors for the same years.

Note: In August 2019, the Company established a 100%-equity interest subsidiary for $30,945 thousand in cash.

10. PROPERTY, PLANT AND EQUIPMENT

Assets Used by the Company

	Freehold Land	Buildings	Machinery and Equipment	Transportation Equipment	Office Equipment	Leasehold Improvements	Other Equipment	Total
Cost								
Balance at January 1, 2020	$ 720,761	$ 365,180	$ 79,993	$ 405	$ 10,383	$ 1,452	$ 20,940	$ 1,199,114
Additions	-	-	2,581	-	-	225	-	2,806
Disposals	-	-	(96)	-	(101)	-	-	(197)
Balance at December 31, 2020	$ 720,761	$ 365,180	$ 82,478	$ 405	$ 10,282	$ 1,677	$ 20,940	$ 1,201,723
Accumulated depreciation and impairment								
Balance at January 1, 2020	$ -	$ 22,351	$ 63,234	$ 26	$ 5,921	$ 276	$ 6,846	$ 98,654
Depreciation expense	-	12,868	5,606	81	1,555	309	4,008	24,427
Disposals	-	-	(96)	-	(101)	-	-	(197)
Balance at December 31, 2020	$ -	$ 35,219	$ 68,744	$ 107	$ 7,375	$ 585	$ 10,854	$ 122,884
Carrying amounts at December 31, 2020	$ 720,761	$ 329,961	$ 13,734	$ 298	$ 2,907	$ 1,092	$ 10,086	$ 1,078,839
Cost								
Balance at January 1, 2019	$ 720,761	$ 357,931	$ 76,185	$ -	$ 7,782	$ 626	$ 20,500	$ 1,183,785
Additions	-	7,249	3,808	405	4,670	826	440	17,398
Disposals	-	-	-	-	(2,069)	-	-	(2,069)
Balance at December 31, 2019	$ 720,761	$ 365,180	$ 79,993	$ 405	$ 10,383	$ 1,452	$ 20,940	$ 1,199,114

(Continued)

	Freehold Land	Buildings	Machinery and Equipment	Transportation Equipment	Office Equipment	Leasehold Improvements	Other Equipment	Total
Accumulated depreciation and impairment								
Balance at January 1, 2019	$ -	$ 9,731	$ 57,779	$ -	$ 7,319	$ 88	$ 2,871	$ 77,788
Depreciation expense	-	12,620	5,455	26	671	188	3,975	22,935
Disposals	-	-	-	-	(2,069)	-	-	(2,069)
Balance at December 31, 2019	$ -	$ 22,351	$ 63,234	$ 26	$ 5,921	$ 276	$ 6,846	$ 98,654
Carrying amounts at December 31, 2019	$ 720,761	$ 342,829	$ 16,759	$ 379	$ 4,462	$ 1,176	$ 14,094	$ 1,100,460

(Concluded)

For the years ended December 31, 2020 and 2019, no impairment assessment was performed as there was no indication of impairment.

The above items of property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives as follows:

Buildings	
Main buildings	50 years
Draining and air-conditioning units	8-10 years
Machinery and Equipment	5 years
Transportation Equipment	5 years
Office equipment	2-5 years
Leasehold improvements	5 years
Other equipment	3-5 years

11. LEASE ARRANGEMENTS

a. Right-of-use assets

	December 31	
	2020	2019
Carrying amounts		
Buildings	$ 5,120	$ 2,201
Transportation equipment	494	1,125
	$ 5,614	$ 3,326

	For the Year Ended December 31	
	2020	2019
Additions to right-of-use assets	$ 5,851	$ 1,261
Depreciation charge for right-of-use assets		
Buildings	$ 2,932	$ 2,935
Transportation equipment	631	978
	$ 3,563	$ 3,913

b. Lease liabilities

	December 31	
	2020	2019
Carrying amounts		
Current	$ 3,408	$ 2,856
Non-current	$ 2,230	$ 502

Range of discount rate for lease liabilities was as follows:

	December 31	
	2020	2019
Buildings	2.64%	2.64%
Transportation equipment	2.64%	2.64%

c. Material lease activities and terms (the Company is the lessee)

The Company leases buildings and transportation equipment for use in operations with lease terms of 2-3 years. The Company does not have bargain purchase options to acquire the leased buildings and transportation equipment at the end of the lease terms.

d. Other lease information

	December 31	
	2020	2019
Expenses relating to short-term leases	$ 88	$ 232
Expenses relating to low-value asset leases	$ 16	$ 32
Total cash outflow for leases	$ (3,752)	$ (4,253)

The Company leases certain plants and transportation equipment which qualify as short-term leases and certain office equipment which qualify as low-value asset leases. The Company has elected to apply the recognition exemption and thus, did not recognize right-of-use assets and lease liabilities for these leases.

The amount of lease commitments for short-term leases for which the recognition exemption is applied was $0 thousand and $72 thousand as of December 31, 2020 and 2019, respectively.

12. OTHER INTANGIBLE ASSETS

	Computer Software
Cost	
Balance at January 1, 2020	$ 38,324
Additions	15,402
Balance at December 31, 2020	$ 53,726
Accumulated amortization and impairment	
Balance at January 1, 2020	$ 26,439
Amortization expense	5,563
Balance at December 31, 2020	$ 32,002
Carrying amount at December 31, 2020	$ 21,724
Cost	
Balance at January 1, 2019	$ 27,502
Additions	10,822
Balance at December 31, 2019	$ 38,324
Accumulated amortization and impairment	
Balance at January 1, 2019	$ 22,608
Amortization expense	3,831
Balance at December 31, 2019	$ 26,439
Carrying amount at December 31, 2019	$ 11,885

	For the Year Ended December 31	
	2020	2019
An analysis of depreciation by function		
Operating costs	$ 100	$ 124
Selling and marketing expenses	676	597
General and administrative expenses	3,887	2,547
Research and development expenses	900	563
	$ 5,563	$ 3,831

Refer to Note 28 for details on the contingent liabilities from purchasing computer software.

The above intangible assets are amortized on a straight-line basis over their estimated useful lives of 3 to 5 years.

13. OTHER ASSETS

	December 31	
	2020	2019
Current		
Prepayments	$ 10,905	$ 16,661
Non-current		
Refundable deposits	$ 2,798	$ 2,863
Prepayments for equipment	288	63
	$ 3,086	$ 2,926

14. BORROWINGS

Short-term Borrowings

	December 31	
	2020	2019
Unsecured borrowings		
Line of credit borrowings	$ 1,768,000	$ 1,091,309

The weighted average effective interest rates on bank loans was 0.8000%-0.8028% and 2.32% as of December 31, 2020 and 2019, respectively.

15. NOTES PAYABLE AND TRADE PAYABLES

	December 31	
	2020	2019
Notes payable		
Operating	$ 29	$ 36
Trade payables		
Operating	$ 12,493	$ 12,843

The Company has financial risk management policies in place to ensure that all payables are paid within the pre-agreed credit terms.

16. OTHER LIABILITIES

	December 31	
	2020	2019
Current		
Other payables		
Payables for salaries and bonuses	$ 10,206	$ 26,325
Payables for employee compensation	174,878	174,954
Payables for remuneration of directors and supervisors	14,400	14,400
Payables for commission	72,806	70,876
Payables for purchase of equipment (including buildings)	-	342
Others	20,597	16,868
	$ 292,887	$ 303,765
Other liabilities		
Receipts under custody	$ 1,549	$ 1,922

17. RETIREMENT BENEFIT PLANS

Defined Contribution Plans

The Company has a pension plan under the Labor Pension Act (LPA), a state-managed defined contribution plan. Under the LPA, the Company makes monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages.

18. EQUITY

a. Share capital

	December 31	
	2020	2019
Number of shares authorized (in thousands)	100,000	100,000
Shares authorized	$ 1,000,000	$ 1,000,000
Number of shares issued and fully paid (in thousands)	87,435	83,301
Shares issued	$ 874,354	$ 833,015

Fully paid ordinary shares, which have a par value of NT$10, carry one vote per share and carry a right to dividends.

Shares authorized include $20,000 thousand for the issuance of employee share options.

In the shareholders' meeting held on June 24, 2020, and June 25, 2019, respectively, the Company's shareholders approved the transfer of retained earnings of $41,651 thousand and $39,342 thousand, to 4,165 thousand and 3,934 thousand new shares, with a par value of NT$10. The transfer was approved by the FSC on August 24, 2020, and July 22, 2019, respectively, with September 22, 2020, and September 8, 2019, as the approved subscription base date, respectively.

On June 25, 2019, the shareholders approved a restricted share plan for employees consisting of 682 thousand shares, with a par value of NT$10. The subscription base date of September 8, 2019 was determined by the Company's board of directors on August 12, 2019.

On May 7 and November 6, 2020, the board of directors approved and authorized the chairman with full power to withdraw restricted shares. The Company withdraw $312 thousand, 31 thousand shares, with a par value of $10, with June 30 and December 25, 2020 as the effective date, and where the approval of the Ministry of Economic Affairs (MOEA) was obtained on January 12, 2021 and August 7, 2020.

A reconciliation of the number of shares outstanding was as follows:

	Number of Shares (In Thousands)	**Share Capital**
Balance at January 1, 2019	78,685	$ 786,853
Capital transferred from retained earnings	3,934	39,342
Issued employee restricted shares (Note 23)	682	6,820
Balance at December 31, 2019	83,301	$ 833,015
Balance at January 1, 2020	83,301	$ 833,015
Capital transferred from retained earnings	4,165	41,651
Retirement of recognized employee restricted shares (Note 23)	(31)	(312)
Balance at December 31, 2020	87,435	$ 874,354

b. Capital surplus

	December 31	
	2020	**2019**
May be used to offset a deficit, distributed as cash dividends, or transferred to share capital (Note)		
Premium from the issuance of ordinary shares	$ 331,068	$ 414,369
May be used for offset a deficit		
Premium from the issuance of ordinary shares	1,171	1,043
Premium from employee restricted shares	490,071	406,621
May not be used for any purpose		
Employee restricted shares	331,760	435,116
	$ 1,154,070	$ 1,257,149

Note: Capital surplus may be used to offset a deficit; in addition, when the Company has no deficit, capital surplus may be distributed as cash dividends, or may be transferred to share capital within a certain percentage of the Company's paid-in capital once a year.

A reconciliation of the capital surplus was as follows:

	Premium from Ordinary Shares	Premium from Employee Restricted Shares	Employee Restricted Shares
Balance at January 1, 2020	$ 415,412	$ 406,621	$ 435,116
Retired employee restricted shares (Notes 1 and 2)	128	-	(19,906)
Vested employee restricted shares	-	83,450	(83,450)
Distributed as cash dividends	(83,301)	-	-
Balance at December 31, 2020	$ 332,239	$ 490,071	$ 331,760
Balance at January 1, 2019	$ 494,097	$ 225,093	$ 181,528
Issued employee restricted shares	-	-	435,116
Vested employee restricted shares	-	181,528	(181,528)
Distributed as cash dividends	(78,685)	-	-
Balance at December 31, 2019	$ 415,412	$ 406,621	$ 435,116

Note 1: Stock dividends of $128 thousand for retired restricted stock which no need to return was recognized as salary expense.

Note 2: Reversal of compensation cost of the restricted shares amounting to $20,218 thousand, net of retired share capital of $312 thousand.

c. Retained earnings and dividend policy

Under the dividend policy as set forth in the amended Articles, where the Company made a profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as legal reserve 10% of the remaining profit, setting aside or reversing a special reserve in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings shall be used by the Company's board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for distribution of dividends and bonus to shareholders. For the policies on distribution of employees' compensation and remuneration of directors and supervisors before and after amendment, refer to employees' compensation and remuneration of directors and supervisors in Note 20g.

Distribution of the compensation may be made by way of cash dividends or share dividends, where the ratio of the cash dividends distributed shall not be less than 10% of the total bonuses distributed. However, in the case where the bonus per share is less than NT$0.3, the board of directors may cancel the bonus distribution by submitting such cancellation for resolution at the shareholders' meeting.

The legal reserve may be used to offset deficits. If the Company has no deficit and the legal reserve has exceeded 25% of the Company's paid-in capital, the excess may be transferred to capital or distributed in cash.

Items referred to under Rule No. 1010012865 should be appropriated to or reversed from a special reserve by the Company.

The appropriations of earnings for 2019 and 2018 approved in the shareholders' meetings on June 24, 2020 and June 25, 2019, respectively, were as follows:

	For the Year Ended December 31	
	2019	2018
Legal reserve	$ 213,103	$ 181,363
Special reserve	$ 158,997	$ 50,002
Cash dividends	$ 1,849,293	$ 1,573,705
Share dividends	$ 41,651	$ 39,342
Cash dividends per share (NT$)	$ 22.2	$ 20.0
Share dividends per share (NT$)	$ 0.5	$ 0.5

The distribution of cash dividends from capital surplus of $83,301 thousand and $78,685 thousand were approved in the shareholders' meeting on June 24, 2020 and June 25, 2019, respectively.

The appropriation of earnings for 2020, which had been resolved by the Company's board of directors on February 25, 2021, was as follows:

	For the Year Ended December 31, 2020
Legal reserve	$ 219,714
Special reserve	$ (11,771)
Cash dividends	$ 1,967,296
Cash dividends per share (NT$)	$ 22.5

The appropriation of earnings for 2020 is to be resolved by the shareholders in the shareholders' meeting on June 21, 2021.

In addition, the board of directors proposed the distribution of cash from the capital surplus of $87,435 thousand on February 25, 2021, which is to be resolved in the shareholders' meeting on June 21, 2021.

d. Special reserve

	For the Year Ended December 31	
	2020	2019
Balance at January 1	$ 184,243	$ 134,241
Appropriations in respect of		
Debit to other equity items	158,997	50,002
Balance at December 31	$ 343,240	$ 184,243

e. Other equity items

Exchange differences on translating the financial statements of foreign operations

	For the Year Ended December 31	
	2020	2019
Balance at January 1	$ (343,240)	$ (184,243)
Exchange differences on translating foreign operations	14,714	(198,746)
Income tax related to exchange differences arising on translating to the presentation currency	(2,943)	39,749
Other comprehensive income from the period	11,771	(158,997)
Balance at December 31	$ (331,469)	$ (343,240)

Employees' unearned benefits

In the shareholders' meetings on June 25, 2019, and May 24, 2016, the shareholders approved the issuance of restricted shares to employees (refer to Note 23).

	For the Year Ended December 31	
	2020	2019
Balance at January 1	$ (372,507)	$ (40,836)
Issuance of shares	-	(441,936)
Share-based payment expenses recognized	110,441	84,102
Unearned stock-based on compensation of subsidiaries recognized	71,690	26,163
Adjustment for retired restricted employee shares (Note)	20,218	-
Balance at December 31	$ (170,158)	$ (372,507)

Note: Deducted from the compensation cost of restricted shares amounting to $20,218 thousand.

19. REVENUE

	For the Year Ended December 31	
	2020	2019
Revenue from contracts with customers		
Revenue from sale of goods	$ 11,812,535	$ 11,179,336

	December 31, 2020	December 31, 2019	January 1, 2019
Contract balances			
Notes receivable (Note 7)	$ 29,555	$ 33,168	$ 9,618
Trade receivables (Notes 7 and 27)	$ 1,964,849	$ 1,919,874	$ 1,947,865
Contract liabilities - current			
Sale of goods	$ 164,099	$ 113,710	$ 81,849

Revenue recognized in the current reporting period from contract liabilities at the beginning of the year is as follows:

	For the Year Ended December 31	
	2020	**2019**
From contract liabilities at the beginning of the year		
Sale of goods	$ 113,710	$ 81,849

20. NET PROFIT (LOSS) FROM OPERATIONS

Net profit (loss) from continuing operations was attributable to:

a. Interest income

	For the Year Ended December 31	
	2020	**2019**
Bank deposits	$ 45,325	$ 42,781

b. Other income

	For the Year Ended December 31	
	2020	**2019**
Technical service income	$ -	$ 2,996
Others	431	1,714
	$ 431	$ 4,710

c. Other gains and losses

	For the Year Ended December 31	
	2020	**2019**
Net foreign exchange (losses)gains	$ (157,311)	$ 36,804

d. Finance costs

	For the Year Ended December 31	
	2020	**2019**
Interest on bank loans	$ 19,364	$ 22,787
Interest on lease liabilities	77	108
Other interest expense	7,592	16,819
	$ 27,033	$ 39,714

e. Depreciation and amortization

	For the Year Ended December 31	
	2020	2019
An analysis of depreciation by function		
Operating costs	$ 3,947	$ 3,368
Operating expenses	24,043	23,480
	$ 27,990	$ 26,848
An analysis of amortization by function		
Operating costs	$ 100	$ 124
Operating expenses	5,463	3,707
	$ 5,563	$ 3,831

f. Employee benefits expense

	For the Year Ended December 31		
	2020		2019
Salary expenses	$ 224,162		$ 228,680
Other employee benefits			
Labor and health insurance	12,797		10,381
Other employee benefits	9,999		8,653
Equity-settled share-based payments (Note 23)	110,642	(Note)	84,102
Post-employment benefits			
Defined contribution plans	6,873		5,272
Total employee benefits expense	$ 364,473		$ 337,088
An analysis of employee benefits expense by function			
Operating costs	$ 17,439		$ 10,561
Operating expenses	347,034		326,527
	$ 364,473		$ 337,088

Note: Share-based payment expense recognized of $110,441 thousand and accumulated returned restricted of $201 thousand are included in the year of 2020.

g. Employees' compensation and remuneration of directors

According to the Articles of Incorporation of the Company, the Company accrued employees' compensation and remuneration of directors at the rates between 3.75% and 11.5% and no higher than 3.75%, respectively, of net profit before income tax, employees' compensation, and remuneration of directors. The employees' compensation and remuneration of directors for the years ended December 31, 2020 and 2019, which have been approved by the Company's board of directors on February 25, 2021 and 2020, respectively, were as follows:

Accrual rate

	For the Year Ended December 31	
	2020	2019
Employees' compensation	4.07%	4.10%
Remuneration of directors	0.56%	0.56%

Amount

	For the Year Ended December 31			
	2020		2019	
	Cash	Shares	Cash	Shares
Employees’ compensation	$ 105,000	$ -	$ 105,000	$ -
Remuneration of directors	14,400	-	14,400	-

If there is a change in the amounts after the annual financial statements were authorized for issue, the differences are recorded as a change in the accounting estimate.

There was no difference between the actual amounts of employees’ compensation and remuneration of directors paid and the amounts recognized in the financial statements for the years ended December 31, 2019 and 2018.

Information on the employees’ compensation and remuneration of directors resolved by the Company’s board of directors is available at the Market Observation Post System website of the Taiwan Stock Exchange.

h. Gain or loss on foreign currency exchange

	For the Year Ended December 31	
	2020	2019
Foreign exchange gains	$ 275,507	$ 280,704
Foreign exchange losses	(432,818)	(243,900)
Net (losses) gains	$ (157,311)	$ 36,804

21. INCOME TAXES RELATING TO CONTINUING OPERATIONS

a. Major components of income tax (expense) benefit recognized in profit are as follows:

	For the Year Ended December 31	
	2020	2019
Current tax		
In respect of the current period	$ (283,941)	$ (306,680)
Adjustments for prior periods	21	6
	(283,920)	(306,674)
Deferred tax		
In respect of the current period	17,838	(6,314)
Income tax expense recognized in profit or loss	$ (266,082)	$ (312,988)

A reconciliation of accounting profit and income tax expense is as follows:

	For the Year Ended December 31	
	2020	2019
Profit before tax	$ 2,463,226	$ 2,444,020
Income tax expense calculated at the statutory rate	$ (492,646)	$ (488,804)
Deferred tax effect of earnings of subsidiaries	226,549	175,810
Unrecognized deductible temporary differences	(6)	-
Adjustments for prior years' tax	21	6
Income tax expense recognized in profit or loss	$ (266,082)	$ (312,988)

In July 2019, the president of the ROC announced the amendments to the Statute for Industrial Innovation, which stipulate that the amounts of unappropriated earnings in 2018 and thereafter that are reinvested in the construction or purchase of certain assets or technologies are allowed as deduction when computing the income tax on unappropriated earnings. When calculating the tax on unappropriated earnings, the Company only deducts the amount of the unappropriated earnings that has been reinvested in capital expenditure.

As the status of the 2021 appropriations of earnings is uncertain, the potential income tax consequences of additional 5% on 2020 unappropriated earnings are not reliably determinable.

b. Income tax recognized in other comprehensive income

	For the Year Ended December 31	
	2020	2019
Deferred tax		
In respect of the current year		
Translation of foreign operations	$ (2,943)	$ 39,749

c. Current tax assets and liabilities

	December 31	
	2020	2019
Current tax liabilities		
Income tax payable	$ 126,484	$ 160,456

d. Deferred tax assets and liabilities

The movements of deferred tax assets and deferred tax liabilities were as follows:

For the year ended December 31, 2020

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehen-sive Income	Closing Balance
Deferred tax assets				
Temporary differences				
Unrealized loss on write-down of inventories	$ 406	$ (203)	$ -	$ 203
Unrealized employee compensation	6,050	(5,128)	-	922
Exchanges difference on foreign operations	85,810	-	(2,943)	82,867
Unrealized exchange losses	-	18,092	-	18,092
Right-of-use assets	6	(6)	-	-
	$ 92,272	$ 12,755	$ (2,943)	$ 102,084
Deferred tax liabilities				
Temporary differences				
Unrealized exchange gains	$ (5,083)	$ 5,083	$ -	$ -

For the year ended December 31, 2019

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehen-sive Income	Closing Balance
Deferred tax assets				
Temporary differences				
Unrealized loss on write-down of inventories	$ 160	$ 246	$ -	$ 406
Unrealized employee compensation	7,847	(1,797)	-	6,050
Exchanges difference on foreign operations	46,061	-	39,749	85,810
Right-of-use assets	-	6	-	6
	$ 54,068	$ (1,545)	$ 39,749	$ 92,272
Deferred tax liabilities				
Temporary differences				
Unrealized exchange gains	$ (314)	$ (4,769)	$ -	$ (5,083)

e. The aggregate amount of temporary difference associated with investments for which deferred tax liabilities have not been recognized

As of December 31, 2020 and 2019, the taxable temporary differences associated with investments in subsidiaries for which no deferred tax liabilities were recognized amounted to $5,402,081 thousand and $4,269,338 thousand, respectively.

f. Income tax assessments

The Company's tax returns through 2018 have been assessed by the tax authorities. As of December 31, 2020, the Company has no unsettled lawsuits related to tax.

22. EARNINGS PER SHARE

Unit: NT$ Per Share

	For the Year Ended December 31	
	2020	**2019**
Basic earnings per share		
Basic earnings per share	$ 25.31	$ 24.64
Diluted earnings per share		
Diluted earnings per share	$ 25.14	$ 24.51

The weighted average number of shares outstanding used for the earnings per share computation was adjusted retroactively for the issuance of bonus shares on September 22, 2020. The basic and diluted earnings per share adjusted retrospectively for the year ended December 31, 2019 are as follows:

Unit: NT$ Per Share

	Before Retrospective Adjustment	After Retrospective Adjustment
Basic earnings per share	$ 25.87	$ 24.64
Diluted earnings per share	$ 25.73	$ 24.51

The earnings and weighted average number of ordinary shares outstanding used in the computation of earnings per share are as follows:

	For the Year Ended December 31	
	2020	**2019**
Diluted earnings per share		
Net profit for the year	$ 2,197,144	$ 2,131,032
Weighted average number of ordinary shares used in the computation of basic earnings per share (in thousands)	86,795	86,490
Effect of potentially dilutive ordinary shares		
Employees' compensation or bonuses issued to employees	115	173
Restricted employee' share options	500	292
Weighted average number of ordinary shares used in the computation of diluted earnings per share (in thousands)	87,410	86,955

If the Company offered to settle the compensation or bonuses paid to employees in cash or shares, the

Company assumed that the entire amount of the compensation or bonuses will be settled in shares, and the resulting potential shares were included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, as the effect is dilutive. Such dilutive effect of the potential shares is included in the computation of diluted earnings per share until the number of shares to be distributed to employees is resolved in the following year.

23. SHARE-BASED PAYMENT ARRANGEMENTS - RESTRICTED SHARE PLAN FOR EMPLOYEES

a. 2016

On May 24, 2016, the shareholders approved a restricted shares plan for employees with a total amount of $6,500 thousand, consisting of 650 thousand shares. The subscription base date at August 30, 2016 was determined by the board of directors on August 8, 2016. The restrictions on the rights of the employees who acquire the restricted shares but have not met the vesting conditions are as follows:

1) The employees should provide the restricted shares to the Company or the agency designated by the Company acting as the trust custodian and cooperate in complying with all related procedures and preparing the required documents.

2) The employees shall not sell, pledge, transfer, donate or, in any other way, dispose of these shares.

3) The employees which hold equity under the custody of the trust agency do not have the right to attend shareholders' meetings or to engage in motions, speech, and voting therein.

4) The employees' other rights, which are the same as those of ordinary shareholders of the Company, include but are not limited to the rights to receive dividends, bonuses and capital surplus in shares and to vote on cash increases by share issuance.

The vesting conditions of restricted shares is when employee received the restricted shares, the restriction of acquiring the shares would be canceled as follows:

After one year from the grant date: 20%
After two years from the grant date: 20%
After three years from the grant date: 60%

If an employee fails to meet the vesting conditions, the Company will withdraw the restricted shares.

The fair value of NT$491 per share of the newly issued restricted shares was priced using the market-price-based method. The unearned employee benefits of $319,150 thousand were recognized on the basis of vesting conditions and expensed on a straight-line base over the vest period. Compensation costs of $40,835 thousand were recognized within the vesting period for the year ended December 31, 2019.

b. 2019

On June 25, 2019, the shareholders approved a restricted share plan for employees with a total amount of $6,820 thousand, consisting of 682 thousand shares. The subscription base date of September 8, 2019 was determined by the board of directs on August 12, 2019. The restrictions on the rights of the employees who acquire the restricted shares but have not met the vesting conditions are as follows:

1) The employees should provide the restricted shares to the Company or the agency designated by the Company acting as the trust custodian and cooperate in complying with all related procedures and preparing the required documents.

2) The employees shall not sell, pledge, transfer, donate or, in any other way, dispose of these shares.

3) The employees which hold equity under the custody of the trust agency do not have the right to attend shareholders' meetings or to engage in motions, speech, and voting therein.

4) The employees' other rights, which are the same as those of ordinary shareholders of the Company, include but are not limited to the rights to receive dividends, bonuses and capital surplus in shares and to vote on cash increases by share issuance.

The vesting conditions of restricted shares are when an employee received the restricted shares, and the restriction of acquiring the shares would be canceled as follows:

After one year from the grant date with achieved operational goals by individuals and companies: 20%.

After two years from the grant date with achieved operational goals by individuals and companies: 20%.

After three years from the grant date with achieved operational goals by individuals and companies: 60%.

The individual performance target is set by the Chairman for different employees of each department. The Company's operating objectives are based on four indicators: Consolidated revenue, combined gross profit margin, combined operating profit and combined operating profit ratio. Each objective contains A and B target conditions respectively, and achieving one of the target conditions is considered as achieving the objective. After each target condition is reached, 25% of the number of shares allocated in the current year can be obtained. The judgment of the achievement of the indicators and standards shall be based on the consolidated financial statements of the first year prior to the expiration of the Company's vested conditions. The target conditions are detailed in the table below.

Operating Objective	**Target Condition A**	**Target Condition B**	**The Ratio of the Number of Shares to Be Awarded in the Current Year**
Revenue	10% (inclusive) or more than the previous year	Higher than the Company's first three annual average	25%
Gross profit (GM%)	Increase by 1% or more from the previous year	Higher than the Company's first three annual average	25%
Operating profit (OPM$)	10% (inclusive) or more than the previous year	Higher than the Company's first three annual average	25%
Operating profit ratio (OPM%)	Increase by 1% or more from the previous year	Higher than the Company's first three annual average	25%

If an employee fails to meet the vesting conditions, the Company will withdraw the restricted shares.

The aforementioned newly issued restricted employee shares were assessed to have a fair value of NT$648 per share, based on the market approach. The unearned employee benefits of $441,936 thousand were recognized on the basis of vesting conditions and expensed on a straight-line basis over the vesting period. Compensation costs of $110,441 thousand and $43,267 thousand were recognized, respectively, within the vesting period for the years ended December 31, 2020 and 2019. Compensation costs of $71,690 thousand and $26,163 thousand were recognized by the subsidiary, respectively, because of the restricted stock from employees within the vesting period for the years ended December 31, 2020 and 2019.

Information on the restricted share plan for employees was as follows:

	December 31	
	2020	2019
Balance at January 1	682	377
Issuance of shares	-	682
Vested	(131)	(377)
Forfeited (Note)	(31)	-
Balance at December 31	520	682

Note: The forfeited shares for the year ended December 31, 2020 were the shares that were cancelled due to the vesting conditions not being met.

24. CASH FLOW INFORMATION

a. Non-cash transactions

For the years ended December 31, 2020 and 2019, the Company entered into the following non-cash investing activities which were not reflected in the statements of cash flows:

As of December 31, 2020 and 2019, the outstanding payments for the acquisition of property, plant and equipment were $0 thousand and $342 thousand, respectively, and recorded as other payables - payables for purchases of equipment in the financial statements.

b. Changes in liabilities arising from financing activities

For the year ended December 31, 2020

			Non-cash Changes		
	Opening Balance	Cash Flows	New Leases	Exchange Rate Impact	Closing Balance
Short-term borrowings	$ 1,091,309	$ 705,024	$ -	$ (28,333)	$ 1,768,000
Lease liabilities	3,358	(3,571)	5,851	-	5,638
	$ 1,094,667	$ 701,453	$ 5,851	$ (28,333)	$ 1,773,638

For the year ended December 31, 2019

	Opening Balance	Cash Flows	Non-cash Changes: New Leases	Non-cash Changes: Exchange Rate Impact	Closing Balance
Short-term borrowings	$ 397,478	$ 707,011	$ -	$ (13,180)	$ 1,091,309
Lease liabilities	5,978	(3,881)	1,261	-	3,358
	$ 403,456	$ 703,130	$ 1,261	$ (13,180)	$ 1,094,667

25. CAPITAL MANAGEMENT

The Company manages its capital to ensure that entities in the Company will be able to continue as going concerns while considering operating risks and maximizing the returns to shareholders through the optimization of the debt and equity balance.

The capital structure of the Company consists of equity of the Company (comprising issued capital, reserves, retained earnings and other equity).

The Company is not subject to any externally imposed capital requirements.

Under the recommendations of the key management, to balance the overall capital structure, the Company may adjust the number of new shares issued.

26. FINANCIAL INSTRUMENTS

a. Fair value of financial instruments that are not measured at fair value

Management believes the carrying amounts of financial assets and financial liabilities recognized in the financial statements which are not measured at fair value approximate their fair values.

b. Categories of financial instruments

	December 31 2020	December 31 2019
Financial assets		
Financial assets at amortized cost (1)	$ 5,261,603	$ 4,543,641
Financial liabilities		
Amortized cost (2)	6,680,519	5,205,730

1) The balances include financial assets measured at amortized cost, which comprise cash and cash equivalents, notes receivable, trade receivables, trade receivables from related parties, other receivables, other receivables from related parties and refundable deposits (included in other non-current assets).

2) The balances include financial liabilities measured at amortized cost, which comprise short-term borrowings, notes payable, trade payables, trade payables to related parties and other payables.

c. Financial risk management objectives and policies

The Company's major financial instruments included trade receivables, trade payables and short-term borrowings. The Company's corporate treasury function provides services such as providing access to domestic and international financial markets, and monitoring and managing the financial risks relating to the operations of the Company through internal risk reports that analyze exposures by degree and magnitude of risks. These risks include market risk (currency risk and interest rate risk), credit risk and liquidity risk.

The corporate treasury function reports regularly to the board of directors, who monitors risks and policies implemented to mitigate risk exposures.

1) Market risk

The Company's activities exposed it primarily to the financial risks of changes in foreign currency exchange rates (see (a) below) and interest rates (see (b) below).

There had been no change to the Company's exposure to market risks or the manner in which these risks were managed and measured.

a) Foreign currency risk

The Company had foreign currency sales and purchases, which exposed the Company to foreign currency risk.

The carrying amounts of the Company's foreign currency-denominated monetary assets and monetary liabilities (including those eliminated) are set out in Note 29.

<u>Sensitivity analysis</u>

The Company was mainly exposed to the fluctuations in the USD and the RMB.

The following table shows the Company's sensitivity to a 1% increase and decrease in New Taiwan dollars against the relevant foreign currencies. A sensitivity rate of 1% is used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis included only outstanding foreign currency-denominated monetary items, and their translation was adjusted at the end of the reporting period for a 1% change in foreign currency rates. A positive number below indicated an increase in pretax profit when the New Taiwan dollars weakened by 1% against the relevant currency. For a 1% strengthening of the New Taiwan dollar against the relevant currency, there would be an equal and opposite impact on pretax profit and the balances below would be negative.

	USD Impact	
	For the Year Ended December 31	
	2020	**2019**
Profit or loss	$ 13,084	$ 22,755

	RMB Impact	
	For the Year Ended December 31	
	2020	**2019**
Profit or loss	$ (26,426)	$ (30,358)

This was mainly attributable to the exposure on USD bank deposits, USD receivables, USD payables, USD bank short-term borrowings, RMB bank deposits and RMB payables at the end of the reporting period.

The Company's sensitivity to the USD decreased during the current period mainly because of an increase in USD bank short-term borrowings. The Company's sensitivity to RMB decreased during the current period mainly because of an increase in RMB bank deposits.

b) Interest rate risk

The carrying amounts of the Company's financial assets and financial liabilities with exposure to interest risks at the end of the reporting period were as follows:

	December 31	
	2020	**2019**
Interest rate risk on fair value		
Financial assets	$ 1,921,418	$ 863,645
Financial liabilities	5,638	3,358
Interest rate risk on cash flow		
Financial assets	1,336,055	1,718,007
Financial liabilities	1,768,000	1,091,309

Sensitivity analysis

The sensitivity analysis in the next paragraph was based on the exposure of the Company's non-derivative instruments to interest rate risks at the end of the reporting period. A 100 basis point increase or decrease was used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

Had interest rates been 100 basis points higher/lower and all other variables been held constant, the Company's pretax profit for the years ended December 31, 2020 and 2019 would have decreased/increased by $4,319 thousand and increased/decreased $6,267 thousand, respectively, which was mainly attributable to the Company's exposure to interest rate risks on its floating-rate bank deposit and short-term borrowings.

The Company's sensitivity to interest rates decreased during the current period mainly because of the increase in floating-rate bank short-term borrowings.

2) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations, resulting in financial loss to the Company. As of the end of the reporting period, the Company's maximum exposure to credit risk which will cause a financial loss to the Company due to failure of counterparties to discharge an obligation pertain to financial assets recognized in the financial balance sheets.

The Company adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults.

To minimize credit risk, the management of the Company has delegated a team responsible for determining credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Company reviews the recoverable amount of each trade debt at the end of the reporting period to ensure that adequate allowances are made for irrecoverable amounts. Thus, management believes the Company's credit risk was significantly reduced.

The Company transacts with a large number of unrelated customers and, thus, no concentration of credit risk was observed.

3) Liquidity risk

The Company manages liquidity risk by monitoring and maintaining a level of cash and cash equivalents deemed adequate to finance the Company's operations and mitigate the effects of fluctuations in cash flows. In addition, management monitors the utilization of bank borrowings and ensures compliance with loan covenants.

The Company relies on bank borrowings as a significant source of liquidity. As of December 31, 2020 and 2019, the Company had available unutilized short-term bank loan facilities set out in (2) below.

a) Liquidity and interest rate risk table for non-derivative financial liabilities

The following tables show the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed-upon repayment periods. The tables were based on the undiscounted cash flows of financial liabilities from the earliest date on which the Company can be required to pay. The tables included both interest and principal cash flows.

For interest flows pertaining to floating rates, the undiscounted amount was derived from the interest rate curve at the end of the reporting period.

December 31, 2020

	Less than 3 Months	**3 Months to 1 Year**	**Over 1 Year to 5 Years**	**More than 5 Years**
Non-derivative financial liabilities				
Non-interest bearing	$ 2,750,005	$ 2,162,514	$ -	$ -
Lease liabilities	912	2,596	2,250	-
Variable interest rate liabilities	400,412	1,372,719	-	-
	$ 3,151,329	$ 3,537,829	$ 2,250	$ -

	Less than 1 Year	**1-5 Years**	**5-10 Years**	**10-15 Years**	**15-20 Years**	**20+ Years**
Lease liabilities	$ 3,508	$ 2,250	$ -	$ -	$ -	$ -

December 31, 2019

	Less than 3 Months	3 Months to 1 Year	Over 1 Year to 5 Years	More than 5 Years
Non-derivative financial liabilities				
Non-interest bearing	$ 2,160,177	$ 1,954,244	$ -	$ -
Lease liabilities	912	1,986	508	-
Variable interest rate liabilities	6,312	1,096,273	-	-
	$ 2,167,401	$ 3,052,503	$ 508	$ -

	Less than 1 Year	1-5 Years	5-10 Years	10-15 Years	15-20 Years	20+ Years
Lease liabilities	$ 2,898	$ 508	$ -	$ -	$ -	$ -

b) Financing facilities

	December 31	
	2020	2019
Unsecured bank loan facilities		
Amount used	$ 1,768,000	$ 1,091,309
Amount unused	659,300	1,008,091
	$ 2,427,300	$ 2,099,400

d. Transfers of financial assets

The Company undertakes business in the forfaiting of trade receivables. For 2020, the trade receivables amounted to US$41,542 thousand and EUR3,008 thousand; for 2019, the trade receivables amounted to US$47,321 thousand and EUR2,167 thousand.

Pursuant to the agreements, losses from commercial disputes (such as sales returns and discounts) are borne by the Company, while losses from credit risk are borne by the bank.

27. TRANSACTIONS WITH RELATED PARTIES

Details of transactions between the Company and other related parties are disclosed below.

a. Related party name and category

Related Name	Related Party Category
RPS. SPA	Essential related parties (whose managing director is the key management personnel of the Company)
FSP Technology Inc.	Key management personnel
Ming Fang International Investment Co., Ltd.	Essential related parties

(Continued)

Related Name	Related Party Category
Potentia Technology Inc. Limited	Subsidiaries
Voltronic Power Technology (Shen Zhen) Corp.	Subsidiaries
Zhongshan Voltronic Power Electronics Limited	Subsidiaries
Voltronic Power Technology (Vietnam) Company Limited	Subsidiaries

(Concluded)

b. Sales of goods

		For the Year Ended December 31	
Line Item	Related Party Category	2020	2019
Sales	Key management personnel	$ 188,771	$ 209,505
	Essential related parties	428,167	558,351
	Subsidiaries - Potentia Technology Inc. Limited	268	90
		$ 617,206	$ 767,946

The selling prices of the goods sold to the related parties in the table above are not comparable as these goods are not sold to other customers in 2020 and 2019. Payment terms of goods sold to related parties are 135-270 days and 135-150 days, respectively, after the end of the month, and 0-180 days for general customers.

c. Purchases of goods

	For the Year Ended December 31	
Related Party Category	2020	2019
Subsidiaries - Potentia Technology Inc. Limited	$ 9,456,017	$ 8,848,170
Subsidiaries - Voltronic Power Technology (Shen Zhen) Corp.	208,680	109,569
Subsidiaries - Zhongshan Voltronic Power Electronics Limited	18,131	104,505
	$ 9,682,828	$ 9,062,244

The purchase prices of golds purchased from the related parties in the table above are not comparable as these same goods are not purchased from other suppliers in 2020 and 2019. Payment terms of goods purchased from related parties are 270 days and 150 days after every month end close, and 30-90 days for general suppliers.

d. Contract liabilities

	December 31	
Related Party Category	2020	2019
Key management personnel	$ -	$ 101
Essential related parties	-	1,501
	$ -	$ 1,602

e. Trade receivables from related parties (excluding loans to related parties)

Line Item	Related Party Category	December 31 2020	December 31 2019
Trade receivables from related parties	Essential related parties	$ 65,539	$ 61,660
	Key management personnel	90,205	88,754
		$ 155,744	$ 150,414
Other receivable form related parties	Subsidiaries - Voltronic Power Technology (Vietnam) Company Limited	$ -	$ 2,996

The outstanding trade receivables from related parties were unsecured.

The Company measures the loss allowance for trade receivables from related parties at an amount equal to lifetime ECLs. The expected credit losses on trade receivables from related parties are estimated using a provision matrix by reference to past default experience of the related parties, the related parties' current financial position, economic conditions of the industry in which the related parties' operates, as well as the GDP forecasts and industry outlook. The provision for expected credit losses is based on the number of past due days from the end of the credit term.

The Company writes off a trade receivable from related parties when there is information indicating that the from related parties are experiencing severe financial difficulty and there is no realistic prospect of recovery. For trade receivables from related parties that have been written off, the Company continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognized in profit or loss.

The following table details the loss allowance of trade receivables from related parties based on the Company's provision matrix:

December 31, 2020

	Not Past Due	Less than 90 Days	91 to 180 Days	181 to 270 Days	271 to 365 Days	Over 365 Days	Total
Expected credit loss rate	-	-	-	100%	100%	100%	
Gross carrying amount	$ 152,916	$ 2,828	$ -	$ -	$ -	$ -	$ 155,744
Loss allowance (Lifetime ECLs)	-	-	-	-	-	-	-
Amortized cost	$ 152,916	$ 2,828	$ -	$ -	$ -	$ -	$ 155,744

December 31, 2019

	Not Past Due	Less than 90 Days	91 to 180 Days	181 to 270 Days	271 to 365 Days	Over 365 Days	Total
Expected credit loss rate	-	-	-	100%	100%	100%	
Gross carrying amount	$ 150,414	$ -	$ -	$ -	$ -	$ -	$ 150,414
Loss allowance (Lifetime ECLs)	-	-	-	-	-	-	-
Amortized cost	$ 150,414	$ -	$ -	$ -	$ -	$ -	$ 150,414

f. Trade payables to related parties (excluding loans from related parties)

Line Item	Related Party Category	December 31 2020	December 31 2019
Trade payables	Subsidiaries - Potentia Technology Inc. Limited	$ 4,659,767	$ 3,818,468
	Subsidiaries - Voltronic Power Technology (Shen Zhen) Corp.	138,377	92,438
	Subsidiaries - Zhongshan Voltronic Power Electronics Limited	8,450	102,550
		$ 4,806,594	$ 4,013,456

The outstanding trade payables from related parties are unsecured.

g. Lease arrangements

Related Party Category	For the Year Ended December 31 2020	For the Year Ended December 31 2019
Acquisitions of right-of-use assets		
Essential related parties	$ 5,851	$ -

Line Item	Related Party Category	December 31 2020	December 31 2019
Lease liabilities	Essential related parties-Ming Fang International Investment Co., Ltd.	$ 5,136	$ 2,230

Related Party Category	For the Year Ended December 31 2020	For the Year Ended December 31 2019
Interest expense		
Essential related parties	$ 55	$ 94

The Company leased the premises from essential related parties in 2020 and 2019, the rental prices were determined with reference to the market quotations, and the terms of payment was for the month.

h. Other transactions with related parties

Line Item	Related Party Category	December 31 2020	December 31 2019
Refundable deposits	Essential related parties - Ming Fang International Investment Co., Ltd.	$ 500	$ 500

Line Item	Related Party Category	For the Year Ended December 31 2020	For the Year Ended December 31 2019
Other income	Subsidiaries - Voltronic Power Technology (Vietnam) Company Limited	$ -	$ 2,996

i. Compensation of key management personnel

	For the Year Ended December 31	
	2020	2019
Short-term employee benefits	$ 89,029	$ 88,019
Post-employee benefits	647	613
Share-based payments	42,120	35,035
	$ 131,796	$ 123,667

The remuneration of directors and other key executives was determined by the remuneration committee on the basis of individual performance and market trends.

28. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

In addition to those disclosed in other notes, significant commitments and contingencies of the Company as of the end of the reporting period were as follows:

Unrecognized commitments are as follows:

	December 31	
	2020	2019
Acquisition of computer software	$ -	$ 503

29. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The following information was aggregated by the foreign currencies other than functional currencies of the Company and the exchange rates between the foreign currencies and the New Taiwan dollar are disclosed. The significant financial assets and liabilities denominated in foreign currencies were as follows:

December 31, 2020

	Foreign Currencies (In Thousands)	Exchange Rate	Carrying Amount (In Thousands)
Financial assets			
Monetary items			
USD	$ 120,476	28.1000 (USD:NTD)	$ 3,385,376
RMB	448,313	4.3066 (RMB:NTD)	1,930,705
			$ 5,316,081
Non-monetary items			
Investments accounted for using the equity method			
USD	211,195	28.1000 (USD:NTD)	$ 5,934,574

(Continued)

	Foreign Currencies (In Thousands)	Exchange Rate	Carrying Amount (In Thousands)
Financial liabilities			
Monetary items			
USD	$ 73,914	28.1000 (USD:NTD)	$ 2,076,983
RMB	1,061,925	4.3066 (RMB:NTD)	4,573,286
			$ 6,650,269

(Concluded)

December 31, 2019

	Foreign Currencies (In Thousands)	Exchange Rate	Carrying Amount (In Thousands)
Financial assets			
Monetary items			
USD	$ 123,211	29.9800 (USD:NTD)	$ 3,693,866
RMB	169,184	4.2975 (RMB:NTD)	727,669
			$ 4,420,935
Non-monetary items			
Investments accounted for using the equity method			
USD	158,708	29.9800 (USD:NTD)	$ 4,757,781
Financial liabilities			
Monetary items			
USD	47,311	29.9800 (USD:NTD)	$ 1,418,376
RMB	875,604	4.2975 (RMB:NTD)	3,762,906
			$ 5,181,282

The significant realized and unrealized foreign exchange gains (losses) were as follows:

	For the Year Ended December 31			
	2020		2019	
Foreign Currencies	Exchange Rate	Net Foreign Exchange Gains (Losses)	Exchange Rate	Net Foreign Exchange Gains (Losses)
RMB	4.2791 (RMB:NTD)	$ (18,590)	4.4781 (RMB:NTD)	$ 106,189
USD	29.4450 (USD:NTD)	(138,721)	30.8600 (USD:NTD)	(69,385)
		$ (157,311)		$ 36,804

30. SEPARATELY DISCLOSED ITEMS

a. Information about significant transactions:

1) Financing provided to others: Table 1

2) Endorsements/guarantees provided: None

3) Marketable securities held (excluding investments in subsidiaries, associates and joint ventures): None

4) Marketable securities acquired or disposed of at costs or prices of at least NT$300 million or 20% of the paid-in capital: None

5) Acquisition of individual real estate at costs of at least NT$300 million or 20% of the paid-in capital: Table 2

6) Disposal of individual real estate at prices of at least NT$300 million or 20% of the paid-in capital: None

7) Total purchases from or sales to related parties amounting to at least NT$100 million or 20% of the paid-in capital: Table 3

8) Receivables from related parties amounting to at least NT$100 million or 20% of the paid-in capital: Table 4

9) Trading in derivative instruments: None

b. Information on investees: Table 5

c. Information on investments in mainland China

1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the year, repatriations of investment income, and limit on the amount of investment in the mainland China area: Table 6

2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses: Table 7

a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the year.

b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the year.

c) The amount of property transactions and the amount of the resultant gains or losses.

d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the year and the purposes.

e) The highest balance, the ending balance, the interest rate range, and total current period interest with respect to the financing of funds.

f) Other transactions that have a material effect on the profit or loss for the year or on the financial position, such as the rendering or receipt of services.

d. Information of major shareholders: List all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder Table 8

TABLE 1

VOLTRONIC POWER TECHNOLOGY CORP.

FINANCING PROVIDED TO OTHERS
FOR THE YEAR ENDED DECEMBER 31, 2020
(In Thousands of New Taiwan Dollars and Foreign Currencies)

No. (Note 1)	Lender	Borrower	Financial Statement Account	Related Party	Highest Balance for the Period	Ending Balance	Actual Amount Borrowed	Interest Rate (%)	Nature of Financing (Note 2)	Business Transaction Amount	Reasons for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower	Aggregate Financing Limit
													Item	Value		
1	Orchid Power (Shen Zhen) Manufacturing Company	Zhongshan Voltronic Power Electronics Limited	Other receivables from related parties	Yes	$ 215,330 (RMB 50,000)	$ 215,330 (RMB 50,000)	$ 215,330 (RMB 50,000)	4.35	2	$ -	Operating capital financing funds	$ -	-	$ -	$ 1,109,041	$ 1,109,041
		Zhongshan Voltronic Power Electronics Limited	Other receivables from related parties	Yes	172,264 (RMB 40,000)	172,264 (RMB 40,000)	172,264 (RMB 40,000)	4.35	2	-	Operating capital financing funds	-	-	-	1,109,041	1,109,041
		Zhongshan Voltronic Power Electronics Limited	Other receivables from related parties	Yes	86,132 (RMB 20,000)	86,132 (RMB 20,000)	- (RMB -)	-	2	-	Operating capital financing funds	-	-	-	1,109,041	1,109,041
		Zhongshan Voltronic Power Electronics Limited	Other receivables from related parties	Yes	366,061 (RMB 85,000)	366,061 (RMB 85,000)	366,061 (RMB 85,000)	3.85	2	-	Operating capital financing funds	-	-	-	1,109,041	1,109,041

Note 1: Number column as follows:

a. “0” for the issuer.
b. Investees are numbered from “1”.

Note 2: Number 1 represents business relationship between companies or firms.
Number 2 represents short-term financing is necessary between companies or firms.

Note 3: The aggregate financing limit shall not exceed 40% which were audited and attested by certified public accountants.

Note 4: a. The aggregate financing limit shall not exceed 40% of the net asset value of Voltronic Power Technology.

b. Financing limit for each borrower for the business relationship, the financing amount on each individual loan shall not exceed 30% of total business transaction amount or 10% of net assets value was in accordance with currently audited or reviewed financial statements by accountant; the lower value is final. The business transaction amount referred to the one with higher purchase or sales amount in the current year starting from one month before application date, for the necessary of short-term financing, the financing amount on each individual loan should not exceed 10% of net asset value in accordance with currently audited or reviewed financial statements by accountant but the restriction shall not apply to inter-company loans of funds between overseas subsidiaries in which the Company holds, directly or indirectly, 100% of the voting shares, nor to loans of fund to the Company by any overseas subsidiary in which the Company holds, directly or indirectly, 100% of the voting shares.

Note 5: The highest balance for the period and ending balance present in NT$. Foreign currencies are converted into NT$; the exchange rate was RMB1=NT$4.3066 as of December 31, 2020.

VOLTRONIC POWER TECHNOLOGY CORP.

ACQUISITION OF INDIVIDUAL REAL ESTATE AT COSTS OF AT LEAST NT$300 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2020
(In Thousands of New Taiwan Dollars and Foreign Currencies)

Company Name	Types of Property	Transaction Date	Transaction Amount (Foreign Currencies in Thousands)	Payment Term	Counter-party	Nature of Relationships	Prior Transaction of Related Counter-party				Price Reference	Purpose of Acquisition	Other Terms
							Owner	Relationships	Transfer Date	Amount			
Zhongshan Voltronic Power Electronics Limited	New factory of Zhongshan City #1	March 28, 2017	$ 553,829 (RMB 128,600)	$ 537,838 (RMB 124,887)	Zhongtian Construction Group Co., Ltd.	-	-	-	-	$ -	-	For the production of future need	Note
	New factory of Zhongshan City #2	September 25, 2020	794,628 (RMB 184,514)	72,187 (RMB 16,762)	Shenzhen Sunmake Group Limited	-	-	-	-	-	-	For the production of future need	Note

Note: The above amounts of assets accounts and liabilities accounts are converted by exchange rate RMB1 into NT$4.3066 as of December 31, 2020.

VOLTRONIC POWER TECHNOLOGY CORP.

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST NT$100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2020
(In Thousands of New Taiwan Dollars)

Company Name	Related Party	Nature of Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Payable or Receivable		Note
			Purchase/ Sale	Amount	% to Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% to Total	
Voltronic Power Technology	RPS. SPA	Essential related parties	(Sales)	$ (428,167)	(4)	Net 150 days from the end of the month of when invoice is issued	No identical item	0-180 days	$ 65,539	3	-
	FSP TECHNOLOGY INC.	Key management personnel	(Sales)	(188,771)	(2)	Net 135 days from the end of the month of when invoice is issued	No identical item	0-180 days	90,205	5	〃
	Voltronic Power Technology (Shen Zhen) Corp.	Subsidiary	Purchase	208,680	2	Net 270 days from the end of the month of when invoice is issued	No identical item	30-90 days	(138,377)	(3)	〃
	Potentia Technology Inc. Limited	Subsidiary	Purchase	9,456,017	97	Net 270 days from the end of the month of when invoice is issued	No identical item	30-90 days	(4,659,767)	(97)	〃
Potentia Technology Inc. Limited	Voltronic Power Technology	Parent company	(Sales)	(9,456,017)	(78)	Net 270 days from the end of the month of when invoice is issued	Note 2	Note 2	4,659,767	88	〃
	Voltronic Power Technology (Shen Zhen) Corp.	The same parent company	(Sales)	(979,699)	(8)	Net 270 days from the end of the month of when invoice is issued	Note 2	Note 2	171,989	3	〃
	Voltronic Power Technology (Shen Zhen) Corp.	The same parent company	Purchase	4,366,376	29	Net 270 days from the end of the month of when invoice is issued	No identical item	30-90 days	(3,502,388)	(56)	〃
	Zhongshan Voltronic Power Electronics Limited	The same parent company	(Sales)	(773,191)	(6)	Net 270 days from the end of the month of when invoice is issued	Note 2	Note 2	144,138	3	〃
	Zhongshan Voltronic Power Electronics Limited	The same parent company	Purchase	5,075,821	33	Net 270 days from the end of the month of when invoice is issued	No identical item	30-90 days	(1,861,723)	(30)	〃
	Orchid Power (Shen Zhen) Manufacturing Company	The same parent company	(Sales)	(297,787)	(3)	Net 270 days from the end of the month of when invoice is issued	Note 2	Note 2	72,561	1	〃
	Voltronic Power Technology (Vietnam) Company Limited	The same parent company	(Sales)	(610,125)	(5)	Net 270 days from the end of the month of when invoice is issued	Note 2	Note 2	245,700	5	〃
	Voltronic Power Technology (Vietnam) Company Limited	The same parent company	Purchase	623,404	4	Net 270 days from the end of the month of when invoice is issued	No identical item	30-90 days	(129,718)	(2)	〃
Voltronic Power Technology (Shen Zhen) Corp.	Voltronic Power Technology	Parent company	(Sales)	(208,680)	(4)	Net 270 days from the end of the month of when invoice is issued	No identical item	30-90 days	138,377	4	〃
	Potentia Technology Inc. Limited	The same parent company	(Sales)	(4,366,376)	(90)	Net 270 days from the end of the month of when invoice is issued	No identical item	30-90 days	3,502,388	93	〃
	Potentia Technology Inc. Limited	The same parent company	Purchase	979,699	32	Net 270 days from the end of the month of when invoice is issued	No identical item	30-90 days	(171,989)	(15)	〃
	Orchid Power (Shen Zhen) Manufacturing Company	The same parent company	Purchase	204,604	7	Net 270 days from the end of the month of when invoice is issued	No identical item	30-90 days	(151,113)	(13)	〃
	Zhongshan Voltronic Precision Inc.	The same parent company	Purchase	243,252	8	Net 270 days from the end of the month of when invoice is issued	No identical item	30-90 days	(47,411)	(4)	〃
Orchid Power (Shen Zhen) Manufacturing Company	Potentia Technology Inc. Limited	The same parent company	Purchase	297,787	26	Net 270 days from the end of the month of when invoice is issued	No identical item	0-60 days	(72,561)	(11)	〃
	Voltronic Power Technology (Shen Zhen) Corp.	The same parent company	(Sales)	(204,604)	(2)	Net 270 days from the end of the month of when invoice is issued	No identical item	0-60 days	151,113	39	〃
	Zhongshan Voltronic Power Electronics Limited	The same parent company	Purchase	225,683	19	Net 270 days from the end of the month of when invoice is issued	No identical item	0-60 days	(85,159)	(13)	〃
	Zhongshan Voltronic Precision Inc.	The same parent company	Purchase	124,772	11	Net 270 days from the end of the month of when invoice is issued	No identical item	0-60 days	(19,228)	(3)	〃

(Continued)

Company Name	Related Party	Nature of Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Payable or Receivable		Note
			Purchase/ Sale	Amount	% to Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% to Total	
Zhongshan Voltronic Power Electronics Limited	Potentia Technology Inc. Limited	The same parent company	(Sales)	$ (5,075,821)	(95)	Net 270 days from the end of the month of when invoice is issued	Note 2	Note 2	$ 1,861,723	94	〃
	Potentia Technology Inc. Limited	The same parent company	Purchase	773,191	16	Net 270 days from the end of the month of when invoice is issued	No identical item	30-90 days	(144,138)	(10)	〃
	Orchid Power (Shen Zhen) Manufacturing Company	The same parent company	(Sales)	(225,683)	(4)	Net 270 days from the end of the month of when invoice is issued	Note 2	Note 2	85,159	4	〃
	Zhongshan Voltronic Precision Inc.	The same parent company	Purchase	439,366	9	Net 270 days from the end of the month of when invoice is issued	No identical item	30-90 days	(58,806)	(4)	〃
Zhongshan Voltronic Precision Inc.	Voltronic Power Technology (Shen Zhen) Corp.	The same parent company	(Sales)	(243,252)	(30)	Net 270 days from the end of the month of when invoice is issued	Note 2	Note 2	47,411	38	〃
	Orchid Power (Shen Zhen) Manufacturing Company	The same parent company	(Sales)	(124,772)	(16)	Net 270 days from the end of the month of when invoice is issued	Note 2	Note 2	19,228	15	〃
	Zhongshan Voltronic Power Electronics Limited	The same parent company	(Sales)	(439,366)	(54)	Net 270 days from the end of the month of when invoice is issued	Note 2	Note 2	58,806	47	〃
Voltronic Power Technology (Vietnam) Company Limited	Potentia Technology Inc. Limited	The same parent company	(Sales)	(623,404)	(100)	Net 270 days from the end of the month of when invoice is issued	Note 2	Note 2	129,718	100	〃
	Potentia Technology Inc. Limited	The same parent company	Purchase	610,125	99	Net 270 days from the end of the month of when invoice is issued	No identical item	30-90 days	(245,700)	(91)	〃

Note 1: Above amounts present in New Taiwan dollars (NT$). Foreign currency is converted into NT$ as of December 31, 2020; the amount of income accounts are converted by average exchange rate into New Taiwan dollars (NT$) as of 2020.

Note 2: There is no sales to unrelated parties.

(Concluded)

VOLTRONIC POWER TECHNOLOGY CORP.

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT$100 MILLION OR 20% OF THE PAID-IN CAPITAL
DECEMBER 31, 2020
(In Thousands of New Taiwan Dollars)

Company Name	Related Party	Relationship	Ending Balance (Note 1)	Turnover Rate	Overdue		Amount Received in Subsequent Period (Note 2)	Allowance for Impairment Loss	Note
					Amount	Actions Taken			
Trade receivables									
Potentia Technology Inc. Limited	Voltronic Power Technology	Parent company	$ 4,659,767	2.23	$ -	-	$ 635,878	$ -	-
	Voltronic Power Technology (Shen Zhen) Corp.	The same parent company	171,989	5.04	-	-	80,893	-	〃
	Zhongshan Voltronic Power Electronics Limited	The same parent company	144,138	5.09	-	-	69,402	-	〃
	Voltronic Power Technology (Vietnam) Company Limited	The same parent company	245,700	4.04	-	-	84,742	-	〃
Voltronic Power Technology (Shen Zhen) Corp.	Voltronic Power Technology	Parent company	138,377	1.81	-	-	15,197	-	〃
	Potentia Technology Inc. Limited	The same parent company	3,502,388	2.43	-	-	324,222	-	〃
Zhongshan Voltronic Power Electronics Limited	Potentia Technology Inc. Limited	The same parent company	1,861,723	3.58	-	-	568,365	-	〃
Orchid Power (Shen Zhen) Manufacturing Company	Voltronic Power Technology (Shen Zhen) Corp.	The same parent company	151,113	1.71	-	-	16,770	-	〃
Voltronic Power Technology (Vietnam) Company Limited	Potentia Technology Inc. Limited	The same parent company	129,718	9.61	-	-	97,099	-	〃
Other receivables									
Orchid Power (Shen Zhen) Manufacturing Company	Zhongshan Voltronic Power Electronics Limited	The same parent company	755,747 (Note 3)	-	-	-	-	-	〃

Note 1: Above amounts present in New Taiwan dollar (NT$). Foreign currency is converted into NT$; the exchange rate was US$1=NT$28.1, RMB1=NT$4.3066 as of December 31, 2020.

Note 2: As of January 31, 2021.

Note 3: Including interest receivables of $2,092 thousand.

TABLE 5

VOLTRONIC POWER TECHNOLOGY CORP.

INFORMATION ON INVESTEES
FOR THE YEAR ENDED DECEMBER 31, 2020
(In Thousands of New Taiwan Dollars and Foreign Currencies, and Shares)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of December 31, 2020			Net Income (Loss) of the Investee	Share of Profit (Loss) (Note 2)	Note
				December 31, 2020	December 31, 2019	Number of Stock (Shares)	%	Carrying Value			
Voltronic Power Technology	Voltronic International Corp.	Anguilla	Investment activities	$ 888,285 (US$ 28,000)	$ 888,285 (US$ 28,000)	28,000	100	$ 5,934,574	$ 1,093,789	$ 1,087,893	Note 1
	Voltronic Power Technology (Vietnam) Company Limited	Bac Ninh Province, Vietnam	Design, manufacture and sale of UPS	30,945 (US$ 1,000)	30,945 (US$ 1,000)	-	100	70,254	44,850	44,850	Notes 1 and 3
Voltronic International Corp.	Potentia Technology Inc. Limited	Hong Kong	Sale of uninterruptible power systems (UPS)	-	-	-	100	22,778	2,356	2,356	Note 1
	Voltronic International H.K. Corp. Limited	Hong Kong	Investment activities	888,285 (US$ 28,000)	888,285 (US$ 28,000)	217,240	100	5,917,983	1,091,433	1,091,433	Note 1

Note 1: The Company was subsidiary.

Note 2: Current investment gain or loss recognition is net of reversing prior period unrealized gain of $291 thousand from upstream transactions and deducts current unrealized loss of $720 thousand from upstream transaction and unrealized gain of $6,907 thousand on disposal of assets between intercompany transaction.

Note 3: This company is a “limited company” without stock issuance.

Note 4: For information of investments in mainland China, refer to Table 6.

VOLTRONIC POWER TECHNOLOGY CORP.

INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2020
(In Thousands of New Taiwan Dollars and Foreign Currencies)

1. Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the period and repatriations of investment income in the mainland China area:

Investee Company	Main Businesses and Products	Paid-in Capital	Method of Investment (Note 1)	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2020	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2020	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Notes 2 and 3)	Carrying Amount as of December 31, 2020 (Notes 2 and 3)	Accumulated Repatriation of Investment Income as of December 31, 2020
					Outflow	Inflow						
Voltronic Power Technology (Shen Zhen) Corp.	Design, manufacture and sale of UPS	$ 64,630 (US$ 2,000)	b.	$ 64,630 (US$ 2,000)	-	-	$ 64,630 (US$ 2,000)	$ 512,227	100	$ 512,227	$ 3,249,914	$ -
Orchid Power (Shen Zhen) Manufacturing Company	Design, manufacture and sale of UPS	30,027 (US$ 1,000)	b.	30,027 (US$ 1,000)	-	-	30,027 (US$ 1,000)	251,327	100	251,327	1,109,041	-
Zhongshan Voltronic Power Electronics Limited	Design, manufacture and sale of UPS	793,628 (US$ 25,000)	b.	793,628 (US$ 25,000)	-	-	793,628 (US$ 25,000)	327,879	100	327,879	1,559,028	-
Zhongshan Voltronic Precision Inc.	Design, manufacture and sale of UPS related components	73,315 (RMB 16,000)	c.	-	-	-	-	165	100	165	104,570	-

2. Limit on the amount of investment in the mainland China area:

Accumulated Outflow Remittance for Investment in Mainland China as of December 31, 2020	Investment Amount Authorized by Investment Commission, MOEA	Upper Limit on the Amount of Investment Stipulated by Investment Commission, MOEA
$ 888,285 (Note 4) (US$ 28,000)	$ 888,285 (Note 4) (US$ 28,000)	$ 3,203,141

Note 1: Investment methods are classified into the following three categories:

a. Directly invest in a company in mainland China.
b. Through investing in the third area, which then invested in the investee in mainland China.
c. Other methods.

Note 2: The investment gain or loss and the carrying amount as of December 31, 2020:

The Company invested Zhongshan Voltronic Power Technology (Shen Zhen) Corp., Orchid Power (Shen Zhen) Manufacturing Company and Zhongshan Voltronic Power Electronics Limited through its subsidiary, Voltronic International H.K. Corp. and recognized net income and book value of investee, Zhongshan Voltronic Precision Inc. through subsidiary Zhongshan Voltronic Power Electronics Limited as of December 31, 2020.

Note 3: The amount was calculated based on the financial statements which were audited and attested by certified public accounts engaged by Taiwan's parent company.

Note 4: The amount was calculated by the actual outflow exchange rate from the each times.

VOLTRONIC POWER TECHNOLOGY CORP.

SIGNIFICANT TRANSACTIONS WITH INVESTEE COMPANIES IN MAINLAND CHINA, EITHER DIRECTLY OR INDIRECTLY THROUGH A THIRD PARTY, AND THEIR PRICES, PAYMENT TERMS, AND UNREALIZED GAINS OR LOSSES
FOR THE YEAR ENDED DECEMBER 31, 2020
(In Thousands of New Taiwan Dollars)

a. There were the amounts and percentages of the purchases, also the amounts and percentages displayed in the ending balance of the related payables.

Investee Company	Transaction Type	Purchase/Sale		Transaction Details			Notes/Accounts Receivable (Payable)		Unrealized (Gain) Loss
		Amount	%	Price	Payment Terms	Comparison with Normal Transactions	Ending Balance	%	
Voltronic Power Technology (Shen Zhen) Corp.	Purchase	$ 4,508,492	46	Set by agreement of both parties	Net 270 days from the end of the month of when invoice is issued	No identical item	$ (2,160,514)	(45)	$ (720)
Zhongshan Voltronic Power Electronics Limited	Purchase	4,531,583	46	Set by agreement of both parties	Net 270 days from the end of the month of when invoice is issued	No identical item	(2,560,798)	(53)	-

b. There were the amounts and percentages of the sales, also the amounts and percentages displayed in the ending balance of the related receivables: None.

c. The amount and percentage of sales and the amount of the resultant gains or losses: None.

d. The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purpose: None.

e. The highest balance, the end of period balance, the interest rate range, and total current period interest with respect to financing of funds: None.

f. Other transactions that have a material effect on the profit or loss for the year or on the financial position, such as the rendering or receipt of services: None.

VOLTRONIC POWER TECHNOLOGY CORP.

INFORMATION OF MAJOR SHAREHOLDERS
DECEMBER 31, 2020

Name of Major Shareholder	Shares	
	Number of Shares	Percentage of Ownership (%)
Juor-Ming Hsieh	8,372,166	9.57
FSP Technology Inc.	4,500,822	5.14

Note 1: On the last business day as of quarter-end, Taiwan Depository & Clearing Company calculated the major shareholders' information, the delivered and dematerialized registration common share and preferred share more than 5 % of the Company. The share capital recorded in the Company's financial report and the actual number of the delivered and dematerialized registration securities amount may be different due to the different preparation and calculation basis.

Note 2: The above information, if the shareholder delivers the shares to the trust will be disclosed by the trustee's trust account to reveal the individual settlor. As for shareholders' declaration in accordance with the Securities and Exchange Act, shareholder holds more than 10% of insider equity holdings, includes their shareholdings and delivered to the trust which they have the power to decide how to allocate trust property. The insider equity holdings' declaration and related information, please refer to the Market Observation Post System website of the Taiwan Stock Exchange.

6. **The financial problems of the Company and its Affiliated Enterprise found as of the Annual Report issuance date and the impact of such problems upon the Company's financial standing: None**

VII. Reassessment & analysis on financial conditions and outcome of business operation as well as risks

1. **Financial conditions**

Significant changes in assets, liabilities and equity taking place over the past two years, and causes behind and the impact, with explanation of future countermeasures in case of a significant impact:

Comparative analysis of financial conditions

Expressed in Thousands of New Taiwan Dollars; %

Item \ Year	2019	2020	Discrepancy	
			Amount	%
Current assets	7,561,908	8,798,465	1,236,557	16.35
Property, plant and equipment	2,167,695	2,427,833	260,138	12.00
Right-to-use assets	397,408	488,755	91,347	22.99
Intangible assets	12,515	26,165	13,650	109.07
Other assets	200,746	179,992	(20,754)	(10.34)
Total assets	10,340,272	11,921,210	1,580,938	15.29
Current liabilities	5,266,965	6,324,114	1,057,149	20.07
Other liabilities	193,392	258,528	65,136	33.68
Total liabilities	5,460,357	6,582,642	1,122,285	20.55
Capital stock	833,015	874,354	41,339	4.96
Capital surplus	1,257,149	1,154,070	(103,079)	(8.20)
Retained earnings	3,505,498	3,811,771	306,273	8.74
Remuneration unearned by employees	(372,507)	(170,158)	202,349	(54.32)
Cumulative translation adjustment	(343,240)	(331,469)	11,771	(3.43)
Aggregate total of shareholders' equity	4,879,915	5,338,568	458,653	9.40
Change over the past two years over 20%, with the change above NT$10,000,000. Higher right-to-use assets: primarily due to an increase of facility lease in the Vietnam plant Higher intangible assets: increased spending in ERP software during the year Higher current liabilities: primarily due to an increase in short-term loans Higher other liabilities: primarily due to an increase of facility lease in the Vietnam plant and the resulting increase in lease liabilities Higher total liabilities: primarily due to an increase in short-term loans Lower unearned remuneration to employees: due to the recognition of share-based expenses				

2. Financial performance

(1) Analysis onto the operating outcome over the past two years

Comparative analyses on financial performance

Expressed in Thousands of New Taiwan Dollars; %

Item \ Year	2019	2020	Amount in increase / decrease	Ratio of change %
Net operating revenues	12,936,382	13,652,564	716,182	5.54
Operating costs	9,151,380	9,634,383	483,003	5.28
Gross operating profit	3,785,002	4,018,181	233,179	6.16
Operating expenses	1,227,899	1,287,707	59,808	4.87
Operating net profit	2,557,103	2,730,474	173,371	6.78
Non-operating revenues & profits	115,911	114,818	(1,093)	(0.94)
Non-operating expenses & losses	57,265	195,741	138,476	241.82
Net profit before tax	2,615,749	2,649,551	33,802	1.29
Fees of income tax	484,717	452,407	(32,310)	(6.67)
Net profit after tax	2,131,032	2,197,144	66,112	3.10
Operating revenue over the past two years: Significant changes in operating net profit and net profit before tax, with descriptions of the reason why. Higher non-operating expenses & losses: primarily due to currency losses due to exchange rate fluctuations				

(2) Anticipated sales volume and grounds thereof, potential impact upon the Company in future financial conditions and the countermeasures:

1) Anticipated sales volume one year ahead and grounds thereof:

On the grounds of change in the macro economy, business operation orientation and future development, with reference to the recent performance by the Company, we duly work out operating targets and anticipate to continually grow over Year 2020. We anticipate to see an increase of operating revenues and profits.

2) Potential impact upon the Company’s future financial conditions and the countermeasures: None

3. Analyses on cash flow

(1) Analysis on currency in cash flow in the most recent years:

Item \ Year	2019	2020	Increase (decrease) of change ratio (%)
Cash flow ratio (%)	41.53%	56.91%	(27.03%)
Cash flow adequacy ratio (%)	98.29%	102.93%	(4.51%)
Cash reinvestment ratio (%)	12.43%	26.71%	(53.46%)
A change beyond 20% between the preceding and subsequent terms, primary reasons and analysis of the impact: (1) Increase or decrease in ratio of cash flow: primarily due to an increase of short-term loans (2) Increase or decrease of cash flow adequacy ratio: None (3) Decrease of cash reinvestment ratio (%): primarily due to an increase in cash dividends and fixed assets in 2020			

(2) Plan to improve inadequate current flow: None

(3) Analyses on the cash flow performance in one year ahead (Year 2021):

Expressed in Thousands of New Taiwan Dollars

Cash balance, beginning of year (1)	Net cash flow in operating activities anticipated for the entire year (2)	Anticipated cash outflow in the year-round investment and capital-raising activities (3)	Anticipated cash surplus (shortfall) (4)=(1)+(2)+(3)	Remedy for anticipated cash shortfall	
				Investment plans	Wealth management plan
4,886,193	2,910,430	2,767,295	5,029,328	-	-

(1) Analyses on changes in cash flow 2021:

A. The net cash inflow in operating activities is anticipated at NT$2,910,430 thousand, due primarily to growth in profit anticipated in the upcoming one year.

B. As anticipated for Year 2020, the cash outflow of investment activities came to approximately NT$627,200, due primarily to the payment required for the subsequent capital expenditure for Zhongshan Plant construction and the expenditures in response to growth.

C. The anticipated cash flow for capital-raising activities consists of the pay-out of cash dividends for NT$1,967,296 thousand, the issue of ordinary shares at a premium for NT$87,435 thousand and a repayment of NT$85,365 thousand.

(2) Analyses on remedy for cash shortfall and the liquidity: Not applicable, as no cash shortfall is anticipated.

4. The impact of the significant capital expenditure of the latest year upon the financial conditions:

The Company started Phase II engineering of the Zhongshan plant in the second half of 2020. The total capital expenditure is expected to be US$28 million. As all the capex and working capital will be funded with internal capital, this investment does not affect the Company's financials.

5. **The outward investment policies in the most recent year, key reasons leading to profit or loss, countermeasures and the investment plan in one year ahead:**

(1) The outward investment plans in the most recent year: To manage and dominate outward investment. The Company has so far duly enacted Procedures for the Acquisition or Disposal of Assets" to firmly dominate financial conditions and business operation facts. Amidst the Internal Control System, besides, the Company has enacted "Surveillance and Management Operations over Subsidiaries" to firmly dominate their financial conditions and relevant operating procedures. Meanwhile, we firmly surveil their implementation or handling. We have, as well, set up the operating risk management mechanism over subsidiaries to exert maximum possible business performance.

(2) Kay causes leading to profit or loss in outward investment in recent year, countermeasures and investment plans on one year ahead:

December 31, 2020; Expressed in Thousands of New Taiwan Dollars

Descriptions / Descriptions	Shareholding ratio %	Profit (loss) recognized Amount	Major causes leading to profit or loss	Countermeasures	Other investment plans in the future
Voltronic International Corp.	100.00	1,093,789	Due primarily to profit earned from investee Subsidiary Voltronic International H.K. Corp. Limited	–	–
Voltronic Power Technology (Vietnam) Company Limited	100.00	44,850	Due primarily to stable growth in operating scale.	–	–
Voltronic International H.K. Corp. Limited	100.00	1,091,433	Due primarily to profit earned from investees in Subsidiaries Voltronic Power Technology, Zhongshan Voltronic Power Electronic Limited and Orchid Power (Shen Zhen) Manufacturing Company	–	–
Potentia Technology Inc. Limited	100.00	2,356	Due primarily to procurement of raw materials & materiel on behalf with discount.	–	–
Voltronic Power Technology (Shen Zhen) Corp.	100.00	512,227	Due primarily to stable growth in operating scale.	–	–
Orchid Power (Shen Zhen) Manufacturing Company	100.00	251,327	Due primarily to stable growth in operating scale.	–	–
Zhongshan Voltronic Power Electronic Limited	100.00	327,879	Due primarily to stable growth in operating scale.	–	–
Zhongshan Voltronic Precision Inc.	100.00	165	Due primarily to stable growth in operating scale.	–	–

(3) Investment plans in one year ahead:

The investment for the next year will depend on market demand, as we seek to capture business opportunities, expand market shares and our revenue base.

6. Analyzed evaluation required for risks over the issues enumerated below of the most recent year as of Annual Report date

1) Change in interest rates:

A. Impact upon the Company's operating revenues and profitability:
In years 2019 and 2020, the net interest revenues and expenditures came to NT$4,532 thousand and NT$19,129 thousand, respectively, and accounting for 0.04% and 0.14% of the net operating revenues, respectively, and accounting for 0.17% and 0.72% of the net profit before tax, respectively. Accordingly, the change in the interest rate would pose limited impact upon the Company's operating revenue and net profit before tax.

B. Concrete countermeasures:
The Company's interest expenditures primarily incurred by transfer of accounts receivable, with direct relationship of customer credit rating and credit standing with bank transaction. The Company has maintained sound relationship with correspondent banks and has, as a result of, obtained preferential interest rate. Meanwhile, the Company closely watches the updates of banking markets and the potential impact upon the Company and would take countermeasures closely all the time. Accordingly, the change in interest rate is not supposed to create a significant impact upon the Company.

2) Change in exchange rate

Expressed in Thousands of New Taiwan Dollars

Descriptions\Year	2020	2019
Profit and/or loss in foreign exchange, net	(153,620)	17,573
Net operating income	13,652,564	12,936,382
% to the operating income (%)	1.12%	0.14%
Net profit before tax	2,649,551	2,615,749
% to the operating profit (%)	5.80%	0.67%

Source: The financial statements having been duly audited by Certified Public Accountant.

Concrete countermeasures against change in exchange rate:

The Company sells primarily in U. S. Dollars and procures materials & supplies primarily in RMB and secondarily in U. S. Dollars. In the part of U. S. Dollars, given the fact of significant fluctuation in exchange rate in recent years, the Company tries to maintain the U. S. Dollars position obtained from sales revenues in an effort to minimize the impact from fluctuation in exchange rates upon sales revenues and profitability. Such efforts might further function for hedging purposes. In Year 2019 and 2020, the Company has gradually balanced US dollar assets and US dollar liabilities in accordance with the trend of exchange rate fluctuations.

The risk on RMB was primarily incurred by the need by the Company's subsidiaries to procure materials & supplies from manufactures in China payable in RMB. In years 2019 and 2020, the Company has gradually increased the RMB deposit according to the trend of exchange rate fluctuations to adjust the balance of RMB assets and RMB liabilities.

3) Changes in inflation:

A. Analysis upon the impact upon the Company
The average consumer commodity price index promulgated by the Directorate General of Budget, Accounting and Statistics (DGBAS) of Executive Yuan in April 2020 was 2.09%, suggesting no inflation or deflation. That is to mean no significant potential impact upon the Company's profit/loss in 2020.

B. Concrete countermeasures
(A) We are in a sound position to dominate the price variation in upstream raw materials sources all the time and maintain very intimate ties with suppliers and customers. Such efforts would help us minimize the impact by change in raw materials costs upon our Company's profit /loss.
(B) We continually take reference to the research reports and relevant economic data from leading economy research houses both at home and abroad and duly adjust the future inflation possibility in the future to prevent the significant impact of inflation upon our financial conditions.

(2) The major causes behind our engaging in high risk, high leverage investment, funds lent to others, endorsements/guarantees and derivative financial instruments and the future countermeasures:

1) Our engaging in high risk, high leverage investment:
Our Company focuses on principal business lines with heavy stress on development of principal technology & know-how, research & development and sales marketing. Besides, we insist on solid policy in business operation, aiming at sound financial development as the very premise. We, therefore, do not get involved in any investment beyond our principal lines, nor do we engage in high leverage investment.

2) Business in engaging in funds lent to others, endorsements/guarantees and derivative financial instruments:
The Company has duly enacted the "Procedures for Loaning of Funds to Others", "Procedures in Endorsement and Guarantee" and "Procedures for the Acquisition or Disposal of Assets" as the very grounds for relevant business operation. As of the Annual Report issuance date, the Company has not engaged in any loaning of funds, transactions in endorsements/guarantees and transaction in derivative financial instruments.

(3) The future research & development plans and the expenses anticipated to be invested:

1) The future research & development plans: High power and high efficiency products.
   A. Development of UPS series.
   B. Development of dispersing high voltage direct current UPS modularization and monitoring systems.
   C. Development of high power factor/high efficiency/low current harmonics models.
   D. Development of dispersing road side UPS module machines.
   E. Development of three-phase current harmonics compensators.
   F. Development of DC/DC converters of on-grid Inverter converted to energy storage application.
   G. Charging pile development

2) The expenses anticipated to be invested:
   The research & development expenses the Company intends to invest will be budgeted based on the step-by-step basis based on our development of new products and new technology & know-how, future growth in sales turnover, and will raise the research & development costs year-by-year in the future. In Year 2020, the aggregate total research & development costs actually invested came to NT$574,437 thousand. In 2021, we anticipate to invest NT$590,689 thousand as our research & development expenses to further boost our competitive edge.

(4) The impact from major domestic policies, change in laws upon the Company's financial conditions and the Company's countermeasures:
In all routines, the Company faithfully complies with laws and ordinances concerned prevalent at home and abroad. As of the present date, we have not confronted any substantial impact upon our business operation or financial conditions. In fact, we always closely watch the trends of development in at home and abroad policies and updates in laws. We closely collect relevant information as handy reference to the managerial level and, in turn, work out countermeasures in response.

(5) The impact from technical and industrial changes upon the Company's financial conditions and the Company's countermeasures:
We closely watch the latest update and trends of change and technical development from time to time on a nonscheduled basis. Meanwhile, thanks to the profound relationship we have built with customers, we are well aware of the potential impact upon our industrial and technical development. All our research & development teammates could aim at the substantial needs in the markets to create the right products to meet such needs. In the most recent year and as of the Annual Report issuance date, we had not run into any significant impact upon our business operation and financial conditions.

(6) The impact from change in Corporate Identity System (CIS) upon risk control and our countermeasures:
Since Voltronic Power Technology first came into being, we have focused on business in our principal business lines and have faithfully complied with laws and ordinances concerned, maintained harmonious labor relationship, solicited top rank research & development talents to assure sound corporate image. In the most recent year and as of the Annual Report issuance date, we had not run into any significant impact upon our Corporate Identity System (CIS). We will continually maintain sound corporate image and expand further business horizons.

(7) Benefits anticipated from merger/acquisition (M&A), potential risk and our countermeasures:
As of the Annual Report issuance date, we had not worked out any merger/acquisition (M&A) plans with other counterparts. In case of a merger/acquisition (M&A) plan in the future, we shall exactly follow the laws and ordinances concerned and the Company's managerial regulations. Through such efforts, we shall faithfully assure the Company's interests and shareholders' equity.

(8) Benefits anticipated from expanded factories, potential risks and our countermeasures:
The Company is currently building new capacities in Zhongshan District, Guangdong Province, and renting extra space for expansion in Vietnam, to meet with the growing demand. All funds so required will come from our own working capital. At the moment, we hold working capital on hand, free of any risk of a potential shortfall.

(9) Potential risks in concentrated purchases and sales and our countermeasures:

1) Risks in purchases:
At the moment, we only have very limited production in Taiwan. For most UPS and relevant electronic components, we accept purchase orders in Taiwan from end customers and transfer these orders via our sub-subsidiary Potentia Technology Inc. Limited (hereinafter referred to as Potentia Technology) to the production base of our subsidiaries Voltronic Power Technology (Shen Zhen) Corp. (hereinafter referred to as Voltronic Power Technology), Zhongshan Voltronic Power Electronic and Voltronic Power Technology (Vietnam) Company Limited. The Company is in 100% domination over Potentia Technology Inc., Voltronic Power Technology, Zhongshan Voltronic Power Electronic and Voltronic Power Technology(Vietnam) Company Limited. For procurement by our subsidiaries, the amount of purchase from any single supplier has been below 10%. For all raw materials & materiel, we have maintained a minimum of two regular supply sources. We are, therefore, free of any risk of being concentrated.

2) Risks in sales:
In 2019 and 2020, our sales to the top customer accounted for below 10% of the aggregate total. We are free of any risk of being concentrated in sales.

(10) The impacts and risks in massive changeover or replacement by directors, top shareholders holding over 10% shareholding and our countermeasures:
The Company has established the Audit Committees composed of four Independent Directors to strengthen corporate governance. The Chairman and the management teams thereunder have remained unchanged. Therefore, the Company's management rights have not been affected at all. In the most recent year as of the Prospectus date, the Company had not seen significant changeover in equity among directors and key shareholders holding over 10% shareholdings. Accordingly, the Company is free of a potential significant impact.

(11) The impacts and risks from a change in managerial power and our countermeasures:
As of the Annual Report issuance date, the Company had not seen a change in managerial powers.

(12) The final and irrevocable court judgments, significant pending litigation, non-litigious events involving the Company, the Company's directors, general manager, substantial responsible person, key shareholders holding over 10% shares, auxiliaries with outcome which might significantly affect shareholders' equity, securities prices, the subject facts, target amounts, starting date of litigation, major litigants and the updates as of the Annual Report issuance date:

1) As of the Annual Report issuance date, final and irrevocable court judgments, significant pending litigation, non-litigious, administrative events with outcome which might significantly affect shareholders' equity, securities prices, the subject facts, target amounts, starting date of litigation, major litigants and the updates should be disclosed: None

2) The final and irrevocable court judgments, significant pending litigation, non-litigious, administrative events involving the Company's directors, general manager, substantial responsible person, key shareholders holding over 10% shares with outcome which might significantly affect shareholders' equity, securities prices:

The civil action with claim on infringement upon patent by and among the Company's director FSP Group (hereinafter referred to as FSP Group), Shuo Chieh Technology Co., Ltd. (hereinafter referred to as Shuo Chieh Company) and O2 MICRO INTERNATIONAL LIMITED (hereinafter referred to as O2 Company) is currently pending in Federal Court of the United States, East Texas Marshall Branch. Upon awareness of the litigious dispute by and between both parties Chieh Shuo Company and O2 Company, FSP Group immediately converted into replacement materials free of infringement. According to the intellectual property rights guarantee executed by and between FSP Group and Shuo Chieh Company, For all responsibility, loss, impairment, expenses and other expenditures incurred by FSP Group for the products, Shuo Chieh Company should assume the responsibility for complete indemnity in full. That means the litigation does not mean any significant impact upon FSP Group's financial conditions. In turn, the Company is free of significant impact in shareholders' equity or securities prices.

The Company's directors Chuan Han Enterprise Co., Ltd. (hereinafter referred to as Chuan Han Company) and Caiyuan Enterprise Co., Ltd. (hereinafter referred to as Caiyuan Enterprise), filed a dispute lawsuit over the defect in products. Caiyuan Enterprise requested the Chuan Han Company to pay a sum of US $370,000. Both parties reached a settlement on February 4, 2021. The Consolidated Company needs to pay US$450,000 for the goods, deductible from the payable of US$382,959 to Caiyuan Enterprise as of December 31, 2020.

The Company's directors Chuan Han Enterprise Co., Ltd. (hereinafter referred to as Chuan Han Company) and its customer Jiangsu Lemote Information Technology Co., Ltd. (hereinafter referred to as "Lemote Information Technology") filed a lawsuit against the Consolidated Company regarding the sale and purchase agreement. Lemote Information Technology claimed that there were abnormalities with the Consolidated Company's products, asked for the return of payments and relevant damages at a total of CHY 4,266,789.46, and requested to the People's Court of

Changshu, Jiangsu for attachment of property in litigation by freezing a bank deposit at the aforesaid amount or CNY 4,300,000. The Consolidated Company disagrees with Lemote Information Technology regarding the product abnormalities and the amount claimed. We have hired attorneys to respond and defend. No material influence on the Company's shareholders' equity or security prices is expected.

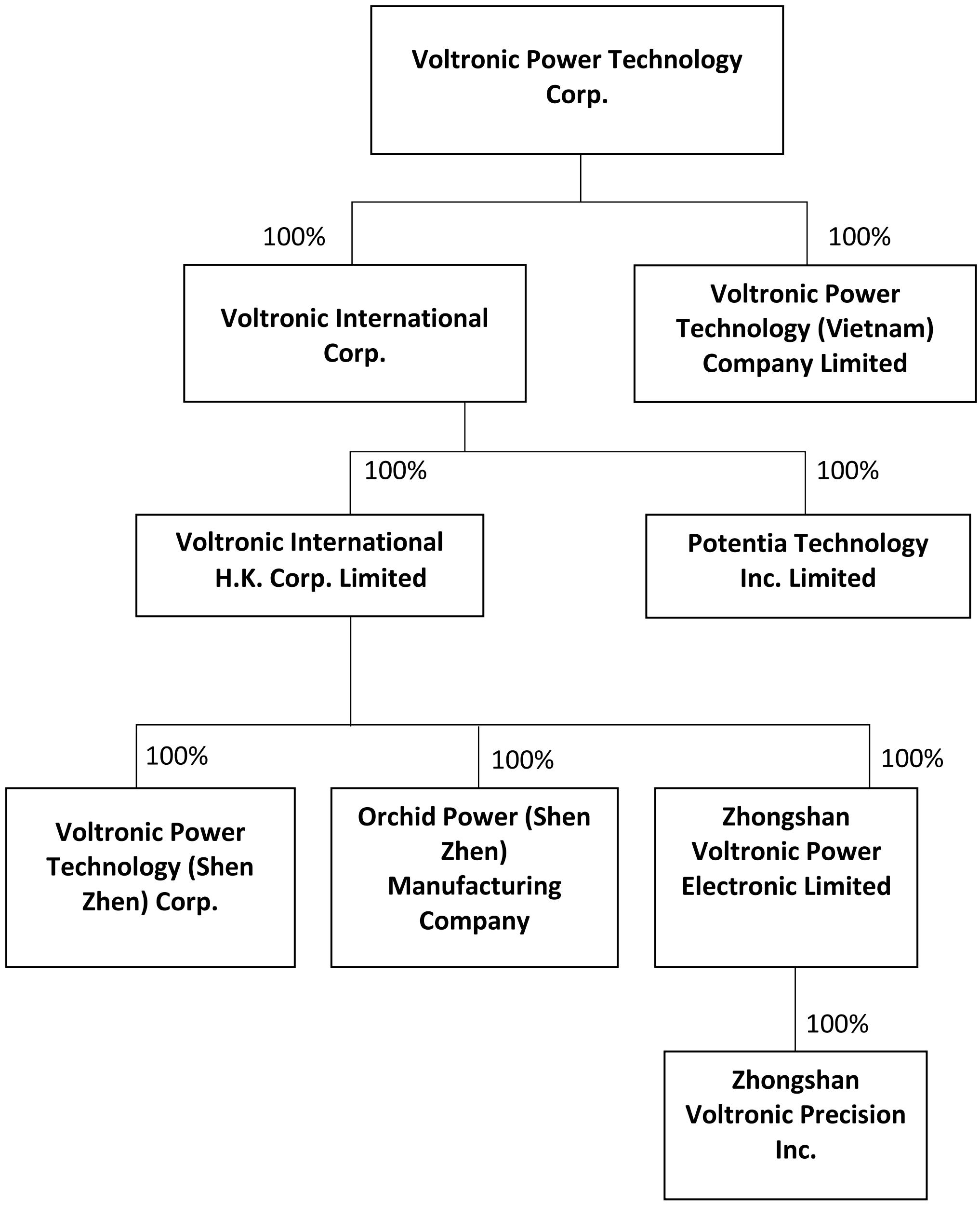
(13) Other significant risks and countermeasures: None

7. Other significant issues: None

VIII. Special Matters of Record

1. Relevant Information of Affiliated Enterprise

(1) Organization Chart of Affiliated Enterprise:



(2) Basic Information of the Affiliated Enterprises:

Expressed in Thousands of USD

Name of Affiliated Enterprise	Date of Establishment (Month/Year)	Address	Paid-in Capital	Main business or production item
Voltronic International Corp.	May 2008	Hansa Bank Building 1st Floor, Landsome Road, The Valley, Anguilla.	USD20,100	A variety of investment activities
Voltronic International H.K. Corp. Limited	May 2008	Suite 18B 148 Connaught Road Central, Hong Kong.	USD28,000	A variety of investment activities
Potentia Technology Inc. Limited	May 2008	Suite 18B 148 Connaught Road Central, Hong Kong.	-	Buys and sales of uninterruptible power supplies (UPS)
Voltronic Power Technology (Shen Zhen) Corp.	Aug. 2008	1F~5F Building 5, 1F Building 7 and B1F Building 9 of RunDongSheng Industrial Zone, No. 467 (at the intersection with Gushu Road), National Highway 107 West Part, LongTeng Community, Xixiang Street, Baoan District, Shenzhen City 4F~6F, Building B, Golden Harbor Tower, south side of Fusan Road, Da Chan Bay	USD2,000	Design, manufacture, buys and sales of uninterruptible power supplies (UPS)
Orchid Power (Shen Zhen) Manufacturing Company	Nov. 2011	Rooms 605-606, Building B, Haoye Community, Gold Harbor Center, Gold Harbor Mansion, Xixiang Street, Baoan District, Shenzhen City	USD1,000	Design, manufacture, buys and sales of uninterruptible power supplies (UPS)
Zhongshan Voltronic Power Electronic Limited	Sept. 2015	No. 8, Shiyung Road, Torch Development Zone, Zhongshan City	USD25,000	Design, manufacture, buys and sales of uninterruptible power supplies (UPS)
Zhongshan Voltronic Precision Inc.	Jan. 2018	No. 1 Xinda Road, The Torch Development Zone of Zhongshan City.	RMB16,000	Design, manufacture, buys and sales of uninterruptible power supply (UPS) and relevant components
Voltronic Power Technology (Vietnam) Company Limited	Sept. 2019	Factory B1A B1B B1C, No.05, Road 21A, VSIP Bac Ninh Integrated Township and Industrial Park, Dai Dong Commune, Tien Du District, Bac Ninh Province, Vietnam.	USD1,000	Design, manufacture, buys and sales of uninterruptible power supplies (UPS)

(1) 3. Information of Director, Supervisor and General Manager of the Affiliated Enterprises:

Expressed in Thousands of USD; shares; %

Name of Affiliated Enterprise	Title	Name or Representative	Shareholding	
			Number of Shares	Shareholding rate
Voltronic Power Technology (Vietnam) Company Limited	Director	Representative of Voltronic Power Technology Corp., Hsieh Juor-Ming	Note	100%
Voltronic International Corp.	Director	Representative of Voltronic Power Technology Corp., Hsieh Juor-Ming	28,000	100%
Voltronic International H.K. Corp. Limited	Director	Voltronic International Corp.	217.240	100%
	Director	Hsieh Juor-Ming	-	-
Potentia Technology Inc. Limited	Director	Voltronic International Corp.	0.001	100%
	Director	Hsieh Juor-Ming	-	-
Voltronic Power Technology (Shen Zhen) Corp.	Director	Representative of Voltronic International H.K. Corp. Limited, Hsieh Juor-Ming	Note	100%
	General Manager	Hsieh Juor-Ming	-	-
Orchid Power (Shen Zhen) Manufacturing Company	Director	Representative of Voltronic International H.K. Corp. Limited, Hsieh Juor-Ming	Note	100%
	General Manager	Hsieh Juor-Ming	-	-
Zhongshan Voltronic Power Electronic Limited	Director	Representative of Voltronic International H.K. Corp. Limited, Hsieh Juor-Ming	Note	100%
Zhongshan Voltronic Precision Inc.	General Manager	Hsieh Juor-Ming	-	-

Note: In the attribute of a “limited company” thus free of face amount and shares

(1) 4. Business Operating Status of the Affiliated Enterprises:

Expressed in Thousands of NTD (USD, RMB)

Name of Affiliated Enterprise	Paid-in Capital	Total assets	Total liabilities	Net amount	Operating Revenues	Operating loss	Gain/loss of the current year (After tax)
Voltronic International Corp	USD28,000	USD 211,415	-	USD 211,415	-	-	USD 37,147
Voltronic Power Technology (Vietnam) Company Limited	USD1,000	VND 329,658,435	VND 271,917,554	VND 57,740,881	VND 504,997,206	VND 37,114,928	VND 36,331,312
Voltronic International H.K. Corp. Limited	USD28,000	USD 210,604	-	USD 210,604	-	-	USD 37,067
Potentia Technology Inc. Limited	-	USD 222,825	USD 222,014	USD 811	USD 411,297	(USD 321)	USD 80
Voltronic Power Technology (Shen Zhen) Corp.	USD2,000	RMB 1,120,762	RMB 366,324	RMB 754,438	RMB 1,133,122	RMB 134,833	RMB 119,890
Orchid Power (Shen Zhen) Manufacturing Company	USD1,000	RMB 422,536	RMB 165,082	RMB 257,454	RMB 427,760	RMB 70,351	RMB 58,825
Zhongshan Voltronic Power Electronic Limited	USD25,000	RMB 919,488	RMB 557,575	RMB 361,913	RMB 1,256,472	RMB 79,440	RMB 76,743
Zhongshan Voltronic Precision Inc.	RMB16,000	RMB 83,074	RMB 58,799	RMB 24,275	RMB 189,218	(RMB 116,984)	RMB 39

(1) 5. Consolidated Business Report of the Affiliated Enterprises: Not applicable.

(2) Consolidated Financial Statements of Affiliated Enterprise

Declaration of Consolidated Financial Statements of Affiliated Enterprise

In Fiscal Year 2020 (January 1 - December 31, 2020), in accordance with Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises”, the Company which should be covered in Consolidated Financial Statements of Affiliated Enterprise was same as the Company for the Consolidated Financial Statements of Parent Company and Subsidiaries as covered in International Financial Reporting Standards (IFRS) #10 and all the information in the Consolidated Financial Statements of Affiliated Enterprise had been disclosed in the Financial Statements of Parent Company and Subsidiaries. Therefore, the Consolidated Financial Statements of Affiliated Enterprises is unnecessary and is not worked out once more.

This hereby formally declares.

Company Name: Voltronic Power Technology Corp.

Responsible person: Hsieh Juor-Ming

February 25, 2021

(3) Report of affiliated enterprise: None

2. **Acts in privately placed securities in categories and names of negotiable securities in the most recent year and as of the Annual Report issuance date:** None

3. **The Company's share certificates being held or disposed of by subsidiaries in the most recent year and as of the Annual Report issuance date:** None

4. **Other supplementary descriptions as necessary:** None

5. **Occurrence of significant impact upon shareholders' equity or securities prices under Subparagraph 2, Paragraph 2, Article 36 of the Act in the most recent year and as of the Annual Report issuance date**

(1) A check dishonored because of insufficient deposits, rejected transaction or other forfeiture of creditability: None

(2) Significant impact upon the Company's financial conditions or business operation due to litigation, non-litigation, administrative actions, administrative litigation, security procedures or compulsory enforcement:

Please refer to "VII: Reassessment & analysis on financial conditions and outcome of business operation as well as risks" - "6. Analyzed evaluation required for risks over the issues enumerated below of the most recent year as of Annual Report date" which should be analyzed:

(3) Critical cut from production line, or suspension from business operation either in whole or in part, lease out of the Company's plant or major equipment & facilities which would suggest an impact upon the Company's business operation: None

(4) Facts under Paragraph 1, Article 185 of Company Act: None

(5) Ruling to ban transfer of stocks rendered by court in accordance with Subparagraph 5, Paragraph 1 of Article 287: None

(6) Change in the Chairman of the Board, general manager or directors over one-third of the aggregate total: None

(7) Change in certifying Certified Public Accountant except a change resulting from internal reassignment of the Certified Public Accountant firm: None

(8) Execution, change, termination or rescission of major memorandum, reporting statements alliance or other business cooperation plans, or major contract, change in the contents of business plans, completion of new product development, success in products in experiments to enter official volume production, acquisition of other's enterprise, acquirement or outward transfer of patent, trademark, copyright or transaction in intellectual property rights which suggest significant impact upon the Company's financial conditions or business operation: None

(9) Other issues which would adequately affect the Company's continued operation: None

Voltronic Power Technology Corp.

Chairman: Hsieh Juor-Ming