Stock Code: 6409

VOLTRONIC POWER TECHNOLOGY CORP.

ANNUAL REPORT 2021

Published on May 25, 2022

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.

Table of Contents for Annual Report

I. A Report to Shareholders 1

II. Company Profile 4
1. Founding date of Voltronic Power Technology Corp. 4
2. Highlights in corporate development 4

III. Report on Corporate Governance 8
1. Organization system 8
2. Information on the Directors, General Manager, Vice General Managers, Senior Managers and the Managers of Each Department and Branch 10
3. Remuneration paid to Directors, General Manager and Vice General Managers in the Most Recent Year 25
4. Performance in corporate governance 30
5. Information on Certified Public Accountant fees 109
6. Information of a change in the Certified Public Accountants (CPAs) 110
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 110
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: 111
9. Information of the interrelationship as related party, spouse, blood relatives within the second degree of kinship among the top ten shareholders in shareholding 112
10. The number of shares held by the Company 114

IV. Facts of Capital Raising 115
1. Capital and shares 115
2. Facts about the corporate bonds 121
3. Acts on preferred shares 121
4. Acts on global depositary receipts (GDR) 121
5. Acts on employee stock option certificates 121
6. Acts on new restricted employee shares: 122
7. Facts of merger/acquisition (M&A) or inward transfer of outstanding new shares from another company 125
8. Facts of implementation in utilization of working capital 125

V. Operations Overview 126
1. Business content 126
2. Overview of markets, production and sales 144
3. Employee data in recent two years as of the Annual Report issuance date 154
4. Information on expenditure for environmental protection 154
5. Labor relations 156

6. Important contracts 160

VI. Financial Standing 161
1. The condensed balance sheet and Comprehensive Income Statement for the past five years 161
2. Financial analysis for the past five years 165
3. The Audit Committee's audit report of financial statements in the most recent year . 168
4. Financial reports in the most recent year 169
5. The parent company only financial statements duly audited by the Certified Public Accountants in the most recent year 238
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 323

VII. Reassessment & analysis on financial conditions and outcome of business operation as well as risks 323
1. Financial conditions 323
2. Financial performance 324
3. Analyses on cash flow 325
4. The impact of the significant capital expenditure of the latest year upon the financial conditions 325
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 326
6. Analyzed evaluation required for risks over the issues enumerated below of the most recent year as of Annual Report date 327
7. Other significant issues 332

VIII. Special Matters of Record 333
1. Relevant Information of Affiliated Enterprise 333
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 338
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 338
4. Other supplementary descriptions as necessary 338
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 338

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:

A summary of operating performance of the Company in 2021 is as below:

I. Operations

The consolidated revenue of the Company totaled NT$16,956,682 thousand in 2021, up 24.20% year-over-year. Our net income was NT$2,359,362 thousand, up 7.38% from the previous year. Earnings per share stood at NT$27.13, up 7.19% from NT$25.31 of 2020.

Unit: NT$ 1,000

	2021	2020	YoY %
Sales, net	16,956,682	13,652,564	24.20%
Cost of goods sold	12,645,691	9,634,383	31.26%
Gross profits	4,310,991	4,018,181	7.29%
Operating expenses	1,386,427	1,287,707	7.67%
Operating net profits	2,924,564	2,730,474	7.11%
Non-operating income	(34,069)	(80,923)	57.90%
Pre-tax earnings	2,890,495	2,649,551	9.09%
Net earnings	2,359,362	2,197,144	7.38%

II. Research & Development

1. R&D Activities in 2021

Off Line:
(1) DOE-compliant 120V Line-Interactive step wave model development
(2) DOE-compliant 120V line-interactive sine wave models development

Online 1~5KVA:
(1) On line 1 ~ 3kVA 120V long-run Lithium Iron Phosphate battery model development.
(2) DOE-compliant 120V Online 1~3k model development

Online 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 100k/120k/160k/200kW industrialized All-In-One model UPS
(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

Monitoring software development:
(1) Development of Secure Boot SNMP Card
(2) VFD monitoring software platform development

2. New products and technologies for 2022

Offline:
(1) Industrial automated production line-interactive square wave 400VA~1000VA models Development
(2) Three-leg circuit 230V line-interactive sine wave 1~3k model development

Online 1~5KVA:
(1) Online 1~3kVA deepens the development of cost control solutions
(2) Online 3k 1U rack lithium battery model development

Online 6~600KVA:
(1) Online 6kVA long-acting type 1U high power density model was developed.
(2) Online 3/3 high power density 40kW UPS models developed
(3) Online 3/3 high power density 80kW UPS models developed
(4) Online 3/3 high power density 100kW UPS models developed
(5) Online 3/3 high power density 100kW UPS module development
(6) Online 3/3 high voltage lithium battery pack system development

Inverter, Solar inverter, Charger Controller, Charger, ATS:
(1) 50KW IP65 Off-Grid All-In-One model development
(2) Split phase 10KW IP65 Off-Grid All-In-One model development
(3) DC charging station IP65 30kW machine development
(4) 40kW IP65 constant power DC fast charging module was developed.
(5) EnergySys123 optical storage and charging integrated machine development
(6) Development of battery packs for high voltage energy storage systems.
(7) 5.5~37kW general inverter economical version developed.
(8) Industrial and commercial photovoltaic energy storage 50kW system and 300kWh battery pack development

Monitoring software development:
(1) Wi-Fi 4G card development.
(2) Charging pile protocol OCPP/CCS Full-featured development

Operational plan and outlook for 2022:

COVID-19 epidemic continued to impact the world in 2021. The transportation and raw material supply markets fluctuate fiercely because of it. Coupled with the continued instability of US-China relations and the depreciating US dollar, the 2021 outlook will most likely follow that of that second half of 2020. In addition to the impact of rising exchange rates and material supply costs, in 2021, transportation costs, semiconductor material shortages, etc., will further erode the company's earning profits. However, due to the severe fluctuations in the global market, branding customers had more awareness of the decentralized management of production and operation risks, so outsourcing orders remained in acceleration. Although the company's gross profit margin had decline significantly in 2021, customer orders had increased as customers expanded outsourcing, and revenue growth will also be higher than in the past few years.

Due to the heightened awareness of customers for risk diversification caused by market fluctuations.

In addition to the completion and operation of the new fabrication plant in Zhongshan in second half of this year, the company had also signed to purchase a new plant in New Taipei City to further expand our production base. The relevant capital expenditures will be long-term borrowing and repayment in installments, to reduce the impact on the company's working capital and dividend distribution to our shareholders. Once complete, the allocation of production capacity will also be adjusted according to the stipulation and needs of our customers.

For the 2022 Outlook, the overall global economic environment will still affected by the COVID-19 . However, due to the gradual popularization of vaccines, some markets have gradually recovered. The company believes that once the impact of the epidemic was reduced, customers' outsourcing needs for future diversification of production risks will also be reduced. With the gradual improvement, coupled with the gradual increase in the global demand for power consumption stability and green energy products, the company will continue to invest in research and development resources to expand into new markets and to ensure sustainable and stable growth.

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 ISO 9001 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

Year	Events
	after 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.
2022	1. In January 2022, the Company purchased the new plant located at Nos. 428, 430 Baochang Road, Xizhi District, New Taipei City, in the building lot area 5052.80 square meters; for the entire 11-story building plus 2 basement floors, in the aggregate total floor space of 24,291.75 square meters

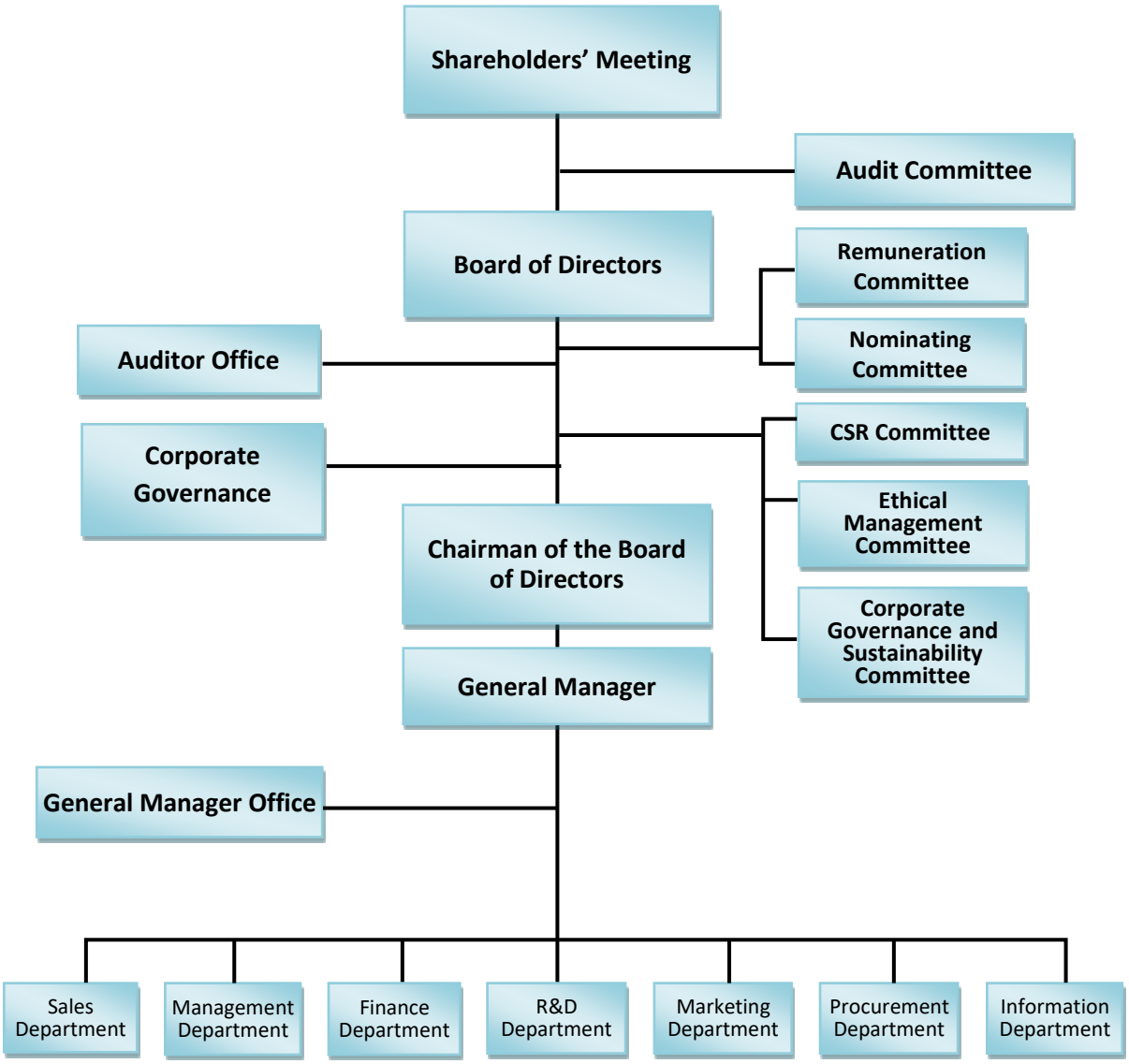
Year	Events
	2. In April 2022: The Company ranked among the top 5% in the 8th Corporate Governance Evaluation and among the top 10% of all companies in the electronic category listed on TWSE/TPEx with a market capitalization of over NT$10 billion.

III. Report on Corporate Governance

1. Organization system

(1) Organization structure

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 19, 2022；Expressed in shares

Title	Nationality or the venue of registry	Name	Sex, age	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	07/23/2021	3	05/01/2008	10,052,484	12.74%	11,052,484	12.67%	1,122,357	1.29%	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 two female independent directors). 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	-	07/23/2021	3	05/01/2008	3,310,359	3.79%	3,310,359	3.80%	—	—	—	—	—	—	—	—	—	—
	Taiwan, R.O.C.	Representative: Chen Tsui-Fang (Note 4)	Female	07/23/2021	3	05/01/2008	1,743,607	2.22%	1,122,357	1.29%	11,052,484 (Note 1)	12.67%	—	—	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 two female independent directors). More than half of the directors are not the Company's employees or managers.

Title	Nationality or the venue of registry	Name	Sex, age	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.	FSP Group	-	07/23/2021	3	05/01/2008	4,369,822	5.00%	3,931,822	4.51%	—	—	—	—	—	—	—	—	—	—
Director	Taiwan, R.O.C.	Representative: Cheng Ya-Jen	Male	07/23/2021	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	07/23/2021	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	07/23/2021	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	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	—	—	—	Nil

Title	Nationality or the venue of registry	Name	Sex, age	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	
															Semiconductor Corp. Independent director of Smart Ant Telecomm Co., Ltd. Independent director of AutoTools Group Co., Ltd Independent supervisor of Taisol Electronics Co., Ltd.	Independent director of Copartner Tech Corp. 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 (Note 6)	Male	07/23/2021	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	07/23/2021	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	Position served concurrently at this Company: None 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.	Liao Kuei-Fang	Female	07/23/2021	3	07/23/2021	–	–	–	–	–	–	–	–	Department of Accounting, Tamkang University Certified Public Accountant	Position served concurrently at this Company: None Partner of Synergy & Co., CPAS Director of Hsieh Chi Enterprise Management Consulting Co., Ltd.	–	–	–	Nil
Independent director	Taiwan, R.O.C.	Ho Yun-Hsuan	Male	07/23/2021	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	Position served concurrently at this Company: None 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: Number of shares held, including shareholding trust retained with the legal exercise rights 800,000 shares.
Note 5: Directors were re-elected in full during the regular meeting of shareholders convened on July 23, 2021.
Note 6: An over reelection was conducted in the regular meeting of shareholders convened on July 23, 2021 while Independent Director Yang Ching-Hsi resigned from the post.
Note 7: An over reelection was conducted in the regular meeting of shareholders convened on July 23, 2021 while Independent Director Liao Kuei-Fang was elected to the post.
Note 8: The number of substantial shareholding as of the book closure day for the annual meeting of shareholders, i.e., April 19, 2022.

1) Major Shareholders of Juristic Person Shareholders

April 11, 2021

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%
	Xiangzan Investment Co., Ltd.	2.78%
	2K INDUSTRIES.INC.	2.77%
	Pai Chuang Investment Co., Ltd.	2.56%
	Bi Cheng Investment Consulting Limited Company	1.68%
	Chen Kuang-Chun	1.60%
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 11, 2022

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%
Xiangzan Investment Co., Ltd.	Cheng Ya-Jen	55%
	Cheng Ming-Hsiang	45%
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%
Bi Cheng Investment Consulting Limited Company	Huang Hsiu-Chin	95%

3) Disclosure of information on professional qualifications of directors and supervisors and independence of independent directors:

Terms / Name	Professional Qualification and Experience	Independence Information	Number of the Other Public Companies in Which the Concerned Director Acts Concurrently as an Independent Director
Director Hsieh Juor-Ming	In possession of hands-on experiences for more than five (5) years in the Company's business operation, currently serving as the Chairman & General Manager of Voltronic Power Technology Corp. Not been a person or any conditions defined in Article 30 of the Company Act.	(1) Not in a relationship as spouse or a relative within the second degree of kinship with any other directors. (2) Not under Article 27 of the Company Act with government, juristic person or the representative thereof successfully elected.	Nil
Juristic person director Representative of Open Great International Investment Limited Company: Chen Tsui-Fang	In possession of hands-on experiences for more than five (5) years in the Company's business operation, currently serving as the Special Assistant of General Manager of Voltronic Power Technology Corp. Not been a person or any conditions defined in Article 30 of the Company Act.	(1) 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. (2) 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. (3) 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.	Nil
Juristic person director Representative of FSP Group: Cheng Ya-Jen	In possession of hands-on experiences for more than five (5) years in the Company's business operation, currently serving as the Chairman of FSP Group. Not been a person or any conditions defined in Article 30 of the Company Act.	(1) Not an employee of the company or any of its affiliated enterprises. (2) 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. (3) 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). (4) 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. (5) 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. (6) 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. (7) 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. (8) Not in a relationship as spouse or a relative within the	Nil

Terms / Name	Professional Qualification and Experience	Independence Information	Number of the Other Public Companies in Which the Concerned Director Acts Concurrently as an Independent Director
		second degree of kinship with any other directors. (9) Not under Article 27 of the Company Act with government, juristic person or the representative thereof successfully elected.	
Director Passuello Fabio	In possession of hands-on experiences for more than five (5) years in the Company's business operation, currently serving as the Manager Director of RPS SpA.. Not been a person or any conditions defined in Article 30 of the Company Act.	(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. (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. (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. (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. (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. (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 under Article 27 of the Company Act with government, juristic person or the representative thereof successfully elected.	Nil
Director Lee Chien-Jan	Having served as a Lecturer of the public universities/colleges in the Accounting related department (s) for more than five (5) years; currently serving as full-time professor of Department of Accounting, National Taipei University. Not been a person or any conditions defined in Article 30 of the Company Act.	(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. (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	2

Terms / Name	Professional Qualification and Experience	Independence Information	Number of the Other Public Companies in Which the Concerned Director Acts Concurrently as an Independent Director
		Article 27 of the Company Act. (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. (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. (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. (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 under Article 27 of the Company Act with government, juristic person or the representative thereof successfully elected.	
Independent director Yang Ching-Hsi (Note 3)	Having served as a Lecturer of the public universities/colleges in the Accounting related department (s) for more than five (5) years; currently serving with National Taipei University as a part-time Associate Professor in its Department of Accounting. Not been a person or any conditions defined in Article 30 of the Company Act.	(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. (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. (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. (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. (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. (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	1

Terms / Name	Professional Qualification and Experience	Independence Information	Number of the Other Public Companies in Which the Concerned Director Acts Concurrently as an Independent Director
		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 under Article 27 of the Company Act with government, juristic person or the representative thereof successfully elected.	
Independent director Wang Hsiu-Chih	Having served as a Lecturer of the public universities/colleges in the Accounting related department (s) for more than five (5) years; currently serving as the Director of Feiyuan Accounting Education Foundation. Not been a person or any conditions defined in Article 30 of the Company Act.	(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. (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. (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. (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. (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. (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 under Article 27 of the Company Act with government, juristic person or the representative thereof successfully elected.	Nil
Independent director Ho Yun-Hsuan	Currently serving with National Taipei University as a part-time Associate Professor in its Department of Accounting for more than five (5) years; currently serving as the Attorneys-At-Law, HHC & Partners. Not been a person or any conditions defined in Article 30 of the Company Act.	(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. (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	Nil

Terms / Name	Professional Qualification and Experience	Independence Information	Number of the Other Public Companies in Which the Concerned Director Acts Concurrently as an Independent Director
		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. (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. (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. (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. (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 under Article 27 of the Company Act with government, juristic person or the representative thereof successfully elected.	
Independent director Liao Kuei-Fang (Note 4)	As a practicing Attorneys-at-Law Office for more than five (5) years; currently serving as the Partner of Synergy & Co., CPAS. Not been a person or any conditions defined in Article 30 of the Company Act.	(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. (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. (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. (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. (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. (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	Nil

Terms / Name	Professional Qualification and Experience	Independence Information	Number of the Other Public Companies in Which the Concerned Director Acts Concurrently as an Independent Director
		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 under Article 27 of the Company Act with government, juristic person or the representative thereof successfully elected.	

Note 1: A person who is under any of the following circumstances shall not act as a managerial officer of the Company. If he or she has been appointed as such, he or she shall *ipso facto* be discharged:

1. Having committed an offence as specified in the Statute for Prevention of Organizational Crimes and having been convicted of a crime, and has not started serving the sentence, has not completed the jail term in full, or having been less than five years since expiration of the probation, or pardon;
2. Having committed an offence in terms of fraud, breach of trust or misappropriation and subsequently been convicted with imprisonment for a term of more than one year, and has not started serving the sentence, has not completed serving the sentence, or less than two years since expiration of the probation, or pardon;
3. Having committed the an offense as specified in the Anti-corruption Act and subsequently been convicted of a crime, and has not started serving the sentence, has not completed serving the sentence in full, or less than two years since expiration of the probation, or pardon;
4. Having been adjudicated bankrupt or adjudicated of the commencement of liquidation process by a court, and having not been reinstated to his or her rights and privileges;
5. Having been dishonored for unlawful use of credit instruments, and the term of such sanction has not expired yet;
6. Having no or only limited disposing capacity.
7. Having been adjudicated of the commencement of assistantship and such assistantship having not been revoked yet.

Note 2:

(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 under Article 27 of the Company Act with government, juristic person or the representative thereof successfully elected.

Note 3: An over reelection was conducted in the regular meeting of shareholders convened on July 23, 2021 while Independent Director Yang Ching-Hsi resigned from the post.

Note 4: An over reelection was conducted in the regular meeting of shareholders convened on July 23, 2021 while Independent Director Liao Kuei-Fang was elected to the post.

4) Diversity and independence of the board of directors:

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 (Note 1)	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
Liao Kuei-Fang (Note 2)	R.O.C.	Female			V		V						V	V	V		V	V

Note 1: An over reelection was conducted in the regular meeting of shareholders convened on July 23, 2021 while Independent Director Yang Ching-Hsi resigned from the post.

Note 2: An over reelection was conducted in the regular meeting of shareholders convened on July 23, 2021 while Independent Director Liao Kuei-Fang was elected to the post.

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
Liao Kuei-Fang	V	V	V	V	V	V	V	V

Note : * refers to partially equipped

Note 1: An over reelection was conducted in the regular meeting of shareholders convened on July 23, 2021 while Independent Director Yang Ching-Hsi resigned from the post.

Note 2: An over reelection was conducted in the regular meeting of shareholders convened on July 23, 2021 while Independent Director Liao Kuei-Fang was elected to the post.

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 in total on the Board of Session Six in the overall reelection conducted in 2021. They are seasoned professionals in finance, business, management, and law. The newly elected directors with hands-on experiences in relevant industries account for 50% of the total directorship seats, those with accounting backgrounds account for 37.5% of the total directorship seats and those with Attorney-at-Law backgrounds account for 12.5% of the total directorship seats. 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 with extensive experience 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 two female independent directors. Namely, female directors account for 37.5% of the board composition. Male directors account for 62.50% of the board composition. The average age of board directors is 58 years old.

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

April 19, 2022；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	12.67%	1,122,357 (Note 5)	1.29%	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 two female independent directors). 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	289,977	0.33%	—	—	—	—	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	597,275	0.68%	—	—	—	—	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	107,293	0.12%	—	—	—	—	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	81,071	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	3.442	0%	—	—	—	—	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	0	0%	—	—	—	—	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 19, 2022.

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.

Note 5: Number of shares held, including shareholding trust retained with the legal exercise rights 800,000 shares.

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 (2021):

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 (Note 2)		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 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	Cash amount	Cash amount	Cash amount	Cash amount	This Company	All Companies Specified in the Financial Statements	
Chairman	Hsieh Juor-Ming	1,400	1,400	-	-	15,800	15,800	-	-	0.67%	0.67%	12,490	12,490	-	-	16,331	-	16,331	-	1.89%	1.89%	-
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 (Note 3)																					
Independent director	Wang Hsiu-Chih																					
Independent director	Liao Kuei-Fang (Note 4)																					
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 24, 2022 to allocate to directors the remunerations totaling NT$14,400,000 (as the finally resolved amount) for 2021. This will be reported to and resolved by the shareholders' meeting after the annual meeting of shareholders to be convened on June 17, 2022, before the distribution of the remunerations.

Note 2: The Company's board of directors resolved on February 24, 2022 to allocate to employees the remunerations totaling NT$115,000,000 (as the finally resolved amount) for 2021. This will be reported to and resolved by the shareholders' meeting after the annual meeting of shareholders to be convened on June 17, 2022, before the distribution of the remunerations.

Note 3: An over reelection was conducted in the regular meeting of shareholders convened on July 23, 2021 while Independent Director Yang Ching-Hsi resigned from the post.

Note 4: An over reelection was conducted in the regular meeting of shareholders convened on July 23, 2021 while Independent Director Liao Kuei-Fang was elected to the post.

∗ 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 Directors	Names of Directors			
	Aggregate Amount of A, B, C and D		Aggregate Amount of A, B, C, D, E, F and G	
	This Company	All Companies Specified in the Financial Statements (I)	This Company	All Companies Specified in the Financial Statements (J)
Below $2,000,000	Lee Chien-Jan Yang Ching-Hsi Wang Hsiu-Chih Ho Yun-Hsuan Liao Kuei-Fang	Lee Chien-Jan Yang Ching-Hsi Wang Hsiu-Chih Ho Yun-Hsuan Liao Kuei-Fang	Lee Chien-Jan Yang Ching-Hsi Wang Hsiu-Chih Ho Yun-Hsuan Liao Kuei-Fang	Lee Chien-Jan Yang Ching-Hsi Wang Hsiu-Chih Ho Yun-Hsuan Liao Kuei-Fang
$2,000,000 (inclusive) ～ $5,000,000 (exclusive)	Hsieh Juor-Ming Representative of Open Great International Investment Limited Company: Chen Tsui-Fang FSP Group Representative: Cheng Ya-Jen Passuello Fabio	Hsieh Juor-Ming Representative of Open Great International Investment Limited Company: Chen Tsui-Fang FSP Group Representative: Cheng Ya-Jen Passuello Fabio	Representative of Open Great International Investment Limited Company: Chen Tsui-Fang FSP Group Representative: Cheng Ya-Jen Passuello Fabio	Representative of Open Great International Investment Limited Company: Chen Tsui-Fang FSP Group Representative: Cheng Ya-Jen Passuello Fabio
$5,000,000 (inclusive) ～ $10,000,000 (exclusive)	—	—	—	—
$10,000,000 (inclusive)~ $15,000,000 (exclusive)	—	—	—	—
$15,000,000 (inclusive)~ $30,000,000 (exclusive)	—	—	Hsieh Juor-Ming	Hsieh Juor-Ming
$30,000,000 (inclusive)~ $50,000,000 (exclusive)	—	—	—	—
$50,000,000 (inclusive)~ $100,000,000 (exclusive)	—	—	—	—
Above $100,000,000	—	—	—	—
Total	9	9	9	9

Note 1: An over reelection was conducted in the regular meeting of shareholders convened on July 23, 2021 while Independent Director Yang Ching-Hsi resigned from the post.

Note 2: An over reelection was conducted in the regular meeting of shareholders convened on July 23, 2021 while Independent Director Liao Kuei-Fang was elected to the post.

(2) Remuneration to General Manager and Vice General Managers in the Most Recent Year (2021):

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	-	-	21,300	21,300	25,260	-	25,260	-	2.33%	2.33%	-
Vice General Manager	Chin Chih-Hsin													
Vice General Manager	Wang Chia-Yi													

Note 1: The Company's board of directors resolved on February 24, 2022 to allocate to employees the remunerations totaling NT$115,000,000 (as the finally resolved amount) for 2021. This will be reported to and resolved by the shareholders' meeting after the annual meeting of shareholders to be convened on June 17, 2022, 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)	—	—
$10,000,000 (inclusive) ~ $15,000,000 (exclusive)	Chin Chih-Hsin	Chin Chih-Hsin
$15,000,000 (inclusive) ~ $30,000,000 (exclusive)	Hsieh Juor-Ming Wang Chia-Yi	Hsieh Juor-Ming Wang Chia-Yi
$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, 2021

	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	—	31,788	31,788	1.35%
	Vice General Manager	Chin Chih-Hsin				
	Vice General Manager	Wang Chia-Yi				
	R&D Senior Manager	Lu Yu-Cheng				
	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.

(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 (%)		2021 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%	0.67%	0.67%
General Manager and Vice General Managers	2.76%	2.76%	2.33%	2.33%

Note 1: The Company's board of directors resolved on February 24, 2022 to allocate to directors the remunerations totaling NT$14,400,000 (as the finally resolved amount) for 2021. This will be reported to and resolved by the shareholders' meeting after the annual meeting of shareholders to be convened on June 17, 2022, 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 (2021), the board of directors convened a total of seven 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	7	7	0	100%	—
Director	Representative of Open Great International Investment Limited Company: Chen Tsui-Fang	7	7	0	100%	—
Director	Representative of FSP Group: Cheng Ya-Jen	7	7	0	100%	—
Director	Passuello Fabio	7	0	5	0%	
Independent director	Lee Chien-Jan	7	7	0	100%	—
Independent director	Yang Ching-Hsi (Note 2)	3	3	0	100%	—
Independent director	Wang Hsiu-Chih	7	7	0	100%	—
Independent director	Ho Yun-Hsuan	7	7	0	100%	—
Independent director	Liao Kuei-Fang (Note 3)	4	4	0	100%	—

Note 1: In Year 2021, the average participation ratio of directors in the board of directors meetings was 87.50%

Note 2: An over reelection was conducted in the regular meeting of shareholders convened on July 23, 2021 while Independent Director Yang Ching-Hsi resigned from the post.

Note 3: An over reelection was conducted in the regular meeting of shareholders convened on July 23, 2021 while Independent Director Liao Kuei-Fang was elected to the post.

2) In Year 2021, the participation by independent directors in the board of directors meetings v: Participation in person; ◎: Participate in through a proxy; x: Absent

Year 2021	The 1st meeting	The 2nd meeting	The 3rd meeting	The 4th meeting	The 5th meeting	The 6th meeting	The 7th meeting
Lee Chien-Jan	v	v	v	v	v	v	v
Yang Ching-Hsi	v	v	v	-	-	-	-
Wang Hsiu-Chih	v	v	v	v	v	v	v
Ho Yun-Hsuan	v	v	v	v	v	v	v
Liao Kuei-Fang	-	-	-	v	v	v	v

Note 1: An over reelection was conducted in the regular meeting of shareholders convened on July 23, 2021 while Independent Director Yang Ching-Hsi resigned from the post.

Note 2: An over reelection was conducted in the regular meeting of shareholders convened on July 23, 2021 while Independent Director Liao Kuei-Fang was elected to the post.

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
02/25/2021	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
06/24/2021	The 19th meeting of Session Five	1. 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
08/05/2021	The 1st meeting of Session Three	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 partial amendments to the "Rules and Procedures for Board of Directors Meeting" 4. Approved of newly increased investment toward the Subsidiary(ies) in Mainland China.	Opinion from independent directors: None The company's response to such opinions: None Resolution: unanimous consent from all the directors present
11/04/2021	The 2nd meeting of Session Three	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 audit plan of Year 2022 3. 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
01/17/2022	The 3rd meeting of Session Three	1. Approved of procurement of new plant(s). 2. Approved of application for financing credit limits.	Opinion from independent directors: None The company's response to such opinions: None Resolution: unanimous consent from all the directors present
02/24/2022	The 4th meeting of Session Three	1. Approved on the review over the independence and performance evaluation of the attesting certified public accountants for 2022. 2. Approval of fees payable to Certified Public Accountants for Year 2021 3. Approval of introduction of competence program for financial report preparation and quarterly control of implementation status, to ensure project implementation and results 4. Approval of "Declaration of Internal Control System" for Year 2020 5. Approval of credit lines of funds to be loaned by subsidiaries to related parties 6. Approval of partial amendments to the "Procedures for the Acquisition or Disposal of Assets" 7. Approved of the issuance of new shares with limited rights toward employees.	Opinion from independent directors: None The company's response to such opinions: None Resolution: unanimous consent from all the directors present
05/05/2022	The 5th meeting of Session Three	1. Approval of introduction of competence program for financial report preparation and quarterly	Opinion from independent directors: None The company's response to such

		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 4. Approved of the loan credit limit oriented to procurement of land and plant(s) at Xizhi.	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, 2021: The board of directors discussed the decision resolved by the Remuneration Committee in the 17th meeting of Session Five. 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. Discussion toward a decision to be resolved in the Board of Directors meeting convened on July 23, 2021 to appoint the Committee members of Remuneration Committee of Session Four. In the event, Director Lee Chien-Jan、Director Wang Hsiu-Chih、Director Liao Kuei-Fang did not participate in the voting process because of avoidance from conflict of interests.
iii. Discussion toward a decision to be resolved in the Board of Directors meeting convened on July 23, 2021 to appoint the Committee members of Nomination Committee of Session Three. In the event, Director Lee Chien-Jan、Director Wang Hsiu-Chih did not participate in the voting process because of avoidance from conflict of interests.
iv. Discussion toward a decision to be resolved in the Board of Directors meeting convened on July 23, 2021 to appoint the Committee members of Corporate Governance Committee and Sustainable Development Committee of Session Two. In the event, Director Lee Chien-Jan、Director Wang Hsiu-Chih、Director Ho Yun-Hsuan did not participate in the voting process because of avoidance from conflict of interests.
v. August 5, 2021: The board of directors discussed the decision resolved by the Remuneration Committee in the 1st meeting of Session Four. 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.
vi. February 24, 2022: The board of directors discussed the decision resolved by the Remuneration Committee in the 2nd meeting of Session Four. 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, 2021 - December 31, 2021	Board and its functional committees Performance of (Audit Committee, Remuneration Committee, Nomination Committee, Corporate Governance Committee and Sustainable Development Committee) and the individual directors.	Internal self-assessments of Board and its functional committees (external assessment by an external and independent organization once every three years) and self-evaluation by the individual Board members	Board and its functional committees: 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%) Individual Board members: Mastery of the Company's targets and duties, awareness of directors' duties and responsibilities; degree of participation in the Company's business operation; interior relationship, business operation and communications; the directors' professionalism and continuing education, internal control performance.

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 and 2021, 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 2018~2021 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. On the “performance by the Board of Directors and functional Committees” for Year 2021, the Company outsourced independent professional institutions to score. For the outcome of the substantial evaluation and the evaluation opinions, please refer to the Comparative Table. Those Committees were graded “Excellent” in the performance evaluation. The evaluation result was submitted to the Board of Directors on February 24, 2022. Toward the items where the Company has not been scored yet, i.e., the performance in the corporate governance, we shall put it into the items for continued improvements:

1. Indicator 1.13-evaluated, i.e., in terms of distribution of dividend for Year 2020, the Company did not complete the distribution in full within thirty (30) days after the ex-dividend base day. Target of improvement: In that year, the cash dividend and stock dividend were simultaneously distributed. Such same problem proves nonexistent in Year 2021.
2. Indicator 1.6-Whether the regular meeting of shareholders was convened prior to late May? Target of improvement: We shall accomplish the improvement as far as possible in coordination with the time scheduled for the Board of Directors meeting and attestation by the certified public accountants.
3. Indicator 2.14-The professional capabilities required for the functional committees beyond the legally required ones were not disclosed. Target of improvement: The Company already satisfactorily completed the corrective action in Year 2021.
4. Indicator 2.30-Among the interior auditors of the Company, there must be one auditor as the minimum holding the license(s)/certificate(s) of international internal auditor, international computer auditor or satisfactory pass in the official certified public accountant examinations. Target of improvement: We put forth maximum possible efforts to encourage staff members to strengthen efforts to pass and in such license(s)/certificate(s).
5. Indicator 2.27-The Company has not yet acquired official attestation of Taiwan Intellectual Property Management System (TIPS) or similar

managerial system attestation. Target of improvement: The company has been, as always, operating in line with the international standard system for corporate governance. We have duly mapped out the very target for TIPS research & development management goals in the future. We are supposed to accomplish systematic and efficient management in those aspects of acquisition, maintenance and application toward intellectual property rights before too long in the future.

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. 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. In addition to the inherits of the torch and experience sharing by senior managers in the programs and through elaborate educational & training programs toward professional skills, we try by all available means to accomplish professional competences e.g., notably implementation of business operation, risk management, and financial risks toward the mechanism of diversified development, corporate governance and sustainable business operation (to implement thoroughly Best-Practice Principles on Good Faith Management, environmental protection and harmonious coexistence). Facts of substantial business operation: We virtually enter the Board of Directors to get familiar with the operation of the Board of Directors and conferences of the managerial teams. The Company would be invited to accept timely arrangement and participation in the outsourced institutional investor conference (roadshow).

(2) Activities of the Audit Committee:

1) Activities of the Audit Committee as follows:

Professional qualifications and experiences:
Here at the Company, the Audit Committee is composed of four independent directors. In the overall reelection carried out in 2021, three out of the total four independent directors hold the financial and accounting expertise, one independent director is a practicing Attorney-at-Law, with legal expertise.

Members of Audit Committee	Professional qualifications and experiences
Independent director Mr. Lee Chien-Jan	Academic degree credentials: Doctor of Professional Accounting of National Chengchi University Hands-on experiences: Full-time professor, Department of Accountancy, National Taipei University Expertise: corporate governance, audit, accounting
Independent director Ms. Wang Hsiu-Chih	Academic degree credentials: Master of Rider University Hands-on experiences: Director of Feiyuan Accounting Education Foundation Professor & Chair, Department of Accounting, National Taipei University Expertise: accounting
Independent director Mr. Ho Yun-Hsuan	Academic degree credentials: Master of Arts. (M.A.), National Chung Cheng University Hands-on experiences: Practicing Attorney-at-Law, Attorneys-At-Law, HHC & Partners Expertise: law
Independent director Ms. Liao Kuei-Fang (Note 2)	Academic degree credentials: Bachelor of Department of Accounting, Tamkang University Hands-on experiences: Certified Public Accountant. Expertise: accounting, taxation
Committee Mr. Yang Ching-Hsi (Note 1)	Academic degree credentials: Doctor of Commerce (major in Accounting), Keio University Hands-on experiences: Specially Appointed Associate Professor, Department of Accountancy of National Taipei University Expertise: accounting, corporate governance

Note 1: An over reelection was conducted in the regular meeting of shareholders convened on July 23, 2021 while Independent Director Yang Ching-Hsi resigned from the post.

Note 2: An over reelection was conducted in the regular meeting of shareholders convened on July 23, 2021 while Independent Director Liao Kuei-Fang was elected to the post.

2) Activities of the Audit Committee as follows:

The Audit Committee convened five meetings in 2021 (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	5	5	0	100%	—
Independent director	Yang Ching-Hsi	3	3	0	100%	(Note 2)
Independent director	Liao, Kuei-Fang	2	2	0	100%	(Note 3)
Independent director	Wang Hsiu-Chih	5	5	0	100%	—
Independent director	Ho Yun-Hsuan	5	5	0	100%	—

Note 1: In Year 2021, the average participation rate was 100%.

Note 2: An over reelection was conducted in the regular meeting of shareholders convened on July 23, 2021 while Independent Director Yang Ching-Hsi resigned from the post.

Note 3: An over reelection was conducted in the regular meeting of shareholders convened on July 23, 2021 while Independent Director Liao Kuei-Fang was elected to the post.

Other entries as required:

1. In 2021 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
02/25/2021 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
05/06/2021 The 17th meeting of Session Two	1. Approval of financial report of the Quarter I, 2021 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 competence program for financial report preparation as a listed company in order to announce pre-audited financial information in stages for better corporate governance
06/24/2021 The 18th meeting of Session Two	1. Approval of credit lines of funds to be loaned by subsidiaries to related parties
08/05/2021 The 1st meeting of Session Three	1. Election of the convener of Audit Committee of Session Three 2. Approval of financial report of the Quarter II, 2021 3. 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 4. Approval of credit lines of funds to be loaned by subsidiaries to related parties 5. Approval of partial amendment to the Rules and Procedures for Board of Directors Meeting 6. Approved of newly increased investment toward the Subsidiary(ies) in Mainland China.
11/04/2021 The 2nd meeting of Session Three	1. Approval of financial report of the Quarter III, 2021 2. 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 3. Approval of audit plan of Year 2022 4. Approval of credit lines of funds to be loaned by subsidiaries to related parties

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
02/25/2021	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 competence program for financial report preparation as a listed company in order to announce pre-audited financial information in stages for better corporate governance 4. Approval of financial statements of Year 2020 5. Approval of consolidated financial statements of Year 2020 6. Approval of business report and allocation of earnings of Year 2020 7. Approval of the 2020 internal control design, implementation effectiveness and the issue of Declaration of Internal Control System	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.
05/06/2021	The 17th meeting of Session Two	1. Approval of the Financial Statements of the Quarter I, 2021 2. Approval of credit lines of funds to be loaned by subsidiaries to related parties 3. Approval of application to extend credit lines 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	Resolutions from the Audit Committee: unanimous consent from all the committee members present on May 6, 2021. The Company's response to the opinion from the Audit Committee: Duly posed to and unanimously resolved by all present directors in the 18th board of directors meeting of Session Five.
06/24/2021	The 18th meeting of Session Two	1. 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 June 24, 2021. The Company's response to the opinion from the Audit Committee: Duly posed to and unanimously resolved by all present directors in the 19th board of directors meeting of Session Five.
08/05/2021	The 1st meeting of Session Three	1. Election of the convener of Audit Committee of Session Three 2. Approval of financial report of the Quarter II, 2021 3. Approval of competence program	Resolutions from the Audit Committee: unanimous consent from all the committee members present on August 05, 2021. The Company's response to the opinion

		for financial report preparation as a listed company in order to announce pre-audited financial information in stages for better corporate governance 4. Approval of credit lines of funds to be loaned by subsidiaries to related parties 5. Approval of partial amendment to the Rules and Procedures for Board of Directors Meeting 6. Approved of newly increased investment toward the Subsidiary(ies) in Mainland China.	from the Audit Committee: Duly posed to and unanimously resolved by all present directors in the 3rd board of directors meeting of Session Six.
11/04/2021	The 2nd meeting of Session Three	1. Approval of financial report of the Quarter III, 2021 2. 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 3. Approval of audit plan of Year 2022 4. 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 November 04, 2021. The Company's response to the opinion from the Audit Committee: Duly posed to and unanimously resolved by all present directors in the 4th board of directors meeting of Session Six.

(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 2021.

(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 2021

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

During Year 2021, the key issues amidst communications and studies by and among the independent directors, internal audit head and attesting certified public accountants were as enumerated below:

Date	Key issues	Results
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.
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.
05/06/2021 Board pre-meeting	Report by the auditors on internal audit of Quarter I, 2021	All the attendees agreed unanimously.
05/06/2021 Audit Committee's pre-meeting	Reports by the Certified Public Accountant on the review result of the Financial Statements of the Quarter I, Year 2021.	CPAs discussed and explains the issues raised by meeting attendees. All the attendees agreed unanimously.
08/05/2021 Board pre-meeting	Report by the auditors on internal audit of Quarter II, 2021	All the attendees agreed unanimously.
08/05/2021 Audit Committee's pre-meeting	Reports by the Certified Public Accountant on the review result of the Financial Statements of the Quarter II, Year 2021.	CPAs discussed and explains the issues raised by meeting attendees. All the attendees agreed unanimously.
11/04/2021 Audit Committee's pre-meeting and Board pre-meeting	Report by the auditors on internal audit of Quarter III, 2021 Explanation by the auditors about the annual audit plan of Year 2022.	All the attendees agreed unanimously.
11/04/2021 Audit Committee's pre-meeting	Reports by the Certified Public Accountant on the review result of the Financial Statements of the Quarter III, Year 2021. The certified public accountants, Audit Committee and internal auditors elaborated on the audit planning	CPAs discussed and explains the issues raised by meeting attendees. All the attendees agreed unanimously.

(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. These facts have been expressly evidenced by our operating performances and various awards granted upon the Company over the past five (5) years.	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 updates to the Company on a monthly basis. The Company, meanwhile, further disclose the financial statements to the key shareholders on a quarterly 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	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	
			of conflicts of interest related to their duties, and we have also set up the 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. Closely in coordination with the Corporate Governance 1.15 indicator, under the newly promulgated internal specifications: "The contents include notably that while the Board of Directors resolves the financial statement, no stocks shall be traded during the book closure period thirty (30) days prior to promulgation of the annual financial statements; fifteen (15) days prior to promulgation of the quarterly financial statements". Such solid principles were put into enforcement starting from Year 2022 to remind all insiders. Meanwhile, the Company has duly enacted the "Specifications banning insider trading". Thorough enforcement in 2021: 1. 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. 2. Toward the newly elected directors and interior personnel, at the total number of ten, the Company launches educational advocacy "Handling of major internal information". 3. Toward each and every newcomer while the Company launches the educational & training programs aiming at the company managerial system, the Company stresses "Handling of major internal information", "Rules Governing Code of Ethical Conduct" related laws and regulations, at one hour on average per annum, toward a total of 31 staff members. 4. Internal audits inspect compliance status and produce reports regularly	

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	
			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. Diversification of the Board of Directors members: Among directors elected in the overall reelection in 2021, the newly elected directors holding hands-on experiences in relevant industries account for 50% of the total; those with accounting backgrounds account for 37.5% and in the Attorney-at-Law backgrounds account for 12.5% of the total directorship seats.	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 Six), including four independent directors, with executive directors accounting for 25% of the entire directorship seats, with non-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, two female independent directors, with female directors accounting for 37.5% of the entire directorship seats, with male directors accounting for 62.5% of the entire directorship seats. The average age of all directors is 58 years old. Operation by the Board of Directors: The Board of Directors convened 7 Board of Directors meetings in 2021, at 87.50% average participation rate. The operations by the Board of Directors in 2021 have been disclosed through the Market Observation Post System (MOPS) and the Company's website in the special zone of Corporate Governance http:http://www.voltronicpower.com.tw.	
(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 duly set up according to law “Remuneration Committee” composed of three independent directors. After the Company's shareholders’ meeting was convened on May 24, 2016, the Company took the initiative to set up “Nominating Committee” which is composed of the entire independent directors in full, so far, four independent directors in number. The Company, in an attempt to enhance corporate governance, took the initiative to set up the “Nominating Committee” in November 2015 composed of three committee members , including two independent directors so as to enhance the shareholders in their participation the process to nominate director candidates, enabling shareholders to participate in the corporate governance related policymaking process. Further in an attempt to implement thoroughly the management in corporate governance & corporate social responsibility (CSR) and sustainable management, the Board of Directors resolved on November 11, 2019 the establishment of “Corporate Governance and Sustainable Development Committee” which is composed of three Committee members all coming from independent directors.	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	
			The operation and performance of the aforementioned functional committees in Year 2021 have been placed onto the Market Observation Post System (MOPS), the special zone of Corporate Governance http://www.voltronicpower.com.tw.	
(3) Does the Company establish performance rules and evaluation methods of the Board of Directors, and periodically engages in performance evaluation every 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?	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 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. After consolidation, it shall be reported to the Board of Directors. The scope of evaluation covers the self-evaluation by the Board of Directors and functional committees (Audit Committee, Remuneration Committee, Nomination Committee, Corporate Governance and Sustainable Development Committee) as well as by the individual directors. Items of evaluation about “performance by the Board of Directors and functional committees”: Extent of participation in the Company’s business operation（18%）; upgrade of the policymaking process by the Board of Directors（14%）; Composition and structure of the Board of Directors（15%）; Election of directors and their continuing education (6%); internal control system (14%); Evaluation of performance in corporate governance (15%); Evaluation of performance in Company management (18%). Items of self-evaluation by individual Board members: Mastery of the Company's targets and tasks; awareness of directors’ duties and responsibilities; extent of participation in the Company’s business operation; Internal relationship management and communication; professionalism and continuing education of directors, internal control system.	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	
			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 result of performance evaluation functions as the handy reference of nomination. In Year 2021 the outsourced evaluation report on "performance by the Board of Directors and functional committees" and the self-evaluation reports by the individual directors were duly completed and reported to the Board of Directors on February 24, 2022. Here at the Company, we enumerate the item where the Company did not gain score, i.e., performance in corporate governance, into the items subject to continued efforts for improvement: 1. Indicator 1.13-Evaluation on dividend distribution in 2020 while the Company did not complete distribution in full within thirty (30) days after the ex-dividend base day. Target of improvement: The reason is in that year, cash dividend and stock dividend were distributed simultaneously. Such fact was nonexistent in Year 2021. 2. Indicator 1.6-Whether the regular meeting of shareholders would be convened before end of May. Target of improvement: The Company would improve as far as possible in coordination with the time to convene the Board of Directors meeting and time for the certified public accountants to testify the accounts. 3. Indicator 2.14- The Company did not disclose the professional capabilities required for the functional committees beyond the statutory ones. Target of improvement: The corrective action was already satisfactorily accomplished in 2021.	

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	
			4. Indicator 2.30-The Company's internal auditors shall include a minimum of one in possession of license(s)/certificate(s) as internal auditor serving the international community, international computer auditor or supporting certificate to pass the certified public accountant examinations. Target of improvement: The Company has tried hard to encourage the staff members to put forth added efforts to obtain such license(s)/certificate(s). 5. Indicator 2.27-The Company has not obtained official attestation of Taiwan Intellectual Property Management System (TIPS) or similar intellectual property managerial system. Target of improvement: The Company, as always, stays in line with corporate governance and internationalized standards. In the future efforts, we plan to introduce to TIPS-oriented research & development circulation R&D targets. Thanks to such efforts, we anticipate to satisfactorily acquire intellectual property rights and to, in turn, satisfactorily accomplish systematic and efficient management in maintenance and utilization as well as such aspects. In Year 2021, in the aspect of “performance by the Board of Directors and functional committees”, we outsourced external independent professional institution to rate and score the performance. The final result of the substantial evaluation and evaluation opinions in comparison indicates “excellent”. 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. Evaluation criteria in independence (Key items to be enumerated): 1. Have the attesting certified public accountants or their CPA firm or their	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	
			affiliated enterprise(s) been in direct or significantly indirect financial interest relationship, financing or guarantee acts with the Company or its directors. 2. Have the attesting certified public accountants or their CPA firm or their affiliated enterprise(s) been in close commercial ties, potential employment relationship with the Company. or its directors. 3. Are the attesting certified public accountants and members of the Audit Service Task Force serving, or have served as the Company's directors and supervisors, managerial officers or a duty with significant impact upon the audited cases at the present time or over the past two (2) years. 4. Are the attesting certified public accountants and members of the Audit Service Task Force a spouse or blood relatives within the second degree of kinship with the Company's directors and supervisors, managerial officers or personnel in a significant impact upon the audit cases The issue to evaluate the independence and performance of the attesting certified public accountants for the Company's financial statements of Year 2021 was reported to and resolved by the Audit Committee and the Board of Directors on February 24, 2022. The “Declaration on Attribute of Independence” issued by Certified Public Accountants Chen Chung-Cheng and Chen Chao-Mei proves satisfactory to the Company's and Standards on Certified Public Accountant Independence Attribute Evaluation. The results of the aforementioned evaluations have been disclosed through the Company's Annual Report and the Company's website in the zone of Corporate Governance http:http://www.voltronicpower.com.tw.	

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	
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 Corporate Governance Officer and the relevant personnel in charge of Department of Finance 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 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	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	
			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. The Company's Chief Corporate Governance Officer satisfactorily accomplished continuing education for 12 hours in 2021. More details of the continuing education are disclosed at the section for corporate governance at our company website http://www.voltronicpower.com.tw.	
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 and Corporate Sustainability Report for adequate disclosure of the relevant information. D. Suppliers: The efforts to maximize the entire enterprises toward	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	
			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 (CSR) and Environment, Social, governance (ESG) 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				

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 set up a website to disclose the financial business and the corporate governance information?	V		(1) The Company, as required by laws, announces the reports of financial business and corporate governance issues at the Market Observation Post System (MOPS) as well as the Company's website in such special sections, i.e., "Investor Relations", "Company Profile", "Corporate Governance", "Financial Information", "Interested Parties (Stakeholders)" and "Corporate Social Responsibility"; "Corporate Responsibility Report (CSR)", "Sustainable Development Report (ESG)", "Promotion of the Corporate Responsibility Task Force", "Corporate Governance & Sustainable Development", "Environmental Protection", "Fringe Benefits For Employees" and the like in details, readily accessible to investors http://www.voltronicpower.com.tw.	No discrepancy
(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,	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	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	
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.)?			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. In response to the new coronavirus pneumonia, i.e., "COVID-19" outbreak, all operating sectors of our Company have duly set up pandemic prevention management operations to safeguard health of our entire staff. The Company's pandemic prevention measures include notably: 1. Thorough implementation and compliance with the pandemic prevention measures launched by the local governments. 2. Thorough advocacy and implementation of pandemic-prevention measures including "body temperature measurement, wearing face masks, frequently washing hands close vigilance on public health". 3. Temporary suspension from cross-border business travel and minimization of domestic business travel, conducting business talks by means of video, online or teleconference and e-mail instead. 4. Adoption of the necessary pandemic prevention and control measures toward visitors, requesting them to fill in the "Visitor Health Declaration Form" and wear a face mask throughout the stay in the Company premises. 5. Depending on the pandemic degrees, we stratify diversion ask staff members to work at home as the actual requirements may justify. (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	

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	
			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. In 2021, the Company was invited to participate in up to thirteen Institutional Investor Conferences. 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 at http://newmops.tse.com.tw/) or The facts of the Company's continuing	

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	
			education in 2021 were disclosed through the Company's Annual Report. (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. The scope of risk management is classified into "financial risk", "climate change risk", "operational risk", "strategic business risk" and "newly emerging risk" as disclosed in the Company's Corporate Social Responsibility Report. GRI103. 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. The Corporate Governance & Sustainable Development Committee resolved on November 4, 2021 the official establishment of the Company's Overall Information Security Management System and the Information Security Committee to minimize the operational risks. The both issues were resolved by the Board of Directors on November 4, 2021. In Year 2022, the framework of the Task Force on Climate-related Financial Disclosures (TCFD) was officially covered into the Company's risk management. (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	

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	
			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 cyber 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.	

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 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. 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.	

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	
			On November 4, 2021, the Corporate Governance & Sustainable Development Committee officially resolved the decisions to promote and execute the information security management system and to introduce to ISO 27001. Such decisions were officially resolved by the Board of Directors on November 4, 2021. The Company did not experience major information security events in 2021. (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 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 2021, the Company has obtained 142 patent certificates on UPS (uninterruptible power supply), solar inverters and power inverter in the U.S., Taiwan and China.	

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	
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 since 2016, the Company has been ranked among the top 5% of all companies in terms of “Corporate Governance Evaluation” in Year 2019, 2021 and, in “Corporate Governance Evaluation” in Year 2018~2021, the Company was rated among the top 10% of all listed companies in the electronic category with market value over NT$10 billion. In Year 2020, the Company ranked within the top 10% among TWSE/TPEx listed companies in the category of electronics in market values in excess of NT$10 billion. For the uncompleted corrective actions, it shall submit concrete explanation and evaluation: 1. In Year 2021, the Company disclosed the improvement efforts of the functional committees, their duties and responsibilities, business operation as well as their professional expertise. 2. Aiming at the items where the Company has not been scored.	No discrepancy

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 2021:

Title	Name	Date of Advanced Study (mm/dd/yy)	Name of Program	No. of study hour
Director	Hsieh Juor-Ming	11/04/2021	Corporate Sustainability – Environment, Social, Governance (ESG) Practice	6
Representative of juristic person director	Chen Tsui-Fang	11/04/2021	Corporate Sustainability – Environment, Social, Governance (ESG) Practice	6
Director	Passuello Fabio	11/04/2021	Corporate Sustainability – Environment, Social, Governance (ESG) Practice	6
Representative of juristic person director	Cheng Ya-Jen	11/04/2021	Under 3.01, the roles played by directors, the challenges against the managerial powers and the countermeasures	3
		11/04/2021	Corporate Sustainability – Environment, Social, Governance (ESG) Practice	6
Independent director	Lee Chien-Jan	11/04/2021	Corporate Sustainability – Environment, Social, Governance (ESG) Practice	6
Independent director	Liao Kuei-Fang	11/04/2021	Corporate Sustainability – Environment, Social, Governance (ESG) Practice	6
Independent director	Wang Hsiu-Chih	11/04/2021	Corporate Sustainability – Environment, Social, Governance (ESG) Practice	6
Independent director	Ho Yun-Hsuan	11/04/2021	Corporate Sustainability – Environment, Social, Governance (ESG) Practice	6

2) Advanced study for finance supervisors and auditors in 2021:

Title	Name	Date of Advanced Study (mm/dd/yy)	Name of Program	No. of study hour
Financial Manager	Wang Kuo-Chin	11/22~23/2021	Continued advanced training seminars for accounting heads of issuers and the Taiwan Stock Exchange Corporation (TWSE).	12
		11/04/2021	An enterprise is entitled to continually develop new Environment, Social Responsibility & Corporate Governance (ESG) with 90 images.	6
Division Chief of Audit	Yang Hui-Hua	9/7/2021	How shall internal auditors deal with digital identification onto the protection of business secrets and the investigation.	6
		10/20/2021	Audit and control practices of "cost conservation" and "competitive strategies" among enterprises.	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

The Company's Remuneration Committee is composed of three (3) Committee members.

December 31, 2021

Terms / Position / Names		Professional Qualification Requirements and Work Experience	independence criteria (Note 1)	Number of the Other Public Companies in Which the Concerned Director Acts Concurrently as an Independent Director
Convener	Director Lee Chien-Jan	Having served as a Lecturer of the public universities/colleges in the Accounting related department (s) for more than five (5) years; currently serving as full-time professor of Department of Accounting, National Taipei University.	(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. (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. (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. (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. (8) Not as a director (trustee), supervisor (supervising officer) ,	2

			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. (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.	
Committee	Wang Hsiu-Chih	Having served as a Lecturer of the public universities/colleges in the Accounting related department (s) for more than five (5) years; currently serving as the Director of Feiyuan Accounting Education Foundation.	(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. (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. (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. (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. (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. (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.	Nil
Committee	Liao Kuei-Fang (Note 2)	As a practicing Attorneys-at-Law Office for more than five (5) years; currently serving as the Partner of Synergy & Co., CPAS.	(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. (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. (6) The directors and supervisors or employees of another company not under control by a same person as the Company's	Nil

			directors with one half majority of the shares. (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. (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. (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.	
Committee	Yang Ching-Hsi (Note 3)	Having served as a Lecturer of the public universities/colleges in the Accounting related department (s) for more than five (5) years; currently serving with National Taipei University as a part-time Associate Professor in its Department of Accounting.	(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. (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. (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. (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. (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. (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.	1

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.

Note 2: Elected into the post of a Committee member on July 23, 2021.

Note 3: Discharged from the post of a Committee member on July 23, 2021.

Information on Facts of Performance of the Remuneration Committee

The Remuneration Committee held a total of five meetings (A) during the most recent year (from January 1, 2021, 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%	—
Committee / Independent Director	Wang Hsiu-Chih	5	5	0	100%	—
Committee / Independent Director	Liao Kuei-Fang	3	3	0	100%	Note 2
Committee / Independent Director	Yang Ching-Hsi	2	2	0	100%	Note 3

Note1: In Year 2021, the average participation rate was 100%

Note 2: Elected into the post of a Committee member on July 23, 2021.

Note 3: Discharged from the post of a Committee member on July 23, 2021.

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
01/18/2021 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
08/05/2021 The 1st meeting of Session Four	1. Duly resolved the convener of the Remuneration Committee of Session Four. 2. Approval of the allocation of remuneration to directors and employees for Year 2020
01/17/2022 The 2nd meeting of Session Four	Approval of the projected allocation of year-end performance bonuses for managers and division chief of audit for Year 2021
02/24/2022 The 3rd meeting of Session Four	Approval of the total remuneration to directors and employees for Year 2021

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.
01/18/2021	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.
08/05/2021	The 1st meeting of Session Four	1. Duly resolved the convener of the Remuneration Committee of Session Four. 2. Approval of the allocation of 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 August 5, 2021. The actions taken by the Company in response to the opinions of the Remuneration Committee: Submitted to the 3rd Board of Directors Meeting of Session Six, as successfully resolved in that meeting.
01/17/2022	The 2nd meeting of Session Four	Approval of the projected allocation of year-end performance bonuses for managers and division chief of audit for Year 2021	Results of the decisions resolved in the Remuneration Committee: Successfully resolved by all participating Remuneration Committee members on January 17, 2022. The actions taken by the Company in response to the opinions of the Remuneration Committee: Submitted to the 5th Board of Directors Meeting of Session Six, as successfully resolved in that meeting.
02/24/2022	The 3rd meeting of Session Four	Approval of 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 24, 2022. The actions taken by the Company in response to the opinions of the Remuneration Committee: Submitted to the 6th Board of Directors Meeting of Session Six, 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

The Company's Nomination Committee is composed of three (3) Committee members.

December 31, 2021

Terms / Position / Names		Professional Qualification Requirements and Work Experience	independence criteria (Note 1)	Number of the Other Public Companies in Which the Concerned Director Acts Concurrently as an Independent Director
Convener	Director Lee Chien-Jan	Having served as a Lecturer of the public universities/colleges in the Accounting related department (s) for more than five (5) years; currently serving as full-time professor of Department of Accounting, National Taipei University.	(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. (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. (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. (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. (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. (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.	2
Committee	Wang Hsiu-Chih	Having served as a Lecturer of the public universities/colleges in the Accounting related department (s) for more than five (5) years; currently serving as the Director of Feiyuan Accounting Education Foundation.	(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. (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	Nil

			employee of a corporate shareholder in accordance with Paragraphs 1 or 2 under Article 27 of the Company Act. (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. (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. (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. (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.	
Committee	Liao Kuei-Fang (Note 2)	As a practicing Attorneys-at-Law Office for more than five (5) years; currently serving as the Partner of Synergy & Co., CPAS.	(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. (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. (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. (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. (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. (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.	Nil

Committee	Yang Ching-Hsi (Note 3)	Having served as a Lecturer of the public universities/colleges in the Accounting related department (s) for more than five (5) years; currently serving with National Taipei University as a part-time Associate Professor in its Department of Accounting.	(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. (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. (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. (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. (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. (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.	1

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.

Note 2: Elected into the post of a Committee member on July 23, 2021.

Note 3: Discharged from the post of a Committee member on July 23, 2021.

Functioning of the Nominating Committee

The Nominating Committee held a total of two meetings (A) (from January 1, 2021, and as of the print date of this annual report). The members' qualifications and attendance records are provided as bellows:

Title	Name	Times of Attendance in Person (B)	Times of Attendance by Proxy	Actual Attendance Ratio (%) (B/A)	Specialization
Convener / Independent Director	Lee Chien-Jan	2	0	100%	Accounting, audit, corporate governance
Committee / Independent Director	Wang Hsiu-Chih	2	0	100%	Accounting
Committee / Commission member (Note 2)	Liao Kuei-Fang	1	0	100%	Accounting, tax
Committee / Commission member (Note 3)	Yang Ching-Hsi	1	0	100%	Accounting, corporate governance

Note 1: In Year 2021, the average participation rate was 100%

Note 2: Elected into the post of a Committee member on July 23, 2021.

Note 3: Discharged from the post of a Committee member on July 23, 2021.

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.
02/25/2021	The 5th meeting of Session Two	1. 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.
11/04/2021	The 1st meeting of Session Three	1. Election of the convener of the Nomination Committee of Session Three.	Results of the decisions resolved in the Nominating Committee: Successfully resolved by all participating Nominating Committee members on November 4, 2021. The actions taken by the Company in response to the opinions of the Nominating Committee: Submitted to the 5th Board of Directors Meeting of Session Six.

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

The Company's Corporate Governance & Sustainable Development Committee is composed of three(3) Committee members.

December 31, 2021

Terms / Position / Names		Professional Qualification Requirements and Work Experience	independence criteria (Note 1)	Number of the Other Public Companies in Which the Concerned Director Acts Concurrently as an Independent Director
Convener	Director Lee Chien-Jan	Having served as a Lecturer of the public universities/colleges in the Accounting related department (s) for more than five (5) years; currently serving as full-time professor of Department of Accounting, National Taipei University.	(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. (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. (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. (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. (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. (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.	2
Committee	Wang Hsiu-Chih	Having served as a Lecturer of the public universities/colleges in the Accounting related department (s) for more than five (5) years; currently serving as the Director of Feiyuan Accounting Education Foundation.	(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. (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. (6) The directors and supervisors or employees of another	Nil

			company not under control by a same person as the Company's directors with one half majority of the shares. (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. (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. (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.	
Committee	Ho Yun-Hsuan (Note 2)	Currently serving with National Taipei University as a part-time Associate Professor in its Department of Accounting; currently serving as the Attorneys-At-Law, HHC & Partners	(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. (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. (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. (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. (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. (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.	Nil
Committee	Yang Ching-Hsi (Note 3)	Having served as a Lecturer of the public universities/colleges in the Accounting related department (s) for more than five (5) years; currently serving with National Taipei University as a part-time Associate Professor in its	(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. (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).	1

		Department of Accounting.	(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. (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. (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. (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. (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.	

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.

Note 2: Elected into the post of a Committee member on July 23, 2021.

Note 3: Discharged from the post of a Committee member on July 23, 2021.

Activities of the Corporate Governance and Sustainability Committee:

The Nominating Committee held a total of two meeting (A) (from January 1, 2021, 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%	Accounting, audit, corporate governance
Committee / Independent Director	Wang Hsiu-Chih	2	2	0	100%	Accounting
Committee / Independent Director (Note 2)	Ho Yun-Hsuan	1	1	0	100%	Law
Committee / Independent Director (Note 3)	Yang Ching-Hsi	1	1	0	100%	Accounting, corporate governance

Note 1: In Year 2021, the average participation rate was 100%

Note 2: Elected into the post of a Committee member on July 23, 2021.

Note 3: Discharged from the post of a Committee member on July 23, 2021.

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:
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.

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
11/04/2021	The 1st meeting of Session Two	1. Election of the convener of the Nomination Committee of Session Two. 2. The issue of introduction to Information Security Management System ISO 27001.	Results of the decisions resolved in the Committee: Successfully resolved by all participating Corporate Governance and Sustainability Committee members on November 4, 2021. The actions taken by the Company in response to the opinions of the Nominating Committee: Submitted to the 4h Board of Directors Meeting of Session Six, as successfully resolved in that meeting.
02/24/2021	The 2nd meeting of Session Two	Corporate Governance Plan for Year 2022	Results of the decisions resolved in the Committee: Successfully resolved by all participating Corporate Governance and Sustainability Committee members on February 24, 2022. The actions taken by the Company in response to the opinions of the Nominating Committee: Submitted to the 6th Board of Directors Meeting of Session Six, as successfully resolved in that meeting.

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 2021 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 2021:

Date of Advanced Study	Training institution	Name of Program	No. of study hour
10/13/2021	Securities and Futures Institute	The risks of the new Labor Event Act upon an enterprise and the countermeasures	3
10/26/2021	Securities and Futures Institute	From the trend of ESG and the pandemic environment, a discussion about corporate tax governance and tax technology solutions	3
11/04/2021	Accounting Research and Development Foundation	Corporate Sustainability – Environment, Social, Governance (ESG) Practice	6

(5) Discrepancy and the reason for such discrepancy between the implementation for sustainable development and the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies:

Evaluation Items	Facts of performance			The discrepancy of such implementation from the Corporate Social Responsibility Best Practice Principles for TWSE/TPEx Listed Companies, and the reason for any such discrepancy
	Yes	No	Description of Summary	
1. Does the Company establish a governance structure for sustainable development and put in place the dedicated (part-time) unit to drive sustainable development and authorize? Does the Board of Directors authorize senior management accordingly? How does the Board of Directors supervise?	V		1. In an attempt to implement thoroughly corporate social responsibility (CSR), in response to the decision resolved in the Board of Directors, the Corporate Social Responsibility Promotion Task Force was established in November 2015 which was upgraded into the Corporate Social Responsibility Committee under the direct supervision of the Chairman (The Chairman played the role as the executive director of Corporate Social Responsibility) in December 2015 while the General Manager's Office currently takes charge of the execution. The General Manager's Office duly worked out the relevant managerial policies and the concrete implementation programs and submitted the same to the "Corporate Governance & Sustainable Development Committee". 2. In an attempt to implement thoroughly corporate governance and sustainable development, the Company set up the Corporate Governance Promotion Committee in December 2017 and further set up the Corporate Governance & Sustainable Development Promotion Committee in November 2019 under the jurisdiction of the Board of Directors to assist the Board of Directors in continued implementation of corporate social responsibility and sustainable development management responsibility. Through such efforts, the corporate governance constitution has been strengthened toward the goals of better environmental protection and implementation of corporate social responsibility. The report of such performance is submitted to the Board of Directors on an annual basis. 3. The Corporate Governance & Sustainable Development Promotion Committee resolved the Corporate Governance Project for Year 2021 in November 2020. Meanwhile, in response to Corporate Governance 3.0, i.e., Corporate Sustainable Development System and Targets, the Company duly mapped out Corporate Sustainable	No discrepancy

Evaluation Items	Facts of performance			The discrepancy of such implementation from the Corporate Social Responsibility Best Practice Principles for TWSE/TPEx Listed Companies, and the reason for any such discrepancy
	Yes	No	Description of Summary	
			Development Policy & System and Annual Targets to yield three major key issues, i.e., climate strategy, innovation, risk & crisis management which were officially resolved in the Board of Directors in November 2020. In the 2nd quarter, 2021, the Corporate Governance & Sustainable Development Promotion Committee reviewed the key issues in corporate governance and sustainable development and submitted a report thereof to the Board of Directors. Prior to the 2nd quarter that year, the Report on Corporate Social Responsibility (CSR) and Report on Sustainable Development were duly issued and promulgated through the Company's website.	
2. 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?			(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 ISO 14001, ISO 9001 and ISO 45001 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. The Company satisfactorily completed Inverter ISO 14607 Certification in the 2nd quarter 2022. Please refer to the Company's website in the Section of ESG Report of 2021,	No discrepancy

Evaluation Items	Facts of performance			The discrepancy of such implementation from the Corporate Social Responsibility Best Practice Principles for TWSE/TPEx Listed Companies, and the reason for any such discrepancy
	Yes	No	Description of Summary	
			http://www.voltronicpower.com.tw for more details.	
			(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 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.	

Evaluation Items	Facts of performance			The discrepancy of such implementation from the Corporate Social Responsibility Best Practice Principles for TWSE/TPEx Listed Companies, and the reason for any such discrepancy
	Yes	No	Description of Summary	
			(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 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. Female directors account for at least 25% of the board composition. (At least one independent director is female, two directors female.) Over 1/3 of the senior managers (i.e. two or one levels below General Manager or similar roles) are female.	

Evaluation Items	Facts of performance			The discrepancy of such implementation from the Corporate Social Responsibility Best Practice Principles for TWSE/TPEx Listed Companies, and the reason for any such discrepancy
	Yes	No	Description of Summary	
			(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 crises by enhancing the effectiveness of risk management and crisis responses to achieve corporate sustainability. The Company's Board of Directors resolved on November 6, 2020 “Operating Principles on Promotion of Risk Management Policy” to carry out the risk management policy and set up sound mechanism on risk management. On November 4, 2021, the Corporate Governance & Sustainable Development Promotion Committee resolved for implementation of the Company's overall information security management system and for establishment of Information Security Committee to minimize potential risks. The Board of Directors resolved on November 4, 2021 on promotion and implementation of information security management system and introduction to ISO 27001. The Task Force on Climate-related Financial Disclosures (TCFD) framework was already covered within the Company's risk management strategy. On TCFD in Year 2021, please refer to the Company's website http://www.voltronicpower.com.tw.	

Evaluation Items	Facts of performance			The discrepancy of such implementation from the Corporate Social Responsibility Best Practice Principles for TWSE/TPEx Listed Companies, and the reason for any such discrepancy
	Yes	No	Description of Summary	
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 ISO 14001, ISO 9001 and ISO 45001, ISO 14607 certification. Please refer to the Company's website for the ESG Report for all details. http://www.voltronicpower.com.tw.	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 WEEE Directors for at least 70% reuse/recycle ratios. Please refer to the Company's website for the ESG Report for all details. http://www.voltronicpower.com.tw.	No discrepancy
(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. In the 1st quarter of Year 2022, the TCFD framework (Task Force on Climate-related Financial Disclosures) was covered within the Company's risk management strategy and disclosed onto the ESG of Year 2021 which was promulgated in June 2022.	No discrepancy

Evaluation Items	Facts of performance			The discrepancy of such implementation from the Corporate Social Responsibility Best Practice Principles for TWSE/TPEx Listed Companies, and the reason for any such discrepancy
	Yes	No	Description of Summary	
(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 source of the Company's greenhouse gas emissions primarily comes from the indirect (Scope 2) Greenhouse Gas emission which is merely the carbon emission (CO2) generated by the electricity required for the Company's operations purchased from outside source; therefore, the financial benefits in the control over the electricity charges (carbon emission charges). The 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. In Year 2021 in Taiwan, the aggregate total power consumption came to 537,675 KW with carbon emission of 314,682kg, a reduction of 13% from the preceding year's. The total water consumption in Taiwan was 154,150 cubic meters, at a corresponding carbon emissions of 286 kg in 2020. In Year 2021, the total water consumption in Taiwan came to 4,266 KL, generating 250.2529kg carbon emission, a 35% reduction from the preceding year's. Whilst we are still in the growth stage (with revenues totaling NT$13,652,564,000 in 2020 and NT$16,956,682,000 in 2021), 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 $\leqq$ 0.75%. We achieved this goal in carbon emission expenses as a percentage of revenues in both 2020 and 2021. Our goal in the reduction of energy consumption and carbon emission is set at $\leqq$ 0.85%. We achieved this goal in carbon emission expenses as a percentage of operating costs in both 2020 and 2021. Our goal in the reduction of energy consumption and carbon emission is set at $\leqq$3.85%. We achieved this goal in carbon emission expenses as a percentage of operating profits in both 2020	No discrepancy

Evaluation Items	Facts of performance			The discrepancy of such implementation from the Corporate Social Responsibility Best Practice Principles for TWSE/TPEx Listed Companies, and the reason for any such discrepancy
	Yes	No	Description of Summary	
			and 2021. The negative carbon emission (with deduction of the carbon emission) generated by such products sold that are included in (Scope 3) of greenhouse gas emissions (solar inverters with significant energy saving and carbon reduction performance and in-line uninterruptible systems); In the second quarter of Year 2022, the Inverter series achieved successfully ISO 14607. In Year 2020 in Taiwan, the Company only generated only ordinary waste approximately 1.432 tons. In Year 2021 in Taiwan, the Company only generated only ordinary waste approximately 1.4 tons. 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:	

Evaluation Items	Facts of performance			The discrepancy of such implementation from the Corporate Social Responsibility Best Practice Principles for TWSE/TPEx Listed Companies, and the reason for any such discrepancy
	Yes	No	Description of Summary	
			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 ESG Report. Please refer to our CSR section 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.	No discrepancy

Evaluation Items	Facts of performance			The discrepancy of such implementation from the Corporate Social Responsibility Best Practice Principles for TWSE/TPEx Listed Companies, and the reason for any such discrepancy
	Yes	No	Description of Summary	
			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 Statement for Human Rights Policy where the Company's fringe benefits for employees were disclosed within the Company's ESG Report. In Year 2021, the Company sponsored the educational & training programs focusing "Business Ethics/Prevention of Child Labor. Forced Labor and Human Trafficking/Labor and Human Rights" for 267 hours in total which were attended by a total of 1599 trainees.	

Evaluation Items	Facts of performance			The discrepancy of such implementation from the Corporate Social Responsibility Best Practice Principles for TWSE/TPEx Listed Companies, and the reason for any such discrepancy
	Yes	No	Description of Summary	
(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 duly comply with the laws and ordinances concerned prevalent locally in the venues of our business operations. Besides, we have enacted sound rules on incentives and disincentives as the guidelines for performance evaluation. We hope to grow our business so that our employees will see a corresponding increase in their salaries. Toward all important business operation strongholds and categories of employees, disregarding their gender, the ratio of our standard starting points for salary are above 100% (inclusive) of the minimum statutory threshold of salaries prevent locally. The ratio of basic salary and remuneration for women and men is 100:100. As expressly provided for in the Company's Articles of Incorporation, from the profits earned in a fiscal year (The term “profits” as set forth herein denotes the balance the Company's profits before tax and before deducting remuneration to employees and remuneration to directors), a sum 3.75%～11.5% shall be appropriated as the remuneration to employees. Regarding the relevant issues, please refer to the Company's website, in the section of corporate social responsibility (CSR) http://www.voltronicpower.com.tw for more details.	No discrepancy

Evaluation Items	Facts of performance			The discrepancy of such implementation from the Corporate Social Responsibility Best Practice Principles for TWSE/TPEx Listed Companies, and the reason for any such discrepancy
	Yes	No	Description of Summary	
(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. On all workplace regions, we carry out a fire drill once a year on an annual basis. For the territories of Taiwan, we work out and submit the annual fire control programs in writing and submit the same to the competent authority for review and approval. For the breast-feeding nursing room, we provide a friendly feeding environment; Within the scope prescribed by laws and ordinances concerned in Taiwan, we have worked out a sound program for the prevention of sexual hazards, a program to prevent diseases to be potentially incurred by abnormal workloads, a program to prevent unlawful infringement of the duties and to report to the competent authorities, a 1-hour training for gatekeepers in suicide prevention and control. Besides, we outsource professional physicians/doctors (3 times a year) and a licensed nurses (36 times a year) to provide on-the-spot employee health services, providing the entire staff with consultation channels and care for their personal safety and work environmental protection measures. 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 2021 to effectively prevent the virus from spreading and to protect the health of employees.	No discrepancy

Evaluation Items	Facts of performance			The discrepancy of such implementation from the Corporate Social Responsibility Best Practice Principles for TWSE/TPEx Listed Companies, and the reason for any such discrepancy
	Yes	No	Description of Summary	
			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. Occupational safety & health oriented educational & training programs 2021: For an hour on average for each and every employee; First-aid skill training programs 2021, 1.5 hours in total. For more details regarding relevant issues, please refer to the Company's website in the special section of Corporate Social Responsibility (CSR), also disclosed in the ESG Report.	
(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 2015-2021, the Company 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. For relevant issues, please refer to the Company's website in the special section of Corporate Social Responsibility (CSR) for all details in full.	No discrepancy
(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

Evaluation Items	Facts of performance			The discrepancy of such implementation from the Corporate Social Responsibility Best Practice Principles for TWSE/TPEx Listed Companies, and the reason for any such discrepancy
	Yes	No	Description of Summary	
(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 2021 was no lower than 81% in 2020. Please refer to our ESG reports for detailed information on our 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 Corporate Sustainability Report to disclose non-financial information? Are these reports confirmed or endorsed by third-party evaluation organizations?	V		The Company prepares Corporate Sustainability Report 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 2021 CSR report added extra disclosure according the requirement by SAM - Corporate Sustainability Assessment 2021. Our CSR reports are confirmed by third parties and declared independently by third parties. Please refer to our ESG reports for detailed information on our environmental initiatives via our company website at http://www.voltronicpower.com.tw.	No discrepancy
6. In case a company establishes its own Corporate Social Responsibility Code in accordance with "Corporate Social Responsibility Best Practice Principles for TWSE/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				

Evaluation Items	Facts of performance			The discrepancy of such implementation from the Corporate Social Responsibility Best Practice Principles for TWSE/TPEx Listed Companies, and the reason for any such discrepancy
	Yes	No	Description of Summary	
Best Practice Principles for TWSE/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. a. Invited to participate in the S&P Global Ratings (formerly known as DJSI Dow Jones Sustainable Index) 2020 SAM Corporate Sustainability Assessment (CSA) questionnaire where we won an overall score percentage at 82%. b. National Taipei University Research Center of Sustainable Development of NTPU has teamed up with Cathay Securities & Futures Corporation's Research Department since 2020 to jointly work out ESG Research Report, primarily focusing on four major categories of evaluation (i.e., social, economic, environmental aspects and disclosure). The Company was graded A in ESG rating. c. In terms of FTSE4GOOD evaluation, the Company was officially granted a pass as an enterprise with sustainable index constituent in Taiwan. The FTSE4GOOD certification remains valid starting from December 20, 2021 until June 19, 2022. (2) Social concern: small donations or assistance from time to time to support the disadvantaged people and public interest groups. 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) Fulfillment of ethical corporate management and the status on discrepancy and reasons in relation to the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies:

Evaluation Items	Facts of performance (Note 1)			The discrepancy of such implementation from Ethical Corporate Management Best Practice Principles for TWSE/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 establish business ethics code and have it approved by the Board of Directors? Does the Company specify in external documents its policy, practice of operation in good faith in its corporate statutes and bylaws and the commitment from the Board of Directors and senior management to its 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

Evaluation Items	Facts of performance (Note 1)			The discrepancy of such implementation from Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies, and the reason for any such discrepancy
	Yes	No	Description of Summary	
(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 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)	No discrepancy

Evaluation Items	Facts of performance (Note 1)			The discrepancy of such implementation from Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies, and the reason for any such discrepancy
	Yes	No	Description of Summary	
(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. Throughout Year 2021, the Company did not take any act in contravention of Best-Practice Principles on Good Faith Management..	No discrepancy

Evaluation Items	Facts of performance (Note 1)			The discrepancy of such implementation from Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies, and the reason for any such discrepancy
	Yes	No	Description of Summary	
2. Actualize Ethical Corporate Management				
(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 2021: no whistleblowing, no corruption, and no anti-competition behavior The Company's training and education to drive ethical corporate management:	No discrepancy

Evaluation Items	Facts of performance (Note 1)			The discrepancy of such implementation from Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies, and the reason for any such discrepancy
	Yes	No	Description of Summary	
			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 in 2020 4. Online advocacy programs in Year 2021, with an average of an hour for each and every trainee.	
(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

Evaluation Items	Facts of performance (Note 1)			The discrepancy of such implementation from Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies, and the reason for any such discrepancy
	Yes	No	Description of Summary	
(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 2021, 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 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.	No discrepancy

Evaluation Items	Facts of performance (Note 1)			The discrepancy of such implementation from Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies, and the reason for any such discrepancy
	Yes	No	Description of Summary	
(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 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.				

(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%. In Session Eight (Year 2021), the Company was rated with top 5% of Corporate Governance performance among all TWSE/TPEx listed companies. 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 24, 2022

Over the Company's internal control system of Year 2021, 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, 2021 (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 24, 2022. 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:

<table>
<tr><th>Date of the meeting</th><th>Key issues in summary</th><th>Outcome of resolution</th><th>Facts of implementation</th></tr>
<tr><td rowspan="5">Resolutions by 2021 general shareholders' meeting (July 23, 2021)</td><td>Matters to be ratified:
1. 2020 Business report and Financial Statements</td><td>Matters to be ratified:
The balloting outcome: 76,543,627 pro votes, accounting for 94.02% of the aggregate total votes; 5 con votes, 0 invalid vote, abstention/non-voting votes: 4,867,771 votes. This matter is duly resolved exactly as proposed.</td><td>Matters to be ratified:
1. Reports and statements distributed to shareholders according to relevant laws and regulations</td></tr>
<tr><td>2. Appropriation of 2020 earnings</td><td>Matters to be ratified:
The balloting outcome: 76,566,627 pro votes, accounting for 94.04% of the aggregate total votes; 5 con votes, 0 invalid vote, abstention/non-voting votes: 4,844,771 votes. This matter is duly resolved exactly as proposed.</td><td>2. Earnings appropriated accordingly, with the ex-dividend base date scheduled on August 28, 2021. Cash dividend payday on September 23, 2021.</td></tr>
<tr><td>Management Presentation:
1. The proposal to distribute cash with additional paid-in capital</td><td>Management Presentation:
The balloting outcome: 76,528,475 pro votes, accounting for 94% of the aggregate total votes; 14 con votes, 0 invalid vote, abstention/non-voting votes: 4,882,914 votes. This matter is duly resolved exactly as proposed.</td><td>Management Presentation:
1. This matter has been duly completed in enforcement exactly as resolved in the shareholders' meeting; with the base date on August 28, 2021 and the payday on September 23, 2021.</td></tr>
<tr><td>2. Partial amendment to the Company's "Rules and Procedures for Board of Directors Meeting"</td><td>The balloting outcome: 76,528,481 pro votes, accounting for 94% of the aggregate total votes; 5 con votes, 0 invalid vote, abstention/non-voting votes: 4,882,917 votes. This matter is duly resolved exactly as proposed.</td><td>2. This matter has been duly completed in enforcement exactly as resolved in the shareholders' meeting; and promulgate the same to the Company's website.</td></tr>
<tr><td>Election:
1. An overall election of directors in full.</td><td>Result of election:
<table>
<tr><th>Identity</th><th>Name of account</th><th>Ballots won in the election</th></tr>
<tr><td>Director</td><td>Hsieh Juor-Ming</td><td>87,692,300</td></tr>
<tr><td>Director</td><td>Open Great International Investment Limited Company Representative: Chen Tsui-Fang</td><td>82,649,427</td></tr>
<tr><td>Director</td><td>FSP Group Representative: Cheng Ya-Jen</td><td>80,915,333</td></tr>
</table></td><td>1. This matter has been duly completed in enforcement exactly as resolved in the shareholders' meeting; and promulgate the same to the Company's website.</td></tr>
</table>

		Director	Passuello Fabio	79,092,851	
		Independent director	Lee Chien-Jan	71,362,063	
		Independent director	Wang Hsiu-Chih	68,395,727	
		Independent director	Ho Yun-Hsuan	66,954,540	
		Independent director	Liao Kuei-Fang	66,394,403	
		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.			1. 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
02/25/2021	(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. (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.
05/06/2021	(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) Report about the Company's business performance in Quarter I, Year 2021 (3) Report about the draft of the financial statements in Quarter I, Year 2021 as duly resolved by the Audit Committee. (4) Report about the status of the subsidiary's lending to other parties. (5) Report about the internal audit in January ~March, 2021. (6) Report about the Company's progress of corporate governance and sustainable development practice implementation. (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) Resolution to approve of the director candidates.
06/24/2021	(1) Approval of credit lines of funds to be loaned by subsidiaries to related parties. (2) Resolution to approve of postponement and venue of the regular meeting of shareholders of 2021.
07/23/2021	(1) Resolution to approve of the elected Chairman.
07/23/2021	(1) Resolution to approve of appointed the members for Remuneration Committee of Session Four.

Date of the meeting (mm/dd/yy)	Key issues in summary
	(2) Resolution to approve of members of Nomination Committee of Session Three. (3) Resolution to approve of members of the Corporate Governance & Sustainable Development Promotion Committee of Session Two.
08/05/2021	(1) 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) Report about the Company's business performance in Quarter II, Year 2021. (3) Report about the status of the subsidiary's lending to other parties. (4) Report about the internal audit in April~June, 2020. (5) Approval of the issuance of cash dividends from capital surplus and new shares issued with retained earnings in Year 2021. (6) Approval of the items reviewed by the Remuneration Committee in the 1st meeting of Session Four (7) Resolution to approve of the Company's Financial Statements of Quarter II, 2021. (8) Approval of credit lines of funds to be loaned by subsidiaries to related parties. (9) Approval of the amendment of partial articles to the Rules and Procedures for Board of Directors Meeting. (10) Resolution to approve of new capital increase of the Company subsidiary(ies) in Mainland China.
11/04/2021	(1) 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. The present motion is duly resolved in the Audit Committee and reported to the Board of Directors. (2) Report about the Company's business performance in Quarter III, Year 2021. (3) Report about the status of the subsidiary's lending to other parties. (4) Report about the internal audit in July~September, 2020. (5) Resolution to approve of the Company's Financial Statements of Quarter III, 2021. (6) Approval of credit lines of funds to be loaned by subsidiaries to related parties. (7) Approval of the annual audit plan of Year 2022. (8) Approval of the items reviewed by the Corporate Governance and Sustainability Committee's first meeting of Session Two.

(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) Information on Certified Public Accountant fees:

Expressed in Thousands of New Taiwan Dollars

Name of CPA firm	Name of CPA	Duration covered in the audit	Audit fees	Non-audit fees	Total	Remarks
Deloitte & Touche	Chen Chung-Chen	01/01/2021 ~ 12/31/2021	4,600	276	4,876	-
	Chen Chao-Mei					

Note : 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. In case of non-auditing fee, please elaborate on contents of services rendered.

(2) 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.

(3) 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

Title	Name	2021		As of April 19, 2022	
		Increase (decrease) in shares held	Increase (decrease) in shares pledged	Increase (decrease) in shares held	Increase (decrease) in shares pledged
Director	Hsieh Juor-Ming (Note 1)	—	—	—	—
Director	Representative of Open Great International Investment Limited Company: Chen Tsui-Fang (Note 2)	(800,000)	—	—	—
Director	Representative of FSP Group: Cheng Ya-Jen	(479,000)	—	(99,000)	—
Director	Passuello Fabio	—	—	—	—
Independent Director	Lee Chien-Jan	—	—	—	—
Independent Director	Yang Ching-Hsi (Note 3)	—	—	—	—
Independent Director	Liao Kuei-Fang (Note 4)	—	—	—	—
Independent Director	Wang Hsiu-Chih	—	—	—	—
Independent Director	Ho Yun-Hsuan	—	—	—	—
Vice General Manager	Chin Chih-Hsin (Note 5)	(85,000)	—	(10,000)	—
Vice General Manager	Wang Chia-Yi (Note 5)				
Assistant Manager for R&D Department.	Lu Yu-Cheng (Note 5)				
R&D Manager	Wang Kuo-Chin (Note 5)				
Chief Governance Officer	Chen Yi-Ju (Note 5)				

Note 1: The shares held include shareholding trust reserved for legal utilization 2,680,318 shares
Note 2: The held shares include 800,000 shareholding trust including the statutory right of use.
Note 3: Dismissed on July 23, 2021.
Note 4: Elected to the post on February 23, 2021.
Note 5: 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 19, 2022；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)	8,372,166	9.60%	1,122,357 (Note 2)	1.29%	670,078 (Note 1)	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	3,931,822	4.51%	—	—	—	—	—	—	—
Yuanta Securities – Custodian Account for RGI S.R.L.	3,729,464	4.28%	—	—	—	—	—	—	—
Open Great International Investment Limited Company	3,310,359	3.80%	—	—	—	—	—	—	—
Standard Chartered International Commercial Bank Business Department as the custodian entrusted for custody -NatWest Trustee and Depositary Services Limited as Trustee of St. Jamess Place Emerging Markets Equity Unit Trust - Wasatch Advisors Inc. as external fund manager	3,216,082	3.69%	—	—	—	—	—	—	—
Trust account in United World Chinese Commercial Bank as commissioned by Hsieh Juor-Ming	2,680,318	3.07%%							
Citi Commercial (Taiwan) Bank entrusted for custody of the Singapore Government Investment Account	2,173,958	2.49%							
Hsieh Yi-Ling	2,099,874	2.41%	—	—	—	—	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.	—
Standard Chartered International Commercial Bank Business Department entrusted for the custody - NINETY ONE FUNDS SERIES	1,771,752	2.03%	—	—	—	—	—	—	—

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	
III - GLOBAL ENVIRONMENT FUND									
Standard Chartered International Commercial Bank Sales Department entrusted for the custody - PineBridge Global Funds - PineBridge Asia Ex Japan Small Cap Equity Fund	1,274,681	1.46%	—	—	—	—	—	—	—

Note 1: Ming Fang International Investment Co., Ltd.

Note 2: The held shares include 800,000 shareholding trust including the statutory right of use.

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
Mar. 2022	10	100,000	1,000,000	87,226	872,261	New restricted employee shares recovered for cancellation NT$1,932 thousand	—	Jing-Shou-Shang-Zi No.11101047170

2. Categories of outstanding shares

Categories of shares	Authorized capital			Remarks
	Outstanding shares	Unissued shares	Total	
Ordinary shares	87,226,167	12,773,833	100,000,000	Listed stocks

3. Information relevant to overall declaration system: None

(2) Structure of shareholders

April 19, 2022; 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	4	38	1,404	726	2,174
Shares held	136,213	563,281	12,235,440	14991802	59,299,431	87,226,167
Shareholding rate	0.16	0.65	14.03	17.18	67.98	100

(3) Facts of disperse of shareholding

1. Ordinary shares

April 19, 2022

Shareholding grading	Number of shareholders	Number of shares held	Shareholding percentage %
1 to 999	1146	78,961	0.09
1,000 to 5,000	486	956,666	1.10
5,001 to 10,000	104	794,816	0.91
10,001 to 15,000	60	757,444	0.87
15,001 to 20,000	49	870,684	1.00
20,001 to 30,000	53	1,294,575	1.49
30,001 to 40,000	33	1,149,228	1.32
40,001 to 50,000	28	1,268,524	1.46
50,001 to 100,000	68	4,927,811	5.66
100,001 to 200,000	59	8,010,136	9.20
200,001 to 400,000	41	11,581,303	13.29
400,001 to 600,000	19	9,217,198	10.58
600,001 to 800,000	13	8,720,704	10.01
800,001 to 1,000,000	3	2,674,922	3.07
Above 1,000,001	12	34,923,195	40.00
Total	2174	87,226,167	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)	8,372,166	9.60%
FSP Group	3,931,822	4.51%
Yuanta Securities – Custodian Account for RGI S.R.L.	3,729,464	4.28%
Open Great International Investment Limited Company	3,310,359	3.80%
Standard Chartered International Commercial Bank Business Department as the custodian entrusted for custody -NatWest Trustee and Depositary Services Limited as Trustee of St. Jamess Place Emerging Markets Equity Unit Trust - Wasatch Advisors Inc. as external fund manager	3,216,082	3.69%
Trust account in United World Chinese Commercial Bank as commissioned by Hsieh Juor-Ming	2,680,318	3.07%
Citi Commercial (Taiwan) Bank entrusted for custody of the Singapore Government Investment Account	2,173,958	2.49%
Hsieh Yi-Ling	2,099,874	2.41%
Standard Chartered International Commercial Bank Business Department entrusted for the custody - NINETY ONE FUNDS SERIES III - GLOBAL ENVIRONMENT FUND	1,771,752	2.03%
Standard Chartered International Commercial Bank Sales Department entrusted for the custody - PineBridge Global Funds - PineBridge Asia Ex Japan Small Cap Equity Fund	1,274,681	1.46%

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

Item / Year			2020	2021	As of March 31, 2022
Market price per share	Highest		1,165	1,880	1,620
	Lowest		554	1,015	1,280
	Average		844.69	1,339.18	1,451
Net Value per share	Before distribution		61.06	65.29	-
	After distribution			(Note 2)	-
Earnings per share	Weighted average shares		86,795 thousand shares	86,955 thousand shares	-
	Earnings per share	Before retrospective adjustment	25.31	27.13	-
		After retrospective adjustment	25.31	(Note 2)	-
Dividends per share	Cash dividends		22.50	23.50	-
	Stock dividends	From retained earnings	-	-	-
		From capital surplus	-	-	-
	Retained dividends		-	-	-
ROI	PER		33.37	49.36	-
	Price-dividend ratio		35.94	56.98	-
	Cash dividends yield		2.78	1.75	-

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 2021 was officially resolved by the board of directors on February 24, 2022 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 24, 2022 the appropriation of earnings of Year 2021:

Expressed in New Taiwan Dollars

Items	Amount
2021 Net profit this period	2,359,361,889
Legal reserve (10%), set aside by law	(235,936,189)
Special reserve, set aside by law	38,040,972
2021 Distributable net profit for this period	2,161,466,672
Add: Beginning unappropriated retained earnings Cancellation restoration of new shares with restricted employee rights	 213,006,012 8,906,000
Distributable net profit as of this period	2,383,378,684
Distributable items - Bonus to stockholders: Cash dividend: $23.5 per share	(2,054,355,125)
Undistributed earnings	329,023,559

(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 2021 in amounts of NT$115,000,000 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 24, 2022, the aforementioned remunerations should be allocated in cash. This is pending the resolution by the shareholders by the board of June 17, 2022. 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$129,400,000.

   (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$119,400,000, 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	256,800 shares
The number of the new restricted employee shares having not been lifted from restriction	378,000 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 (%)	0.48%
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, 2021

	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	142,000 shares	0.19%	56,800 shares	Issuance without compensation	—	8.33%	85,200 share	Issuance without compensation	—	12.49%
	Vice General Manager	Wang Chia-Yi										
	Senior Manager of R&D Department	Lu Yu-Cheng										
	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%	44,000 share	Issuance without compensation	—	6.45%	66,000 shares	Issuance without compensation	—	9.68%
	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.

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	2021		2020	
	Amount of operating income	Proportion (%)	Amount of operating income	Proportion (%)
Off-Line UPS	5,750,875	33.92	4,331,940	31.73
On-Line UPS	6,001,779	35.39	4,998,080	36.61
Inverter and Others	5,204,028	30.69	4,322,544	31.66
Total	16,956,682	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
F. Energy Storage System

(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

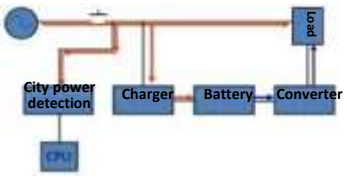
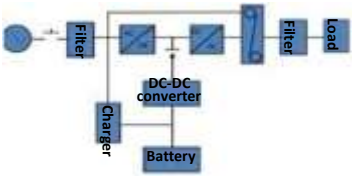
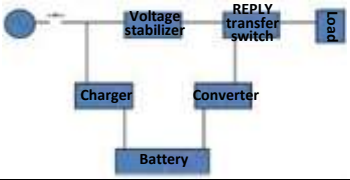
When there are electrical problems such as power outages or destabilizing voltages, UPS can switch the electrical input source to internal batteries automatically; it continues to supply power to PC or peripherals for a short period of time. The PC and peripherals then can utilize the power provided 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

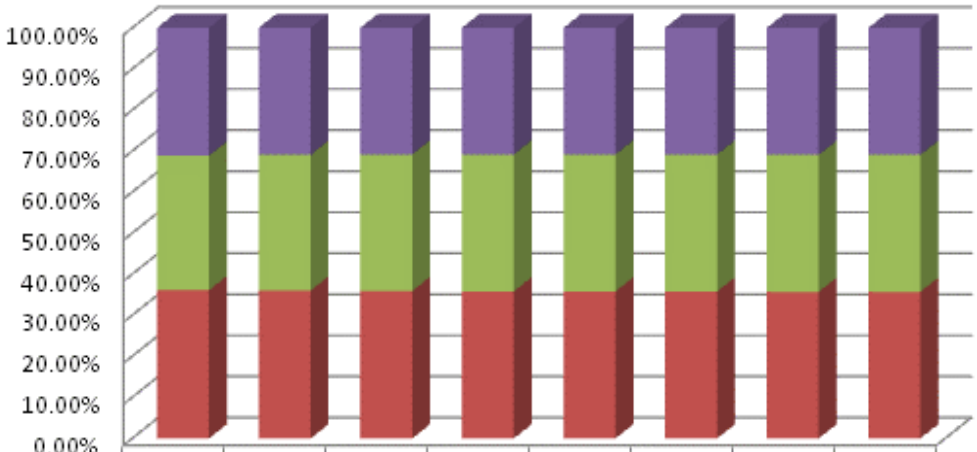
According to the 2012 research report by Frost & Sullivan, production values and volumes of global UPS market continued to show a growth trend since 2010, the CAGR of both production values and volumes from 2000 through 2017 are 5.04% and 5.24%, respectively. Technavio, a research firm, forecasts a CAGR 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

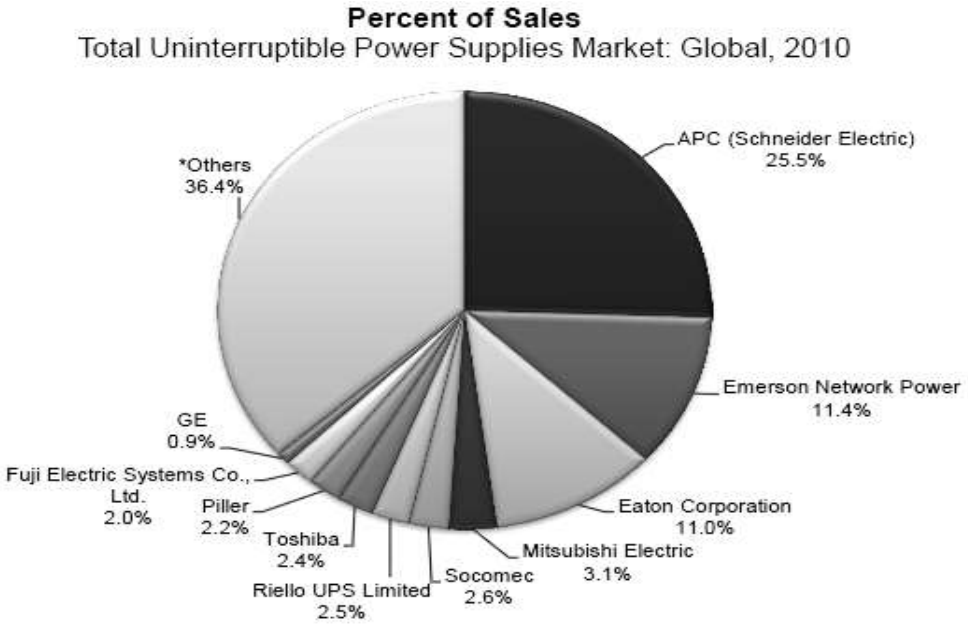
The UPS specifications vary according to their applications; it's primarily based on the products' unit of capacity KVA (Kilo-Volt-Ampere). Presently, there are UPS products for less than 1KVA to over 200KVA. Because the product specifications are very complex, the separation was placed at 20 KVA, for 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 2022, up by 20.4% from 2021, pushed by the rising demand of remote working during the pandemic. The market is expected to reach US$494.7 billion in 2022. TechNavio forecasts the global data center market to grow at a CAGR of 21.98% in 2022-2026, with growth up to US$615,960,000,000

c. PC sector

According to the survey results by Gartner, an international research institute, the PC shipment volume exceeded 340 million units in 2021 amidst the significantly rise for need for work-at-home in the wake of prolonged COVID-19 pandemic spread, up 9.9% from 2020. The overall growth is higher than the previous level. 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 IHS Markit Report, the growth rate of global photovoltaic equipment is expected to exceed 20% in 2022, the aggregate total capacity will exceed 200GW, and the aggregate total investment amount will be at least US$170 billion, driving the annual growth of PV Inverter shipment volume.

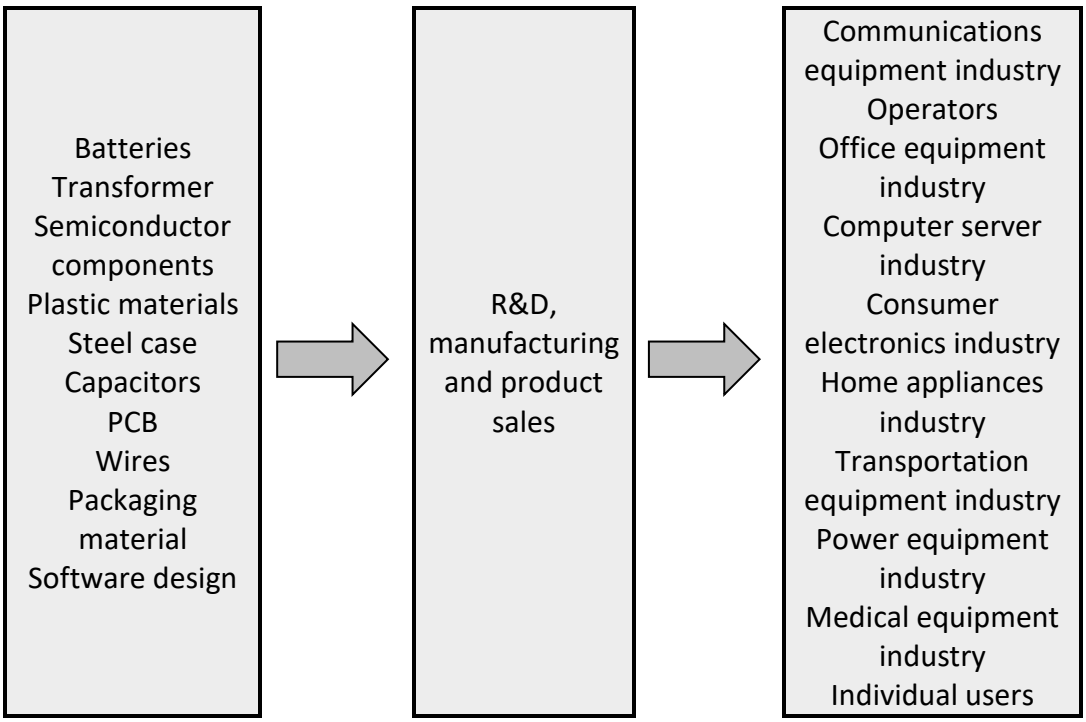
In general, although the European and the American reduced the subsidies for the solar energy industry and caused the industry perform poorly. But a crisis also brings opportunity. The barriers to entering the PV inverter market were high which included R&D and design of sophisticated electrical and 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.

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:

Up-stream (materials)	**Mid-stream**	**Downstream (end users)**



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. Judging from the revenue breakdown for the first half and second half over the past two years, Years 2020 and 2021 came to 49:51 and 44:56; suggesting not significant a gap between the first half and second half of 2020. In Year 2021 while the raw materials were not readily available, the purchase orders from customers show a more significant fluctuation, leading to the more obvious gap between the first half and the second half of 2021.

Table: Revenue distributions, Voltronic Power in recent two years

Revenue distributions	Year 2021	Year 2020
First half of the year	44%	49%
Second half of the year	56%	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		2021 (Expressed in persons)	Current year up to March 2022 (Expressed in persons)
Beginning headcount		475	508
New staff		177	32
Staff who left		153	30
Laid off and retirement		0	0
Department changes		0	0
Total R&D staff at period end		499	510
Average length of service		3.84	3.97
Turnover rate		23.47%	5.57%
Distribution of degrees	PhD	1	2
	Master	33	32
	University and College	361	358
	High school	111	117

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; %

Item \ Year	2021	2020
R&D expenses	601,138	574,437
Net operating income	16,956,682	13,652,564
R&D expenses/Net operating income	3.55%	4.21%

4) Successful technologies or products or development in recent years

Year	R & D achievements	Content description
2021	Off-Line: (1) DoE Standard compliant 120V line-interactive square wave mode development (2) DoE Standard compliant 120V line-interactive string wave mode development.	New model development
	On-Line 1~5KVA： (1) Online 1~3kVA 120V long-lasting lithium iron phosphate battery model development. (2) DoE Standard compliant 120V Online 1~3k mode development.	New model development
	On-Line 6~600KVA： (1) On-line 6kVA long-acting lithium iron phosphate battery mode development. (2) On-line 3/3 high-power density 40kW UPS mode development. (3) On-line 3/3 3-phase 3-wire 70kW module development. (4) On-line 3/3 3-phase 3-wire 70kW module base to develop 140KVA/210KVA/280KVA modulized UPS. (5) On-line 3/3 50KVA high-frequency module base to develop 100k/120k/160k/200kW industrialized UPS. (6) On line 3/3 60kW module base to develop wired current sharing 600KVA UPS.	(1) Improved cost structure (2) Completed debugging and development of high power module model
	Solar, Inverter, Charger: (1) 10~30KW IP65 off-grid integrated machine development. (2) Split phase 6KVA IP65 off-grid integrated machine development. (3) DC charging pile 30KVA constant power module development. (4) 0.7~2.2KVA single-phase universal frequency converter development. (5) 5.5~22KVA universal frequency converters development. (6) 180KVA ~ 360KVA 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 2021		Year 2020	
		Amount	Percentage	Amount	Percentage
Domestic sales		654,861	3.86%	556,186	4.07%
Exports	Asia	7,514,964	44.32%	5,956,540	43.63%
	Others	8,786,857	51.82%	7,139,838	52.30%
	Total exports	16,301,821	96.14%	13,096,378	95.93%
Total		16,956,682	100.00%	13,652,564	100.00%

2) Market shares

The Company's major shipment of UPS is under 20KVA. In 2021, the combined shipments were 7,030,000 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 4%.

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$4.4 trillion in 2022, up 4% from 2021.

Among them all, the expenditure toward communications service industry is anticipated at US$1.4 trillion; IT service industry at US$1.26 trillion; that for software at NT$824 billion, that for equipment NT$674 billion and that for Information Center System US$218 billion. 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. Before 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 2021, 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 600KVA 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 the one with stable growth. Except those new science & technology products amidst the efforts to get rid of the stale and bring forth the fresh will still call for the need of backup power supply, those newly emerging markets are still subject to challenge of unstable power supply. Indeed, one-third of world's population is still experiencing problems in 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

Amidst the impact of the US-China trade war, the prolonged COVID-19 pandemic spread and regional political conflicts, the global market has in recent years fluctuated sharply. As a result, the uninterruptible power system can hardly stay unaffected under the overall environment. In turn, the terminal demand may either slow down or be postponed, leading to quite a bit uncertainties on the way of the Company to grow ahead.

Countermeasures:

The Company spares no effort to expand markets into other regions. Meanwhile, we shall 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

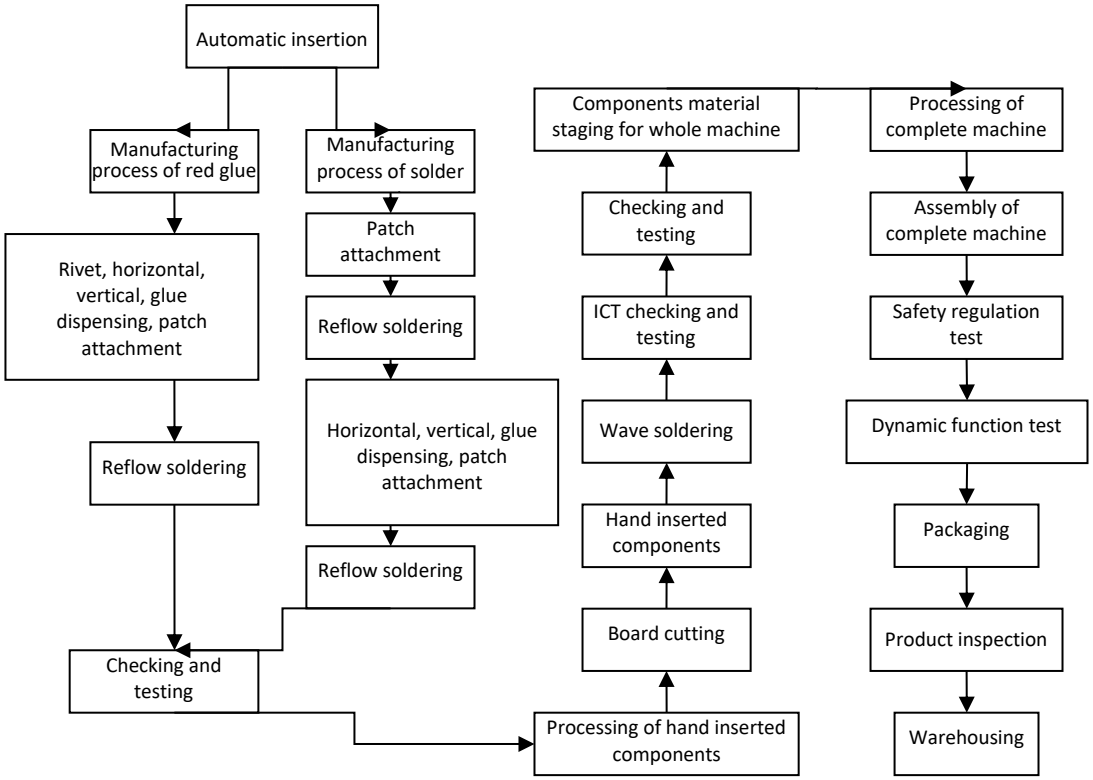
1) Important applications of major products

● 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	2021			2020		
	Production capacity	Output	Output values	Production capacity	Output	Output value
On-line UPS systems	900	880	6,207,858	810	792	5,189,185
Off-line UPS systems	6,500	620	5,855,875	5,900	5,455	4,417,730
Inverter and other products	-	-	5,480,931	—	—	3,833,217
Total			19,544,664			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	2021				2020			
	Domestic sales		Export		Domestic sales		Export	
	Volume	Value	Volume	Value	Volume	Value	Volume	Value
On-line UOS systems	30	216,856	845	5,784,923	26	176,258	761	4,821,822
Off-line UPS systems	72	65,655	6,090	5,685,220	74	64,594	5,354	4,267,346
Inverter and other products		372,350		4,831,671		315,334		4,007,210
Total		654,861		16,301,821		556,186		13,096,378

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

Expressed in persons

Year		2020	2021	Current year up to March 31, 2022
Number of employees	Direct	1,169	1,513	1,689
	Indirect	1,815	1,535	1,577
	Total	2,984	3,048	3,266
Average age		31.93	32.50	32.77
Average years of service (year)		2.48	2.70	2.61
Ratios of degree distribution (%)	PhD	0.01%	0.01%	0.01%
	Master	8.90%	8.51%	7.83%
	College	33.00%	35.40%	34.53%
	High school and below	58.08%	56.09%	57.64%

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
KPI 1	KPI: 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. To minimize 550,000 M.T. of carbon emission minimum. Target year: ongoing
KPI 2	KPI: The Company does not directly (Scope I) emit GHGs. The only source of indirect (Scope II) GHG emission is the carbon oxide emission associated with externally sourced electricity for operations.	Target 1 Carbon emission cost as a percentage of revenues: ≦0.75%; 2 Carbon emission cost as a percentage of operating expenses: ≦0.85%; 3 Carbon emission cost as a percentage

	Therefore, it is about the financial benefits of controlling electricity bills (i.e. carbon emission expenses).	of revenues: ≦3.85%。 Target year: ongoing
KPI 3	KPI: 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
KPI 4	KPI: We depend upon the negative carbon emissions (deducted with carbon emissions) generated by the products sold that are included in (Scope III) greenhouse gas emissions (solar inverters with significant energy saving and carbon reduction performance, and in-line uninterruptible systems).	Target and the target year: In 2022, our Inverter series have been officially certified for ISO 14607 I. Out Company is scheduled to achieve carbon neutrality and net zero emission in our business operation by 2035, the company. II. We are scheduled to achieve a net zero supply chain by 2050

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 ISO 14001, ISO 9001 and ISO 45001.

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, Inverter and PV Inverter, 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.

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 2021. Breastfeeding room.

Here at the Company, we strictly implement the remuneration to employee policy under the principles of "equal pay for equal work" and "gender equality". For all our important operating venues and employee categories, disregarding their gender, the ratio of our standard starting salary to the local statutory minimum wage is above 100% (inclusive) and the ratio of base salary and remuneration for female and male employees is 100:100.

Parental leave:

Year	Descriptions		Male	Female	Subtotal
2021	A	Number of employees qualified to apply for parental leave.	47	68	115
	B	Number of employees under long-term leave without pay in the wake of application for parental leave	0	5	5
	C	Number of employees anticipated to resume normal services from long-term leave without pay amidst parental leave	0	1	1
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 2021. 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.

Cultivation & training programs and development

100% employees throughout the world	
Average duration for cultivation & training programs and development for full-time employees	18.5 hours
The average expenditure upon cultivation & training programs and development for each full-time employee: Expressed in New Taiwan Dollars	14,245
Percentages of the vacancies filled up from insiders	25%

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. Starting from 2021, we hire licensed professional physicians (three times per annum) and licensed nurses (36 times of services per annum) to render on-the-spot health services.

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 ISO 45001 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 2021 (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	3	0	7	0	0	0
Aggregate total of workforce	1720	909	72	70	168	109
Frequency of injury in line of duty	0.17%	0.00%	%	0%	0	0
Categories of injury in line of duty	3 employees injured in line of duty	-	7 employees injured not in line of duty (traffic accidents)	-	-	-
Aggregate total number of days at loss	88	0	27	0	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
Agreement on real estate transaction	Founding Construction Development Corp.	—	Land & buildings	—

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					As of March 31,
		2017	2018	2019	2020	2021	2022
Current Assets		5,679,633	6,046,610	7,561,908	8,798,465	10,041,582	11,067,624
Property, plant and equipment		1,295,195	1,964,461	2,167,695	2,427,833	2,730,405	4,183,676
Right-to-use assets		-	-	397,408	488,755	389,942	397,858
Intangible assets		6,691	5,235	12,515	26,165	29,328	30,947
Other assets		255,655	269,465	200,746	179,992	192,866	179,562
Total assets		7,237,174	8,285,771	10,340,272	11,921,210	13,384,123	15,859,667
Current liabilities	Before distribution	3,058,182	3,835,225	5,266,965	6,324,114	7,495,128	8,376,616
	After distribution	4,631,950	5,487,615	7,199,559	8,378,845	7,495,128	8,376,616
Non-current liabilities		231	541	193,392	258,528	181,319	1,057,463
Total liabilities	Before distribution	3,058,413	3,835,766	5,460,357	6,582,642	7,676,447	9,434,079
	After distribution	4,632,181	5,488,156	7,392,951	8,637,373	7,676,447	9,434,079
The equity contributed to the parent company		4,178,761	4,450,005	4,879,915	5,338,568	5,707,676	6,425,588
Capital stock		786,885	786,853	833,015	874,354	874,194	872,262
Capital surplus	Before distribution	1,295,700	900,718	1,257,149	1,154,070	942,129	941,507
	After distribution	902,258	822,033	1,173,848	1,066,635	942,129	941,507
Retained earnings	Before distribution	2,354,143	2,987,513	3,505,498	3,811,771	4,212,743	4,713,304
	After distribution	1,173,817	1,374,466	1,614,554	1,844,475	4,212,743	4,713,304
Other equity		(257,967)	(225,079)	(715,747)	(501,627)	(321,390)	(101,485)
Treasury stock		—	—	—	—	—	
Non-controlled Equity		—	—	—	—	—	
Total equity	Before distribution	4,178,761	4,450,005	4,879,915	5,338,568	5,707,676	6,425,588
	After distribution	2,604,993	2,797,615	2,947,321	3,283,837	5,707,676	6,425,588

Note 1: The 2017 ~2021 financial statements had been duly certified by Certified Public Accountant.

Note 2: The financial data for the Quarter I of 2022 was reviewed by Certified Public Accountants.

Note 3: The appropriation of earnings in Year 2021 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

Year / Item		Financial information for the past five Years				
		2017	2018	2019	2020	2021
Current Assets		3,587,828	4,053,064	4,589,303	5,300,166	6,009,200
Investment of equity method adopted		3,469,418	4,048,270	4,785,681	6,004,828	6,801,077
Property, plant and equipment		933,168	1,105,997	1,100,460	1,078,839	1,062,776
Right-to-use assets		—	—	3,326	5,614	2,194
Intangible assets		6,037	4,894	11,885	21,724	18,291
Other assets		53,030	58,064	95,198	105,170	89,746
Total assets		8,049,481	9,270,289	10,585,853	12,516,341	13,983,284
Current liabilities	Before distribution	3,870,720	4,819,970	5,700,353	7,175,543	8,275,608
	After distribution	5,444,488	6,472,360	7,632,947	9,230,274	8,275,608
Non-current liabilities		—	314	5,585	2,230	0
Total liabilities	Before distribution	3,870,720	4,820,284	5,705,938	7,177,773	8,275,608
	After distribution	5,444,488	6,472,674	7,638,532	9,232,504	8,275,608
The equity contributed to the parent company		4,178,761	4,450,005	4,879,915	5,338,568	5,707,676
Capital stock		786,885	786,853	833,015	874,354	874,194
Capital surplus	Before distribution	1,295,700	900,718	1,257,149	1,154,070	942,129
	After distribution	902,258	822,033	1,173,848	1,066,635	942,129
Retained earnings	Before distribution	2,354,143	2,987,513	3,505,498	3,811,771	4,212,743
	After distribution	1,173,817	1,374,466	1,614,554	1.844.475	4,212,743
Other equity		(257,967)	(225,079)	(715,747)	(501,627)	(321,390)
Treasury stock		—	—	—	—	—
Non-controlled Equity		—	—	—	—	—
Total equity	Before distribution	4,178,761	4,450,005	4,879,915	5,338,568	5,707,676
	After distribution	2,604,993	2,797,615	2,947,321	3,283,837	5,707,676

Note 1: The 2017 ~2021 financial statements had been duly certified by Certified Public Accountant.

Note 2: The appropriation of earnings in Year 2021 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

Year / Item	Financial information for the past five Years					As of March 31, 2022
	2017	2018	2019	2020	2021	
Operating revenue	9,862,230	11,407,894	12,936,382	13,652,564	16,956,682	4,274,310
Gross operating profit	2,694,648	3,105,166	3,785,002	4,018,181	4,310,991	1,072,176
Operating gain/loss	1,828,597	2,110,963	2,557,103	2,730,474	2,924,564	721,400
Non-Operating revenues and expenditures	(173,407)	145,413	58,646	(80,923)	(34,069)	(88,112)
Net profit before tax	1,655,190	2,256,376	2,615,749	2,649,551	2,890,495	633,288
Continuing operations gain/loss	1,363,644	1,813,632	2,131,032	2,197,144	2,359,362	500,371
Gain/loss from discontinued operations	—	—	—	—	—	—
Net profit for the year (net loss)	1,363,644	1,813,632	2,131,032	2,197,144	2,359,362	500,371
Other consolidated gain/loss for the year (net after tax)	(31,899)	(50,002)	(158,997)	11,771	38,041	209,441
Total amount of consolidated gain/loss for the year	1,331,745	1,763,630	1,972,035	2,208,915	2,397,403	709,812
Net profit contributed to the Parent Company	1,363,644	1,813,632	2,131,032	2,197,144	2,359,362	500,371
Net profit contributed to the Non-controlled equity	—	—	—	—	—	—
Total amount of consolidated gain/loss contributed to the Parent Company	1,331,745	1,763,630	1,972,035	2,208,915	2,397,403	709,812
Total amount of consolidated gain/loss contributed to the non-controlled equity	—	—	—	—	—	—
Earnings per share	17.46	23.18	25.87	25.31	27.13	5.75

Note 1: The 2017 ~2021 financial statements had been duly certified by Certified Public Accountant.

Note 2: The financial data for the Quarter I of 2022 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				
	2017	2018	2019	2020	2021
Operating revenue	8,710,973	9,997,629	11,179,336	11,812,535	14,472,347
Gross operating profit	1,490,846	1,848,105	2,071,786	2,062,534	2,633,246
Operating gain/loss	1,024,748	1,351,323	1,520,390	1,469,071	2,104,665
Non-Operating revenues and expenditures	472,018	752,936	923,630	994,155	661,867
Net profit before tax (net loss)	1,496,766	2,104,259	2,444,020	2,463,226	2,766,532
Continuing operations gain/loss	1,363,644	1,813,632	2,131,032	2,197,144	2,359,362
Gain/loss from discontinued operations	—	—	—	—	—
Net profit for the year(net loss)	1,363,644	1,813,632	2,131,032	2,197,144	2,359,362
Other consolidated gain/loss for the year (net after tax)	(31,899)	(50,002)	(158,997)	11,771	38,041
Total amount of consolidated gain/loss for the year	1,331,745	1,763,630	1,972,035	2,208,915	2,397,403
Net profit contributed to the Parent Company	1,363,644	1,813,632	2,131,032	2,197,144	2,359,362
Net profit contributed to the Non-controlled equity	—	—	—	—	—
Total amount of consolidated gain/loss contributed to the Parent Company	1,331,745	1,763,630	1,972,035	2,208,915	2,397,403
Total amount of consolidated gain/loss contributed to the non-controlled equity	—	—	—	—	—
Earnings per share	17.46	23.18	25.87	25.31	27.13

Source: The 2017 ~2021 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
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
2021	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, 2022
		2017	2018	2019	2020	2021	
Capital Structure	Liabilities to assets ratio (%)	42.26	46.29	52.81	55.22	57.35	59.48
	Long-term funds to property, plant and equipment ratio (%)	322.65	226.55	234.04	230.54	215.68	178.86
Liquidity	Current ratio (%)	185.72	157.66	143.57	139.13	133.97	132.13
	Quick Ratio (%)	149.18	127.65	120.72	116.28	107.06	101.52
	Interest coverage ratio (times)	172.75	138.90	51.82	64.77	71.33	54.93
Operating ability	Accounts receivable turnover rate (times)	5.94	5.70	5.76	5.89	6.51	6.73
	Average days of accounts receivable (days)	61	64	63	62	56	60
	Inventory turnover rate (times)	8.70	8.74	8.95	8.12	8.08	6.12
	Accounts payable turnover rate (times)	3.27	3.51	3.41	3.05	3.65	3.35
	Average days of sales (days)	42	42	40.76	44.95	45.17	59.67
	Property, plant and equipment turnover rate (times)	8.37	7.00	6.26	5.94	6.57	4.95
	Total assets turnover rate (times)	1.38	1.47	1.39	1.23	1.34	1.17
Profitability	Return on assets (%)	19.16	23.54	23.32	20.04	18.91	13.95
	Return on equity (%)	32.21	42.04	45.68	43.00	42.72	32.99
	Net gains before tax to paid-in capital ratio (%)	210.35	286.76	314.01	303.03	330.65	290.41
	Net gains ratio (%)	13.83	15.90	16.47	16.09	13.91	11.71
	Earnings per share ($)	17.46	23.18	25.87	25.31	27.13	5.75
Cash flow	Cash flow ratio (%)	56.94	48.62	56.91	41.53	30.67	8.58
	Cash flow adequacy ratio (%)	98.28	91.94	102.93	98.29	99.28	90.46
	Cash reinvestment ratio (%)	3.78	6.14	26.71	12.43	3.98	9.23
Leverage	Operating leverage	1.00	1.00	1.00	1.00	1.00	1.00
	Financial leverage	1.01	1.01	1.02	1.02	1.01	1.02
Causes behind the increase/decrease ratio change up to 20% of various financial ratios over the past two years: 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, fixed assets and inventory in 2021							

Note 1: The 2017 ~2021 financial statements had been duly audited and certified by Certified Public Accountant.

Note 2: The financial data for the Quarter I of 2022 was reviewed by Certified Public Accountants.

B. Parent company only financial statements

Item \ Year		Financial information for the past five Years				
		2017	2018	2019	2020	2021
Capital Structure	Liabilities to assets ratio (%)	48.09	52.00	53.90	57.35	59.18
	Long-term funds to property, plant and equipment ratio (%)	447.80	402.38	443.95	495.05	537.05
Liquidity	Current ratio (%)	92.69	84.09	80.51	73.86	72.61
	Quick Ratio (%)	92.36	83.78	79.78	73.35	71.76
	Interest coverage ratio (times)	156.31	129.60	62.54	92.12	104.66
Operating ability	Accounts receivable turnover rate (times)	6.06	5.65	5.70	5.97	6.47
	Average days of accounts receivable (days)	60	65	64	61	56
	Inventory turnover rate (times)	7,942.93	10,570.07	661.38	361.22	273.81
	Accounts payable turnover rate (times)	2.42	2.23	2.32	2.20	2.39
	Average days of sales (days)	0.05	0.03	0.55	1.01	1.33
	Property, plant and equipment turnover rate (times)	9.71	9.81	10.13	10.84	13.52
	Total assets turnover rate (times)	1.14	1.15	1.13	1.02	1.09
Profitability	Return on assets (%)	18.00	21.09	21.78	19.21	17.97
	Return on equity (%)	32.21	42.04	45.68	43.00	42.72
	Net gains before tax to paid-in capital ratio (%)	190.21	267.43	293.39	281.72	316.47
	Net gains ratio (%)	15.65	18.14	19.06	18.60	16.30
	Earnings per share ($)	17.46	23.18	25.87	25.31	27.13
Cash flow	Cash flow ratio (%)	40.27	28.81	27.76	27.39	20.06
	Cash flow adequacy ratio (%)	98.88	94.82	92.64	87.52	86.34
	Cash reinvestment ratio (%)	Note 1	Note 1	Note 1	0.61	Note 1
Leverage	Operating leverage	1.15	1.07	1.08	1.10	1.07
	Financial leverage	1.01	1.01	1.03	1.02	1.01
Causes behind the increase/decrease ratio change up to 20% of various financial ratios over the past two years: 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. Increase in the turnover rate (times) of real property, plants and equipment: Other than the continued profitability, it also results from the rising prices of raw materials & materiel wherewith we must adjust selling prices upward. Decrease in rate of cash flow (%): Due primarily to the facts that an increase of the short-term loan in the present term.						

Source: Financial statements having been audited by Certified Public Accountants 2017~2021

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 2021 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 2021 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:
2022 shareholders' meeting of Voltronic Power Technology Corp.

Convener of Audit Committee: Lee Chien-Jan

March 07, 2022

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, 2021 and 2020, 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, 2021 and 2020, 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, 2021. 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, 2021 are stated below:

Validity of Occurrence of Operating Revenue

For the year ended December 31, 2021, the Group's operating revenue was $16,956,682 thousand, net profit before income tax was $2,890,495 thousand, and earnings per share was $27.13. The Group's overall operating revenue growth rate reached 24% in 2021. Among all the customers in 2021, revenue from customers whose individual growth rates exceeded the overall growth rate and whose total transaction amounts for the whole year were significant, reached $5,716,302 thousand, representing 34% of the Group's operating revenue for the year ended December 31, 2021. 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, 2021 and 2020 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, 2021 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 24, 2022

Notice to Readers

The accompanying consolidated financial statements are intended only to present the consolidated financial position, financial performance and cash flows in accordance with accounting principles and practices generally accepted in the 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, 2021 AND 2020
(In Thousands of New Taiwan Dollars)

	2021		2020	
ASSETS	**Amount**	**%**	**Amount**	**%**
CURRENT ASSETS				
Cash and cash equivalents (Notes 4 and 6)	$ 5,154,819	39	$ 4,886,193	41
Notes receivable (Notes 4, 7 and 19)	67,450	-	29,555	-
Trade receivables (Notes 4, 5, 7 and 19)	2,627,072	20	2,153,150	18
Trade receivables from related parties (Notes 4, 7, 19 and 27)	142,988	1	163,299	2
Other receivables (Notes 4 and 7)	28,990	-	102,784	1
Current tax assets (Notes 4 and 21)	-	-	18,575	-
Inventories (Notes 4 and 8)	1,787,100	13	1,294,053	11
Prepayments (Note 13)	230,333	2	150,856	1
Other financial assets - current (Note 13)	2,830	-	-	-
Total current assets	10,041,582	75	8,798,465	74
NON-CURRENT ASSETS				
Property, plant and equipment (Notes 4 and 10)	2,730,405	20	2,427,833	20
Right-of-use assets (Notes 4, 11 and 27)	389,942	3	488,755	4
Other intangible assets (Notes 4 and 12)	29,328	-	26,165	-
Deferred tax assets (Notes 4 and 21)	124,185	1	128,920	1
Long-term prepayments for leases (Note 13)	-	-	2,743	-
Other non-current assets (Notes 4, 13 and 27)	68,681	1	48,329	1
Total non-current assets	3,342,541	25	3,122,745	26
TOTAL	$ 13,384,123	100	$ 11,921,210	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Note 14)	$ 2,379,745	18	$ 1,768,000	15
Contract liabilities - current (Notes 4 and 19)	331,066	2	179,338	1
Notes payable (Note 15)	57	-	29	-
Trade payables (Note 15)	3,611,175	27	3,320,151	28
Trade payables to related parties (Note 27)	4,064	-	1,749	-
Other payables (Note 16)	777,406	6	792,541	7
Current tax liabilities (Notes 4 and 21)	310,955	2	166,452	1
Lease liabilities - current (Notes 4, 11 and 27)	78,247	1	93,715	1
Other current liabilities (Note 16)	2,413	-	2,139	-
Total current liabilities	7,495,128	56	6,324,114	53
NON-CURRENT LIABILITIES				
Lease liabilities - non-current (Notes 4 and 11)	179,593	1	257,753	2
Other non-current liabilities (Note 16)	1,726	-	775	-
Total non-current liabilities	181,319	1	258,528	2
Total liabilities	7,676,447	57	6,582,642	55
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Note 18)				
Share capital				
Ordinary shares	874,194	7	874,354	7
Capital surplus	942,129	7	1,154,070	10
Retained earnings				
Legal reserve	1,300,001	10	1,080,287	9
Special reserve	331,469	2	343,240	3
Unappropriated earnings	2,581,273	19	2,388,244	20
Total retained earnings	4,212,743	31	3,811,771	32
Other equity (Notes 4 and 23)	(321,390)	(2)	(501,627)	(4)
Total equity	5,707,676	43	5,338,568	45
TOTAL	$ 13,384,123	100	$ 11,921,210	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, 2021 AND 2020
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2021		2020	
	Amount	%	Amount	%
OPERATING REVENUE				
Sales (Notes 4, 19 and 27)	$ 16,956,682	100	$ 13,652,564	100
OPERATING COSTS				
Cost of goods sold (Notes 8, 20 and 27)	(12,645,691)	(75)	(9,634,383)	(71)
GROSS PROFIT	4,310,991	25	4,018,181	29
OPERATING EXPENSES (Note 20)				
Selling and marketing expenses	(387,264)	(2)	(351,222)	(2)
General and administrative expenses	(385,328)	(2)	(357,390)	(3)
Research and development expenses	(601,138)	(4)	(574,437)	(4)
Expect credit loss (Notes 4, 5 and 7)	(12,697)	-	(4,658)	-
Total operating expenses	(1,386,427)	(8)	(1,287,707)	(9)
PROFIT FROM OPERATIONS	2,924,564	17	2,730,474	20
NON-OPERATING INCOME AND EXPENSES				
Interest income (Note 20)	71,678	-	60,676	-
Other income (Note 20)	27,257	-	54,142	-
Other gains and losses (Note 20)	(91,903)	-	(154,194)	(1)
Finance costs (Notes 20 and 27)	(41,101)	-	(41,547)	-
Total non-operating income and expenses	(34,069)	-	(80,923)	(1)
PROFIT BEFORE INCOME TAX FROM CONTINUING OPERATIONS	2,890,495	17	2,649,551	19
INCOME TAX EXPENSE (Notes 4 and 21)	(531,133)	(3)	(452,407)	(3)
NET PROFIT FOR THE YEAR	2,359,362	14	2,197,144	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)	47,551	-	14,714	-
Income tax relating to items that may be reclassified subsequently to profit (Notes 18 and 21)	(9,510)	-	(2,943)	-
Other comprehensive income for the year, net of income tax:	38,041	-	11,771	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	$ 2,397,403	14	$ 2,208,915	16

(Continued)

VOLTRONIC POWER TECHNOLOGY CORP. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2021		2020	
	Amount	**%**	**Amount**	**%**
EARNINGS PER SHARE (Note 22)				
Basic	$27.13		$25.31	
Diluted	$26.97		$25.14	

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, 2021 AND 2020
(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, 2020	$ 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
Appropriation of 2020 earnings (Note 18)								
Legal reserve	-	-	219,714	-	(219,714)	-	-	-
Special reserve	-	-	-	(11,771)	11,771	-	-	-
Cash dividends distributed by the Company	-	-	-	-	(1,967,296)	-	-	(1,967,296)
Share-based payment transactions (Notes 18, 20 and 23)	(160)	(124,506)	-	-	8,906	-	142,196	26,436
Issuance of cash dividends from the capital surplus (Note 18)	-	(87,435)	-	-	-	-	-	(87,435)
Net profit for the year ended December 31, 2021	-	-	-	-	2,359,362	-	-	2,359,362
Other comprehensive income for the year ended December 31, 2021, net of income tax (Note 18)	-	-	-	-	-	38,041	-	38,041
Total comprehensive income for the year ended December 31, 2021	-	-	-	-	2,359,362	38,041	-	2,397,403
BALANCE AT DECEMBER 31, 2021	$ 874,194	$ 942,129	$ 1,300,001	$ 331,469	$ 2,581,273	$ (293,428)	$ (27,962)	$ 5,707,676

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, 2021 AND 2020
(In Thousands of New Taiwan Dollars)

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	$ 2,890,495	$ 2,649,551
Adjustments for:		
Depreciation expenses	286,297	231,733
Amortization expenses	12,918	6,388
Expected credit loss recognized on trade receivables	12,697	4,658
Finance costs	41,101	41,547
Interest income	(71,678)	(60,676)
Share-based compensation	26,436	182,332
Loss on disposal of property, plant and equipment	554	326
Write-downs of inventories	3,200	-
Net loss on foreign currency exchange	8,152	21,812
Prepayments for equipment transferred to expenses	-	217
Gain on lease modification	(692)	-
Changes in operating assets and liabilities		
Notes receivable	(37,895)	3,613
Trade receivables	(493,923)	(75,011)
Trade receivables from related parties	19,922	(9,638)
Other receivables	72,062	(51,258)
Inventories	(496,427)	(264,469)
Prepayments	(79,477)	22,754
Other financial assets	(87)	(770)
Contract liabilities	151,728	34,124
Notes payable	28	(7)
Trade payables	291,021	319,755
Trade payables to related parties	2,315	(364)
Other payables	307	42,810
Other current liabilities	274	(182)
Cash generated from operations	2,639,328	3,099,245
Interest received	73,410	56,778
Interest paid	(41,101)	(41,547)
Income tax paid	(372,830)	(488,356)
Net cash generated from operating activities	2,298,807	2,626,120
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property, plant and equipment	(484,655)	(368,986)
Proceeds from the disposal of property, plant and equipment	4,176	1,486
Increase in refundable deposits	(303)	(5,158)
Payments for intangible assets	(16,022)	(20,006)
Increase in prepayments for equipment	(35,678)	(18,319)
Net cash used in investing activities	(532,482)	(410,983)

(Continued)

VOLTRONIC POWER TECHNOLOGY CORP. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
(In Thousands of New Taiwan Dollars)

	2021	2020
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term borrowings	$ 622,005	$ 705,024
Repayment of the principal portion of lease liabilities	(92,218)	(73,922)
Proceeds from guarantee deposits received	898	582
Distributed cash dividends	(2,054,731)	(1,932,594)
Net cash used in financing activities	(1,524,046)	(1,300,910)
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS HELD IN FOREIGN CURRENCIES	26,347	(30,830)
NET INCREASE IN CASH AND CASH EQUIVALENTS	268,626	883,397
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	4,886,193	4,002,796
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	$ 5,154,819	$ 4,886,193

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

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 24, 2022.

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
"Annual Improvements to IFRS Standards 2018-2020"	January 1, 2022 (Note 1)
Amendments to IFRS 3 "Reference to the Conceptual Framework"	January 1, 2022 (Note 2)
Amendments to IAS 16 "Property, Plant and Equipment - Proceeds before Intended Use"	January 1, 2022 (Note 3)
Amendments to IAS 37 "Onerous Contracts - Cost of Fulfilling a Contract"	January 1, 2022 (Note 4)

Note 1: 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 2: 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 3: 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 4: The amendments are applicable to contracts for which the entity has not yet fulfilled all its obligations on January 1, 2022.

As of the date the consolidated financial statements were authorized for issue, the Group has assessed that the application of above standards and interpretations will not have a material impact on the Group's financial position and financial performance.

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)
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 IFRS 17 "Initial Application of IFRS 9 and IFRS 17 - Comparative Information"	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 2)
Amendments to IAS 8 "Definition of Accounting Estimates"	January 1, 2023 (Note 3)
Amendments to IAS 12 "Deferred Tax related to Assets and Liabilities arising from a Single Transaction"	January 1, 2023 (Note 4)

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 will be applied prospectively for annual reporting periods beginning on or after January 1, 2023.

Note 3: 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.

Note 4: Except for deferred taxes that will be recognized on January 1, 2022 for temporary differences associated with leases and decommissioning obligations, the amendments will be applied prospectively to transactions that occur on or after January 1, 2022.

1) Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"

The amendments stipulate that, when the Group sells or contributes assets that constitute a business (as defined in IFRS 3) to an associate or joint venture, the gain or loss resulting from the transaction is recognized in full. Also, when the Group loses control of a subsidiary that contains a business but retains significant influence or joint control, the gain or loss resulting from the transaction is recognized in full.

Conversely, when the Group sells or contributes assets that do not constitute a business to an associate or joint venture, the gain or loss resulting from the transaction is recognized only to the extent of the Group's interest as an unrelated investor in the associate or joint venture, i.e., the Group's share of the gain or loss is eliminated. Also, when the Group loses control of a subsidiary that does not contain a business but retains significant influence or joint control over an associate or a joint venture, the gain or loss resulting from the transaction is recognized only to the extent of the Group's interest as an unrelated investor in the associate or joint venture, i.e., the Group's share of the gain or loss is eliminated.

2) 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.

3) 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.

4) 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.

5) Amendments to IAS 12 "Deferred Tax related to Assets and Liabilities arising from a Single Transaction"

The amendments clarify that the initial recognition exemption under IAS 12 does not apply to transactions in which equal taxable and deductible temporary differences arise on initial recognition. The Group will recognize a deferred tax asset (to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilized) and a deferred tax liability for all deductible and taxable temporary differences associated with leases and decommissioning obligations on January 1, 2022, and recognize the cumulative effect of initial application in retained earnings at that date. The Group will apply the amendments prospectively to transactions other than leases and decommissioning obligations that occur on or after January 1, 2022.

Except for the above impact, as of the date the 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 on 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 and investments in debt instruments at FVTOCI.

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.

Investments in debt instruments at FVTOCI

Debt instruments that meet the following conditions are subsequently measured at FVTOCI:

i) The debt instrument is held within a business model whose objective is achieved by both the collecting of contractual cash flows and the selling of such financial assets; and

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

Investments in debt instruments at FVTOCI are subsequently measured at fair value. Changes in the carrying amounts of these debt instruments relating to changes in foreign currency exchange rates, interest income calculated using the effective interest method and impairment losses or reversals are recognized in profit or loss. Other changes in the carrying amount of these debt instruments are recognized in other comprehensive income and will be reclassified to profit or loss when the investment is disposed of.

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 shows 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. On derecognition of an investment in a debt instrument at FVTOCI, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss which had been recognized in other comprehensive income 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 on 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

Estimated impairment of financial assets

The provision for impairment of trade receivables is based on assumptions on 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	
	2021	**2020**
Cash on hand	$ 848	$ 798
Demand deposits	2,844,463	2,384,587
Cash equivalents (investments with original maturities of 3 months or less)		
Time deposits	2,309,508	2,500,808
	$ 5,154,819	$ 4,886,193

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

	December 31	
	2021	2020
Demand deposits	0.001%-0.350%	0.001%-0.350%
Time deposits	0.280%-2.820%	0.300%-2.950%

7. NOTES RECEIVABLE, TRADE RECEIVABLES AND OTHER RECEIVABLES

	December 31	
	2021	2020
Notes receivable		
At amortized cost		
Gross carrying amount	$ 67,450	$ 29,555
Less: Allowance for impairment loss	-	-
	$ 67,450	$ 29,555
Trade receivables		
At amortized cost		
Gross carrying amount	$ 2,553,887	$ 2,069,026
Less: Allowance for impairment loss	(20,669)	(7,922)
	2,533,218	2,061,104
At FVTOCI	93,854	92,046
	$ 2,627,072	$ 2,153,150
Trade receivables from related parties		
At amortized cost	$ 118,911	$ 106,274
Gross carrying amount	-	-
Less: Allowance for impairment loss	118,911	106,274
	24,077	57,025
At FVTOCI		
	$ 142,988	$ 163,299
Other receivables		
Tax refund receivables	$ 9,833	$ 80,225
Interest receivables	4,771	6,503
Others	14,386	16,056
	$ 28,990	$ 102,784

Notes Receivable

At amortized cost

The average credit period of notes receivable was 36 to 122 days.

The Group measures the loss allowance for notes receivables at an amount equal to lifetime ECLs. The expected credit losses on notes receivable are estimated by reference to past default experience of the debtor and adjusted for general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of economic conditions at the reporting date. As of December 31, 2021 and 2020, the Group evaluated that no allowance for impairment loss was needed for notes receivable.

The following table details the aging analysis of notes receivable:

	December 31	
	2021	**2020**
1 to 60 days	$ 57,537	$ 24,110
61 to 90 days	5,469	4,078
91 to 120 days	4,444	1,367
	$ 67,450	$ 29,555

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

Trade Receivables

a. 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 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 conditions of the industry in which the customer operates, as well as the GDP forecast 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 customer 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, 2021 and 2020, the carrying amount of trade receivables was $1,483,882 thousand and $1,322,342 thousand, respectively.

The following table details the loss allowance of trade receivables (including trade receivables from related parties) based on the Group's provision matrix.

December 31, 2021

	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	0.93%	5.84%	38.56%	100%	100%	100%	
Gross carrying amount	$ 1,026,968	$ 159,964	$ 376	$ 599	$ -	$ 1,009	$ 1,188,916
Loss allowance (Lifetime ECLs)	(9,582)	(9,334)	(145)	(599)	-	(1,009)	(20,669)
Amortized cost	$ 1,017,386	$ 150,630	$ 231	$ -	$ -	$ -	$ 1,168,247

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	0.58%	3.47%	49.70%	100%	100%	100%	
Gross carrying amount	$ 800,057	$ 50,895	$ 1,012	$ -	$ -	$ 994	$ 852,958
Loss allowance (Lifetime ECLs)	(4,658)	(1,767)	(503)	-	-	(994)	(7,922)
Amortized cost	$ 795,399	$ 49,128	$ 509	$ -	$ -	$ -	$ 845,036

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

	2021	2020
Balance at January 1	$ 7,922	$ 7,368
Add: Net remeasurement of loss allowance	12,697	4,658
Less: Amounts written off	-	(4,110)
Foreign exchange losses	50	6
Balance at December 31	$ 20,669	$ 7,922

b. At FVTOCI

For trade receivables from a specific customer, the Group will decide whether to sell these trade receivables to banks without recourse based on its level of working capital. These trade receivables are classified as at FVTOCI because they are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets.

Since the Group purchased insurance individually and the credit rating is evaluated by the insurance company, no impairment loss was needed for trade receivables at FVTOCI. As of December 31, 2021 and 2020, the carrying amount of trade receivables was $21,427 thousand and $5,209 thousand, respectively.

The following table details the loss allowance of trade receivables (including trade receivables from related parties) at FVTOCI based on the Group's provision matrix.

December 31, 2021

	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	$ 96,504	$ -	$ -	$ -	$ -	$ -	$ 96,504
Loss allowance (Lifetime ECLs)	-	-	-	-	-	-	-
Amortized cost	$ 96,504	$ -	$ -	$ -	$ -	$ -	$ 96,504

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	$ 143,862	$ -	$ -	$ -	$ -	$ -	$ 143,862
Loss allowance (Lifetime ECLs)	-	-	-	-	-	-	-
Amortized cost	$ 143,862	$ -	$ -	$ -	$ -	$ -	$ 143,862

Other Receivables

The Group's other receivables included refundable tax and interest receivables. The Group follows the policy of trading only with customers who maintains good credit standing. The Group estimates whether the credit risk is significantly increased by monitoring the business situation and measures the loss allowance for other receivables by reference to past default experience of the debtor and analyze of the debtor's current financial position. As of December 31, 2021 and 2020, the Group evaluated no allowance for impairment loss was needed for other receivable.

8. INVENTORIES

	December 31	
	2021	2020
Raw materials	$ 935,096	$ 741,022
Supplies	908	1,201
Semi-finished goods	188,448	87,260
Work in progress	269,531	231,198
Finished goods	393,117	233,372
	$ 1,787,100	$ 1,294,053

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

	For the Year Ended December 31	
	2021	2020
Cost of inventories sold	$ 12,642,491	$ 9,634,383
Inventory write-downs	3,200	-
	$ 12,645,691	$ 9,634,383

9. SUBSIDIARIES

Entities Included in the Consolidated Financial Statements

Investor	Investee	Nature of Activities	Proportion of Ownership December 31 2021	Proportion of Ownership December 31 2020	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
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%	c
	Orchid Power (Shen Zhen) Manufacturing Company	Design, manufacture and sale of UPS	100%	100%	c
	Zhongshan Voltronic Power Electronics Limited	Design, manufacture and sale of UPS	100%	100%	c
Zhongshan Voltronic Power Electronics Limited	Zhongshan Voltronic Precision Inc.	Design, manufacture and sale of UPS related components	100%	100%	c

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

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

c. 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, 2021	$ 720,761	$ 1,197,436	$ 562,359	$ 12,275	$ 66,289	$ 24,284	$ 249,924	$ 89,588	$ 2,922,916
Additions	-	13,654	78,994	1,238	10,158	2,707	43,122	317,688	467,561
Disposals	-	(105)	(5,761)	(344)	(3,802)	(1,291)	(18,159)	-	(29,462)
Reclassified (Note 1)	-	1,032	3,989	-	35	5,412	5,318	-	15,786
Effect of foreign currency exchange differences	-	6,634	3,425	143	461	203	1,384	1,835	14,085
Balance at December 31, 2021	$ 720,761	$ 1,218,651	$ 643,006	$ 13,312	$ 73,141	$ 31,315	$ 281,589	$ 409,111	$ 3,390,886
Accumulated depreciation and impairment									
Balance at January 1, 2021	$ -	$ 85,974	$ 253,289	$ 6,045	$ 32,721	$ 2,086	$ 114,968	$ -	$ 495,083
Depreciation expense	-	57,829	63,713	1,519	9,156	9,160	45,734	-	187,111
Disposals	-	(105)	(3,719)	(324)	(3,517)	(1,291)	(15,776)	-	(24,732)
Reclassified	-	-	-	-	-	-	-	-	-
Effect of foreign currency exchange differences	-	563	1,385	107	209	39	716	-	3,019
Balance at December 31, 2021	$ -	$ 144,261	$ 314,668	$ 7,347	$ 38,569	$ 9,994	$ 145,642	$ -	$ 660,481
Carrying amounts at December 31, 2021	$ 720,761	$ 1,074,390	$ 328,338	$ 5,965	$ 34,572	$ 21,321	$ 135,947	$ 409,111	$ 2,730,405
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
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

Note: Reclassified from prepayments for equipment to property, plant and equipment.

For the years ended December 31, 2021 and 2020, 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	
	2021	**2020**
Carrying amount		
Land	$ 151,784	$ 153,965
Buildings	238,158	334,296
Transportation equipment	-	494
	$ 389,942	$ 488,755

	2021	**2020**
Additions to right-of-use assets	$ 11,040	$ 179,225
Depreciation charge for right-of-use assets		
Land	$ 3,386	$ 3,344
Buildings	95,306	83,644
Transportation equipment	494	631
	$ 99,186	$ 87,619

b. Lease liabilities

	2021	**2020**
Carrying amount		
Current	$ 78,247	$ 93,715
Non-current	$ 179,593	$ 257,753

Range of discount rate for lease liabilities was as follows:

	2021	2020
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 at the end of the lease terms.

d. Other lease information

	2021	2020
Expenses relating to short-term leases	$ 8,763	$ 3,441
Expenses relating to low-value asset leases	$ 921	$ 715
Total cash outflow for leases	$ (116,307)	$ (92,669)

The Group leases certain plants and transportation equipment qualify as short-term leases and certain office equipment 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 $1,075 thousand and $622 thousand as of December 31, 2021 and 2020.

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

	December 31	
	2021	2020
Lease commitments	$ 14,086	$ -

12. OTHER INTANGIBLE ASSETS

	Computer Software
Cost	
Balance at January 1, 2021	$ 58,972
Additions	16,022
Disposals	(315)
Effect of foreign currency exchange differences	86
Balance at December 31, 2021	$ 74,765

(Continued)

	Computer Software
Accumulated amortization and impairment	
Balance at January 1, 2021	$ 32,807
Amortization expense	12,918
Disposals	(315)
Effect of foreign currency exchange differences	27
Balance at December 31, 2021	$ 45,437
Carrying amount at December 31, 2021	$ 29,328
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

	For the Year Ended December 31	
	2021	2020
An analysis of depreciation by function		
Operating costs	$ 1,317	$ 287
Selling and marketing expenses	1,151	676
General and administrative expenses	5,261	3,950
Research and development expenses	5,189	1,475
	$ 12,918	$ 6,388

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	
	2021	2020
Current		
Prepayments	$ 230,333	$ 150,856
Other financial assets - current		
Restricted demand deposits (Note)	$ 2,830	$ -
Non-current		
Refundable deposits	$ 30,064	$ 29,604
Prepayments for equipment	38,617	18,725
	$ 68,681	$ 48,329
Other financial assets - non-current		
Restricted demand deposits (Note)	$ -	$ 2,743

Note: Restricted deposits for issuing a performance guarantee.

14. BORROWINGS

Short-term Borrowings

	December 31	
	2021	2020
Unsecured borrowings		
Line of credit borrowings	$ 2,379,745	$ 1,768,000

The range of weighted average effective interest rates on bank loans was 0.6871%-0.9032% and 0.8000%-0.8028% per annum at December 31, 2021 and 2020, respectively.

15. NOTES PAYABLE AND TRADE PAYABLES

	December 31	
	2021	2020
Notes payable		
Operating	$ 57	$ 29
Trade payables		
Operating	$ 3,611,175	$ 3,320,151

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	
	2021	2020
Current		
Other payables		
Payables for salaries and bonuses	$ 414,628	$ 357,289
Payables for employee compensation	157,746	174,878
Payables for remuneration of directors and supervisors	14,400	14,400
Payables for commission	36,876	72,806
Payables for insurance	36,382	35,407
Payables for sales tax	22,433	27,356
Payables for purchases of equipment (including buildings)	13,426	30,520
Payable for freight	20,703	15,691
Others	60,812	64,194
	$ 777,406	$ 792,541
Other liabilities		
Receipts under custody	$ 2,413	$ 2,139
Non-current		
Other liabilities		
Guarantee deposits	$ 1,726	$ 775

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	
	2021	2020
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)	87,419	87,435
Shares issued	$ 874,194	$ 874,354

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, the Company's shareholders approved the transfer of retained earnings of $41,651 thousand, to 4,165 thousand new shares, with a par value of NT$10. The transfer was approved by the FSC on August 24, 2020 with September 22, 2020 as the approved subscription base date.

On February 25, 2021, the board of directors approved to withdraw restricted shares. The Company withdraw $160 thousand, 16 thousand shares, with a par value of $10, with March 25, 2021 as the effective date, and where the approval of the Ministry of Economic Affairs (MOEA) was obtained on April 19, 2021.

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 August 7, 2020 and January 12, 2021.

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

	Number of Shares (In Thousands)	Share Capital
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
Balance at January 1, 2021	87,435	$ 874,354
Retirement of recognized employee restricted shares (Note 23)	(16)	(160)
Balance at December 31, 2021	87,419	$ 874,194

b. Capital surplus

	December 31	
	2021	2020
May be used to offset a deficit, distributed as cash dividends, or transferred to share capital (Note)		
Premium from issuing ordinary shares	$ 243,633	$ 331,068
May be used to offset a deficit		
Premium from the issuance of ordinary shares	9,345	1,171
Premium from employee restricted shares	570,459	490,071
May not be used for any purpose		
Employee restricted shares	118,692	331,760
	$ 942,129	$ 1,154,070

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, 2021	$ 332,239	$ 490,071	$ 331,760
Vested employee restricted shares	-	80,388	(80,388)
Restricted employee stock dividends which do not correspond to vesting conditions (Notes 1 and 2)	7,536	-	(122,472)
Retirement employee restricted shares (Notes 3 and 4)	638	-	(10,208)
Distributed as cash dividends	(87,435)	-	-
Balance at December 31, 2021	$ 252,978	$ 570,459	$ 118,692
Balance at January 1, 2020	$ 415,412	$ 406,621	$ 435,116
Vested employee restricted shares	-	83,450	(83,450)
Retirement employee restricted shares (Notes 5 and 6)	128	-	(19,906)
Distributed as cash dividends	(83,301)	-	-
Balance at December 31, 2020	$ 332,239	$ 490,071	$ 331,760

Note 1: Accumulative stock dividends of $7,536 thousand for withdraw restricted stock was recognized as salary expense.

Note 2: Reversal of compensation cost of the restricted shares amounting to $122,472 thousand.

Note 3: Accumulative stock dividends of $638 thousand for withdraw restricted stock was recognized as salary expense.

Note 4: Reversal of compensation cost of the restricted shares amounting to $10,368 thousand, net of retired share capital of $160 thousand.

Note 5: Accumulative stock dividends of $128 thousand for withdraw restricted stock was recognized as salary expense.

Note 6: 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 deficit. 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 2020 and 2019 were approved in the shareholders' meetings on July 23, 2021 and June 24, 2020, respectively, were as follows:

	For the Year Ended December 31	
	2020	**2019**
Legal reserve	$ 219,714	$ 213,103
Special reserve	$ (11,771)	$ 158,997
Cash dividends	$ 1,967,296	$ 1,849,293
Share dividends	$ -	$ 41,651
Cash dividends per share (NT$)	$ 22.5	$ 22.2
Share dividends per share (NT$)	$ -	$ 0.5

The distribution of cash dividends from capital surplus of $87,435 thousand and $83,301 thousand were approved in the shareholders' meeting on July 23, 2021 and June 24, 2020, respectively.

The appropriation of earnings for 2021, which had been resolved by the Company's board of directors on February 24, 2022 was as follows:

	For the Year Ended December 31
Legal reserve	$ 235,936
Reversal of special reserve	$ (38,041)
Cash dividends	$ 2,054,355
Cash dividends per share (NT$)	$ 23.5

The appropriation of earnings for 2021 is to be resolved by the shareholders in the shareholders' meeting on June 17, 2022.

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	
	2021	2020
Balance at January 1	$ 343,240	$ 184,243
Appropriation (reversal) in respect of:		
Debit to other equity items	(11,771)	158,997
Balance at December 31	$ 331,469	$ 343,240

e. Other equity items

Exchange differences on translating the financial statements of foreign operations

	For the Year Ended December 31	
	2021	2020
Balance at January 1	$ (331,469)	$ (343,240)
Recognized for the year		
Exchange differences on translating foreign operations	47,551	14,714
Income tax related to exchange differences arising on translating to the presentation currency	(9,510)	(2,943)
Other comprehensive income from the period	38,041	11,771
Balance at December 31	$ (293,428)	$ (331,469)

Employee unearned benefits

In the shareholders' meetings on June 25, 2019, the shareholders approved a restricted shares plan for to employees (refer to Note 23).

	For the Year Ended December 31	
	2021	2020
Balance at January 1	$ (170,158)	$ (372,507)
Share-based payment expenses recognized	9,356	182,131
Retired restricted employee shares (Note)	132,840	20,218
Balance at December 31	$ (27,962)	$ (170,158)

Note: Deducted from compensation cost of restricted shares.

19. REVENUE

	For the Year Ended December 31	
	2021	2020
Revenue from contracts with customers		
Revenue from sale of goods	$ 16,956,682	$ 13,652,564

	December 31, 2021	December 31, 2020	January 1, 2020
Contract balances			
Notes receivable (Notes 7)	$ 67,450	$ 29,555	$ 33,168
Trade receivables (Notes 7 and 27)	$ 2,770,060	$ 2,316,449	$ 2,245,168
Contract liabilities - current			
Sale of goods	$ 331,066	$ 179,338	$ 145,214

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	
	2021	2020
From contract liabilities at the beginning of the year		
Sale of goods	$ 179,338	$ 145,214

20. NET PROFIT (LOSS) FROM OPERATIONS

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

a. Interest income

	For the Year Ended December 31	
	2021	2020
Bank deposits	$ 71,594	$ 60,670
Other financial assets - current	84	6
	$ 71,678	$ 60,676

b. Other income

	For the Year Ended December 31	
	2021	2020
Government grants	$ 18,277	$ 46,555
Others	8,980	7,587
	$ 27,257	$ 54,142

c. Other gains and (losses)

	For the Year Ended December 31	
	2021	2020
Loss on disposal of property, plant and equipment	$ (554)	$ (326)
Net foreign exchange losses	(92,150)	(153,620)
Gain on lease modification	692	-
Others	109	(248)
	$ (91,903)	$ (154,194)

d. Finance costs

	For the Year Ended December 31	
	2021	2020
Interest on bank loans	$ 17,327	$ 19,364
Interest on lease liabilities	14,405	14,591
Other interest expense	9,369	7,592
	$ 41,101	$ 41,547

e. Depreciation and amortization

	For the Year Ended December 31	
	2021	2020
An analysis of depreciation by function		
Operating costs	$ 178,485	$ 149,770
Operating expenses	107,812	81,963
	$ 286,297	$ 231,733
An analysis of amortization by function		
Operating costs	$ 1,317	$ 287
Operating expenses	11,601	6,101
	$ 12,918	$ 6,388

f. Employee benefits expense

	For the Year Ended December 31			
	2021		2020	
Salary expenses	$ 2,068,845		$ 1,576,106	
Other employee benefits				
Labor and health insurance	27,551		22,878	
Other employee benefits	86,320		71,313	
Equity-settled share-based payments (Note 23)	26,436	(Note 2)	182,332	(Note 1)
Post-employment benefits				
Defined contribution plans	80,936		56,963	
Total employee benefits expense	$ 2,290,088		$ 1,909,592	
An analysis of employee benefits expense by function				
Operating costs	$ 1,533,604		$ 1,134,033	
Operating expenses	756,484		775,559	
	$ 2,290,088		$ 1,909,592	

Note 1: Share-based payment expense recognized of $182,131 thousand and accumulated returned restricted of $201 thousand are included in the year of 2020.

Note 2: Share-based payment expense reserve of $9,356 thousand and accumulated dividends that no need to be returned payout from returned and retired restricted shares of $1,001 thousand and $16,079 thousand at December 31, 2021.

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, 2021 and 2020, which have been approved by the Company's board of directors on February 24, 2022 and February 25, 2021, respectively, were as follows:

Accrual rate

	For the Year Ended December 31	
	2021	**2020**
Employees' compensation	3.97%	4.07%
Remuneration of directors	0.50%	0.56%

Amount

	For the Year Ended December 31			
	2021		**2020**	
	Cash	**Shares**	**Cash**	**Shares**
Employees' compensation	$ 115,000	$ -	$ 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, 2021 and 2020.

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	
	2021	**2020**
Foreign exchange gains	$ 344,532	$ 721,625
Foreign exchange losses	(436,682)	(875,245)
Net losses	$ (92,150)	$ (153,620)

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	
	2021	2020
Current tax		
In respect of the current period	$ (572,923)	$ (522,537)
	(1,095)	-
Adjustments for prior periods	38,353	54,409
	(535,665)	(468,128)
Deferred tax		
In respect of the current period	4,532	22,595
Adjustments to deferred tax attributable to changes in tax rates and laws	-	(6,874)
	4,532	15,721
Income tax expense recognized in profit or loss	$ (531,133)	$ (452,407)

A reconciliation of accounting profit and income tax expense is as follows:

	For the Year Ended December 31	
	2021	2020
Profit before tax	$ 2,890,495	$ 2,649,551
Income tax expense calculated at the statutory rate	$ (709,156)	$ (716,306)
Nondeductible expenses in determining taxable income	(6,460)	(10,204)
Deferred tax effect of earnings of subsidiaries	147,225	226,549
	(1,095)	-
Tax-exempt income	-	25
Unrecognized deductible temporary differences	-	(6)
Effect of tax rate changes	-	(6,874)
Adjustments for prior years' tax	38,353	54,409
Income tax expense recognized in profit or loss	$ (531,133)	$ (452,407)

The applicable tax rate used by the entity in ROC for the years ended December 31, 2021 and 2020 was 20%. The applicable tax rate used by subsidiaries in China was 25%, except for Voltronic Power Technology (Shen Zhen) Corp. in 2021 and 2020 and Zhongshan Voltronic Power Electronics Limited in 2021, 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 2022 appropriations of earnings is uncertain, the potential income tax consequences of additional 5% on 2021 unappropriated earnings are not reliably determinable.

b. Income tax recognized in other comprehensive income

	For the Year Ended December 31	
	2021	2020
Deferred tax		
In respect of the current period		
Translation of foreign operations	$ (9,510)	$ (2,943)

c. Current tax assets and liabilities

	December 31	
	2021	2020
Current tax assets		
Tax refund receivable	$ -	$ 18,575
Current tax liabilities		
Income tax payable	$ 310,955	$ 166,452

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, 2021

	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	$ 82,867	$ -	$ (9,510)	$ -	$ 73,357
Unrealized loss on write-down of inventories	3,974	421	-	31	4,426
Unrealized employee compensation	20,942	(4,581)	-	145	16,506
Allowance for impaired receivables	874	1,005	-	11	1,890
Unrealized exchange losses	18,092	(3,082)	-	-	15,010
Right-of-use assets	2,171	462	-	19	2,652
	128,920	(5,775)	(9,510)	206	113,841
Tax losses	-	10,307	-	37	10,344
	$ 128,920	$ 4,532	$ (9,510)	$ 243	$ 124,185

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	$ -	$ -	$ -

e. Information on unused loss carryforwards

Loss carryforwards as of December 31, 2021 comprised:

Unused Amount	Expiry Year
$ 41,376	2026

f. The aggregate amount of temporary differences associated with investments for which no deferred tax liabilities have been recognized

As of December 31, 2021 and 2020, the taxable temporary differences associated with investments in subsidiaries for which no deferred tax liabilities were recognized amounted to $6,138,209 thousand and $5,402,081 thousand, respectively.

g. Income tax assessments

The Company's tax returns through 2019 have been assessed by the tax authorities. As of December 31, 2021, the Group has no unsettled lawsuits related to tax.

22. EARNINGS PER SHARE

Unit: NT$ Per Share

	For the Year Ended December 31	
	2021	2020
Basic earnings per share		
Basic earnings per share	$ 27.13	$ 25.31
Diluted earnings per share		
Diluted earnings per share	$ 26.97	$ 25.14

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	
	2021	2020
Net profit for the year	$ 2,359,362	$ 2,197,144
Weighted average number of ordinary shares used in the computation of basic earnings per share (in thousands)	86,955	86,795
Effect of potentially dilutive ordinary shares		
Employees' compensation or bonuses issued to employees	87	115
Restricted employee share options	443	500
Weighted average number of ordinary shares used in the computation of diluted earnings per share (in thousands)	87,485	87,410

The Group may settle the compensation or bonuses paid to employees in cash or shares; therefore, the Group assumes that the entire amount of the compensation or bonuses will be settled in shares, and the resulting potential shares are 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. 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 $9,356 thousand and $182,131 thousand were recognized, respectively, within the vesting period for the years ended December 31, 2021 and 2020.

b. Information on the restricted share plan for employees was as follows:

	December 31	
	2021	2020
Balance at January 1	520	682
Vested	(126)	(131)
Forfeited (Note)	(16)	(31)
Balance at December 31	378	520

Note: The forfeited shares for the year ended December 31, 2021 and 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, 2021 and 2020, 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, 2021 and 2020, the outstanding payments for the acquisition of property, plant and equipment were $13,426 thousand and $30,520 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, 2021

			Non-cash Changes			
	Opening Balance	Cash Flows	New Leases	Change of Variable Payments	Exchange Rate Impact	Closing Balance
Short-term borrowings	$ 1,768,000	$ 622,005	$ -	$ -	$ (10,260)	$ 2,379,745
Guarantee deposits	775	898	-	-	53	1,726
Lease liabilities	351,468	(92,218)	11,040	(14,392)	1,942	257,840
	$ 2,120,243	$ 530,685	$ 11,040	$ (14,392)	$ (8,265)	$ 2,639,311

For the year ended December 31, 2020

			Non-cash Changes			
	Opening Balance	Cash Flows	New Leases	Change of Variable Payments	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

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. Fair value of financial instruments measured at fair value on a recurring basis

1) Fair value hierarchy

December 31, 2021

	Level 1	Level 2	Level 3	Total
Financial assets at FVTOCI				
Investments in debt instruments at FVTOCI				
Factored trade receivables to banks without recourse	$ -	$ -	$ 117,931	$ 117,931

December 31, 2020

	Level 1	Level 2	Level 3	Total
Financial assets at FVTOCI				
Investments in debt instruments at FVTOCI				
Factored trade receivables to banks without recourse	$ -	$ -	$ 149,071	$ 149,071

There were no transfers between Levels 1 and 2 in the current and prior periods.

2) Reconciliation of Level 3 fair value measurements of financial instruments

For the period ended December 30, 2021

Financial Assets	Financial Assets at FVTOCI Debt Instrument
Balance at January 1, 2021	$ 149,071
Settlements	(31,140)
Balance at December 31, 2021	$ 117,931

For the period ended December 30, 2020

Financial Assets	Financial Assets at FVTOCI Debt Instrument
Balance at January 1, 2020	$ 191,212
Settlements	(42,141)
Balance at December 31, 2020	$ 149,071

3) Valuation techniques and inputs applied for Level 3 fair value measurement

Financial Instruments	Valuation Techniques and Inputs
Factored trade receivables to banks without recourse	As the effect of discounting is not significant, the fair value is measured based on the original invoice amount.

c. Categories of financial instruments

	December 31	
	2021	2020
Financial assets		
Financial asset at amortized cost (1)	$ 7,926,449	$ 7,138,032
Financial asset at FVTOCI		
Factored trade receivable to bank without recourse	117,931	149,071
Financial liabilities		
Financial liabilities at amortized cost (2)	6,128,584	5,273,915

1) The balances include financial assets at amortized cost, which comprise cash and cash equivalents, notes receivable, trade receivables (excluding debt instruments), 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 deposit received (included in other non-current liabilities) that are measured at amortized cost.

d. 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 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 30.

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 New Taiwan dollar weakened by 1% against the relevant foreign currency. For a 1% strengthening of the New Taiwan dollar 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	
	2021	2020
Profit or loss	$ 15,804	$ 12,582

	RMB Impact	
	For the Year Ended December 31	
	2021	2020
Profit or loss	$ (31,714)	$ (25,799)

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 increased during the current period mainly because of an increase in USD receivables. The Group's sensitivity to RMB increased during the current period mainly because of a increase in RMB payables to related parties.

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	
	2021	2020
Fair value interest rate risk		
Financial assets	$ 2,309,508	$ 2,500,808
Financial liabilities	257,840	351,468
Cash flow interest rate risk		
Financial assets	2,847,293	2,387,330
Financial liabilities	2,379,745	1,768,000

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, 2021 and 2020 would have increased/decreased by $4,675 thousand and $6,193 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, 2021 and 2020, the Group 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 Group'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 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, 2021

	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	$ 2,712,972	$ 1,034,141	$ 1,726	$ -
Lease liabilities	26,165	62,436	190,221	-
Variable interest rate liabilities	817,317	1,567,957	-	-
	$ 3,556,454	$ 2,664,534	$ 191,947	$ -

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	$ -	$ -	$ -

b) Financing facilities

	December 31	
	2021	2020
Unsecured bank loan facilities		
Amount used	$ 2,379,745	$ 1,768,000
Amount unused	34,025	659,300
	$ 2,413,770	$ 2,427,300

e. Transfers of financial assets

Factored trade receivables that are not yet overdue at the end of the year were as follows:

Counterparty	Receivables Factoring Proceeds	Amount Reclassified to Other Receivables	Advances Received - Unused	Advances Received - Used	Annual Interest Rates on Advances Received (Used) (%)
For the December 31, 2021					
Mega International Commercial Bank	$ 438,954	$ -	$ -	$ 438,954	1.30-3.35
BNP Paribas S.A.	29,519	-	-	29,519	0.91-1.13
	$ 468,473	$ -	$ -	$ 468,473	
For the December 31, 2020					
Mega International Commercial Bank	$ 180,205	$ -	$ -	$ 180,205	0.80-2.37
BNP Paribas S.A.	54,436	-	-	54,436	1.11-1.19
	$ 234,641	$ -	$ -	$ 234,641	

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 party (whose managing director is the key management personnel of the Group)
RIELLO UPS (ASIA) Co., Ltd.	Essential related party (whose managing director is the key management personnel of the Group)
RIELLO UPS (SHANGHAI) Co., Ltd.	Essential related party (whose managing director is the key management personnel of the Group)
FSP Technology Inc.	Key management personnel
WUXI Zhonghan Technology Co., Ltd.	Essential related party (whose parent company is the key management personnel of the Group)
Ming Fang International Investment Co., Ltd.	Essential related party (whose chairman of the board is the key management personnel of the Group)

b. Sales of goods

Line Item	Related Party Category	For the Year Ended December 31 2021	2020
Sales	Essential related parties	$ 660,441	$ 445,447
	Key management personnel	199,625	188,771
		$ 860,066	$ 634,218

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 2021 and 2020. 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	**2021**	**2020**
Essential related parties	$ 8,925	$ 5,332

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 2021 and 2020. Payment terms of goods purchased from related parties are 150 days after every month end close, and 30-90 days for general suppliers.

d. Trade receivables from related parties (excluding loans to related parties)

		December 31	
Line Item	**Related Party Category**	**2021**	**2020**
Trade receivables from related parties	Essential related parties	$ 50,155	$ 73,094
	Key management personnel	92,833	90,205
		$ 142,988	$ 163,299

The outstanding trade receivables from related parties were unsecured. In 2021 and 2020, no impairment loss was recognized for trade receivables from related parties.

e. Trade payables to related parties (excluding loans from related parties)

		December 31	
Line Item	**Related Party Category**	**2021**	**2020**
Trade payables to related parties	Essential related parties	$ 4,064	$ 1,749

The outstanding trade payables from related parties are unsecured.

f. Lease arrangements - Group is lessee

	For the Year Ended December 31	
Related Party Category	**2021**	**2020**
Acquisitions of right-of-use assets		
Essential related parties	$ -	$ 5,851

		December 31	
Line Item	**Related Party Category**	**2021**	**2020**
Lease liabilities	Essential related parties	$ 2,230	$ 5,136

Related Party Category	For the Year Ended December 31 2021	2020
Interest expense		
Essential related parties	$ 94	$ 55

The Group leased the premises from essential related parties in 2021 and 2020, the rental prices were determined with reference to the market quotations, and the terms of payment was for the month.

g. Other transactions with related parties

Refundable deposits

	December 31 2021	2020
Essential related parties	$ 500	$ 500

h. Compensation of key management personnel

	For the Year Ended December 31 2021	2020
Short-term employee benefits	$ 89,070	$ 89,029
Post-employee benefits	503	647
Share-based payments	5,311	42,120
	$ 94,884	$ 131,796

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 2021	2020
Acquisition of property, plant and equipment	$ 249,391	$ 449,920

29. SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

a. For operation and development, the Company buy a building at the price of $1,398,000 thousand from Founding Construction Development Corp. in Sijhij in January 2022.

b. On February 24, 2022, the board of directors approved to withdraw restricted shares. The Company withdraw $1,932 thousand, 193 thousand shares, with a par value of $10, with March 15, 2022 as the effective date.

c. In the meeting on February 24, 2022, the Board of directors approved a restricted shares plan of 540 thousand shares with a par value of NT$10, issued free of charge, estimated recognition of compensation costs in the vesting period is $745,200 thousand. The Board authorizes the chairman to determine the issuance date for shares after shareholders' resolution on the meeting and report to the competent authority.

30. 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, 2021

	Foreign Currency (In Thousands)	Exchange Rate	Carrying Amount (In Thousands)
Financial assets			
Monetary items			
USD	$ 151,554	27.6900 (USD:NTD)	$ 4,196,530
USD	13,345	6.3757 (USD:RMB)	369,515
RMB	394,969	4.3431 (RMB:NTD)	1,715,390
RMB	1,281,322	0.1568 (RMB:USD)	5,563,233
			$ 11,844,668
Financial liabilities			
Monetary items			
USD	95,143	27.6900 (USD:NTD)	$ 2,634,510
USD	12,681	6.3757 (USD:RMB)	351,129
RMB	1,117,390	4.3431 (RMB:NTD)	4,852,937
RMB	1,289,125	0.1568 (RMB:USD)	5,597,112
			$ 13,435,688

December 31, 2020

	Foreign Currency (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 Currency (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)

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			
	2021		2020	
Foreign Currency	Exchange Rate	Net Foreign Exchange Gains (Losses)	Exchange Rate	Net Foreign Exchange Gains (Losses)
NTD	1.00 (NTD:NTD)	$ (103,085)	1.00 (NTD:NTD)	$ (157,311)
USD	27.8929 (USD:NTD)	407	29.445 (USD:NTD)	(1,219)
RMB	4.3263 (RMB:NTD)	219	4.2791 (RMB:NTD)	4,648
VND	0.0012 (VND:NTD)	10,309	0.0012 (VND:NTD)	262
		$ (92,150)		$ (153,620)

31. 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

32. 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	
	2021	2020	2021	2020
Taiwan	$ 14,472,347	$ 11,812,535	$ 1,084,149	$ 1,109,263
China	2,484,335	1,840,029	2,018,301	1,736,622
Vietnam	-	-	115,906	147,940
	$ 16,956,682	$ 13,652,564	$ 3,218,356	$ 2,993,825

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 $16,956,682 thousand and $13,652,564 thousand in 2021 and 2020, respectively, and out of these amounts, $3,128,905 thousand and $1,853,710 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 2021 and 2020.

VOLTRONIC POWER TECHNOLOGY CORP. AND SUBSIDIARIES

FINANCING PROVIDED TO OTHERS
FOR THE YEAR ENDED DECEMBER 31, 2021
(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	$ 217,154 (RMB 50,000)	$ 217,154 (RMB 50,000)	$ 217,154 (RMB 50,000)	3.85	2	$ -	Operating capital financing funds	$ -	-	$ -	$ 1,422,110	$ 1,422,110
		Zhongshan Voltronic Power Electronics Limited	Other receivables from related parties	Yes	86,862 (RMB 20,000)	86,862 (RMB 20,000)	- (RMB -)	-	2	-	Operating capital financing funds	-	-	-	1,422,110	1,422,110
		Zhongshan Voltronic Power Electronics Limited	Other receivables from related parties	Yes	369,164 (RMB 85,000)	369,164 (RMB 85,000)	369,164 (RMB 85,000)	3.85	2	-	Operating capital financing funds	-	-	-	1,422,110	1,422,110
		Zhongshan Voltronic Power Electronics Limited	Other receivables from related parties	Yes	238,871 (RMB 55,000)	238,871 (RMB 55,000)	238,871 (RMB 55,000)	3.85	2	-	Operating capital financing funds	-	-	-	1,422,110	1,422,110
		Zhongshan Voltronic Power Electronics Limited	Other receivables from related parties	Yes	282,302 (RMB 65,000)	282,302 (RMB 65,000)	282,302 (RMB 65,000)	3.85	2	-	Operating capital financing funds	-	-	-	1,422,110	1,422,110

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$4.3431 as of December 31, 2021.

Note 6: The amount was eliminated upon consolidation.

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, 2021
(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	$ 558,523 (RMB 128,600)	$ 558,523 (RMB 128,600)	Zhongtian Construction Group Co., Ltd.	-	-	-	-	$ -	-	For the production of future need	Note
	New factory of Zhongshan City #2	September 25, 2020	801,363 (RMB 184,514)	437,941 (RMB 100,836)	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$4.3431 as of December 31, 2021.

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, 2021
(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)	$ (634,494)	(4)	Net 150 days from the end of the month of when invoice is issued	No identical item	0-180 days	$ 43,488	2	-
	FSP TECHNOLOGY INC.	Key management personnel	(Sales)	(199,625)	(1)	Net 135 days from the end of the month of when invoice is issued	No identical item	0-180 days	92,833	4	-
	Voltronic Power Technology (Shen Zhen) Corp.	Subsidiary	Purchase	295,659	3	Net 270 days from the end of the month of when invoice is issued	No identical item	30-90 days	(143,784)	(3)	Note 3
	Potentia Technology Inc. Limited	Subsidiary	Purchase	11,485,614	97	Net 270 days from the end of the month of when invoice is issued	No identical item	30-90 days	(4,912,865)	(97)	〃
Potentia Technology Inc. Limited	Voltronic Power Technology	Parent company	(Sales)	(11,485,614)	(80)	Net 270 days from the end of the month of when invoice is issued	Note 2	Note 2	4,912,865	89	〃
	Voltronic Power Technology (Shen Zhen) Corp.	The same parent company	(Sales)	(985,944)	(7)	Net 270 days from the end of the month of when invoice is issued	Note 2	Note 2	137,757	2	〃
	Voltronic Power Technology (Shen Zhen) Corp.	The same parent company	Purchase	4,712,438	33	Net 270 days from the end of the month of when invoice is issued	No identical item	30-90 days	(3,872,529)	(60)	〃
	Zhongshan Voltronic Power Electronics Limited	The same parent company	(Sales)	(911,990)	(6)	Net 270 days from the end of the month of when invoice is issued	Note 2	Note 2	154,954	3	〃
	Zhongshan Voltronic Power Electronics Limited	The same parent company	Purchase	6,636,988	46	Net 270 days from the end of the month of when invoice is issued	No identical item	30-90 days	(1,865,738)	(29)	〃
	Orchid Power (Shen Zhen) Manufacturing Company	The same parent company	(Sales)	(320,130)	(2)	Net 270 days from the end of the month of when invoice is issued	Note 2	Note 2	57,805	1	〃
	Voltronic Power Technology (Vietnam) Company Limited	The same parent company	(Sales)	(708,991)	(5)	Net 270 days from the end of the month of when invoice is issued	Note 2	Note 2	254,590	5	〃
	Voltronic Power Technology (Vietnam) Company Limited	The same parent company	Purchase	850,896	6	Net 270 days from the end of the month of when invoice is issued	No identical item	30-90 days	(128,146)	(2)	〃
Voltronic Power Technology (Shen Zhen) Corp.	Voltronic Power Technology	Parent company	(Sales)	(295,659)	(6)	Net 270 days from the end of the month of when invoice is issued	No identical item	30-90 days	143,784	3	〃
	Potentia Technology Inc. Limited	The same parent company	(Sales)	(4,712,438)	(88)	Net 270 days from the end of the month of when invoice is issued	No identical item	30-90 days	3,872,529	94	〃
	Potentia Technology Inc. Limited	The same parent company	Purchase	985,944	28	Net 270 days from the end of the month of when invoice is issued	No identical item	30-90 days	(137,757)	(11)	〃
	Orchid Power (Shen Zhen) Manufacturing Company	The same parent company	Purchase	282,042	8	Net 270 days from the end of the month of when invoice is issued	No identical item	30-90 days	(198,934)	(16)	〃
	Zhongshan Voltronic Precision Inc.	The same parent company	Purchase	450,721	13	Net 270 days from the end of the month of when invoice is issued	No identical item	30-90 days	(56,887)	(4)	〃
Orchid Power (Shen Zhen) Manufacturing Company	Potentia Technology Inc. Limited	The same parent company	Purchase	320,130	22	Net 270 days from the end of the month of when invoice is issued	No identical item	0-60 days	(57,805)	(8)	〃
	Voltronic Power Technology (Shen Zhen) Corp.	The same parent company	(Sales)	(282,042)	(11)	Net 270 days from the end of the month of when invoice is issued	No identical item	0-60 days	198,934	40	〃
	Zhongshan Voltronic Power Electronics Limited	The same parent company	Purchase	341,031	24	Net 270 days from the end of the month of when invoice is issued	No identical item	0-60 days	(187,694)	(28)	〃
	Zhongshan Voltronic Precision Inc.	The same parent company	Purchase	222,718	15	Net 270 days from the end of the month of when invoice is issued	No identical item	0-60 days	(28,973)	(4)	〃

(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)	$ (6,636,988)	(94)	Net 270 days from the end of the month of when invoice is issued	Note 2	Note 2	$ 1,865,738	89	〃
	Potentia Technology Inc. Limited	The same parent company	Purchase	911,990	14	Net 270 days from the end of the month of when invoice is issued	No identical item	30-90 days	(154,954)	(9)	〃
	Orchid Power (Shen Zhen) Manufacturing Company	The same parent company	(Sales)	(341,031)	(5)	Net 270 days from the end of the month of when invoice is issued	Note 2	Note 2	187,694	9	〃
	Zhongshan Voltronic Precision Inc.	The same parent company	Purchase	749,581	12	Net 270 days from the end of the month of when invoice is issued	No identical item	30-90 days	(59,882)	(4)	〃
Zhongshan Voltronic Precision Inc.	Voltronic Power Technology (Shen Zhen) Corp.	The same parent company	(Sales)	(450,721)	(32)	Net 270 days from the end of the month of when invoice is issued	Note 2	Note 2	56,887	39	〃
	Orchid Power (Shen Zhen) Manufacturing Company	The same parent company	(Sales)	(222,718)	(16)	Net 270 days from the end of the month of when invoice is issued	Note 2	Note 2	28,973	20	〃
	Zhongshan Voltronic Power Electronics Limited	The same parent company	(Sales)	(749,581)	(53)	Net 270 days from the end of the month of when invoice is issued	Note 2	Note 2	59,882	41	〃
Voltronic Power Technology (Vietnam) Company Limited	Potentia Technology Inc. Limited	The same parent company	(Sales)	(850,896)	(100)	Net 270 days from the end of the month of when invoice is issued	Note 2	Note 2	128,146	100	〃
	Potentia Technology Inc. Limited	The same parent company	Purchase	708,991	100	Net 270 days from the end of the month of when invoice is issued	No identical item	30-90 days	(254,590)	(90)	〃

Note 1: Above amounts present in New Taiwan dollars (NT$). Foreign currency is converted into NT$ as of December 31, 2021; the amount of income accounts are converted by average exchange rate into New Taiwan dollars (NT$) as of 2021.

Note 2: There is no sales to unrelated parties.

Note 3: The amount was eliminated upon consolidation.

(Concluded)

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, 2021
(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	$ 4,912,865	2.40	$ -	-	$ 622,540	$ -	Note 4
	Voltronic Power Technology (Shen Zhen) Corp.	The same parent company	137,757	6.37	-	-	92,097	-	〃
	Zhongshan Voltronic Power Electronics Limited	The same parent company	154,954	6.10	-	-	95,950	-	〃
	Voltronic Power Technology (Vietnam) Company Limited	The same parent company	254,590	2.82	-	-	49,864	-	〃
Voltronic Power Technology (Shen Zhen) Corp.	Voltronic Power Technology	Parent company	143,784	2.09	-	-	26,021	-	〃
	Potentia Technology Inc. Limited	The same parent company	3,872,529	1.28	-	-	492,579	-	〃
Zhongshan Voltronic Power Electronics Limited	Potentia Technology Inc. Limited	The same parent company	1,865,738	3.56	-	-	626,885	-	〃
	Orchid Power (Shen Zhen) Manufacturing Company	The same parent company	187,694	2.50	-	-	-	-	〃
Orchid Power (Shen Zhen) Manufacturing Company	Voltronic Power Technology (Shen Zhen) Corp.	The same parent company	198,934	1.61	-	-	21,599	-	〃
Voltronic Power Technology (Vietnam) Company Limited	Potentia Technology Inc. Limited	The same parent company	128,146	6.60	-	-	70,608	-	〃
Other receivables									
Orchid Power (Shen Zhen) Manufacturing Company	Zhongshan Voltronic Power Electronics Limited	The same parent company	1,111,651 (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$27.6900, RMB1=NT$4.3431 as of December 31, 2021.

Note 2: As of January 31, 2022.

Note 3: Including interest receivables $3,416 thousand and receivables for sales of equipment $744 thousand.

Note 4: The amount was eliminated upon consolidation.

VOLTRONIC POWER TECHNOLOGY CORP. AND SUBSIDIARIES

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
FOR THE YEAR ENDED DECEMBER 31, 2021
(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	$ 11,485,614	Net 270 days from the end of the month of when invoice is issued	68
		Voltronic Power Technology	2	Trade receivables from related parties	4,912,865	Net 270 days from the end of the month of when invoice is issued	37
		Voltronic Power Technology (Shen Zhen) Corp.	3	Sales	985,944	Net 270 days from the end of the month of when invoice is issued	6
		Voltronic Power Technology (Shen Zhen) Corp.	3	Trade receivables from related parties	137,757	Net 270 days from the end of the month of when invoice is issued	1
		Orchid Power (Shen Zhen) Manufacturing Company	3	Sales	320,130	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	57,805	Net 270 days from the end of the month of when invoice is issued	1
		Zhongshan Voltronic Power Electronics Limited	3	Sales	911,990	Net 270 days from the end of the month of when invoice is issued	5
		Zhongshan Voltronic Power Electronics Limited	3	Trade receivables from related parties	154,954	Net 270 days from the end of the month of when invoice is issued	1
		Voltronic Power Technology (Vietnam) Company Limited	3	Sales	708,991	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	254,590	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	295,659	Net 270 days from the end of the month of when invoice is issued	2
		Voltronic Power Technology	2	Trade receivables from related parties	143,784	Net 270 days from the end of the month of when invoice is issued	1
		Potentia Technology Inc. Limited	3	Sales	4,712,438	Net 270 days from the end of the month of when invoice is issued	28
		Potentia Technology Inc. Limited	3	Trade receivables from related parties	3,872,529	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	282,042	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	198,934	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	1,111,651	The loan period is one year and will be returned in installments according to the financial situation during the period.	8

(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	$ 6,636,988	Net 270 days from the end of the month of when invoice is issued	39
		Potentia Technology Inc. Limited	3	Trade receivables from related parties	1,865,738	Net 270 days from the end of the month of when invoice is issued	14
		Orchid Power (Shen Zhen) Manufacturing Company	3	Sales	341,031	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	187,694	Net 270 days from the end of the month of when invoice is issued	1
		Zhongshan Voltronic Precision Inc.	3	Investments accounted for using equity method	85,886 (RMB 20,000)	-	1
5	Zhongshan Voltronic Precision Inc.	Voltronic Power Technology (Shen Zhen) Corp.	3	Sales	450,721	Net 270 days from the end of the month of when invoice is issued	3
		Voltronic Power Technology (Shen Zhen) Corp.	3	Trade receivables from related parties	56,887	Net 270 days from the end of the month of when invoice is issued	1
		Orchid Power (Shen Zhen) Manufacturing Company	3	Sales	222,718	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	28,973	Net 270 days from the end of the month of when invoice is issued	1
		Zhongshan Voltronic Power Electronics Limited	3	Sales	749,581	Net 270 days from the end of the month of when invoice is issued	4
		Zhongshan Voltronic Power Electronics Limited	3	Trade receivables from related parties	59,882	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	850,896	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	128,146	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$). Foreign currency is concerted into NT$ as of December 31, 2021, the amount of income accounts are converted by average exchange rate into New Taiwan dollar (NT$) as of 2021.

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, 2021
(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, 2021			Net Income (Loss) of the Investee	Share of Profit (Loss) (Note 2)	Note
				December 31, 2021	December 31, 2020	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	$ 6,699,662	$ 701,854	$ 704,737	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	101,415	31,391	31,391	Notes 1 and 3
Voltronic International Corp.	Potentia Technology Inc. Limited	Hong Kong	Sale of uninterruptible power systems (UPS)	-	-	-	100	20,485	(1,976)	(1,976)	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	6,682,482	703,830	703,830	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 loss of $720 thousand from upstream transactions and deducts current period unrealized loss of $2,566 thousand from upstream transaction and realized gain of $1,037 thousand on disposal of asset 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, 2021.

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, 2021
(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, 2021	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2021	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, 2021 (Notes 2 and 3)	Accumulated Repatriation of Investment Income as of December 31, 2021
					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)	$ 250,578	100	$ 250,578	$ 3,538,430	$ -
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)	303,206	100	303,206	1,422,110	-
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)	150,046	100	150,046	1,721,942	-
Zhongshan Voltronic Precision Inc.	Design, manufacture and sale of UPS related components	159,201 (RMB 36,000)	c	-	-	-	-	(31,774)	100	(31,774)	160,344	-

2. Limit on the amount of investment in the mainland China area:

Accumulated Outflow Remittance for Investment in Mainland China as of December 31, 2021	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)	$ 3,424,606

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, 2021:

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, 2021.

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, 2021.

Note 7: There is no impignorate condition happened.

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, 2021
(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	$ 4,964,449	42	Set by agreement of both parties	Net 270 days from the end of the month of when invoice is issued	No identical item	$ (2,282,314)	(45)	$ 2,566
Zhongshan Voltronic Power Electronics Limited	Purchase	5,978,021	50	Set by agreement of both parties	Net 270 days from the end of the month of when invoice is issued	No identical item	$ (2,723,138)	(54)	-

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.

TABLE 8

VOLTRONIC POWER TECHNOLOGY CORP.

INFORMATION OF MAJOR SHAREHOLDERS
DECEMBER 31, 2021

Name of Major Shareholder	Shares	
	Number of Shares	Percentage of Ownership (%)
Juor-Ming Hsieh	8,372,166	9.57

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, 2021 and 2020, and 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, 2021 and 2020, 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, 2021. 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, 2021 are stated below:

Validity of Occurrence of Operating Revenue

For the year ended December 31, 2021, the Company's revenue was $14,472,347 thousand, net profit before income tax was $2,766,532 thousand, and basic earnings per share was $27.13. The Company's overall operating revenue growth rate reached 23% in 2021. Among all the customers in 2021, revenue from customers whose individual growth rates exceeded the overall growth rate and whose total transaction amounts for the whole year were significant, reached $5,366,097 thousand, representing 37% of the Company's operating revenue for the year ended December 31, 2021. 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, 2021 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 24, 2022

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, 2021 AND 2020
(In Thousands of New Taiwan Dollars)

	2021		2020	
ASSETS	**Amount**	**%**	**Amount**	**%**
CURRENT ASSETS				
Cash and cash equivalents (Notes 4 and 6)	$ 3,467,300	25	$ 3,257,827	26
Notes receivable (Notes 4, 7 and 19)	67,450	1	29,555	-
Trade receivables (Notes 4, 5, 7 and 19)	2,259,061	16	1,809,105	15
Trade receivables from related parties (Notes 4, 7, 19 and 27)	136,321	1	155,744	1
Other receivables (Notes 4 and 7)	8,549	-	10,729	-
Inventories (Notes 4 and 8)	57,914	-	26,301	-
Prepayments (Note 13)	12,605	-	10,905	-
Total current assets	6,009,200	43	5,300,166	42
NON-CURRENT ASSETS				
Investments accounted for using the equity method (Notes 4 and 9)	6,801,077	49	6,004,828	48
Property, plant and equipment (Notes 4 and 10)	1,062,776	7	1,078,839	9
Right-of-use assets (Notes 4, 11 and 27)	2,194	-	5,614	-
Other intangible assets (Notes 4 and 12)	18,291	-	21,724	-
Deferred tax assets (Notes 4 and 21)	88,858	1	102,084	1
Other non-current assets (Notes 4, 13 and 27)	888	-	3,086	-
Total non-current assets	7,974,084	57	7,216,175	58
TOTAL	$ 13,983,284	100	$ 12,516,341	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Note 14)	$ 2,379,745	17	$ 1,768,000	14
Contract liabilities - current (Notes 4 and 19)	290,078	2	164,099	1
Notes payable (Note 15)	57	-	29	-
Trade payables (Note 15)	10,241	-	12,493	-
Trade payables to related parties (Note 27)	5,066,840	36	4,806,594	39
Other payables (Note 16)	268,978	2	292,887	2
Current income tax liabilities (Notes 4 and 21)	255,744	2	126,484	1
Lease liabilities - current (Notes 4, 11 and 27)	2,230	-	3,408	-
Other current liabilities (Note 16)	1,695	-	1,549	-
Total current liabilities	8,275,608	59	7,175,543	57
NON-CURRENT LIABILITIES				
Lease liabilities - non-current (Notes 4, 11 and 27)	-	-	2,230	-
Total liabilities	8,275,608	59	7,177,773	57
EQUITY (Note 18)				
Share capital				
Ordinary shares	874,194	6	874,354	7
Capital surplus	942,129	7	1,154,070	9
Retained earnings				
Legal reserve	1,300,001	9	1,080,287	9
Special reserve	331,469	2	343,240	3
Unappropriated earnings	2,581,273	19	2,388,244	19
Total retained earnings	4,212,743	30	3,811,771	31
Other equity (Notes 4, 18 and 23)	(321,390)	(2)	(501,627)	(4)
Total equity	5,707,676	41	5,338,568	43
TOTAL	$ 13,983,284	100	$ 12,516,341	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, 2021 AND 2020
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2021		2020	
	Amount	%	Amount	%
OPERATING REVENUE				
Sales (Notes 4, 19 and 27)	$ 14,472,347	100	$ 11,812,535	100
OPERATING COSTS				
Cost of goods sold (Notes 8, 20 and 27)	(11,839,101)	(82)	(9,750,001)	(82)
GROSS PROFIT	2,633,246	18	2,062,534	18
OPERATING EXPENSES (Note 20)				
Selling and marketing expenses	(217,788)	(2)	(265,119)	(2)
General and administrative expenses	(185,748)	(1)	(181,083)	(2)
Research and development expenses	(118,197)	(1)	(141,775)	(1)
Expected credit loss (Notes 4, 5 and 7)	(6,848)	-	(5,486)	-
Total operating expenses	(528,581)	(4)	(593,463)	(5)
PROFIT FROM OPERATIONS	2,104,665	14	1,469,071	13
NON-OPERATING INCOME AND EXPENSES				
Interest income (Note 20)	56,155	1	45,325	-
Other income (Note 20)	283	-	431	-
Other gains and losses (Note 20)	(104,011)	(1)	(157,311)	(1)
Finance costs (Notes 20 and 27)	(26,688)	-	(27,033)	-
Share of profit of subsidiaries, associates and joint ventures (Note 4)	736,128	5	1,132,743	9
Total non-operating income and expenses	661,867	5	994,155	8
PROFIT BEFORE INCOME TAX FROM CONTINUING OPERATIONS	2,766,532	19	2,463,226	21
INCOME TAX EXPENSE (Notes 4 and 21)	(407,170)	(2)	(266,082)	(2)
NET PROFIT FOR THE YEAR	2,359,362	17	2,197,144	19

(Continued)

VOLTRONIC POWER TECHNOLOGY CORP.

STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2021		2020	
	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)	$ 47,551	-	$ 14,714	-
Income tax relating to items that may be reclassified subsequently to profit (Notes 18 and 21)	(9,510)	-	(2,943)	-
Other comprehensive income for the year, net of income tax	38,041	-	11,771	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	$ 2,397,403	17	$ 2,208,915	19
EARNINGS PER SHARE (Note 22)				
Basic	$ 27.13		$ 25.31	
Diluted	$ 26.97		$ 25.14	

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, 2021 AND 2020
(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, 2020	$ 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
Appropriation of 2020 earnings (Note 18)								
Legal reserve	-	-	219,714	-	(219,714)	-	-	-
Special reserve	-	-	-	(11,771)	11,771	-	-	-
Cash dividends distributed by the Company	-	-	-	-	(1,967,296)	-	-	(1,967,296)
Share-based payment transactions (Notes 18, 20 and 23)	(160)	(124,506)	-	-	8,906	-	142,196	26,436
Issuance of cash dividends from capital surplus (Note 18)	-	(87,435)	-	-	-	-	-	(87,435)
Net profit for the year ended December 31, 2021	-	-	-	-	2,359,362	-	-	2,359,362
Other comprehensive income for the year ended December 31, 2021, net of income tax (Note 18)	-	-	-	-	-	38,041	-	38,041
Total comprehensive income for the year ended December 31, 2021	-	-	-	-	2,359,362	38,041	-	2,397,403
BALANCE AT DECEMBER 31, 2021	$ 874,194	$ 942,129	$ 1,300,001	$ 331,469	$ 2,581,273	$ (293,428)	$ (27,962)	$ 5,707,676

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, 2021 AND 2020
(In Thousands of New Taiwan Dollars)

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	$ 2,766,532	$ 2,463,226
Adjustments for:		
Depreciation expense	27,846	27,990
Amortization expense	6,941	5,563
Expected credit loss recognized on trade receivables	6,848	5,486
Finance costs	26,688	27,033
Interest income	(56,155)	(45,325)
Share-based compensation	13,866	110,642
Share of profit of subsidiaries, associates and joint ventures	(736,128)	(1,132,743)
Write-downs of inventories	233	-
Net loss on foreign currency exchange	8,868	107,046
Changes in operating assets and liabilities		
Notes receivable	(37,895)	3,613
Trade receivables	(464,057)	(52,422)
Trade receivables from related parties	19,034	(6,743)
Other receivables	448	2,998
Other receivables from related parties	-	2,996
Inventories	(31,846)	(1,661)
Prepayments	(1,700)	5,756
Contract liabilities	125,979	50,389
Notes payable	28	(7)
Trade payables	(2,254)	(348)
Trade payables to related parties	255,548	704,803
Other payables	(25,830)	(8,785)
Other current liabilities	146	(373)
Cash generated from operations	1,903,140	2,269,134
Interest received	57,887	41,427
Interest paid	(26,688)	(27,033)
Income tax paid	(274,194)	(317,892)
Net cash generated from operating activities	1,660,145	1,965,636
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for property, plant and equipment	(8,075)	(3,148)
Decrease in refundable deposits	2,278	65
Payments for intangible assets	(3,508)	(15,402)
Increase in prepayments for equipment	(368)	(225)
Net cash used in investing activities	(9,673)	(18,710)

(Continued)

VOLTRONIC POWER TECHNOLOGY CORP.

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
(In Thousands of New Taiwan Dollars)

	2021	2020
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term borrowings	$ 622,005	$ 705,024
Repayment of the principal portion of lease liabilities	(3,408)	(3,571)
Distributed cash dividends	(2,054,731)	(1,932,594)
Net cash used in financing activities	(1,436,134)	(1,231,141)
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS HELD IN FOREIGN CURRENCIES	(4,865)	(40,093)
NET INCREASE IN CASH AND CASH EQUIVALENTS	209,473	675,692
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	3,257,827	2,582,135
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	$ 3,467,300	$ 3,257,827

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

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 24, 2022.

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 2022

New IFRSs	Effective Date Announced by IASB
"Annual Improvements to IFRS Standards 2018-2020"	January 1, 2022 (Note 1)
Amendments to IFRS 3 "Reference to the Conceptual Framework"	January 1, 2022 (Note 2)
Amendments to IAS 16 "Property, Plant and Equipment - Proceeds before Intended Use"	January 1, 2022 (Note 3)
Amendments to IAS 37 "Onerous Contracts - Cost of Fulfilling a Contract"	January 1, 2022 (Note 4)

Note 1: 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 2: 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 3: 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 4: The amendments are applicable to contracts for which the entity has not yet fulfilled all its obligations on January 1, 2022.

As of the date the financial statements were authorized for issue, the Company has assessed that the application of above standards and interpretations will not have a material impact on the Company's financial position and financial performance.

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)
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 IFRS 17 "Initial Application of IFRS 9 and IFRS 17—Comparative Information"	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 2)
Amendments to IAS 8 "Definition of Accounting Estimates"	January 1, 2023 (Note 3)
Amendments to IAS 12 "Deferred Tax related to Assets and Liabilities arising from a Single Transaction"	January 1, 2023 (Note 4)

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 will be applied prospectively for annual reporting periods beginning on or after January 1, 2023.

Note 3: 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.

Note 4: Except for deferred taxes that will be recognized on January 1, 2022 for temporary differences associated with leases and decommissioning obligations, the amendments will be applied prospectively to transactions that occur on or after January 1, 2022.

1) Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"

The amendments stipulate that, when the Company sells or contributes assets that constitute a business (as defined in IFRS 3) to an associate or joint venture, the gain or loss resulting from the transaction is recognized in full. Also, when the Company loses control of a subsidiary that contains a business but retains significant influence or joint control, the gain or loss resulting from the transaction is recognized in full.

Conversely, when the Company sells or contributes assets that do not constitute a business to an associate or joint venture, the gain or loss resulting from the transaction is recognized only to the extent of the Company's interest as an unrelated investor in the associate or joint venture, i.e., the Company's share of the gain or loss is eliminated. Also, when the Company loses control of a subsidiary that does not contain a business but retains significant influence or joint control over an associate or a joint venture, the gain or loss resulting from the transaction is recognized only to the extent of the Company's interest as an unrelated investor in the associate or joint venture, i.e., the Company's share of the gain or loss is eliminated.

2) 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.

3) 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.

4) 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.

5) Amendments to IAS 12 "Deferred Tax related to Assets and Liabilities arising from a Single Transaction"

The amendments clarify that the initial recognition exemption under IAS 12 does not apply to transactions in which equal taxable and deductible temporary differences arise on initial recognition. The Company will recognize a deferred tax asset (to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilized) and a deferred tax liability for all deductible and taxable temporary differences associated with leases and decommissioning obligations on January 1, 2022, and recognize the cumulative effect of initial application in retained earnings at that date. The Company will apply the amendments prospectively to transactions other than leases and decommissioning obligations that occur on or after January 1, 2022.

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 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 on 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 and investments in debt instruments at FVTOCI.

i. 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 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.

ii. Investments in debt instruments at FVTOCI

Debt instruments that meet the following conditions are subsequently measured at FVTOCI:

i) The debt instrument is held within a business model whose objective is achieved by both the collecting of contractual cash flows and the selling of such financial assets; and

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

Investments in debt instruments at FVTOCI are subsequently measured at fair value. Changes in the carrying amounts of these debt instruments relating to changes in foreign currency exchange rates, interest income calculated using the effective interest method and impairment losses or reversals are recognized in profit or loss. Other changes in the carrying amount of these debt instruments are recognized in other comprehensive income and will be reclassified to profit or loss when the investment is disposed of.

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 shows 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. On derecognition of an investment in a debt instrument at FVTOCI, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss which had been recognized in other comprehensive income 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.

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 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 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 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 on 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 on 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	
	2021	**2020**
Cash on hand	$ 342	$ 354
Demand deposits	1,769,295	1,336,055
Cash equivalents (investments with original maturities of 3 months or less)		
Time deposits	1,697,663	1,921,418
	$ 3,467,300	$ 3,257,827

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

	December 31	
	2021	2020
Demand deposits	0.001%-0.250%	0.001%-0.250%
Time deposits	0.280%-2.820%	0.300%-2.950%

7. NOTES RECEIVABLE, TRADE RECEIVABLES, TRADE RECEIVABLES FROM RELATED PARTIES AND OTHER RECEIVABLES

	December 31	
	2021	2020
Notes receivable		
At amortized cost		
Gross carrying amount	$ 67,450	$ 29,555
Less: Allowance for impairment loss	-	-
	$ 67,450	$ 29,555
Trade receivables		
At amortized cost		
Gross carrying amount	$ 2,176,289	$ 1,721,293
Less: Allowance for impairment loss	(11,082)	(4,234)
	2,165,207	1,717,059
At FVTOCI	93,854	92,046
	$ 2,259,061	$ 1,809,105
Trade receivables from related parties		
At amortized cost	$ 112,244	$ 98,719
Gross carrying amount	-	-
Less: Allowance for impairment loss	112,244	98,719
	24,077	57,025
At FVTOCI		
	$ 136,321	$ 155,744
Other receivables		
Interest receivables	$ 4,771	$ 6,503
Tax refund receivables	3,778	4,155
Others	-	71
	$ 8,549	$ 10,729

Notes Receivable

Amortized cost

The average credit period of notes receivable was 36 to 122 days.

The Company measures the loss allowance for notes receivables at an amount equal to lifetime ECLs. The expected credit losses on notes receivable are estimated by reference to past default experience of the debtor and adjusted for general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of economic conditions at the reporting date. As of December 31, 2021 and 2020, the Company evaluated no allowance for impairment loss was needed for notes receivable.

As of December 31, 2021 and 2020, 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	
	2021	**2020**
1 to 60 days	$ 57,537	$ 24,110
61 to 90 days	5,469	4,078
91 to 120 days	4,444	1,367
	$ 67,450	$ 29,555

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

Trade Receivables

a. 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, 2021 and 2020, the carrying amount of trade receivables was $1,266,912 thousand and $1,042,966 thousand, respectively.

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

December 31, 2021

	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	0.51%	4.18%	38.21%	100%	100%	100%	
Gross carrying amount	$ 881,977	$ 138,669	$ 369	$ 599	$ -	$ 7	$1,021,621
Loss allowance (Lifetime ECLs)	(4,542)	(5,793)	(141)	(599)	-	(7)	(11,082)
Amortized cost	$ 877,435	$ 132,876	$ 228	$ -	$ -	$ -	$1,010,539

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%	3.42%	34.33%	100%	100%	100%	
Gross carrying amount	$ 726,334	$ 50,578	$ 134	$ -	$ -	$ -	$ 777,046
Loss allowance (Lifetime ECLs)	(2,460)	(1,728)	(46)	-	-	-	(4,234)
Amortized cost	$ 723,874	$ 48,850	$ 88	$ -	$ -	$ -	$ 772,812

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

	2021	2020
Balance at January 1	$ 4,234	$ 2,858
Add: Net remeasurement of loss allowance	6,848	5,486
Less: Amounts written off	-	(4,110)
Balance at December 31	$ 11,082	$ 4,234

b. At FVTOCI

For trade receivables from a specific customer, the Company will decide whether to sell these trade receivables to banks without recourse based on its level of working capital. These trade receivables are classified as at FVTOCI because they are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets.

Since the Company purchased insurance individually and the credit rating is evaluated by the insurance company, no impairment loss was needed for trade receivables at FVTOCI. As of December 31, 2021 and 2020, the carrying amount of trade receivables was $21,427 thousand and $5,209 thousand, respectively.

The following table details the loss allowance of trade receivables (including trade receivables from related parties) at FVTOCI based on the Company's provision matrix.

December 31, 2021

	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	$ 96,504	$ -	$ -	$ -	$ -	$ -	$ 96,504
Loss allowance (Lifetime ECLs)	-	-	-	-	-	-	-
Amortized cost	$ 96,504	$ -	$ -	$ -	$ -	$ -	$ 96,504

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	$ 143,862	$ -	$ -	$ -	$ -	$ -	$ 143,862
Loss allowance (Lifetime ECLs)	-	-	-	-	-	-	-
Amortized cost	$ 143,862	$ -	$ -	$ -	$ -	$ -	$ 143,862

Other Receivables

The Company's other receivables included interest receivables and refundable tax. The Company follows the policy of trading only with customers who maintains good credit standing. The Company estimates whether the credit risk is significantly increased by monitoring the business situation and measures the loss allowance for other receivables by reference to past default experience of the debtor and analyze of the debtor's current financial position. As of December 31, 2021 and 2020, the Company evaluated no allowance for impairment loss was needed for other receivable.

8. INVENTORIES

	December 31	
	2021	2020
Merchandise	$ 14,125	$ 8,005
Work in process	4,888	3,800
Material	38,901	14,496
	$ 57,914	$ 26,301

	For the Year Ended December 31	
	2021	2020
Cost of inventories sold	$ 11,838,868	$ 9,750,001
Inventory write-downs	233	-
	$ 11,839,101	$ 9,750,001

9. INVESTMENT ACCOUNTED FOR USING THE EQUITY METHOD

	December 31	
	2021	2020
Investments in subsidiaries		
Voltronic International Corp.	$ 6,699,662	$ 5,934,574
Voltronic Power Technology (Vietnam) Company Limited	101,415	70,254
	$ 6,801,077	$ 6,004,828

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	
	2021	2020
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, 2021 and 2020 were based on the subsidiary's financial statements audited by the auditors for the same years.

10. PROPERTY, PLANT AND EQUIPMENT

Assets Used by the Company

	Freehold Land	Buildings	Machinery and Equipment	Transportation Equipment	Office Equipment	Leasehold Improvements	Other Equipment	Property under Construction	Total
Cost									
Balance at January 1, 2021	$ 720,761	$ 365,180	$ 82,478	$ 405	$ 10,282	$ 1,677	$ 20,940	$ -	$ 1,201,723
Additions	-	-	2,732	-	-	-	-	5,343	8,075
Disposals	-	-	-	-	(111)	-	-	-	(111)
Reclassified (Note)	-	-	288	-	-	-	-	-	288
Balance at December 31, 2021	$ 720,761	$ 365,180	$ 85,498	$ 405	$ 10,171	$ 1,677	$ 20,940	$ 5,343	$ 1,209,975
Accumulated depreciation and impairment									
Balance at January 1, 2021	$ -	$ 35,219	$ 68,744	$ 107	$ 7,375	$ 585	$ 10,854	$ -	$ 122,884
Depreciation expense	-	12,868	5,579	81	1,555	335	4,008	-	24,426
Disposals	-	-	-	-	(111)	-	-	-	(111)
Reclassified	-	-	-	-	-	-	-	-	-
Balance at December 31, 2021	$ -	$ 48,087	$ 74,323	$ 188	$ 8,819	$ 920	$ 14,862	$ -	$ 147,199
Carrying amounts at December 31, 2021	$ 720,761	$ 317,093	$ 11,175	$ 217	$ 1,352	$ 757	$ 6,078	$ 5,343	$ 1,062,776
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

Note: Reclassified from prepayments for equipment to property, plant and equipment.

For the years ended December 31, 2021 and 2020, 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 the 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

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

11. LEASE ARRANGEMENTS

a. Right-of-use assets

	December 31	
	2021	**2020**
Carrying amount		
Buildings	$ 2,194	$ 5,120
Transportation equipment	-	494
	$ 2,194	$ 5,614

	For the Year Ended December 31	
	2021	**2020**
Additions to right-of-use assets	$ -	$ 5,851
Depreciation charge for right-of-use assets		
Buildings	$ 2,926	$ 2,932
Transportation equipment	494	631
	$ 3,420	$ 3,563

b. Lease liabilities

	December 31	
	2021	**2020**
Carrying amount		
Current	$ 2,230	$ 3,408
Non-current	$ -	$ 2,230

Range of discount rate for lease liabilities was as follows:

	December 31	
	2021	2020
Buildings	2.64%	2.64%
Transportation equipment	2.64%	2.64%

c. Material lease-in activities and terms (the Company is the lessee)

The Company leases buildings and transportation equipment for use in operations with lease terms of 2 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	
	2021	2020
Expenses relating to short-term leases	$ -	$ 88
Expenses relating to low-value asset leases	$ 32	$ 16
Total cash outflow for leases	$ (3,538)	$ (3,752)

The Company's leases of certain plants and transportation equipment qualify as short-term leases and certain office equipment 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.

12. OTHER INTANGIBLE ASSETS

	Computer Software
Cost	
Balance at January 1, 2021	$ 53,726
Additions	3,508
Balance at December 31, 2021	$ 57,234
Accumulated amortization and impairment	
Balance at January 1, 2021	$ 32,002
Amortization expense	6,941
Balance at December 31, 2021	$ 38,943
Carrying amount at December 31, 2021	$ 18,291

(Continued)

	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

(Concluded)

	For the Year Ended December 31	
	2021	2020
An analysis of depreciation by function		
Operating costs	$ 111	$ 100
Selling and marketing expenses	1,151	676
General and administrative expenses	4,456	3,887
Research and development expenses	1,223	900
	$ 6,941	$ 5,563

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	
	2021	2020
Current		
Prepayments	$ 12,605	$ 10,905
Non-current		
Refundable deposits	$ 520	$ 2,798
Prepayments for equipment	368	288
	$ 888	$ 3,086

14. BORROWINGS

Short-term Borrowings

	December 31	
	2021	2020
Unsecured borrowings		
Line of credit borrowings	$ 2,379,745	$ 1,768,000

The range of weighted average effective interest rates on bank loans was 0.6871%-0.9032% and 0.8000%-0.8028% per annum at December 31, 2021 and 2020, respectively.

15. NOTES PAYABLE AND TRADE PAYABLES

	December 31	
	2021	2020
Notes payable		
Operating	$ 57	$ 29
Trade payables		
Operating	$ 10,241	$ 12,493

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	
	2021	2020
Current		
Other payables		
Payables for salaries and bonuses	$ 40,003	$ 10,206
Payables for employee compensation	157,746	174,878
Payables for remuneration of directors and supervisors	14,400	14,400
Payables for commission	36,876	72,806
Others	19,953	20,597
	$ 268,978	$ 292,887
Other liabilities		
Receipts under custody	$ 1,695	$ 1,549

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	
	2021	2020
Shares authorized (in thousands of shares)	100,000	100,000
Shares authorized, par value $10 (in thousands of dollars)	$ 1,000,000	$ 1,000,000
Shares issued and fully paid (in thousands of shares)	87,419	87,435
Shares issued and fully paid (in thousands of dollars)	$ 874,194	$ 874,354

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, the Company's shareholders approved the transfer of retained earnings of $41,651 thousand, to 4,165 thousand new shares, with a par value of NT$10. The transfer was approved by the FSC on August 24, 2020 with September 22, 2020 as the approved subscription base date.

On February 25, 2021, the board of directors approved to withdraw restricted shares. The Company withdraw $160 thousand, 16 thousand shares, with a par value of $10, with March 25, 2021 as the effective date, and where the approval of the Ministry of Economic Affairs (MOEA) was obtained on April 19, 2021.

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 August 7, 2020 and January 12, 2021.

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

	Number of Shares (In Thousands)	Share Capital
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
Balance at January 1, 2021	87,435	$ 874,354
Retirement of recognized employee restricted shares (Note 23)	(16)	(160)
Balance at December 31, 2021	87,419	$ 874,194

b. Capital surplus

	December 31	
	2021	2020
May be used to offset a deficit, distributed as cash dividends, or transferred to share capital (Note)		
Premium from the issuance ordinary shares	$ 243,633	$ 331,068
May be used for offset a deficit		
Premium from the issuance of ordinary shares	9,345	1,171
Premium from employee restricted shares	570,459	490,071
May not be used for any purpose		
Employee restricted shares	118,692	331,760
	$ 942,129	$ 1,154,070

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, 2021	$ 332,239	$ 490,071	$ 331,760
Vested employee restricted shares	-	80,388	(80,388)
Redistricted employee stock dividends which do not correspond to vesting conditions (Notes 1 and 2)	7,536	-	(122,472)
Retirement employee restricted shares (Notes 3 and 4)	638	-	(10,208)
Distributed as cash dividends	(87,435)	-	-
Balance at December 31, 2021	$ 252,978	$ 570,459	$ 118,692
Balance at January 1, 2020	$ 415,412	$ 406,621	$ 435,116
Vested employee restricted shares	-	83,450	(83,450)
Retirement employee restricted shares (Notes 5 and 6)	128	-	(19,906)
Distributed as cash dividends	(83,301)	-	-
Balance at December 31, 2020	$ 332,239	$ 490,071	$ 331,760

Note 1: Accumulative stock dividends of $7,536 thousand for withdraw restricted stock was recognized as salary expense.

Note 2: Reversal of compensation cost of the restricted shares amounting to $122,472 thousand.

Note 3: Accumulative stock dividends of $638 thousand for withdraw restricted stock was recognized as salary expense.

Note 4: Reversal of compensation cost of the restricted shares amounting to $10,368 thousand, net of retired share capital of $160 thousand.

Note 5: Accumulative stock dividends of $128 thousand for withdraw restricted stock was recognized as salary expense.

Note 6: 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 and supervisors in Note 20g.

Distribution of the compensation may be made by way of a cash dividend or share dividend, where the ratio of the cash dividends distributed shall not be less than 10% of the total bonuses distributed. However, in case where that 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 2020 and 2019 were approved in the shareholders' meetings on July 23, 2021 and June 24, 2020, respectively, were as follows:

	For the Year Ended December 31	
	2020	**2019**
Legal reserve	$ 219,714	$ 213,103
Special reserve	$ (11,771)	$ 158,997
Cash dividends	$ 1,967,296	$ 1,849,293
Share dividends	$ -	$ 41,651
Cash dividends per share (NT$)	$ 22.5	$ 22.2
Share dividends per share (NT$)	$ -	$ 0.5

The distribution of cash dividends from capital surplus of $87,435 thousand and $83,301 thousand were approved in the shareholders' meeting on July 23, 2021 and June 24, 2020, respectively.

The appropriation of earnings for 2021, which had been resolved by the Company's board of directors on February 24, 2022 was as follows:

	For the Year Ended December 31, 2020
Legal reserve	$ 235,936
Reversal of special reserve	$ (38,041)
Cash dividends	$ 2,054,335
Cash dividends per share (NT$)	$ 23.5

The appropriation of earnings for 2021 is to be resolved by the shareholders in the shareholders' meeting on June 17, 2022.

d. Special reserve

	For the Year Ended December 31	
	2021	**2020**
Balance at January 1	$ 343,240	$ 184,243
Appropriations (reversal) in respect of Debit to other equity items	(11,771)	158,997
Balance at December 31	$ 331,469	$ 343,240

e. Other equity items

Exchange differences on translating the financial statements of foreign operations

	For the Year Ended December 31	
	2021	2020
Balance at January 1	$ (331,469)	$ (343,240)
Recognized for the year		
Exchange differences on translating foreign operations	47,551	14,714
Income tax related to exchange differences arising on translating to the presentation currency	(9,510)	(2,943)
Other comprehensive income from the period	38,041	11,771
Balance at December 31	$ (293,428)	$ (331,469)

Employees' unearned benefits

In the shareholders' meetings on June 25, 2019, the shareholders approved a restricted shares plan for to employees (refer to Note 23).

	For the Year Ended December 31	
	2021	2020
Balance at January 1	$ (170,158)	$ (372,507)
Share-based payment expenses recognized	3,268	110,441
Unearned stock-based on compensation of subsidiaries recognized	6,088	71,690
Adjustment for retired restricted employee shares (Note)	132,840	20,218
Balance at December 31	$ (27,962)	$ (170,158)

Note: Deducted from compensation cost of restricted shares.

19. REVENUE

	For the Year Ended December 31	
	2021	2020
Revenue from contracts with customers		
Revenue from sale of goods	$ 14,472,347	$ 11,812,535

	December 31, 2021	December 31, 2020	January 1, 2020
Contract balances			
Notes receivable (Note 7)	$ 67,450	$ 29,555	$ 33,168
Trade receivables (Notes 7 and 27)	$ 2,395,382	$ 1,964,849	$ 1,919,874
Contract liabilities - current			
Sale of goods	$ 290,078	$ 164,099	$ 113,710

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	
	2021	2020
From contract liabilities at the beginning of the year		
Sale of goods	$ 164,099	$ 113,710

20. NET PROFIT (LOSS) FROM CONTINUING OPERATIONS

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

a. Interest income

	For the Year Ended December 31	
	2021	2020
Bank deposits	$ 56,155	$ 45,325

b. Other income

	For the Year Ended December 31	
	2021	2020
Others	$ 283	$ 431

c. Other gains and losses

	For the Year Ended December 31	
	2021	2020
Net foreign exchange losses	$ (103,085)	$ (157,311)
Others	(926)	-
	$ (104,011)	$ (157,311)

d. Finance costs

	For the Year Ended December 31	
	2021	2020
Interest on bank loans	$ 17,327	$ 19,364
Interest on lease liabilities	98	77
Other interest expense	9,263	7,592
	$ 26,688	$ 27,033

e. Depreciation and amortization

	For the Year Ended December 31	
	2021	2020
An analysis of depreciation by function		
Operating costs	$ 4,334	$ 3,947
Operating expenses	23,512	24,043
	$ 27,846	$ 27,990
An analysis of amortization by function		
Operating costs	$ 111	$ 100
Operating expenses	6,830	5,463
	$ 6,941	$ 5,563

f. Employee benefits expense

	For the Year Ended December 31			
	2021		2020	
Salary expenses	$ 279,969		$ 224,162	
Other employee benefits				
Labor and health insurance	13,665		12,797	
Other employee benefits	11,556		9,999	
Equity-settled share-based payments (Note 23)	13,866	(Note 2)	110,642	(Note 1)
Post-employment benefits				
Defined contribution plans	6,231		6,873	
Total employee benefits expense	$ 325,287		$ 364,473	
An analysis of employee benefits expense by function				
Operating costs	$ 22,367		$ 17,439	
Operating expenses	302,920		347,034	
	$ 325,287		$ 364,473	

Note 1: Share-based payment expense recognized of $110,441 thousand and accumulated returned restricted of $201 thousand are included in the year of 2020.

Note2: Share-based payment expense reserve of $3,268 thousand and accumulated dividends that no need to be returned payout from returned and retired restricted shares of $1,001 thousand and $9,597 thousand at December 31, 2021.

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, 2021 and 2020, which have been approved by the Company's board of directors on February 24, 2022 and February 25, 2021, respectively, were as follows:

Accrual rate

	For the Year Ended December 31	
	2021	2020
Employees' compensation	3.97%	4.07%
Remuneration of directors	0.50%	0.56%

Amount

	For the Year Ended December 31			
	2021		2020	
	Cash	Shares	Cash	Shares
Employees' compensation	$ 115,000	$ -	$ 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, 2020 and 2019.

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	
	2021	2020
Foreign exchange gains	$ 148,492	$ 275,507
Foreign exchange losses	(251,577)	(432,818)
Net losses	$ (103,085)	$ (157,311)

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	
	2021	**2020**
Current tax		
In respect of the current period	$ (402,365)	$ (283,941)
Income tax on unappropriated earnings	1,095	-
Adjustments for prior periods	6	21
	(403,454)	(283,920)
Deferred tax		
In respect of the current period	(3,716)	17,838
Income tax expense recognized in profit or loss	$ (407,170)	$ (266,082)

A reconciliation of accounting profit and income tax expense is as follows:

	For the Year Ended December 31	
	2021	**2020**
Profit before tax from continuing operations	$ 2,766,532	$ 2,463,226
Income tax expense calculated at the statutory rate	$ (553,306)	$ (492,646)
Deferred tax effect of earnings of subsidiaries	147,225	226,549
Income tax on unappropriated earnings	(1,095)	-
Unrecognized deductible temporary differences	-	(6)
Adjustments for prior years' tax	6	21
Income tax expense recognized in profit or loss	$ (407,170)	$ (266,082)

As the status of the 2022 appropriations of earnings is uncertain, the potential income tax consequences of additional 5% on 2021 unappropriated earnings are not reliably determinable.

b. Income tax recognized in other comprehensive income

	For the Year Ended December 31	
	2021	**2020**
Deferred tax		
In respect of the current year		
Translation of foreign operations	$ (9,510)	$ (2,943)

c. Current tax assets and liabilities

	December 31	
	2021	**2020**
Current tax liabilities		
Income tax payable	$ 255,744	$ 126,484

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, 2021

	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	$ 203	$ 47	$ -	$ 250
Unrealized employee compensation	922	(681)	-	241
Exchanges difference on foreign operations	82,867	-	(9,510)	73,357
Unrealized exchange losses	18,092	(3,082)	-	15,010
	$ 102,084	$ (3,716)	$ (9,510)	$ 88,858

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	$ -	$ -

e. The aggregate amount of temporary difference associated with investments for which deferred tax liabilities have not been recognized

As of December 31, 2021 and 2020, the taxable temporary differences associated with investments in subsidiaries for which no deferred tax liabilities were recognized amounted to $6,138,209 thousand and $5,402,081 thousand, respectively.

f. Income tax assessments

The Company's tax returns through 2019 have been assessed by the tax authorities. As of December 31, 2021, the Company has no unsettled lawsuits related to tax.

22. EARNINGS PER SHARE

Unit: NT$ Per Share

	For the Year Ended December 31	
	2021	**2020**
Basic earnings per share		
Basic earnings per share	$ 27.13	$ 25.31
Diluted earnings per share		
Diluted earnings per share	$ 26.97	$ 25.14

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	
	2021	**2020**
Diluted earnings per share		
Net profit for the year	$ 2,359,362	$ 2,197,144
Weighted average number of ordinary shares used in the computation of basic earnings per share (in thousands)	86,955	86,795
Effect of potentially dilutive ordinary shares		
Employees' compensation or bonuses issued to employees	87	115
Restricted employee' share options	443	500
Weighted average number of ordinary shares used in the computation of diluted earnings per share (in thousands)	87,485	87,410

The Company may settle the compensation or bonuses paid to employees in cash or shares; therefore, the Company assumes that the entire amount of the compensation or bonuses will be settled in shares, and the resulting potential shares are 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. 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 $3,268 thousand and $110,441 thousand were recognized, respectively, within the vesting period for the years ended December 31, 2021 and 2020. Compensation costs of $6,088 thousand and $71,690 thousand were recognized by the subsidiary, respectively, because of the restricted stock from employees within the vesting period for the years ended December 31, 2021 and 2020.

Information on the restricted share plan for employees was as follows:

	December 31	
	2021	2020
Balance at January 1	520	682
Vested	(126)	(131)
Options forfeited (Note)	(16)	(31)
Balance at December 31	378	520

Note: The forfeited shares for the year ended December 31, 2021 and 2020 were the shares that were cancelled due to the vesting conditions not being met.

24. CASH FLOW INFORMATION

a. Changes in liabilities arising from financing activities

For the year ended December 31, 2021

	Opening Balance	Cash Flows	Non-cash Changes: New Leases	Non-cash Changes: Exchange Rate Impact	Closing Balance
Short-term borrowings	$ 1,768,000	$ 622,005	$ -	$ (10,260)	$ 2,379,745
Lease liabilities	5,638	(3,408)	-	-	2,230
	$ 1,773,638	$ 618,597	$ -	$ (10,260)	$ 2,381,975

For the year ended December 31, 2020

	Opening Balance	Cash Flows	Non-cash Changes: New Leases	Non-cash Changes: 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

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. Fair value of financial instruments measured at fair value on a recurring basis

1) Fair value hierarchy

December 31, 2021

	Level 1	Level 2	Level 3	Total
Financial assets at FVTOCI				
Investments in debt instruments at FVTOCI				
Factored trade receivables to banks without recourse	$ -	$ -	$ 117,931	$ 117,931

December 31, 2020

	Level 1	Level 2	Level 3	Total
Financial assets at FVTOCI				
Investments in debt instruments at FVTOCI				
Factored trade receivables to banks without recourse	$ -	$ -	$ 149,071	$ 149,071

There were no transfers between Levels 1 and 2 in the current and prior periods.

2) Reconciliation of Level 3 fair value measurements of financial instruments

For the period ended December 31, 2021

Financial Assets	Financial Assets at FVTOCI Debt Instrument
Balance at January 1, 2021	$ 149,071
Settlements	(31,140)
Balance at December 31, 2021	$ 117,931

For the period ended December 31, 2020

Financial Assets	Financial Assets at FVTOCI Debt Instrument
Balance at January 1, 2020	$ 191,212
Settlements	(42,141)
Balance at December 31, 2020	$ 149,071

3) Valuation techniques and inputs applied for Level 3 fair value measurement

Financial Instruments	Valuation Techniques and Inputs
Factored trade receivables to banks without recourse	As the effect of discounting is not significant, the fair value is measured based on the original invoice amount.

c. Categories of financial instruments

	December 31	
	2021	2020
Financial assets		
Financial assets at amortized cost (1)	$ 5,817,492	$ 5,112,532
Financial asset at FVTOCI		
Factored trade receivable to bank without recourse	117,931	149,071
Financial liabilities		
Amortized cost (2)	7,513,712	6,680,519

1) The balances include financial assets measured at amortized cost, which comprise cash and cash equivalents, notes receivable, trade receivables (excluding debt instruments), trade receivables from related parties, other receivables 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.

d. 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 30.

Sensitivity analysis

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 (i.e., the functional currency) against the relevant foreign currencies. A sensitivity rate of 1% is used when reporting foreign currency risk internally to key management personnel and representing 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	
	2021	2020
Profit or loss	$ 15,620	$ 13,084

	RMB Impact	
	For the Year Ended December 31	
	2021	2020
Profit or loss	$ (31,375)	$ (26,426)

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 increased during the current period mainly because of an increase in USD receivables. The Company's sensitivity to RMB increased during the current period mainly because of an increase in RMB payables to related parties.

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	
	2021	2020
Interest rate risk on fair value		
Financial assets	$ 1,697,663	$ 1,921,418
Financial liabilities	2,230	5,638
Interest rate risk on cash flow		
Financial assets	1,769,295	1,336,055
Financial liabilities	2,379,745	1,768,000

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, 2021 and 2020 would have decreased/increased by $6,105 thousand and decreased/increased by $4,319 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 increased 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, 2021 and 2020, the Company had available unutilized short-term bank loan facilities set out in (b) 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, 2021

	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	$ 181,440	$ 4,952,527	$ -	$ -
Lease liabilities	750	1,500	-	-
Variable interest rate liabilities	817,317	1,567,957	-	-
	$ 999,507	$ 6,521,984	$ -	$ -

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	$ -

b) Financing facilities

	December 31	
	2021	2020
Unsecured bank loan facilities		
Amount used	$ 2,379,745	$ 1,768,000
Amount unused	34,025	659,300
	$ 2,413,770	$ 2,427,300

e. Transfers of financial assets

Factored trade receivables that are not yet overdue at the end of the year were as follows:

Counterparty	Receivables Factoring Proceeds	Amount Reclassified to Other Receivables	Advances Received - Unused	Advances Received - Used	Annual Interest Rates on Advances Received (Used) (%)
For the December 31, 2021					
Mega International Commercial Bank	$ 438,954	$ -	$ -	$ 438,954	1.30-3.35
BNP Paribas S.A.	29,519	-	-	29,519	0.91-1.13
	$ 468,473	$ -	$ -	$ 468,473	
For the December 31, 2020					
Mega International Commercial Bank	$ 180,205	$ -	$ -	$ 180,205	0.80-2.37
BNP Paribas S.A.	54,436	-	-	54,436	1.11-1.19
	$ 234,641	$ -	$ -	$ 234,641	

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 party (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 party
Potentia Technology Inc. Limited	Subsidiary
Voltronic Power Technology (Shen Zhen) Corp.	Subsidiary
Zhongshan Voltronic Power Electronics Limited	Subsidiary
Voltronic Power Technology (Vietnam) Company Limited	Subsidiary

b. Sales of goods

Line Item	Related Party Category	For the Year Ended December 31 2021	2020
Sales	Key management personnel	$ 199,625	$ 188,771
	Essential related parties	634,494	428,167
	Subsidiaries - Potentia Technology Inc. Limited	-	268
		$ 834,119	$ 617,206

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 2021 and 2020. Payment terms of goods sold to related parties are 135-150 days and 135-270 days, respectively, after the end of the month, and 0-180 days for general customers.

c. Purchases of goods

Related Party Category	For the Year Ended December 31 2021	2020
Subsidiaries - Potentia Technology Inc. Limited	$ 11,485,614	$ 9,456,017
Subsidiaries - Voltronic Power Technology (Shen Zhen) Corp.	295,659	208,680
Subsidiaries - Zhongshan Voltronic Power Electronics Limited	17,753	18,131
	$ 11,799,026	$ 9,682,828

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 2021 and 2020. Payment terms of goods purchased from related parties are 270 days after every month end close, and 30-90 days for general suppliers.

d. Trade receivables from related parties (excluding loans to related parties)

Line Item	Related Party Category	December 31 2021	2020
Trade receivables from related parties	Essential related parties	$ 43,488	$ 65,539
	Key management personnel	92,833	90,205
		$ 136,321	$ 155,744

The outstanding trade receivables from related parties were unsecured. In 2021 and 2020, no impairment loss was recognized for trade receivables from related parties.

e. Trade payables to related parties (excluding loans from related parties)

Line Item	Related Party Category	December 31 2021	2020
Trade payables	Subsidiaries - Potentia Technology Inc. Limited	$ 4,912,865	$ 4,659,767
	Subsidiaries - Voltronic Power Technology (Shen Zhen) Corp.	143,784	138,377
	Subsidiaries - Zhongshan Voltronic Power Electronics Limited	10,191	8,450
		$ 5,066,840	$ 4,806,594

The outstanding trade payables from related parties are unsecured.

f. Lease arrangements

Related Party Category	For the Year Ended December 31 2021	2020
Acquisitions of right-of-use assets		
Essential related parties	$ -	$ 5,851

Line Item	Related Party Category	December 31 2021	2020
Lease liabilities	Essential related parties-Ming Fang International Investment Co., Ltd.	$ 2,230	$ 5,136

Related Party Category	For the Year Ended December 31 2021	2020
Interest expense		
Essential related parties	$ 94	$ 55

The Company leased the premises from essential related parties in 2021 and 2020, the rental prices were determined with reference to the market quotations, and the terms of payment was for the month.

g. Other transactions with related parties

Line Item	Related Party Category	December 31 2021	2020
Refundable deposits	Essential related parties - Ming Fang International Investment Co., Ltd.	$ 500	$ 500

h. Compensation of key management personnel

	For the Year Ended December 31 2021	2020
Short-term employee benefits	$ 89,070	$ 89,029
Post-employee benefits	503	647
Share-based payments	5,311	42,120
	$ 94,884	$ 131,796

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	
	2021	2020
Acquisition of property, plant and equipment	$ 6,545	$ -

29. SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

a. For operation and development, the Company buy a building at the price of $1,398,000 thousand from Founding Construction Development Corp. in Sijhij in January, 2022.

b. On February 24, 2022, the board of directors approved to withdraw restricted shares. The Company withdraw $1,932 thousand, 193 thousand shares, with a par value of $10, with March 15, 2022 as the effective date.

c. In the meeting on February 24, 2022, the Board of directors approved a restricted shares plan of 540 thousand shares with a par value of NT$10, issued free of charge, estimated recognition of compensation costs in the vesting period is $745,200 thousand. The Board authorizes the chairman to determine the issuance date for shares after shareholders' resolution on the meeting and report to the competent authority.

30. 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, 2021

	Foreign Currency (In Thousands)	Exchange Rate	Carrying Amount (In Thousands)
Financial assets			
Monetary items			
USD	$ 151,554	27.6900 (USD:NTD)	$ 4,196,530
RMB	394,969	4.3431 (RMB:NTD)	1,715,390
			$ 5,911,920
Non-monetary items			
Investments accounted for using the equity method			
USD	241,952	27.6900 (USD:NTD)	$ 6,699,662

(Continued)

	Foreign Currency (In Thousands)	Exchange Rate	Carrying Amount (In Thousands)
Financial liabilities			
Monetary items			
USD	$ 95,143	27.6900 (USD:NTD)	$ 2,634,510
RMB	1,117,390	4.3431 (RMB:NTD)	4,852,937
			$ 7,487,447
			(Concluded)

December 31, 2020

	Foreign Currency (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
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

The significant realized and unrealized foreign exchange gains (losses) were as follows:

	For the Year Ended December 31			
	2021		2020	
Foreign Currencies	Exchange Rate	Net Foreign Exchange Gains (Losses)	Exchange Rate	Net Foreign Exchange Gains (Losses)
RMB	4.3263 (RMB:NTD)	$ (48,364)	4.2791 (RMB:NTD)	$ (18,590)
USD	27.8929 (USD:NTD)	(54,721)	29.4450 (USD:NTD)	(138,721)
		$ (103,085)		$ (157,311)

30. SEPARATELY DISCLOSED ITEMS

a. Information on 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

VOLTRONIC POWER TECHNOLOGY CORP.

FINANCING PROVIDED TO OTHERS
FOR THE YEAR ENDED DECEMBER 31, 2021
(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	$ 217,154 (RMB 50,000)	$ 217,154 (RMB 50,000)	$ 217,154 (RMB 50,000)	3.85	2	$ -	Operating capital financing funds	$ -	-	$ -	$ 1,422,110	$ 1,422,110
		Zhongshan Voltronic Power Electronics Limited	Other receivables from related parties	Yes	86,862 (RMB 20,000)	86,862 (RMB 20,000)	- (RMB -)	-	2	-	Operating capital financing funds	-	-	-	1,422,110	1,422,110
		Zhongshan Voltronic Power Electronics Limited	Other receivables from related parties	Yes	369,164 (RMB 85,000)	369,164 (RMB 85,000)	369,164 (RMB 85,000)	3.85	2	-	Operating capital financing funds	-	-	-	1,422,110	1,422,110
		Zhongshan Voltronic Power Electronics Limited	Other receivables from related parties	Yes	238,871 (RMB 55,000)	238,871 (RMB 55,000)	238,871 (RMB 55,000)	3.85	2	-	Operating capital financing funds	-	-	-	1,422,110	1,422,110
		Zhongshan Voltronic Power Electronics Limited	Other receivables from related parties	Yes	282,302 (RMB 65,000)	282,302 (RMB 65,000)	282,302 (RMB 65,000)	3.85	2	-	Operating capital financing funds	-	-	-	1,422,110	1,422,110

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$4.3431 as of December 31, 2021.

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, 2021
(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	$ 558,523 (RMB 128,600)	$ 558,523 (RMB 128,600)	Zhongtian Construction Group Co., Ltd.	-	-	-	-	$ -	-	For the production of future need	Note
	New factory of Zhongshan City #2	September 25, 2020	801,363 (RMB 184,514)	437,941 (RMB 100,836)	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$4.3431 as of December 31, 2021.

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, 2021
(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)	$ (634,494)	(4)	Net 150 days from the end of the month of when invoice is issued	No identical item	0-180 days	$ 43,488	2	-
	FSP TECHNOLOGY INC.	Key management personnel	(Sales)	(199,625)	(1)	Net 135 days from the end of the month of when invoice is issued	No identical item	0-180 days	92,833	4	〃
	Voltronic Power Technology (Shen Zhen) Corp.	Subsidiary	Purchase	295,659	3	Net 270 days from the end of the month of when invoice is issued	No identical item	30-90 days	(143,784)	(3)	〃
	Potentia Technology Inc. Limited	Subsidiary	Purchase	11,485,614	97	Net 270 days from the end of the month of when invoice is issued	No identical item	30-90 days	(4,912,865)	(97)	〃
Potentia Technology Inc. Limited	Voltronic Power Technology	Parent company	(Sales)	(11,485,614)	(80)	Net 270 days from the end of the month of when invoice is issued	Note 2	Note 2	4,912,865	89	〃
	Voltronic Power Technology (Shen Zhen) Corp.	The same parent company	(Sales)	(985,944)	(7)	Net 270 days from the end of the month of when invoice is issued	Note 2	Note 2	137,757	2	〃
	Voltronic Power Technology (Shen Zhen) Corp.	The same parent company	Purchase	4,712,438	33	Net 270 days from the end of the month of when invoice is issued	No identical item	30-90 days	(3,872,529)	(60)	〃
	Zhongshan Voltronic Power Electronics Limited	The same parent company	(Sales)	(991,990)	(6)	Net 270 days from the end of the month of when invoice is issued	Note 2	Note 2	154,954	3	〃
	Zhongshan Voltronic Power Electronics Limited	The same parent company	Purchase	6,636,988	46	Net 270 days from the end of the month of when invoice is issued	No identical item	30-90 days	(1,865,738)	(29)	〃
	Orchid Power (Shen Zhen) Manufacturing Company	The same parent company	(Sales)	(320,130)	(2)	Net 270 days from the end of the month of when invoice is issued	Note 2	Note 2	57,805	1	〃
	Voltronic Power Technology (Vietnam) Company Limited	The same parent company	(Sales)	(708,991)	(5)	Net 270 days from the end of the month of when invoice is issued	Note 2	Note 2	254,590	5	〃
	Voltronic Power Technology (Vietnam) Company Limited	The same parent company	Purchase	850,896	6	Net 270 days from the end of the month of when invoice is issued	No identical item	30-90 days	(128,146)	(2)	〃
Voltronic Power Technology (Shen Zhen) Corp.	Voltronic Power Technology	Parent company	(Sales)	(295,659)	(6)	Net 270 days from the end of the month of when invoice is issued	No identical item	30-90 days	143,784	3	〃
	Potentia Technology Inc. Limited	The same parent company	(Sales)	(4,712,438)	(88)	Net 270 days from the end of the month of when invoice is issued	No identical item	30-90 days	3,872,529	94	〃
	Potentia Technology Inc. Limited	The same parent company	Purchase	985,944	28	Net 270 days from the end of the month of when invoice is issued	No identical item	30-90 days	(137,757)	(11)	〃
	Orchid Power (Shen Zhen) Manufacturing Company	The same parent company	Purchase	282,042	8	Net 270 days from the end of the month of when invoice is issued	No identical item	30-90 days	(198,934)	(16)	〃
	Zhongshan Voltronic Precision Inc.	The same parent company	Purchase	450,721	13	Net 270 days from the end of the month of when invoice is issued	No identical item	30-90 days	(56,887)	(4)	〃
Orchid Power (Shen Zhen) Manufacturing Company	Potentia Technology Inc. Limited	The same parent company	Purchase	320,130	22	Net 270 days from the end of the month of when invoice is issued	No identical item	0-60 days	(57,805)	(8)	〃
	Voltronic Power Technology (Shen Zhen) Corp.	The same parent company	(Sales)	(282,042)	(11)	Net 270 days from the end of the month of when invoice is issued	No identical item	0-60 days	198,934	40	〃
	Zhongshan Voltronic Power Electronics Limited	The same parent company	Purchase	341,031	24	Net 270 days from the end of the month of when invoice is issued	No identical item	0-60 days	(187,694)	(28)	〃
	Zhongshan Voltronic Precision Inc.	The same parent company	Purchase	222,718	15	Net 270 days from the end of the month of when invoice is issued	No identical item	0-60 days	(28,973)	(4)	〃

(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)	$ (6,636,988)	(94)	Net 270 days from the end of the month of when invoice is issued	Note 2	Note 2	$ 1,865,738	89	-
	Potentia Technology Inc. Limited	The same parent company	Purchase	911,990	14	Net 270 days from the end of the month of when invoice is issued	No identical item	30-90 days	(154,954)	(9)	〃
	Orchid Power (Shen Zhen) Manufacturing Company	The same parent company	(Sales)	(341,031)	(5)	Net 270 days from the end of the month of when invoice is issued	Note 2	Note 2	187,694	9	〃
	Zhongshan Voltronic Precision Inc.	The same parent company	Purchase	749,581	12	Net 270 days from the end of the month of when invoice is issued	No identical item	30-90 days	(59,882)	(4)	〃
Zhongshan Voltronic Precision Inc.	Voltronic Power Technology (Shen Zhen) Corp.	The same parent company	(Sales)	(450,721)	(32)	Net 270 days from the end of the month of when invoice is issued	Note 2	Note 2	56,887	39	〃
	Orchid Power (Shen Zhen) Manufacturing Company	The same parent company	(Sales)	(222,718)	(16)	Net 270 days from the end of the month of when invoice is issued	Note 2	Note 2	28,973	20	〃
	Zhongshan Voltronic Power Electronics Limited	The same parent company	(Sales)	(749,581)	(53)	Net 270 days from the end of the month of when invoice is issued	Note 2	Note 2	59,882	41	〃
Voltronic Power Technology (Vietnam) Company Limited	Potentia Technology Inc. Limited	The same parent company	(Sales)	(850,896)	(100)	Net 270 days from the end of the month of when invoice is issued	Note 2	Note 2	128,146	100	〃
	Potentia Technology Inc. Limited	The same parent company	Purchase	708,991	100	Net 270 days from the end of the month of when invoice is issued	No identical item	30-90 days	(254,590)	(90)	〃

Note 1: Above amounts present in New Taiwan dollars (NT$). Foreign currency is converted into NT$ as of December 31, 2021; the amount of income accounts are converted by average exchange rate into New Taiwan dollars (NT$) as of 2021.

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, 2021
(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	$ 4,912,865	2.40	$ -	-	$ 622,540	$ -	-
	Voltronic Power Technology (Shen Zhen) Corp.	The same parent company	137,757	6.37	-	-	92,097	-	〃
	Zhongshan Voltronic Power Electronics Limited	The same parent company	154,954	6.10	-	-	95,950	-	〃
	Voltronic Power Technology (Vietnam) Company Limited	The same parent company	254,590	2.82	-	-	49,864	-	〃
Voltronic Power Technology (Shen Zhen) Corp.	Voltronic Power Technology	Parent company	143,784	2.09	-	-	26,021	-	〃
	Potentia Technology Inc. Limited	The same parent company	3,872,529	1.28	-	-	492,579	-	〃
Zhongshan Voltronic Power Electronics Limited	Potentia Technology Inc. Limited	The same parent company	1,865,738	3.56	-	-	626,885	-	〃
	Orchid Power (Shen Zhen) Manufacturing Company	The same parent company	187,694	2.50	-	-	-	-	〃
Orchid Power (Shen Zhen) Manufacturing Company	Voltronic Power Technology (Shen Zhen) Corp.	The same parent company	198,934	1.61	-	-	21,599	-	〃
Voltronic Power Technology (Vietnam) Company Limited	Potentia Technology Inc. Limited	The same parent company	128,146	6.60	-	-	70,608	-	〃
Other receivables									
Orchid Power (Shen Zhen) Manufacturing Company	Zhongshan Voltronic Power Electronics Limited	The same parent company	1,111,651 (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$27.69, RMB1=NT$4.3431 as of December 31, 2021.

Note 2: Including interest receivables $3,416 thousand and receivables for sales of equipment $744 thousand.

Note 3: As of January 31, 2022.

VOLTRONIC POWER TECHNOLOGY CORP.

INFORMATION ON INVESTEES
FOR THE YEAR ENDED DECEMBER 31, 2021
(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, 2021			Net Income (Loss) of the Investee	Share of Profit (Loss) (Note 2)	Note
				December 31, 2021	December 31, 2020	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	$ 6,699,662	$ 701,854	$ 704,737	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	101,415	31,391	31,391	Notes 1 and 3
Voltronic International Corp.	Potentia Technology Inc. Limited	Hong Kong	Sale of uninterruptible power systems (UPS)	-	-	-	100	20,485	(1,976)	(1,976)	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	6,682,482	703,830	703,830	Note 1

Note 1: The Company was subsidiary.

Note 2: Current investment gain or loss recognition is net of reversing prior period unrealized loss of $720 thousand from upstream transactions and deducts current period unrealized loss of $2,566 thousand from upstream transaction and realized gain of $1,037 thousand on disposal of property, plant and equipment 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, 2021
(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, 2021	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2021	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, 2021 (Notes 2 and 3)	Accumulated Repatriation of Investment Income as of December 31, 2021
					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)	$ 250,578	100	$ 250,578	$ 3,538,430	$ -
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)	303,206	100	303,206	1,422,110	-
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)	150,046	100	150,046	1,721,942	-
Zhongshan Voltronic Precision Inc.	Design, manufacture and sale of UPS related components	159,201 (RMB 36,000)	c	-	-	-	-	(31,774)	100	(31,774)	160,344	-

2. Limit on the amount of investment in the mainland China area:

Accumulated Outflow Remittance for Investment in Mainland China as of December 31, 2021	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)	$ 3,424,606

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, 2021:

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, 2021.

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, 2021
(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	$ 4,964,449	42	Set by agreement of both parties	Net 270 days from the end of the month of when invoice is issued	No identical item	$ (2,282,314)	(45)	$ 2,566
Zhongshan Voltronic Power Electronics Limited	Purchase	5,978,021	50	Set by agreement of both parties	Net 270 days from the end of the month of when invoice is issued	No identical item	(2,723,138)	(54)	-

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.

TABLE 8

VOLTRONIC POWER TECHNOLOGY CORP.

INFORMATION OF MAJOR SHAREHOLDERS
DECEMBER 31, 2021

Name of Major Shareholder	Shares	
	Number of Shares	Percentage of Ownership (%)
Juor-Ming Hsieh	8,372,166	9.57

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.

VOLTRONIC POWER TECHNOLOGY CORP.

THE CONTENTS OF STATEMENTS OF MAJOR ACCOUNTING ITEMS

Item	Statement Index
Major Accounting Items in Assets, Liabilities and Equity	
Statement of cash and cash equivalents	1
Statement of notes receivable and trade receivables, net	2
Statement of other receivables, net	3
Statement of inventories, net	4
Statement of prepayments	5
Statement of investments accounted for using the equity method	6
Statement of changes in property, plant and equipment	Note 10
Statement of changes in accumulated depreciation and accumulated impairment of property, plant and equipment	Note 10
Statement of changes in right-of-use assets	7
Statement of changes in accumulated depreciation and accumulated impairment of right-of-use assets	8
Statement of changes in intangible assets	Note 12
Statement of deferred tax assets	Note 21
Statement of other non-current assets	9
Statement of contract liabilities	Note 19
Statement of short-term borrowing	10
Statement of notes payable and trade payables	11
Statement of other payables	Note 16
Statement of other current liabilities	12 and Note 16
Statement of lease liabilities	13
Major Accounting Items in Profit or Loss	
Statement of operating revenue	14
Statement of operating costs	15
Statement of operating expenses	16
Statement of finance costs	Note 20
Statement of labor, depreciation, depletion and amortization by function	17

VOLTRONIC POWER TECHNOLOGY CORP.

STATEMENT OF CASH AND CASH EQUIVALENTS
DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars and Foreign Currencies)

Item	Summary	Amount
Petty cash		$ 342
Foreign currencies deposits	Mega International Commercial Bank (including US$55,140 thousand @27.6900, EUR4,702 thousand @31.3250 and RMB2,376 thousand @4.3431)	1,684,435
Demand deposits	Mega International Commercial Bank	84,860
Time deposits	Mega International Commercial Bank (including RMB388,460 thousand @4.3431 and US$381 thousand @27.6900)	1,697,663
		$ 3,467,300

VOLTRONIC POWER TECHNOLOGY CORP.

STATEMENT OF NOTES RECEIVABLE AND TRADE RECEIVABLES, NET
DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars)

Client Name	Summary	Amount	Note
Notes receivable			
Client A	Payments	$ 47,795	
Client B	Payments	19,655	
		$ 67,450	
Trade receivables from non-related parties			
Client C	Payments	$ 245,037	
Client D	Payments	233,776	
Client E	Payments	117,432	
Other (Note)	Payments	1,673,898	
Less: Allowance for impairment loss		(11,082)	
		$ 2,259,061	
Trade receivables from related parties			
FSP Technology Inc.	Payments	$ 92,833	
RPS. SPA	Payments	43,488	
		$ 136,321	

Note: The balance of each individual client included in others does not exceed 5% of the account balance.

STATEMENT 3

VOLTRONIC POWER TECHNOLOGY CORP.

STATEMENT OF OTHER RECEIVABLES, NET
DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars)

Item	Summary	Amount	Note
Non-related parties			
Interest receivables		$ 4,771	
Tax refund receivables	Tax refund receivables of business tax	3,778	
		$ 8,549	

VOLTRONIC POWER TECHNOLOGY CORP.

STATEMENT OF INVENTORIES, NET
DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars)

Item	Summary	Amount		Note
		Cost	Net Realizable Value	
Merchandise	Solar products	$ 15,373	$ 14,125	Note
Work-in-progress	Solar products	4,888	4,888	Note
Materials	Solar products	38,901	38,901	Note
		$ 59,162	$ 57,914	

Note: The net realizable value is the estimated selling price of inventories less all estimated costs of completion and costs necessary to make the sale (including inventory obsolescence losses).

VOLTRONIC POWER TECHNOLOGY CORP.

STATEMENT OF PREPAYMENTS
DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars)

Item	Summary	Amount
Prepayments expense	System maintenance fees	$ 5,709
	Exhibition signup fee	1,648
	Other (Note)	3,405
Other prepayments	Prepayments of opening molds	1,843
		$ 12,605

Note: The balance of each individual item included in others does not exceed 5% of the account balance.

VOLTRONIC POWER TECHNOLOGY CORP.

STATEMENT OF CHANGES IN INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD
FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars and Shares)

	Balance, January 1, 2021		Additions in Investment		Decrease in Investment		Balance, December 31, 2021		Market Value or Net Asset Value (Note 1)		
	Number of Shares	Amount	Number of Shares	Amount	Number of Shares	Amount	Number of Shares	Amount	Unit Price (NT$)	Total Amount	Collateral
Voltronic International Corp. (Note 2)	28,000	$ 5,934,574	-	$ 765,088	-	$ -	28,000	$ 6,699,662	$239.16	$ 6,696,358	Nil
Voltronic Power Technology (Vietnam) Company Limited (Notes 3 and 4)	-	70,254	-	31,391	-	(230)	-	101,415	-	101,415	Nil
		$ 6,004,828		$ 796,479		$ (230)		$ 6,801,077		$ 6,797,773	

Note 1: Net asset value and net asset value per share are estimated based on the audited net asset value of the investee company as of December 31, 2021.

Note 2: Increase in the current period are caused by employee unearned benefit recognized amounting to $6,088 thousand, accumulated dividends that no need to be returned payout from returned and retired restricted shares of $6,482 thousand, to investment accounted for using the equity method of subsidiaries, associates and joint ventures amounting to $701,854 thousand, reversal of unrealized gross loss from upstream transactions recognized in the previous period amounting to $720 thousand, and deduct unrealized gross loss from upstream transactions recognized in the current period amounting to $2,566 thousand and realized gain of $1,037 thousand on disposal of property, plant and equipment between intercompany transaction, and exchange differences on translating the financial statements of foreign operations amounting to $47,781 thousand.

Note 3: Increase in the current period are by investment accounted for using the equity method of subsidiaries, associates and joint ventures amounting to $31,391 thousand, decrease in the current period are caused by exchange differences on translating the financial statements of foreign operations amounting to $230 thousand.

Note 4: This company is a “limited company” without stock issuance.

VOLTRONIC POWER TECHNOLOGY CORP.

STATEMENT OF CHANGES IN RIGHT-OF-USE ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars)

Item	Balance at January 1, 2021	Additions	Disposals	Balance at December 31, 2021	Note
Buildings	$ 5,851	$ -	$ -	$ 5,851	
Transportation equipment	1,261	-	(1,261)	-	
	$ 7,112	$ -	$ (1,261)	$ 5,851	

VOLTRONIC POWER TECHNOLOGY CORP.

STATEMENT OF CHANGES IN ACCUMULATED DEPRECIATION AND ACCUMULATED IMPAIRMENT OF RIGHT-OF-USE ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars)

Item	Balance at January 1, 2021	Additions	Disposals	Balance at December 31, 2021	Note
Buildings	$ 731	$ 2,926	$ -	$ 3,657	
Transportation equipment	767	494	(1,261)	-	
	$ 1,498	$ 3,420	$ (1,261)	$ 3,657	

VOLTRONIC POWER TECHNOLOGY CORP.

STATEMENT OF OTHER NON-CURRENT ASSETS
DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars)

Item	Summary	Amount	Note
Refundable deposits	Office and photocopier deposits	$ 520	
Prepayments for equipment		368	
		$ 888	

VOLTRONIC POWER TECHNOLOGY CORP.

STATEMENT OF SHORT-TERM BORROWINGS
DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars)

Name	Description	Balance, End of Year	Contract Period	Range of Interest Rates (%)	Financing Limit	Collateral
Unsecured loans	Mega International Commercial Bank	$ 1,465,980	2021/7/16-2022/5/23	0.6871-0.9032	$ 1,500,000	Nil
Unsecured loans	E.SUN COMMERCIAL BANK, LTD.	913,765	2021/10/26-2022/6/22	0.8	913,770	Nil
		$ 2,379,745			$ 2,413,770	

VOLTRONIC POWER TECHNOLOGY CORP.

STATEMENT OF NOTES PAYABLE AND TRADE PAYABLES
DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars)

Vendor Name	Summary	Amount	Note
Notes payable			
MSIG Mingtai Insurance Co., Ltd.		$ 57	
Trade payables			
Non-related parties			
Soltec Power Co., Ltd.	Payments	$ 5,607	
U-cheer Component Co., Ltd.	Payments	807	
Taiwan Yuasa Battery Co., Ltd.	Payments	784	
Others (Note)	Payments	3,043	
		$ 10,241	
Related parties			
Potentia Technology Inc. Limited	Payments	$ 4,912,865	
Voltronic Power Technology (Shen Zhen) Corp.	Payments	143,784	
Zhongshan Voltronic Power Electronics Limited	Payments	10,191	
		$ 5,066,840	

Note: The balance of each individual item included in others does not exceed 5% of the account balance.

VOLTRONIC POWER TECHNOLOGY CORP.

STATEMENT OF OTHER CURRENT LIABILITIES
DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars)

Item	Summary	Amount	Note
Other current liabilities			
Receipts under custody	Withholding of employment income tax and labor and health insurance	$ 1,695	

VOLTRONIC POWER TECHNOLOGY CORP.

STATEMENT OF LEASE LIABILITIES
DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Item	Summary	Lease Term	Discount Rate	Not Later than 1 Year	Later than 1 Year	Note
Buildings	Office	2020/10/1-2022/9/30	2.64%	$ 2,230	$ -	

VOLTRONIC POWER TECHNOLOGY CORP.

STATEMENT OF OPERATING REVENUE
FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars)

Item	Summary	Amount	Note
Sales of goods			
Total amount of sales of goods	Sales revenue from uninterrupted power systems	$ 14,551,691	
Less: Sales returns and discounts		(79,344)	
		$ 14,472,347	

VOLTRONIC POWER TECHNOLOGY CORP.

STATEMENT OF OPERATING COSTS
FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars)

Item	Amount
Merchandise, beginning of year	$ 9,019
Additions: Merchandise purchased	11,347,413
Deductions: Merchandise, end of year	(15,373)
Reclassified other operating costs	(123)
Reclassified expenses	(188)
Purchase cost	11,340,748
Additions: Raw material, beginning of year	14,496
Additions: Raw material purchased	488,144
Deductions: Raw material, end of year	(38,901)
Direct material and supplies used	463,739
Additions: Work-in-progress, beginning of year	3,800
Manufacturing expense	32,752
Deductions: Work-in-progress, end of year	(4,888)
Cost of goods sold, total	495,403
Additions: Loss on inventory write-down	233
Additions: Other operating costs	2,717
Operating costs	$ 11,839,101

VOLTRONIC POWER TECHNOLOGY CORP.

STATEMENT OF OPERATING EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars)

Item	Selling and Marketing Expenses	General and Administrative Expenses	Research and Development Expenses
Payroll and related expense (including pension expenses and share-based payments)	$ 64,568	$ 140,386	$ 75,641
Depreciation expense	5,423	7,466	10,623
Commission expense	70,723	-	-
Insurance expense	25,889	5,214	4,436
Examination expense	593	-	10,085
Import and export expense	27,422	-	-
Others (Note)	23,170	32,682	17,412
	$ 217,788	$ 185,748	$ 118,197

Note: The balance of each individual item included in others does not exceed 5% of the account balance.

VOLTRONIC POWER TECHNOLOGY CORP.

STATEMENT OF LABOR, DEPRECIATION, DEPLETION AND AMORTIZATION BY FUNCTION
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
(In Thousands of New Taiwan Dollars)

	2021			2020		
	Classified as Cost of Goods Sold	Classified as Operating Expenses	Total	Classified as Cost of Goods Sold	Classified as Operating Expenses	Total
Labor cost						
Salary and bonus	$ 18,928	$ 258,907	$ 277,835	$ 14,101	$ 304,703	$ 318,804
Labor and health insurance	1,138	12,527	13,665	1,051	11,746	12,797
Pension	543	5,688	6,231	535	6,338	6,873
Director's remuneration	-	16,000	16,000	-	16,000	16,000
Others	1,758	9,798	11,556	1,752	8,247	9,999
	$ 22,367	$ 302,920	$ 325,287	$ 17,439	$ 347,034	$ 364,473
Depreciation expense	$ 4,334	$ 23,512	$ 27,846	$ 3,947	$ 24,043	$ 27,990
Amortization expense	$ 111	$ 6,830	$ 6,941	$ 100	$ 5,463	$ 5,563

Note 1. As of December 31, 2021 and 2020, the Company had 151 and 141 employees, respectively, of which 6 are directors not concurrently serving as employees, respectively.

Note 2. As of December 31, 2021 and 2020, the average of employee benefits expense were $2,133 thousand and $2,581 thousand, respectively. ("The total employee benefits expense - total director's remuneration"/"Headcount - The population of directors not concurrently serving as employees").

Note 3. As of December 31, 2021 and 2020, the average of employee's salary and bonus were $1,916 thousand and $2,362 thousand, respectively. ("The total employee's salary and bonus"/"Headcount - The population of directors not concurrently serving as employees").

Note 4. Changes in average of employee salaries and bonus was (18.88%). ("The average of employee's salary and bonus in current period - The average of employee's salary and bonus in the previous period"/The average of employee's salary and bonus in the previous period).

Note 5. The Company has set the audit committee. Consequently, there is no supervisors.

Note 6. The Company has set the remuneration committee to assist the board of directors execute and evaluate the Company's overall salary and benefit policy and the director and executive's remuneration.

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	2020	2021	Discrepancy	
			Amount	%
Current assets	8,798,465	10,041,582	1,243,117	14.13
Property, plant and equipment	2,427,833	2,730,405	302,572	12.46
Right-to-use assets	488,755	389,942	(98,813)	(20.22)
Intangible assets	26,165	29,328	3,163	12.09
Other assets	179,992	192,866	12,874	7.15
Total assets	11,921,210	13,384,123	1,462,913	12.27
Current liabilities	6,324,114	7,495,128	1,171,014	18.52
Other liabilities	258,528	181,319	(77,209)	(29.86)
Total liabilities	6,582,642	7,676,447	1,093,805	16.62
Capital stock	874,354	874,194	(160)	(0.02)
Capital surplus	1,154,070	942,129	(211,941)	(18.36)
Retained earnings	3,811,771	4,212,743	400,972	10.52
Remuneration unearned by employees	(170,158)	(27,962)	142,196	(83.57)
Cumulative translation adjustment	(331,469)	(293,428)	38,041	(11.48)
Aggregate total of shareholders' equity	5,338,568	5,707,676	369,108	6.91
Change over the past two years over 20%, with the change above NT$10,000,000. Decrease in the assets as the right to use. Due primarily to the facts that the plants erected by our subsidiaries in Mainland China have been completed continually one after another and, as a natural result, the lease agreements for the plants have been either terminated before expiry or not renewed when due. Decrease in other liabilities: Due primarily to the facts that the plants erected by our subsidiaries in Mainland China have been completed continually one after another and, as a natural result, the lease agreements for the plants have been either terminated before expiry or not renewed when due. Decrease in the remuneration unearned by employees: Due primarily to the facts that the stock dividend with restricted rights to employees which were recalled and revoked in the present year because of failure to come to the required conditions.				

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	2020	2021	Amount in increase / decrease	Ratio of change %
Net operating revenues	13,652,564	16,956,682	3,304,118	24.20
Operating costs	9,634,383	12,645,691	3,011,308	31.26
Gross operating profit	4,018,181	4,310,991	292,810	7.29
Operating expenses	1,287,707	1,386,427	98,720	7.67
Operating net profit	2,730,474	2,924,564	194,090	7.11
Non-operating revenues & profits	114,818	98,935	(15,883)	(13.83)
Non-operating expenses & losses	195,741	133,004	(62,737)	(32.05)
Net profit before tax	2,649,551	2,890,495	240,944	9.09
Fees of income tax	452,407	531,133	78,726	17.40
Net profit after tax	2,197,144	2,359,362	162,218	7.38
Operating revenue over the past two years: Significant changes in operating net profit and net profit before tax, with descriptions of the reason why. Operating revenues, net: Other than the continued increase in profits, it also resulted from the rising prices of raw materials & materiel and the upward adjustment of selling prices. Operating costs: Due primarily to the facts of rising prices of raw materials & materiel and fluctuations of exchange rate, leading to the rise of the operating costs. Nonoperating expenses and losses: Due primarily to the fluctuation of exchange rate, leading to the drop of the loss resulting from conversion of foreign currencies.				

(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 2022. 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:

Year / Item	2020	2021	Increase (decrease) of change ratio (%)
Cash flow ratio (%)	41.53%	30.67%	(26.15%)
Cash flow adequacy ratio (%)	98.29%	95.21%	(3.08%)
Cash reinvestment ratio (%)	12.43%	3.98%	(67.98%)
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 fixed assets and inventory in 2021			

(2) Plan to improve inadequate current flow: None

(3) Analyses on the cash flow performance in one year ahead (Year 2022):

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
5,154,809	2,758,568	2,943,771	4,969,606	N/A	N/A
(1) Analyses on changes in cash flow 2022: A. The anticipated cash inflow from operating activities came to NT$2.758568 billion, due primarily to the Company's forecast of continued growth in the days and years ahead. B. The cash outflows anticipated toward investment activities and capital-raising activities came to NT$2.943771 billion, including approximately NT$1.983586 billion expenditures paid for procurement of the new plant in Phase II Engineering of the Zhongshan plant and the regular maintenance & repair services. C. The anticipated cash outflow for capital-raising activities is for distribution of cash dividend, in an amount of NT$2.054355 billion. D. In response to the procurement of new plant in Taipei, the Company anticipates to apply for a loan in an amount of NT$1.09417 billion. (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. In February 2022, the Company further purchased the new plant in New Taipei City. The relevant building costs shall come from the Company's own working capital in combination of long-term loan from bank(s). These working capitals are adequate enough to meet the need of business operation and would not lead to an impact at all upon 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, 2021; 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	704,737	Due primarily to profit earned from investee Subsidiary Voltronic International H.K. Corp. Limited	—	—
Voltronic Power Technology (Vietnam) Company Limited	100.00	31,931	Due primarily to stable growth in operating scale.	—	—
Voltronic International H.K. Corp. Limited	100.00	703,830	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	(1,976)	Primarily because of procurement of raw materials & materiel amidst the significant fluctuation of prices in the markets, leading to a minor loss.	—	—
Voltronic Power Technology (Shen Zhen) Corp.	100.00	250,578	Due primarily to stable growth in operating scale.	—	—
Orchid Power (Shen Zhen) Manufacturing Company	100.00	303,206	Due primarily to stable growth in operating scale.	—	—
Zhongshan Voltronic Power Electronic Limited	100.00	150,046	Due primarily to stable growth in operating scale.	—	—
Zhongshan Voltronic Precision Inc.	100.00	(31,774)	Primarily because of the fact that in the current year, prices of major raw materials & materiel have sharply risen, leading to a loss.	—	—

(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 2020 and 2021, the net interest revenues and expenditures came to NT$19,129 thousand and NT$30,577 thousand, respectively, and accounting for 0.14% and 0.18% of the net operating revenues, respectively, and accounting for 0.72% and 1.06% 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 and hedging loans, 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	2021
Profit and/or loss in foreign exchange, net	(153,620)	(92,150)
Net operating income	13,652,564	16,956,682
% to the operating income (%)	1.12%	0.54%
Net profit before tax	2,649,551	2,890,495
% to the operating profit (%)	5.80%	3.19%

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 2020 and 2021, 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 2020 and 2021, 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 2021 was 1.96%, suggesting no inflation or deflation. That is to mean no significant potential impact upon the Company's profit/loss in 2021.

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 2021, the aggregate total research & development costs actually invested came to NT$601,138 thousand. In 2022, we anticipate to invest NT$691,308 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 procuring new plants in New Taipei City to satisfy the growing demand. All funds so required will come from our own working capital along with the long-term loans. 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 2020 and 2021, 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 FSP Group (hereinafter referred to as FSP Group) 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 court ruled a judgment on August 27, 2021 that Lemote Information Technology should return the products of the Merged Company and the Merged Company should return the sums having been paid by Lemote Information Technology of RMB2,822,600, compensation RMB900,000 along with the payment of RMB374,581 as litigation costs, in an aggregate total about RMB4.09 million. The Merged Company did not agree with the product anomalies proposed by Lemote Information Technology as well as the judgment rendered by the court and

already filed an appeal with the Suzhou City Intermediate People's Court according to law in September 2021. No material influence on the Company’s shareholders’ equity or security prices is expected.

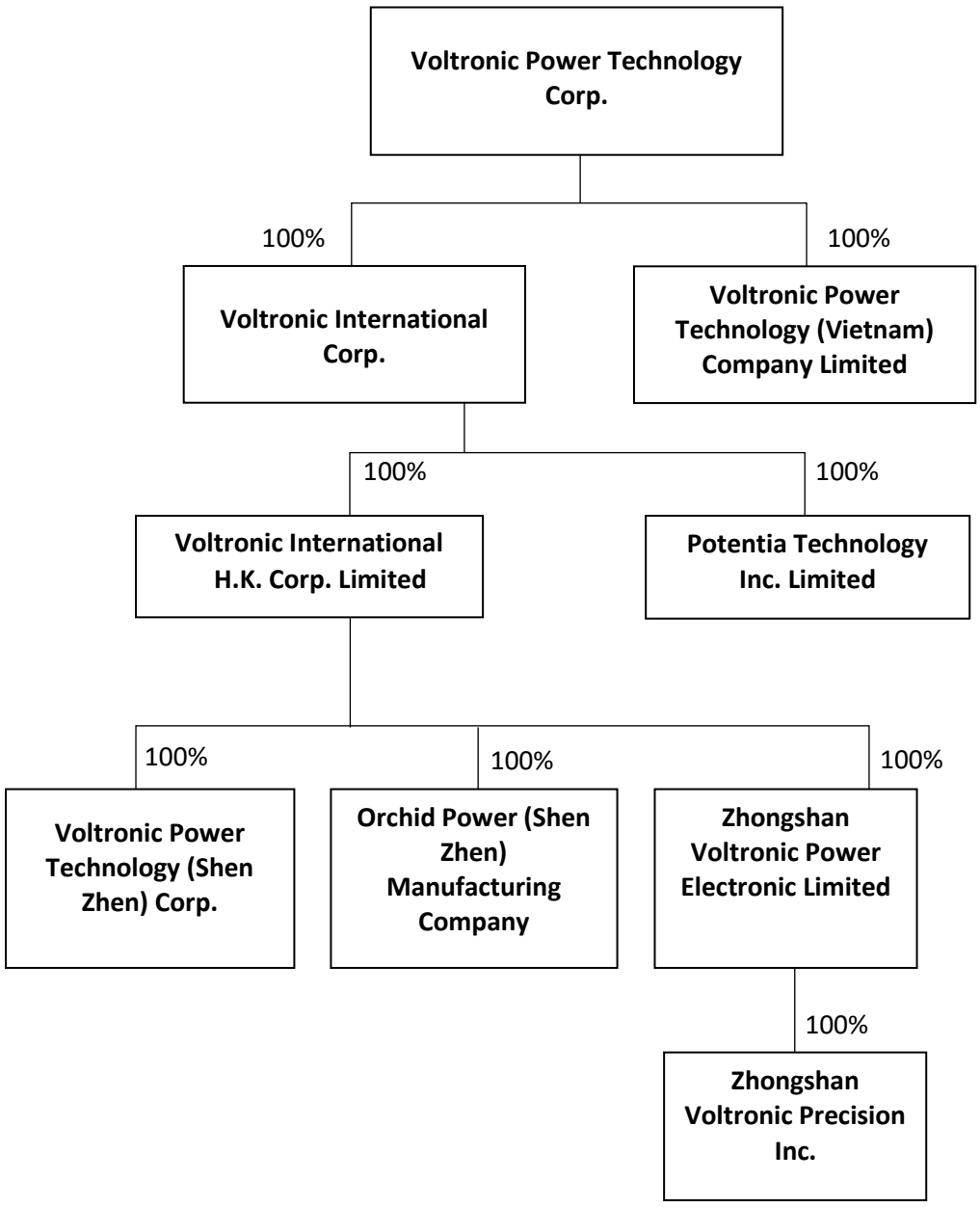
(13) Other significant risks and countermeasures: None

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.	USD28,000	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 242,078	-	USD 242,078	-	-	USD 25,162
Voltronic Power Technology (Vietnam) Company Limited	USD1,000	VND354,290,209	VND270,766,183	VND 83,524,026	VND 698,888	VND 19,458,152	VND 25,783,144
Voltronic International H.K. Corp. Limited	USD28,000	USD 241,332	-	USD 241,332	-	-	USD 25,233
Potentia Technology Inc. Limited	-	USD 234,548	USD 233,808	USD 740	USD 515,866	(USD 680)	(USD 72)
Voltronic Power Technology (Shen Zhen) Corp.	USD2,000	RMB 1,202,563	RMB 387,593	RMB 814,970	RMB 1,231,054	RMB 63,823	RMB 57,921
Orchid Power (Shen Zhen) Manufacturing Company	USD1,000	RMB 503,130	RMB 175,590	RMB 327,540	RMB 577,007	RMB 84,166	RMB 70,086
Zhongshan Voltronic Power Electronic Limited	USD25,000	RMB 1,096,417	RMB 699,820	RMB 396,597	RMB 1,630,429	RMB 47,602	RMB 34,683
Zhongshan Voltronic Precision Inc.	RMB16,000	RMB 121,192	RMB 84,262	RMB 36,930	RMB 328,844	(RMB 9,812)	(RMB 7,345)

(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 2021 (January 1 - December 31, 2021), 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 24, 2022

(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