

**Voltronic Power Technology Corp. and  
Subsidiaries**

**Consolidated Financial Statements for the  
Nine Months Ended September 30, 2020 and 2019 and  
Independent Auditors' Review Report**

### INDEPENDENT AUDITORS' REVIEW REPORT

The Board of Directors and Shareholders  
Voltronic Power Technology Corp.

#### Introduction

We have reviewed the accompanying consolidated balance sheets of Voltronic Power Technology Corp. and its subsidiaries (collectively, the "Group") as of September 30, 2020 and 2019, the related consolidated statements of comprehensive income for the three months ended September 30, 2020 and 2019, and for the nine months ended September 30, 2020 and 2019, the consolidated statements of changes in equity and cash flows for the nine months then ended, and the related notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as 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 Accounting Standard 34 "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

#### Scope of Review

We conducted our reviews in accordance with the Statement of Auditing Standard No. 65 "Review of Financial Information Performed by the Independent Auditor of the Entity". A review of consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

#### Conclusion

Based on our reviews, nothing has come to our attention that caused us to believe that the accompanying consolidated financial statements do not give a true and fair view of the consolidated financial position of the Group as of September 30, 2020 and 2019, its consolidated financial performance for the three months ended September 30, 2020 and 2019, and its consolidated financial performance and its consolidated cash flows for the nine months ended September 30, 2020 and 2019 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34 "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

The engagement partners on the reviews resulting in this independent auditors' review report are Chung Chen Chen and Chao Mei Chen.

Deloitte & Touche  
Taipei, Taiwan  
Republic of China

November 6, 2020

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 review such consolidated financial statements are those generally applied in the Republic of China.*

*For the convenience of readers, the independent auditors' review 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' review report and consolidated financial statements shall prevail. Also, as stated in Note 4 to the consolidated financial statements, the additional footnote disclosures that are not required under generally accepted accounting principles were not translated into English.*



# VOLTRONIC POWER TECHNOLOGY CORP. AND SUBSIDIARIES

## CONSOLIDATED BALANCE SHEETS (In Thousands of New Taiwan Dollars)

	September 30, 2020 (Reviewed)		December 31, 2019 (Audited)		September 30, 2019 (Reviewed)	
	Amount	%	Amount	%	Amount	%
<b>ASSETS</b>						
<b>CURRENT ASSETS</b>						
Cash and cash equivalents (Note 6)	\$ 6,424,876	50	\$ 4,002,796	39	\$ 4,418,935	42
Notes receivable (Notes 7 and 19)	30,987	-	33,168	-	26,383	-
Trade receivables (Notes 7 and 19)	1,870,364	15	2,090,094	20	2,137,191	20
Trade receivables from related parties (Notes 19 and 27)	137,614	1	155,074	2	192,698	2
Other receivables (Note 7)	34,572	-	47,628	-	16,717	-
Current tax assets	-	-	27,750	-	-	-
Inventories (Note 8)	1,073,430	8	1,029,815	10	784,360	8
Prepayments (Note 13)	178,930	2	173,610	2	202,664	2
Other financial assets - current (Note 13)	1,966	-	1,973	-	2,014	-
<b>Total current assets</b>	<b>9,752,739</b>	<b>76</b>	<b>7,561,908</b>	<b>73</b>	<b>7,780,962</b>	<b>74</b>
<b>NON-CURRENT ASSETS</b>						
Property, plant and equipment (Note 10)	2,345,184	18	2,167,695	21	2,199,132	21
Right-of-use assets (Note 11)	506,611	4	397,408	4	418,008	4
Other intangible assets (Note 12)	15,423	-	12,515	-	11,960	-
Deferred tax assets (Notes 4 and 21)	132,180	1	121,163	1	80,115	1
Other financial assets - non-current (Note 13)	2,721	-	-	-	-	-
Other non-current assets (Notes 13 and 27)	97,683	1	79,583	1	72,471	-
<b>Total non-current assets</b>	<b>3,099,802</b>	<b>24</b>	<b>2,778,364</b>	<b>27</b>	<b>2,781,686</b>	<b>26</b>
<b>TOTAL</b>	<b>\$ 12,852,541</b>	<b>100</b>	<b>\$ 10,340,272</b>	<b>100</b>	<b>\$ 10,562,648</b>	<b>100</b>
<b>LIABILITIES AND EQUITY</b>						
<b>CURRENT LIABILITIES</b>						
Short-term borrowings (Note 14)	\$ 1,851,498	15	\$ 1,091,309	11	\$ 584,150	6
Contract liabilities - current (Notes 19 and 27)	176,343	1	145,214	1	90,642	1
Notes payable (Note 15)	19	-	36	-	40	-
Trade payables (Note 15)	2,791,289	22	3,000,399	29	2,668,894	25
Trade payables to related parties (Note 27)	2,756	-	2,113	-	1,425	-
Other payables (Note 16)	2,692,269	21	771,021	7	2,415,210	23
Current tax liabilities (Notes 4 and 21)	147,484	1	195,793	2	140,823	1
Lease liabilities - current (Notes 11 and 27)	89,185	1	58,759	1	52,286	-
Other current liabilities (Note 16)	7,960	-	2,321	-	5,811	-
<b>Total current liabilities</b>	<b>7,758,803</b>	<b>61</b>	<b>5,266,965</b>	<b>51</b>	<b>5,959,281</b>	<b>56</b>
<b>NON-CURRENT LIABILITIES</b>						
Deferred tax liabilities (Notes 4 and 21)	-	-	5,083	-	15,223	-
Lease liabilities - non-current (Note 11)	274,723	2	188,094	2	203,719	2
Other non-current liabilities (Note 16)	891	-	215	-	246	-
<b>Total non-current liabilities</b>	<b>275,614</b>	<b>2</b>	<b>193,392</b>	<b>2</b>	<b>219,188</b>	<b>2</b>
<b>Total liabilities</b>	<b>8,034,417</b>	<b>63</b>	<b>5,460,357</b>	<b>53</b>	<b>6,178,469</b>	<b>58</b>
<b>EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Note 18)</b>						
Share capital						
Ordinary shares	874,386	7	833,015	8	833,015	8
Capital surplus	1,155,984	9	1,257,149	12	1,257,149	12
Retained earnings						
Legal reserve	1,080,287	8	867,184	8	867,184	8
Special reserve	343,240	3	184,243	2	184,243	2
Unappropriated earnings	1,932,334	15	2,454,071	24	1,933,873	18
Total retained earnings	3,355,861	26	3,505,498	34	2,985,300	28
Other equity (Notes 18 and 23)	(568,107)	(5)	(715,747)	(7)	(691,285)	(6)
<b>Total equity</b>	<b>4,818,124</b>	<b>37</b>	<b>4,879,915</b>	<b>47</b>	<b>4,384,179</b>	<b>42</b>
<b>TOTAL</b>	<b>\$ 12,852,541</b>	<b>100</b>	<b>\$ 10,340,272</b>	<b>100</b>	<b>\$ 10,562,648</b>	<b>100</b>

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

# VOLTRONIC POWER TECHNOLOGY CORP. AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (In Thousands of New Taiwan Dollars, Except Earnings Per Share) (Reviewed, Not Audited)

	For the Three Months Ended September 30				For the Nine Months Ended September 30			
	2020		2019		2020		2019	
	Amount	%	Amount	%	Amount	%	Amount	%
OPERATING REVENUE								
Sales (Notes 19 and 27)	\$ 3,629,812	100	\$ 3,323,226	100	\$ 10,036,523	100	\$ 9,619,172	100
OPERATING COSTS								
Cost of goods sold (Notes 8, 20 and 27)	(2,543,537)	(70)	(2,299,052)	(69)	(6,909,857)	(69)	(6,795,929)	(71)
GROSS PROFIT	1,086,275	30	1,024,174	31	3,126,666	31	2,823,243	29
OPERATING EXPENSES								
(Notes 20 and 27)								
Selling and marketing expenses	(82,054)	(2)	(86,932)	(2)	(278,609)	(3)	(256,644)	(2)
General and administrative expenses	(84,774)	(3)	(90,603)	(3)	(276,132)	(3)	(256,854)	(3)
Research and development expenses	(145,431)	(4)	(133,461)	(4)	(430,119)	(4)	(355,205)	(4)
Expected credit loss (recognized)/reversed (Note 7)	(6,658)	-	(430)	-	(9,248)	-	3,301	-
Total operating expenses	(318,917)	(9)	(311,426)	(9)	(994,108)	(10)	(865,402)	(9)
PROFIT FROM OPERATIONS	767,358	21	712,748	22	2,132,558	21	1,957,841	20
NON-OPERATING INCOME AND EXPENSES								
Interest income (Note 20)	17,491	-	9,604	-	43,040	1	41,636	1
Other income (Note 20)	4,636	-	1,410	-	36,440	-	28,423	-
Other gains and losses (Note 20)	(84,413)	(2)	73,217	2	(68,865)	(1)	34,850	-
Finance costs (Notes 20 and 27)	(10,393)	-	(11,113)	-	(32,180)	-	(40,551)	-
Total non-operating income and expenses	(72,679)	(2)	73,118	2	(21,565)	-	64,358	1
PROFIT BEFORE INCOME TAX FROM CONTINUING OPERATIONS	694,679	19	785,866	24	2,110,993	21	2,022,199	21
INCOME TAX EXPENSE (Notes 4 and 21)	(145,398)	(4)	(151,383)	(5)	(369,686)	(4)	(411,365)	(4)
NET PROFIT FOR THE PERIOD	549,281	15	634,483	19	1,741,307	17	1,610,834	17

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# VOLTRONIC POWER TECHNOLOGY CORP. AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

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

(Reviewed, Not Audited)

	For the Three Months Ended September 30				For the Nine Months Ended September 30			
	2020		2019		2020		2019	
	Amount	%	Amount	%	Amount	%	Amount	%
OTHER COMPREHENSIVE INCOME								
Items that may be reclassified subsequently to profit or loss								
Exchange differences on translating the financial statements of foreign operations (Note 18)	\$ 104,560	3	\$ (133,457)	(4)	\$ (26,226)	-	\$ (98,738)	(1)
Income tax relating to items that may be reclassified subsequently to loss or profit (Notes 18 and 21)	(20,912)	(1)	26,691	1	5,245	-	19,747	-
Other comprehensive income (loss) for the period, net of income tax	83,648	2	(106,766)	(3)	(20,981)	-	(78,991)	(1)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	\$ 632,929	17	\$ 527,717	16	\$ 1,720,326	17	\$ 1,531,843	16
EARNINGS PER SHARE (Note 22)								
Basic	\$ 6.33		\$ 7.33		\$ 20.06		\$ 18.63	
Diluted	\$ 6.29		\$ 7.29		\$ 19.92		\$ 18.51	

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

(Concluded)



# VOLTRONIC POWER TECHNOLOGY CORP. AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(In Thousands of New Taiwan Dollars)  
(Reviewed, Not Audited)

	Shares Capital Ordinary Shares	Capital Surplus	Retained Earnings	Unappropriated Earnings	Other Equity Exchange Differences on Translating Foreign Operations	Others	Total Equity
BALANCE AT JANUARY 1, 2019	\$ 786,853	\$ 900,718	\$ 685,821	\$ 134,241	\$ 2,167,451	\$ (184,243)	\$ 4,450,005
Appropriation of 2018 earnings (Note 18)	-	-	-	-	-	-	-
Legal reserve	-	-	181,363	-	(181,363)	-	-
Special reserve	-	-	-	50,002	(50,002)	-	-
Cash dividends distributed by the Company	-	-	-	-	(1,573,705)	-	(1,573,705)
Share dividends distributed by the Company	39,342	-	-	-	(39,342)	-	-
Share-based payment transactions (Notes 18, 20 and 23)	6,820	435,116	-	-	-	(387,215)	54,721
Issuance of cash dividends from capital surplus (Note 18)	-	(78,685)	-	-	-	-	(78,685)
Net profit for the nine months ended September 30, 2019	-	-	-	-	1,610,834	-	1,610,834
Other comprehensive loss for the nine months ended September 30, 2019, net of income tax (Note 18)	-	-	-	-	(78,991)	-	(78,991)
Total comprehensive income for the nine months ended September 30, 2019	-	-	-	-	(78,991)	-	(78,991)
BALANCE AT SEPTEMBER 30, 2019	\$ 833,015	\$ 1,257,149	\$ 867,184	\$ 184,243	\$ 1,933,873	\$ (428,051)	\$ 4,384,179
BALANCE AT JANUARY 1, 2020	\$ 833,015	\$ 1,257,149	\$ 867,184	\$ 184,243	\$ 2,454,071	\$ (343,240)	\$ 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)	(280)	(17,864)	-	-	-	168,621	150,477
Issuance of cash dividends from capital surplus (Note 18)	-	(83,301)	-	-	-	-	(83,301)
Net profit for the nine months ended September 30, 2020	-	-	-	-	1,741,307	-	1,741,307
Other comprehensive loss for the nine months ended September 30, 2020, net of income tax (Note 18)	-	-	-	-	(20,981)	-	(20,981)
Total comprehensive income for the nine months ended September 30, 2020	-	-	-	-	(20,981)	-	(20,981)
BALANCE AT SEPTEMBER 30, 2020	\$ 874,386	\$ 1,155,984	\$ 1,080,287	\$ 343,240	\$ 1,932,334	\$ (203,886)	\$ 4,818,124

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

# VOLTRONIC POWER TECHNOLOGY CORP. AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

	For the Nine Months Ended September 30	
	2020	2019
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Income before income tax	\$ 2,110,993	\$ 2,022,199
Adjustments for:		
Depreciation expenses	164,119	128,222
Amortization expenses	4,205	2,987
Expected credit loss recognized/(reversed) on trade receivables	9,248	(3,301)
Finance costs	32,180	40,551
Interest income	(43,040)	(41,636)
Compensation cost of employee share options	150,477	54,721
Loss on disposal of property, plant and equipment	190	4,508
Write-down of inventories	911	10,147
Net (gain) loss on foreign currency exchange	(111,338)	5,754
Prepayments for equipment transferred to expenses	213	-
Changes in operating assets and liabilities		
Notes receivable	2,181	(16,765)
Trade receivables	224,492	(128,271)
Trade receivables - related parties	18,587	(14,195)
Other receivables	18,079	50,146
Inventories	(43,386)	179,902
Prepayments	(5,320)	(28,466)
Other financial assets	(2,714)	(2,014)
Contract liabilities	31,129	(10,800)
Notes payable	(17)	19
Trade payables	(209,786)	299,980
Trade payables - related parties	643	430
Other payables	(23,300)	36,322
Other current liabilities	5,639	4,238
Cash generated from operations	2,334,385	2,594,678
Interest received	38,017	42,811
Interest paid	(32,180)	(40,551)
Income tax paid	(401,100)	(491,377)
Net cash generated from operating activities	<u>1,939,122</u>	<u>2,105,561</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Acquisition of property, plant and equipment	(226,220)	(340,146)
Proceeds from the disposal of property, plant and equipment	1,443	147
Increase in refundable deposits	(9,115)	-
Decrease in refundable deposits	-	2,917
Payments of intangible assets	(7,108)	(9,724)
Increase in prepayments for equipment	(54,935)	(42,840)
Net cash used in investing activities	<u>(295,935)</u>	<u>(389,646)</u>

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# VOLTRONIC POWER TECHNOLOGY CORP. AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

	For the Nine Months Ended September 30	
	2020	2019
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term borrowings	\$ 786,023	\$ 185,457
Proceeds from guarantee deposits received	676	-
Repayment of the principal portion of lease liabilities	<u>(55,334)</u>	<u>(44,000)</u>
Net cash generated from financing activities	<u>731,365</u>	<u>141,457</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS HELD IN FOREIGN CURRENCIES	<u>47,528</u>	<u>(67,666)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	2,422,080	1,789,706
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	<u>4,002,796</u>	<u>2,629,229</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	<u>\$ 6,424,876</u>	<u>\$ 4,418,935</u>

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

(Concluded)

# VOLTRONIC POWER TECHNOLOGY CORP. AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2020 AND 2019 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise) (Reviewed, Not Audited)

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### 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 Company’s board of directors on November 6, 2020.

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

New IFRSs	Effective Date Announced by IASB (Note 1)
“Annual Improvements to IFRS Standards 2018-2020”	January 1, 2022 (Note 2)
Amendments to IFRS 3 “Reference to the Conceptual Framework”	January 1, 2022 (Note 3)
Amendments to IFRS 4 “Extension of the Temporary Exemption from Applying IFRS 9”	Effective immediately upon promulgation by the IASB
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 “Interest Rate Benchmark Reform - Phase 2”	January 1, 2021
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between An Investor and Its Associate or Joint Venture”	To be determined by IASB
IFRS 17 “Insurance Contracts”	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	January 1, 2023

(Continued)

<b>New IFRSs</b>	<b>Effective Date Announced by IASB (Note 1)</b>
Amendments to IAS 16 “Property, Plant and Equipment - Proceeds before Intended Use”	January 1, 2022 (Note 4)
Amendments to IAS 37 “Onerous Contracts - Cost of Fulfilling A Contract”	January 1, 2022 (Note 5)
	(Concluded)

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

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

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

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

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

#### 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.

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



#### **4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

##### **a. Statement of compliance**

These interim consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IAS 34 “Interim Financial Reporting” as endorsed and issued into effect by the FSC. Disclosure information included in these interim consolidated financial statements is less than the disclosure information required in a complete set of annual consolidated financial statements.

##### **b. Basis of preparation**

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

##### **c. 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).

##### **d. Other significant accounting policies**

Except for the explanations below, other explanations of significant accounting policies are described in the significant accounting policies section of the consolidated financial statement for the year ended December 31, 2019.

##### **Taxation**

Income tax expense represents the sum of the tax currently payable and deferred tax. Interim period income taxes are assessed on an annual basis and calculated by applying to an interim period's pre-tax income the tax rate that would be applicable to expected total annual earnings.

#### **5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY**

The same critical accounting judgments and key sources of estimates and uncertainty have been followed in these consolidated financial statements as were applied in the preparation of the Company's consolidated financial statements for the year ended December 31, 2019.

## 6. CASH AND CASH EQUIVALENTS

	September 30, 2020	December 31, 2019	September 30, 2019
Cash on hand	\$ 876	\$ 1,155	\$ 1,499
Demand deposits	2,912,973	2,483,652	2,206,054
Cash equivalents (investments with original maturities of less than 3 months)			
Time deposits	<u>3,511,027</u>	<u>1,517,989</u>	<u>2,211,382</u>
	<u>\$ 6,424,876</u>	<u>\$ 4,002,796</u>	<u>\$ 4,418,935</u>

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

	September 30, 2020	December 31, 2019	September 30, 2019
Demand deposits	0.001%-0.300%	0.001%-0.350%	0.001%-0.380%
Time deposits	0.400%-2.550%	2.080%-3.200%	0.590%-2.750%

## 7. NOTES RECEIVABLE, TRADE RECEIVABLES AND OTHER RECEIVABLES

	September 30, 2020	December 31, 2019	September 30, 2019
<u>Notes receivable</u>			
At amortized cost			
Gross carrying amount	\$ 30,987	\$ 33,168	\$ 26,383
Less: Allowance for impairment loss	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 30,987</u>	<u>\$ 33,168</u>	<u>\$ 26,383</u>
<u>Trade receivables</u>			
At amortized cost			
Gross carrying amount	\$ 1,883,412	\$ 2,097,462	\$ 2,143,563
Less: Allowance for impairment loss	<u>(13,048)</u>	<u>(7,368)</u>	<u>(6,372)</u>
	<u>\$ 1,870,364</u>	<u>\$ 2,090,094</u>	<u>\$ 2,137,191</u>
<u>Other receivables</u>			
Tax refund receivables	\$ 19,765	\$ 32,832	\$ 4,092
Interest receivables	7,628	2,605	2,955
Others	<u>7,179</u>	<u>12,191</u>	<u>9,670</u>
	<u>\$ 34,572</u>	<u>\$ 47,628</u>	<u>\$ 16,717</u>

### Notes Receivable

The average paid of notes receivable was 32 to 120 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 September 30, 2020, December 31, 2019 and September 30, 2019, the Group evaluated no allowance for impairment loss was needed for notes receivable.

The following table details the aging analysis of notes receivable:

	September 30, 2020	December 31, 2019	September 30, 2019
1 to 60 days	\$ 20,254	\$ 31,646	\$ 26,383
61 to 90 days	2,471	1,522	-
91 to 180 days	<u>8,262</u>	<u>-</u>	<u>-</u>
	<u>\$ 30,987</u>	<u>\$ 33,168</u>	<u>\$ 26,383</u>

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

### Trade Receivables

#### At amortized cost

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

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

The Group measures the loss allowance for 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 debtor and an analysis of the debtor's current financial position, 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. The provision for expected credit losses is based on the number of past due days from the end of the credit term.

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

Since the Group purchased insurance individually and the credit rating is evaluated by the insurance company, no impairment loss was needed for trade receivables. As of September 30, 2020, December 31, 2019 and September 30, 2019 the carrying amount of trade receivables was \$1,103,419 thousand, \$1,260,323 thousand and \$1,303,583 thousand, respectively.



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

September 30, 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	0.01%	3.96%	32.54%	100%	100%	100%	
Gross carrying amount	\$ 711,270	\$ 50,381	\$ 18,165	\$ 16	\$ -	\$ 161	\$ 779,993
Loss allowance (Lifetime ECLs)	<u>(4,963)</u>	<u>(1,997)</u>	<u>(5,911)</u>	<u>(16)</u>	<u>-</u>	<u>(161)</u>	<u>(13,048)</u>
Amortized cost	<u>\$ 706,307</u>	<u>\$ 48,384</u>	<u>\$ 12,254</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 766,945</u>

December 31, 2019

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

September 30, 2019

	Not Past Due	Less than 90 Days	91 to 180 Days	181 to 270 Days	271 to 365 Days	Over 365 Days	Total
Expected credit loss rate	0.23%	4.88%	30.07%	100%	100%	100%	
Gross carrying amount	\$ 778,125	\$ 59,905	\$ 409	\$ 473	\$ 728	\$ 340	\$ 839,980
Loss allowance (Lifetime ECLs)	<u>(1,787)</u>	<u>(2,921)</u>	<u>(123)</u>	<u>(473)</u>	<u>(728)</u>	<u>(340)</u>	<u>(6,372)</u>
Amortized cost	<u>\$ 776,338</u>	<u>\$ 56,984</u>	<u>\$ 286</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 833,608</u>

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

	For the Nine Months Ended September 30	
	2020	2019
Balance at January 1	\$ 7,368	\$ 9,758
Add: Net remeasurement of loss allowance	9,248	-
Less: Net impairment losses reversed	-	(3,301)
Less: Amounts written off	(3,446)	-
Foreign exchange gains and losses	<u>(122)</u>	<u>(85)</u>
Balance at September 30	<u>\$ 13,048</u>	<u>\$ 6,372</u>

**Other Receivables**

The Group's other receivables included refundable tax and interest receivables. The Group follows the policy of trade with whom maintains good credit. The Group estimates whether the credit risk is significantly increased and measures the loss allowance for other receivables by monitoring, also by reference to past default experience of the debtor and analyse of the debtor's current financial position. As of September 30, 2020, December 31, 2019 and September 30, 2019, the Group evaluated no allowance for impairment loss was needed for other receivable.

## 8. INVENTORIES

	September 30, 2020	December 31, 2019	September 30, 2019
Raw materials	\$ 541,742	\$ 535,595	\$ 393,227
Supplies	3,592	1,199	3,691
Semi-finished goods	73,365	65,861	56,314
Work in progress	220,852	175,423	124,475
Finished goods	<u>233,879</u>	<u>251,737</u>	<u>206,653</u>
	<u>\$ 1,073,430</u>	<u>\$ 1,029,815</u>	<u>\$ 784,360</u>

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

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2020	2019	2020	2019
Cost of inventories sold	\$ 2,543,537	\$ 2,299,052	\$ 6,908,946	\$ 6,785,782
Inventory write-downs	<u>-</u>	<u>-</u>	<u>911</u>	<u>10,147</u>
	<u>\$ 2,543,537</u>	<u>\$ 2,299,052</u>	<u>\$ 6,909,857</u>	<u>\$ 6,795,929</u>

## 9. SUBSIDIARIES

### Subsidiaries Included in the Consolidated Financial Statements

Investor	Investee	Nature of Activities	Proportion of Ownership			Remark
			September 30, 2020	December 31, 2019	September 30, 2019	
Voltronic Power Technology Corp.	Voltronic International Corp.	Investment activities	100%	100%	100%	a
	Voltronic Power Technology (Vietnam) Company Limited	Design, manufacture and sale of UPS	100%	100%	100%	b and c
Voltronic International Corp.	Voltronic International H.K. Corp. Limited	Investment activities	100%	100%	100%	a
	Potentia Technology Inc. Limited	Sale of UPS	100%	100%	100%	a
Voltronic International H.K. Corp. Limited	Voltronic Power Technology (Shen Zhen) Corp.	Design, manufacture and sale of UPS	100%	100%	100%	d
	Orchid Power (Shen Zhen) Manufacturing Company	Design, manufacture and sale of UPS	100%	100%	100%	d
	Zhongshan Voltronic Power Electronics Limited	Design, manufacture and sale of UPS	100%	100%	100%	d
Zhongshan Voltronic Power Electronics Limited	Zhongshan Voltronic Precision Inc.	Design, manufacture and sale of UPS related components	100%	100%	100%	d

- The main operations risk is the foreign exchange rate risk.
- Voltronic Power Technology (Vietnam) Company Limited was established in August 2019.
- The main operating risks are foreign exchange rate risks and government decrees.
- The main operations 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
<b>Cost</b>									
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	-	23,602	144,374	2,285	8,540	8,492	41,344	12,284	240,921
Disposals	-	-	(4,246)	(17)	(816)	-	(3,490)	-	(8,569)
Reclassified (Note)	-	33,653	1,318	-	10,050	-	1,034	(704)	45,351
Effects of foreign currency exchange differences	-	(3,719)	(1,635)	(31)	40	(73)	(1,528)	203	(6,743)
Balance at September 30, 2020	<u>\$ 720,761</u>	<u>\$ 1,188,820</u>	<u>\$ 555,548</u>	<u>\$ 11,173</u>	<u>\$ 64,262</u>	<u>\$ 25,722</u>	<u>\$ 232,457</u>	<u>\$ 12,482</u>	<u>\$ 2,811,225</u>
<b>Accumulated depreciation and impairment</b>									
Balance at January 1, 2020	\$ -	\$ 40,927	\$ 204,661	\$ 4,659	\$ 25,656	\$ 12,897	\$ 83,770	\$ -	\$ 372,570
Depreciation expenses	-	31,266	37,275	979	5,553	2,495	24,205	-	101,773
Disposals	-	-	(3,836)	(10)	(728)	-	(2,362)	-	(6,936)
Effects of foreign currency exchange differences	-	(31)	(710)	(26)	(88)	(67)	(444)	-	(1,366)
Balance at September 30, 2020	<u>\$ -</u>	<u>\$ 72,162</u>	<u>\$ 237,390</u>	<u>\$ 5,602</u>	<u>\$ 30,393</u>	<u>\$ 15,325</u>	<u>\$ 105,169</u>	<u>\$ -</u>	<u>\$ 466,041</u>
Carrying amounts at December 31, 2019 and January 1, 2020	<u>\$ 720,761</u>	<u>\$ 1,094,357</u>	<u>\$ 211,076</u>	<u>\$ 4,277</u>	<u>\$ 20,792</u>	<u>\$ 4,406</u>	<u>\$ 111,327</u>	<u>\$ 699</u>	<u>\$ 2,167,695</u>
Carrying amounts at September 30, 2020	<u>\$ 720,761</u>	<u>\$ 1,116,658</u>	<u>\$ 318,158</u>	<u>\$ 5,571</u>	<u>\$ 33,869</u>	<u>\$ 10,397</u>	<u>\$ 127,288</u>	<u>\$ 12,482</u>	<u>\$ 2,345,184</u>
<b>Cost</b>									
Balance at January 1, 2019	\$ 720,761	\$ 357,931	\$ 350,551	\$ 7,586	\$ 39,830	\$ 37,394	\$ 136,170	\$ 606,138	\$ 2,256,361
Additions	-	110,082	57,352	940	6,431	635	42,695	126,082	344,217
Disposals	-	-	(573)	-	(243)	(20,684)	(799)	-	(22,299)
Reclassified (Note)	-	715,814	3,382	673	1,632	-	(447)	(716,014)	5,040
Effects of foreign currency exchange differences	-	(35,545)	(6,184)	(829)	(783)	(87)	(3,364)	14,175	(32,617)
Balance at September 30, 2019	<u>\$ 720,761</u>	<u>\$ 1,148,282</u>	<u>\$ 404,528</u>	<u>\$ 8,370</u>	<u>\$ 46,867</u>	<u>\$ 17,258</u>	<u>\$ 174,255</u>	<u>\$ 30,381</u>	<u>\$ 2,550,702</u>
<b>Accumulated depreciation and impairment</b>									
Balance at January 1, 2019	\$ -	\$ 9,731	\$ 166,010	\$ 3,641	\$ 23,792	\$ 24,417	\$ 64,309	\$ -	\$ 291,900
Depreciation expenses	-	23,443	33,169	939	3,803	4,530	16,257	-	82,141
Disposals	-	-	(263)	-	(169)	(16,701)	(511)	-	(17,644)
Reclassified	-	-	4	(1)	1	-	(4)	-	-
Effects of foreign currency exchange differences	-	(414)	(2,585)	(106)	(414)	51	(1,359)	-	(4,827)
Balance at September 30, 2019	<u>\$ -</u>	<u>\$ 32,760</u>	<u>\$ 196,335</u>	<u>\$ 4,473</u>	<u>\$ 27,013</u>	<u>\$ 12,297</u>	<u>\$ 78,692</u>	<u>\$ -</u>	<u>\$ 351,570</u>
Carrying amounts at September 30, 2019	<u>\$ 720,761</u>	<u>\$ 1,115,522</u>	<u>\$ 208,193</u>	<u>\$ 3,897</u>	<u>\$ 19,854</u>	<u>\$ 4,961</u>	<u>\$ 95,563</u>	<u>\$ 30,381</u>	<u>\$ 2,199,132</u>

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

For the nine months ended September 30, 2020 and 2019, no impairment assessment was performed as there was no indication of impairment.

The above items of property, plant and equipment are depreciated on a straight-line basis over the 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	2-15 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

	September 30, 2020	December 31, 2019	September 30, 2019
<u>Carrying amounts</u>			
Land	\$ 153,520	\$ 156,914	\$ 161,164
Buildings	352,440	239,369	256,424
Transportation equipment	<u>651</u>	<u>1,125</u>	<u>420</u>
	<u>\$ 506,611</u>	<u>\$ 397,408</u>	<u>\$ 418,008</u>
	<u>For the Three Months Ended September 30</u>		<u>For the Nine Months Ended September 30</u>
	<u>2020</u>	<u>2019</u>	<u>2020</u> <u>2019</u>
Additions to right-of-use assets			<u>\$ 174,242</u> <u>\$ 65,101</u>
Depreciation charge for right-of-use assets			
Land	\$ 834	\$ 870	\$ 2,503      \$ 2,661
Buildings	24,400	14,549	59,369      42,594
Transportation equipment	<u>158</u>	<u>252</u>	<u>474</u> <u>826</u>
	<u>\$ 25,392</u>	<u>\$ 15,671</u>	<u>\$ 62,346</u> <u>\$ 46,081</u>

Except for the aforementioned addition and recognized depreciation, the Group did not have significant sublease or impairment of right-of-use assets during the nine months ended September 30, 2020 and 2019.

### b. Lease liabilities

	September 30, 2020	December 31, 2019	September 30, 2019
<u>Carrying amounts</u>			
Current	<u>\$ 89,185</u>	<u>\$ 58,759</u>	<u>\$ 52,286</u>
Non-current	<u>\$ 274,723</u>	<u>\$ 188,094</u>	<u>\$ 203,719</u>

Range of discount rate for lease liabilities was as follows:

	September 30, 2020	December 31, 2019	September 30, 2019
Buildings	2.64%-6.00%	2.64%-6.00%	2.64%-6.00%
Transportation equipment	2.64%	2.64%	2.64 %

c. Other lease information

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2020	2019	2020	2019
Expenses relating to short-term leases	\$ 805	\$ 2,249	\$ 2,893	\$ 7,058
Expenses relating to low-value asset leases	\$ 173	\$ 190	\$ 543	\$ 560
Total cash outflow for leases			\$ (69,029)	\$ (60,484)

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

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

	September 30, 2020	December 31, 2019	September 30, 2019
Lease commitments	\$ 5,851	\$ 2,927	\$ -

## 12. OTHER INTANGIBLE ASSETS

	Computer Software
<u>Cost</u>	
Balance at January 1, 2020	\$ 43,123
Additions	7,108
Disposals	(394)
Effect of foreign currency exchange differences	(25)
Balance at September 30, 2020	\$ 49,812
<u>Accumulated amortization</u>	
Balance at January 1, 2020	\$ 30,608
Amortization expenses	4,205
Disposals	(394)
Effect of foreign currency exchange differences	(30)
Balance at September 30, 2020	\$ 34,389
Carrying amounts at December 31, 2019 and January 1, 2020	\$ 12,515
Carrying amounts at September 30, 2020	\$ 15,423

(Continued)

**Computer  
Software**

Cost

Balance at January 1, 2019	\$ 31,874
Additions	9,724
Effect of foreign currency exchange differences	<u>(98)</u>
Balance at September 30, 2019	<u>\$ 41,500</u>

Accumulated amortization

Balance at January 1, 2019	\$ 26,639
Amortization expenses	2,987
Effect of foreign currency exchange differences	<u>(86)</u>
Balance at September 30, 2019	<u>\$ 29,540</u>
Carrying amounts at September 30, 2019	<u>\$ 11,960</u> (Concluded)

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

	<b>For the Three Months Ended September 30</b>		<b>For the Nine Months Ended September 30</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
An analysis of amortization by function				
Operating costs	\$ 70	\$ 35	\$ 217	\$ 107
Selling and marketing expenses	178	182	460	545
General and administrative expenses	954	692	2,639	1,842
Research and development expenses	<u>382</u>	<u>201</u>	<u>889</u>	<u>493</u>
	<u>\$ 1,584</u>	<u>\$ 1,110</u>	<u>\$ 4,205</u>	<u>\$ 2,987</u>

**13. OTHER ASSETS**

	<b>September 30, 2020</b>	<b>December 31, 2019</b>	<b>September 30, 2019</b>
<u>Current</u>			
Prepayments	<u>\$ 178,930</u>	<u>\$ 173,610</u>	<u>\$ 202,664</u>
<u>Other financial assets - current</u>			
Restricted demand deposits (Note 1)	<u>\$ 1,966</u>	<u>\$ 1,973</u>	<u>\$ 2,014</u> (Continued)

	September 30, 2020	December 31, 2019	September 30, 2019
<u>Non-current</u>			
Refundable deposits	\$ 33,385	\$ 24,656	\$ 26,157
Prepayments for equipment	<u>64,298</u>	<u>54,927</u>	<u>46,314</u>
	<u>\$ 97,683</u>	<u>\$ 79,583</u>	<u>\$ 72,471</u>
<u>Other financial assets - non-current</u>			
Restricted demand deposits (Note 2)	<u>\$ 2,721</u>	<u>\$ -</u>	<u>\$ -</u> (Concluded)

Note 1: Restricted account for government grants.

Note 2: Restricted deposits for issuing a performance guarantee.

#### 14. BORROWINGS

##### Short-term Borrowings

	September 30, 2020	December 31, 2019	September 30, 2019
<u>Unsecured borrowings</u>			
Line of credit borrowings	<u>\$ 1,851,498</u>	<u>\$ 1,091,309</u>	<u>\$ 584,150</u>

The range of weighted average effective interest rates on bank loans was 1.05%-1.43%, 2.32% and 2.866% per annum at September 30, 2020, December 31, 2019 and September 30, 2019, respectively.

#### 15. NOTES PAYABLE AND TRADE PAYABLES

	September 30, 2020	December 31, 2019	September 30, 2019
<u>Notes payable</u>			
Operating	<u>\$ 19</u>	<u>\$ 36</u>	<u>\$ 40</u>
<u>Trade payables</u>			
Operating	<u>\$ 2,791,289</u>	<u>\$ 3,000,399</u>	<u>\$ 2,668,894</u>

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

	September 30, 2020	December 31, 2019	September 30, 2019
<u>Current</u>			
Other payables			
Payables for salaries and bonuses	\$ 263,736	\$ 342,913	\$ 240,536
Payables for employee compensation	189,878	174,954	199,954
Payables for commission	73,397	70,876	72,286
Payables for insurance	43,870	33,792	44,387
Payables for remuneration of directors and supervisors	21,600	14,400	23,129
Payables for dividends	1,932,594	-	1,652,390
Payables for sales tax	38,460	36,532	42,106
Payables for purchases of equipment (include building)	64,760	50,059	75,194
Others	<u>63,974</u>	<u>47,495</u>	<u>65,228</u>
	<u>\$ 2,692,269</u>	<u>\$ 771,021</u>	<u>\$ 2,415,210</u>
Other liabilities			
Receipts under custody	<u>\$ 7,960</u>	<u>\$ 2,321</u>	<u>\$ 5,811</u>
<u>Non-current</u>			
Other liabilities			
Guarantee deposits	<u>\$ 891</u>	<u>\$ 215</u>	<u>\$ 246</u>

## 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

	September 30, 2020	December 31, 2019	September 30, 2019
Shares authorized (in thousands of shares)	<u>100,000</u>	<u>100,000</u>	<u>100,000</u>
Shares authorized, par value \$10 (in thousands of dollars)	<u>\$ 1,000,000</u>	<u>\$ 1,000,000</u>	<u>\$ 1,000,000</u>
Shares issued and fully paid (in thousands of shares)	<u>87,438</u>	<u>83,301</u>	<u>83,301</u>
Shares issued and fully paid (in thousands of dollars)	<u>\$ 874,386</u>	<u>\$ 833,015</u>	<u>\$ 833,015</u>

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 shares for issuance of employee share options.

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

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

On May 7, 2020, the board of directors approved and authorized the chairman with full power to withdraw restricted shares. The Company withdrew \$280 thousand, 28 thousand shares, with a par value of NT\$10, with June 30, 2020, as the effective date, and where the approval of the Ministry of Economic Affairs (MOEA) was obtained on August 7, 2020.

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

	Number of Shares (In Thousands of Shares)	Share Capital
Balance at January 1, 2019	78,685	\$ 786,853
Capital transferred from retained earnings	3,934	39,342
Issuance of employee restricted shares (Note 23)	<u>682</u>	<u>6,820</u>
Balance at September 30, 2019	<u>83,301</u>	<u>\$ 833,015</u>
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)	<u>(28)</u>	<u>(280)</u>
Balance at September 30, 2020	<u>87,438</u>	<u>\$ 874,386</u>

b. Capital surplus

	September 30, 2020	December 31, 2019	September 30, 2019
May be used to offset a deficit, distributed as cash dividends, or transferred to share capital (Note)			
Premium from issuing ordinary shares	\$ 331,068	\$ 414,369	\$ 414,369
<u>May be used for offset a deficit</u>			
Premium from employee restricted shares	491,114	407,664	407,664
<u>May not be used for any purpose</u>			
Employee restricted shares	<u>333,802</u>	<u>435,116</u>	<u>435,116</u>
	<u>\$ 1,155,984</u>	<u>\$ 1,257,149</u>	<u>\$ 1,257,149</u>

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, 2019	\$ 493,054	\$ 226,136	\$ 181,528
Issued employee restricted shares	-	-	435,116
Vested employee restricted shares	-	181,528	(181,528)
Distributed as cash dividends	<u>(78,685)</u>	<u>-</u>	<u>-</u>
Balance at September 30, 2019	<u>\$ 414,369</u>	<u>\$ 407,664</u>	<u>\$ 435,116</u>
Balance at January 1, 2020	\$ 414,369	\$ 407,664	\$ 435,116
Vested employee restricted shares	-	83,450	(83,450)
Retirement employee restricted shares	-	-	(17,864) (Note)
Distributed as cash dividends	<u>(83,301)</u>	<u>-</u>	<u>-</u>
Balance at September 30, 2020	<u>\$ 331,068</u>	<u>\$ 491,114</u>	<u>\$ 333,802</u>

Note: The reversed compensation cost of \$18,144 thousand for restricted shares was net of retired share capital of \$280 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 20-g.

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

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

The distribution of cash dividends from capital surplus of \$83,301 thousand and \$78,685 thousand were approved in the shareholders' meetings on June 24, 2020 and June 25, 2019, respectively.

d. Special reserve

	<b>For the Nine Months Ended September 30</b>	
	<b>2020</b>	<b>2019</b>
Balance at January 1	\$ 184,243	\$ 134,241
Appropriations in respect of The debits to other equity items	<u>158,997</u>	<u>50,002</u>
Balance at September 30	<u>\$ 343,240</u>	<u>\$ 184,243</u>

e. Other equity items

Exchange differences on translating the financial statements of foreign operations

	<b>For the Nine Months Ended September 30</b>	
	<b>2020</b>	<b>2019</b>
Balance at January 1	\$ (343,240)	\$ (184,243)
Recognized for the period		
Exchange differences on translating foreign operations	(26,226)	(98,738)
Income tax related to exchange differences arising on translating to the presentation currency	<u>5,245</u>	<u>19,747</u>
Other comprehensive income from the period	<u>(20,981)</u>	<u>(78,991)</u>
Balance at September 30	\$ (364,221)	\$ (263,234)

Unearned employee benefits

In the shareholders' meetings on June 25, 2019 and May 24, 2016, the shareholders approved a restricted shares plan for to employees (refer to Note 23).

	<b>For the Nine Months Ended September 30</b>	
	<b>2020</b>	<b>2019</b>
Balance at January 1	\$ (372,507)	\$ (40,836)
Issuance of shares	-	(441,936)
Share-based payment expenses recognized	150,477	54,721
Retired restricted employee shares (Note)	<u>18,144</u>	<u>-</u>
Balance at September 30	\$ (203,886)	\$ (428,051)

Note: Deducted from compensation cost of restricted shares amounting \$18,144 thousand.

## 19. REVENUE

	<b>For the Three Months Ended September 30</b>		<b>For the Nine Months Ended September 30</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
Revenue from contracts with customers				
Revenue from the sale of goods	\$ 3,629,812	\$ 3,323,226	\$ 10,036,523	\$ 9,619,172
	<b>September 30, 2020</b>	<b>December 31, 2019</b>	<b>September 30, 2019</b>	<b>January 1, 2019</b>
Contract balances				
Notes receivable (Note 7)	\$ 30,987	\$ 33,168	\$ 26,383	\$ 9,618
Trade receivables (Notes 7 and 27)	\$ 2,007,978	\$ 2,245,168	\$ 2,329,889	\$ 2,188,668
Contract liabilities - current				
Sale of goods	\$ 176,343	\$ 145,214	\$ 90,642	\$ 101,442

## 20. NET PROFIT (LOSS) FROM CONTINUING OPERATIONS

### a. Interest income

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2020	2019	2020	2019
Bank deposits	\$ 17,489	\$ 9,603	\$ 43,035	\$ 41,633
Other financial assets - current	<u>2</u>	<u>1</u>	<u>5</u>	<u>3</u>
	<u>\$ 17,491</u>	<u>\$ 9,604</u>	<u>\$ 43,040</u>	<u>\$ 41,636</u>

### b. Other income

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2020	2019	2020	2019
Government grants	\$ 2,703	\$ 707	\$ 31,215	\$ 21,427
Others	<u>1,933</u>	<u>703</u>	<u>5,225</u>	<u>6,996</u>
	<u>\$ 4,636</u>	<u>\$ 1,410</u>	<u>\$ 36,440</u>	<u>\$ 28,423</u>

### c. Other gains and (losses)

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2020	2019	2020	2019
Gain (loss) on disposal of property, plant and equipment	\$ 27	\$ 69	\$ (190)	\$ (4,508)
Net foreign exchange (losses) gains	(84,402)	73,059	(68,333)	40,022
Others	<u>(38)</u>	<u>89</u>	<u>(342)</u>	<u>(664)</u>
	<u>\$ (84,413)</u>	<u>\$ 73,217</u>	<u>\$ (68,865)</u>	<u>\$ 34,850</u>

### d. Finance costs

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2020	2019	2020	2019
Interest on bank loans	\$ 4,350	\$ 4,359	\$ 15,603	\$ 14,032
Interest on lease liabilities	4,247	3,008	10,259	8,866
Other interest expense	<u>1,796</u>	<u>3,746</u>	<u>6,318</u>	<u>17,653</u>
	<u>\$ 10,393</u>	<u>\$ 11,113</u>	<u>\$ 32,180</u>	<u>\$ 40,551</u>



e. Depreciation and amortization

	<b>For the Three Months Ended September 30</b>		<b>For the Nine Months Ended September 30</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
An analysis of depreciation by function				
Operating costs	\$ 40,044	\$ 28,412	\$ 107,445	\$ 85,926
Operating expenses	<u>23,441</u>	<u>15,278</u>	<u>56,674</u>	<u>42,296</u>
	<u>\$ 63,485</u>	<u>\$ 43,690</u>	<u>\$ 164,119</u>	<u>\$ 128,222</u>
An analysis of amortization by function				
Operating costs	\$ 70	\$ 35	\$ 217	\$ 107
Operating expenses	<u>1,514</u>	<u>1,075</u>	<u>3,988</u>	<u>2,880</u>
	<u>\$ 1,584</u>	<u>\$ 1,110</u>	<u>\$ 4,205</u>	<u>\$ 2,987</u>

f. Employee benefits expense

	<b>For the Three Months Ended September 30</b>		<b>For the Nine Months Ended September 30</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
Salary expenses	\$ 370,360	\$ 362,475	\$ 1,149,650	\$ 1,121,934
Other employee benefits	22,675	19,871	61,218	57,301
Share-based payments	47,959	24,052	150,477	54,721
Post-employment benefits				
Defined contribution plans	<u>18,979</u>	<u>19,345</u>	<u>40,040</u>	<u>55,779</u>
Total employee benefits expense	<u>\$ 459,973</u>	<u>\$ 425,743</u>	<u>\$ 1,401,385</u>	<u>\$ 1,289,735</u>
An analysis of employee benefits expense by function				
Operating costs	\$ 279,458	\$ 241,153	\$ 803,169	\$ 786,180
Operating expenses	<u>180,515</u>	<u>184,590</u>	<u>598,216</u>	<u>503,555</u>
	<u>\$ 459,973</u>	<u>\$ 425,743</u>	<u>\$ 1,401,385</u>	<u>\$ 1,289,735</u>

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 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. For the three months ended and the nine months ended September 30, 2020 and 2019, the employees' compensation and remuneration of directors are as follows:

Accrual rate

	<b>For the Nine Months Ended September 30</b>	
	<b>2020</b>	<b>2019</b>
Employees' compensation	5.77%	6.56%
Remuneration of directors	0.52%	0.55%

Amount

	<b>For the Three Months Ended September 30</b>		<b>For the Nine Months Ended September 30</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
Employees' compensation	\$ 20,000	\$ 50,000	\$ 120,000	\$ 130,000
Remuneration of directors	\$ 3,600	\$ 3,600	\$ 10,800	\$ 10,800

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.

The appropriations of employees' compensation and remuneration of directors for 2019 and 2018 that were resolved by the board of directors on February 25, 2020 and 2019, respectively, are as shown below:

	<b>For the Year Ended December 31</b>	
	<b>2019</b>	<b>2018</b>
	<b>Cash</b>	<b>Cash</b>
Employees' compensation	\$ 105,000	\$ 90,000
Remuneration of directors	14,400	14,400

There is no difference between the actual amounts of employees' compensation and remuneration of directors paid and the amounts recognized in the consolidated financial statements for the years ended December 31, 2019 and 2018.

Information on the employees' compensation and remuneration of directors resolved by the Company's board of directors is available at the Market Observation Post System website of the Taiwan Stock Exchange.

h. Gain or loss on foreign currency exchange

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2020	2019	2020	2019
Foreign exchange gains	\$ 269,927	\$ 236,492	\$ 390,013	\$ 431,524
Foreign exchange losses	<u>(354,329)</u>	<u>(163,433)</u>	<u>(458,346)</u>	<u>(391,502)</u>
	<u>\$ (84,402)</u>	<u>\$ 73,059</u>	<u>\$ (68,333)</u>	<u>\$ 40,022</u>

## 21. INCOME TAXES RELATING TO CONTINUING OPERATIONS

a. Income tax recognized in profit or loss

Major components of tax (expense) benefit recognized are as follows:

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2020	2019	2020	2019
Current tax				
In respect of the current year	\$ (158,932)	\$ (160,742)	\$ (434,237)	\$ (429,754)
Adjustments for prior year	<u>-</u>	<u>23,189</u>	<u>53,541</u>	<u>40,782</u>
	(158,932)	(137,553)	(380,696)	(388,972)
Deferred tax				
In respect of the current year	<u>13,534</u>	<u>(13,830)</u>	<u>11,010</u>	<u>(22,393)</u>
Income tax expense recognized in profit or loss	<u>\$ (145,398)</u>	<u>\$ (151,383)</u>	<u>\$ (369,686)</u>	<u>\$ (411,365)</u>

In July 2019, the president of the ROC announced the amendments to the Statute for Industrial Innovation, which stipulate that the amounts of unappropriated earnings in 2018 and thereafter that are reinvested in the construction or purchase of certain assets or technologies are allowed as deduction when computing the income tax on unappropriated earnings. When calculating the tax on unappropriated earnings, the Group only deducts the amount of the unappropriated earnings that has been reinvested in capital expenditure.

The applicable tax rate in the nine months ended September 30, 2020 and 2019 used above are the corporate tax rates of 20% in ROC.

The applicable tax rate used by subsidiaries in China is 25% except for Voltronic Power Technology (Shen Zhen) Corp. in the nine months ended September 30, 2020 and 2019, the three of which used a tax rate of 15%, due to their status as holders of high-tech enterprise certificates.

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% after tax reduction.

b. Income tax recognized in other comprehensive income

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2020	2019	2020	2019
<u>Deferred tax</u>				
In respect of the current period				
Translation of foreign operations	\$ (20,912)	\$ 26,691	\$ 5,245	\$ 19,747

c. Income tax assessments

The Company's tax returns through 2018 have been assessed by the tax authorities. As of September 30, 2020, the Group has no unsettled lawsuit in related with tax.

## 22. EARNINGS PER SHARE

Unit: NT\$ Per Share

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2020	2019	2020	2019
Basic earnings per share	\$ 6.33	\$ 7.33	\$ 20.06	\$ 18.63
Diluted earnings per share	\$ 6.29	\$ 7.29	\$ 19.92	\$ 18.51

The weighted average number of shares outstanding used for the earnings per share computation was adjusted retroactively for the issuance of bonus shares on September 22, 2020. The basic and diluted earnings per share adjusted retrospectively for the three months and nine months ended September 30, 2019, are as follows:

Unit: NT\$ Per Share

	Before Retrospective Adjustment		After Retrospective Adjustment	
	For the Three Months Ended September 30	For the Nine Months Ended September 30	For the Three Months Ended September 30	For the Nine Months Ended September 30
Basic earnings per share	\$ 7.70	\$ 19.58	\$ 7.33	\$ 18.63
Diluted earnings per share	\$ 7.66	\$ 19.44	\$ 7.29	\$ 18.51

The earnings and weighted average number of ordinary shares outstanding used in the computation of earnings per share are as follows:

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2020	2019	2020	2019
Net profit for the year	\$ 549,281	\$ 634,483	\$ 1,741,307	\$ 1,610,834

(Continued)

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2020	2019	2020	2019
Weighted average number of ordinary shares used in the computation of basic earnings per share (in thousands)	86,817	86,535	86,796	86,452
Effect of potentially dilutive ordinary shares				
Employees' compensation or bonuses issued to employees	122	203	151	237
Restricted employee share options	<u>449</u>	<u>258</u>	<u>450</u>	<u>336</u>
Weighted average number of ordinary shares used in the computation of diluted earnings per share (in thousands)	<u>87,388</u>	<u>86,996</u>	<u>87,397</u>	<u>87,025</u>
				(Concluded)

If the Group offered to settle the compensation or bonuses paid to employees in cash or shares, the Group assumed that the entire amount of the compensation or bonuses will be settled in shares, and the resulting potential shares were included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, as the effect is dilutive. Such dilutive effect of the potential shares is included in the computation of diluted earnings per share until the number of shares to be distributed to employees is resolved in the following year.

## 23. SHARE-BASED PAYMENT ARRANGEMENTS - RESTRICTED SHARES PLAN FOR EMPLOYEES

### a. 2016

On May 24, 2016, the shareholders approved a restricted share plan for employees with a total amount of \$6,500 thousand, consisting of 650 thousand shares. The subscription base date of August 30, 2016 was determined by the board of directors on August 8, 2016. The restrictions on the rights of the employees who acquire the restricted shares but have not met the vesting conditions are as follows:

- 1) The employees should provide the restricted shares to the Company or the agency designated by the Company acting as the trust custodian and cooperate in complying with all related procedures and preparing the required documents.
- 2) The employees shall not sell, pledge, transfer, donate or, in any other way, dispose of these shares.
- 3) The employees which hold equity under the custody of the trust agency do not have the right to attend shareholders' meetings or to engage in motions, speech, and voting therein.
- 4) The employees' other rights, which are the same as those of ordinary shareholders of the Company, include but are not limited to the rights to receive dividends, bonuses and capital surplus in shares and to vote on cash increases by share issuance.



The vesting conditions of restricted shares is when an employee received the restricted shares, the restriction of acquiring the shares would be canceled as follows:

After one year from the grant date: 20%.

After two years from the grant date: 20%.

After three years from the grant date: 60%.

If an employee fails to meet the vesting conditions, the Company will withdraw the restricted shares.

The fair value of NT\$491 per share of the newly issued restricted shares was priced using the market-price-based method. The unearned employee benefits of \$319,150 thousand were recognized on the basis of vesting conditions and expensed on a straight-line base over the vest period. Compensation costs of \$10,166 thousand and \$40,835 thousand were recognized, respectively, within the vesting period for the three months and nine months ended September 30, 2019.

b. 2019

On June 25, 2019, the shareholders approved a restricted share plan for employees with a total amount of \$6,820 thousand, consisting of 682 thousand shares. The subscription base date of September 8, 2019 was determined by the board of directors 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 \$47,959 thousand, \$13,886 thousand, \$150,477 thousand and \$13,886 thousand were recognized, respectively, within the vesting period for the three months and nine months ended September 30, 2020 and 2019.

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

	Number of Options (In Thousands of Units)	
	For the Nine Months Ended September 30	
	2020	2019
Balance at January 1	682	377
Issuance of shares	-	682
Vested	(131)	(377)
Options forfeited (Note)	<u>(28)</u>	<u>-</u>
Balance at September 30	<u>523</u>	<u>682</u>

Note: Number of restricted shares were failed to meet the vesting conditions and were withdrew for the nine months ended September 30, 2020.

## 24. CASH FLOWS INFORMATION

### a. Non-cash transactions

For the nine months ended September 30, 2020 and 2019, the Group entered into the following non-cash investing activities which were not reflected in the consolidated statement of cash flows:

- 1) As of September 30, 2020, December 31, 2019 and September 30, 2019, the un-settled payments for purchases of property, plant and equipment were \$64,760 thousand, \$50,059 thousand and \$75,194 thousand, respectively, and recorded as other payables - payables for purchases of equipment in the consolidated financial statements.
- 2) As of September 30, 2020 and 2019, there were the un-settled payments for the distribution of cash dividends approved in the shareholders' meeting (refer to Notes 16 and 18).

### b. Changes in liabilities arising from financing activities

#### For the nine months ended September 30, 2020

	Opening Balance	Cash Flows	Non-cash Changes			Closing Balance
			New Leases	Change of Variable Payments	Exchange Rate Impact	
Short-term borrowings	\$ 1,091,309	\$ 786,023	\$ -	\$ -	\$ (25,834)	\$ 1,851,498
Guarantee deposits	215	676	-	-	-	891
Lease liabilities	<u>246,853</u>	<u>(55,334)</u>	<u>174,242</u>	<u>-</u>	<u>(1,853)</u>	<u>363,908</u>
	<u>\$ 1,338,377</u>	<u>\$ 731,365</u>	<u>\$ 174,242</u>	<u>\$ -</u>	<u>\$ (27,687)</u>	<u>\$ 2,216,297</u>

#### For the nine months ended September 30, 2019

	Opening Balance	Cash Flows	Non-cash Changes			Closing Balance
			New Leases	Change of Variable Payments	Exchange Rate Impact	
Short-term borrowings	\$ 397,478	\$ 185,457	\$ -	\$ -	\$ 1,215	\$ 584,150
Guarantee deposits	227	-	-	-	19	246
Lease liabilities	<u>262,672</u>	<u>(44,000)</u>	<u>65,101</u>	<u>(23,099)</u>	<u>(4,669)</u>	<u>256,005</u>
	<u>\$ 660,377</u>	<u>\$ 141,457</u>	<u>\$ 65,101</u>	<u>\$ (23,099)</u>	<u>\$ (3,435)</u>	<u>\$ 840,401</u>

## 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 not measured at fair value

Management believes the carrying amounts of financial assets and financial liabilities recognized in the consolidated financial statements which are not measured at fair value approximate their fair values.

### b. Categories of financial instruments

	September 30, 2020	December 31, 2019	September 30, 2019
<u>Financial assets</u>			
Financial assets at amortized cost (1)	\$ 8,516,720	\$ 6,322,557	\$ 6,816,003
<u>Financial liabilities</u>			
Financial liabilities at amortized cost (2)	4,848,584	4,262,502	3,467,463

- 1) The balances include financial assets at amortized cost, which comprise cash and cash equivalents, notes receivable, trade receivables, trade receivables from related parties, other receivables, other financial assets - current 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.

### c. Financial risk management objectives and policies

The Group's major financial instruments included trade receivables, trade payables and short-term borrowings, and lease liabilities. The Group's corporate treasury function provides services to the business, coordinates access to domestic and international financial markets, and monitors and manages the financial risks relating to the operations of the Group through internal risk reports that analyze exposures by degree and magnitude of risks. These risks include market risk (currency risk and interest rate risk), credit risk and liquidity risk.

The corporate treasury function reports regularly to the board of directors, who monitors risks and policies implemented to mitigate risk exposures.

#### 1) Market risk

The Group's activities exposed it primarily to the financial risks of changes in foreign currency exchange rates (see (a) below) and interest rates (see (b) below).

There had been no change to the Group's exposure to market risks or the manner in which these risks were managed and measured.

#### a) Foreign currency risk

The Group had foreign currency sales and purchases, which exposed the Group to foreign currency risk.

The carrying amounts of the Group's foreign currency-denominated monetary assets and monetary liabilities (including those eliminated on consolidation) are set out in Note 29.

### Sensitivity analysis

The Group is mainly exposed to the fluctuations in the USD and the RMB.

The following table shows the Group's sensitivity to a 1% increase and decrease in the functional currencies of the Group entities against the relevant foreign currencies (the USD and RMB). A sensitivity rate of 1% is used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis included only outstanding foreign currency-denominated monetary items, and their translation was adjusted at the end of the reporting period for a 1% change in foreign currency rates. A positive number below indicated an increase in pretax profit when the functional currencies of the group entities weakened by 1% against the relevant foreign currency. For a 1% strengthening of the functional currencies of the Group entities against the relevant foreign currency, there would be an equal and opposite impact on pretax profit and the balances below would be negative.

	<b>USD Impact</b>	
	<b>For the Nine Months Ended September 30</b>	
	<b>2020</b>	<b>2019</b>
Profit or loss	\$ 22,080	\$ 23,323
	<b>RMB Impact</b>	
	<b>For the Nine Months Ended September 30</b>	
	<b>2020</b>	<b>2019</b>
Profit or loss	\$ (27,474)	\$ (29,558)

The above impact on profit and loss was mainly attributable to the exposure on USD bank deposits, USD receivables, USD payables, USD bank short-term borrowings, RMB bank deposits and RMB payables at the end of the reporting period.

The Group's sensitivity to the USD decreased during the current period mainly because of an increase in USD bank short-term borrowings. The Group's sensitivity to the RMB decreased during the current period mainly because of an increase in RMB payables.

#### 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:

	<b>September 30, 2020</b>	<b>December 31, 2019</b>	<b>September 30, 2019</b>
Fair value interest rate risk			
Financial assets	\$ 3,511,027	\$ 1,517,989	\$ 2,211,382
Financial liabilities	363,908	246,853	256,005
Cash flow interest rate risk			
Financial assets	2,917,660	2,485,625	2,208,068
Financial liabilities	1,851,498	1,091,309	584,150



### 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 nine months ended September 30, 2020 and 2019 would have increased/decreased by \$7,996 thousand and \$12,179 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 bank deposit.

## 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 September 30, 2020, December 31, 2019 and September 30, 2019, the Group 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 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.

September 30, 2020

	<b>Less than 3 Months</b>	<b>3 Months to 1 Year</b>	<b>Over 1 Year to 5 Years</b>	<b>More than 5 Years</b>
<u>Non-derivative financial liabilities</u>				
Non-interest bearing	\$ 3,995,633	\$ 933,156	\$ 891	\$ -
Lease liabilities	23,123	81,638	292,225	5,987
Variable interest rate liabilities	<u>5,568</u>	<u>1,855,827</u>	<u>-</u>	<u>-</u>
	<u>\$ 4,024,324</u>	<u>\$ 2,870,621</u>	<u>\$ 293,116</u>	<u>\$ 5,987</u>

Additional information about the maturity analysis for lease liabilities:

	<b>Less than 1 Year</b>	<b>1-5 Years</b>	<b>5-10 Years</b>	<b>10-15 Years</b>	<b>15-20 Years</b>	<b>20+ Years</b>
Lease liabilities	<u>\$ 104,761</u>	<u>\$ 292,225</u>	<u>\$ 5,987</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

December 31, 2019

	<b>Less than 3 Months</b>	<b>3 Months to 1 Year</b>	<b>Over 1 Year to 5 Years</b>	<b>More than 5 Years</b>
<u>Non-derivative financial liabilities</u>				
Non-interest bearing	\$ 2,170,484	\$ 1,000,494	\$ 215	\$ -
Lease liabilities	17,563	51,485	190,664	14,701
Variable interest rate liabilities	<u>6,312</u>	<u>1,096,273</u>	<u>-</u>	<u>-</u>
	<u>\$ 2,194,359</u>	<u>\$ 2,148,252</u>	<u>\$ 190,879</u>	<u>\$ 14,701</u>

Additional information about the maturity analysis for lease liabilities:

	<b>Less than 1 Year</b>	<b>1-5 Years</b>	<b>5-10 Years</b>	<b>10-15 Years</b>	<b>15-20 Years</b>	<b>20+ Years</b>
Lease liabilities	<u>\$ 69,048</u>	<u>\$ 190,664</u>	<u>\$ 14,701</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

September 30, 2019

	<b>Less than 3 Months</b>	<b>3 Months to 1 Year</b>	<b>Over 1 Year to 5 Years</b>	<b>More than 5 Years</b>
<u>Non-derivative financial liabilities</u>				
Non-interest bearing	\$ 3,604,011	\$ 931,446	\$ 246	\$ -
Lease liabilities	11,271	52,101	204,754	18,895
Variable interest rate liabilities	<u>588,203</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 4,203,485</u>	<u>\$ 983,547</u>	<u>\$ 205,000</u>	<u>\$ 18,895</u>

Additional information about the maturity analysis for lease liabilities:

	<b>Less than 1 Year</b>	<b>1-5 Years</b>	<b>5-10 Years</b>	<b>10-15 Years</b>	<b>15-20 Years</b>	<b>20+ Years</b>
Lease liabilities	<u>\$ 63,372</u>	<u>\$ 204,754</u>	<u>\$ 18,895</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

b) Financing facilities

	<b>September 30, 2020</b>	<b>December 31, 2019</b>	<b>September 30, 2019</b>
Unsecured bank loan facilities			
Amount used	\$ 1,851,498	\$ 1,091,309	\$ 584,150
Amount unused	<u>608,802</u>	<u>1,008,091</u>	<u>1,547,050</u>
	<u>\$ 2,460,300</u>	<u>\$ 2,099,400</u>	<u>\$ 2,131,200</u>

d. Transfers of financial assets

The Group undertakes business in the forfaiting of trade receivables. For the three months and nine months end September 30 2020, the trade receivables amounted to US\$10,421 thousand, US\$32,444 thousand, EUR999 thousand and EUR2,370 thousand, respectively; for the three months and nine months end September 30 2019, the trade receivables amounted to US\$9,505 thousand, US\$35,592 thousand, EUR532 thousand, and EUR2,167 thousand, respectively.

The aforementioned amounts were fully collected on September 30, 2020 and 2019, respectively. Pursuant to the agreements, losses from commercial disputes (such as sales returns and discounts) are borne by the Group, while losses from credit risk are borne by the bank.

## 27. TRANSACTIONS WITH RELATED PARTIES

Balances and transactions between the Company and its subsidiaries, which were related parties of the Company, had been eliminated on consolidation and are not disclosed in this note. Details of transactions between the Group and other related parties are disclosed below.

### a. Related party name and category

Related Name	Related Party Category
RPS. SPA	Essential related parties (whose managing director is the key management personnel of the Group)
RIELLO UPS (ASIA) Co., Ltd.	Essential related parties (whose managing director is the key management personnel of the Group)
RIELLO UPS (SHANGHAI) Co., Ltd.	Essential related parties (whose managing director is the key management personnel of the Group)
FSP Technology Inc.	Key management personnel
WUXI Zhonghan Technology Co., Ltd.	Essential related parties (whose parent company is the key management personnel of the Group)
Ming Fang International Investment Co., Ltd.	Essential related parties

### b. Sales of goods

Line Item	Related Party Categories	For the Three Months Ended September 30		For the Nine Months Ended September 30	
		2020	2019	2020	2019
Sales	Key management personnel	\$ 65,390	\$ 55,086	\$ 148,891	\$ 151,009
	Essential related parties	<u>71,230</u>	<u>146,932</u>	<u>338,772</u>	<u>458,907</u>
		<u>\$ 136,620</u>	<u>\$ 202,018</u>	<u>\$ 487,663</u>	<u>\$ 609,916</u>

The selling prices are not comparable due to same product not sold to third parties for the nine months ended September 30, 2020 and 2019. Payment terms of related parties are to 135-150 days after the end of the month, and of third parties are 0-180 days.

### c. Purchases of goods

Related Party Category/Name	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2020	2019	2020	2019
Essential related parties	<u>\$ 1,612</u>	<u>\$ 837</u>	<u>\$ 3,964</u>	<u>\$ 3,580</u>

The purchase prices are not comparable due to no purchases of above specified items from third parties for the nine months ended September 30, 2020 and 2019. Payment terms of related parties are 150 days after the end of the month end, and of third parties are 30-90 days.

d. Contract liabilities

Related Party Category/Name	September 30, 2020	December 31, 2019	September 30, 2019
Essential related parties	\$ 284	\$ 1,501	\$ 1,501
Key management personnel	<u>818</u>	<u>101</u>	<u>101</u>
	<u>\$ 1,102</u>	<u>\$ 1,602</u>	<u>\$ 1,602</u>

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

Line Item	Related Party Category/Name	September 30, 2020	December 31, 2019	September 30, 2019
Trade receivables	Essential related parties	\$ 37,411	\$ 66,320	\$ 101,694
from related parties	Key management personnel	<u>100,203</u>	<u>88,754</u>	<u>91,004</u>
		<u>\$ 137,614</u>	<u>\$ 155,074</u>	<u>\$ 192,698</u>

The outstanding trade receivables from related parties were unsecured. For the nine months ended September 30, 2020 and 2019, no impairment loss was recognized for trade receivables from related parties.

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

Line Item	Related Party Category/Name	September 30, 2020	December 31, 2019	September 30, 2019
Trade payables to related parties	Essential related parties	<u>\$ 2,756</u>	<u>\$ 2,113</u>	<u>\$ 1,425</u>

The outstanding trade payables from related parties are unsecured.

g. Lease arrangements - Group is lessee

Line Item	Related Party Category/Name	September 30, 2020	December 31, 2019	September 30, 2019
Lease liabilities	Essential related parties	<u>\$ -</u>	<u>\$ 2,230</u>	<u>\$ 2,964</u>

Related Party Category/Name	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2020	2019	2020	2019
<u>Interest expense</u>				
Essential related parties	<u>\$ 2</u>	<u>\$ 21</u>	<u>\$ 20</u>	<u>\$ 78</u>

For the nine months ended September 30, 2020 and 2019, the Group rented buildings from essential related parties. The rental expenses, which were payable monthly, were based on current market prices.

h. Other transactions with related parties

Line Item	Related Party Category/Name	September 30, 2020	December 31, 2019	September 30, 2019
Refundable deposits	Essential related parties	\$ <u>500</u>	\$ <u>500</u>	\$ <u>500</u>

i. Compensation of key management personnel

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2020	2019	2020	2019
Short-term employee benefits	\$ 36,949	\$ 38,280	\$ 70,952	\$ 69,925
Post-employee benefits	162	157	503	451
Share-based payments	<u>11,440</u>	<u>7,845</u>	<u>34,538</u>	<u>20,700</u>
	<u>\$ 48,551</u>	<u>\$ 46,282</u>	<u>\$ 105,993</u>	<u>\$ 91,076</u>

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:

	September 30, 2020	December 31, 2019	September 30, 2019
Acquisition of property, plant and equipment	\$ 509,472	\$ 17,707	\$ 18,306
Acquisition of computer software	<u>1,867</u>	<u>503</u>	<u>-</u>
	<u>\$ 511,339</u>	<u>\$ 18,210</u>	<u>\$ 18,306</u>

## 29. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The following information was aggregated by the foreign currencies other than functional currencies of the group entities and the exchange rates between the foreign currencies and the New Taiwan dollars are disclosed. The significant financial assets and liabilities denominated in foreign currencies were as follows:

September 30, 2020

	Foreign Currencies (In Thousands)	Exchange Rate	Carrying Amount (In Thousands)
<u>Financial assets</u>			
Monetary items			
USD	\$ 149,618	29.1000 (USD:NTD)	\$ 4,353,887
USD	9,101	6.8101 (USD:RMB)	264,829
RMB	543,783	4.2731 (RMB:NTD)	2,323,640
RMB	1,184,694	0.1468 (RMB:USD)	<u>5,062,317</u>
			<u>\$ 12,004,673</u>

Financial liabilities

Monetary items			
USD	71,391	29.1000 (USD:NTD)	\$ 2,077,483
USD	11,449	6.8101 (USD:RMB)	333,226
RMB	1,184,694	4.2731 (RMB:NTD)	5,062,317
RMB	1,186,739	0.1468 (RMB:USD)	<u>5,071,053</u>
			<u>\$ 12,544,079</u>

December 31, 2019

	Foreign Currencies (In Thousands)	Exchange Rate	Carrying Amount (In Thousands)
<u>Financial assets</u>			
Monetary items			
USD	\$ 123,211	29.9800 (USD:NTD)	\$ 3,693,866
USD	10,142	6.9762 (USD:RMB)	304,065
RMB	169,184	4.2975 (RMB:NTD)	727,069
RMB	875,604	0.1433 (RMB:USD)	<u>3,762,906</u>
			<u>\$ 8,487,906</u>

Financial liabilities

Monetary items			
USD	47,311	29.9800 (USD:NTD)	\$ 1,418,376
USD	14,634	6.9762 (USD:RMB)	438,618
RMB	875,604	4.2975 (RMB:NTD)	3,762,906
RMB	838,805	0.1433 (RMB:USD)	<u>3,604,763</u>
			<u>\$ 9,224,663</u>

September 30, 2019

	Foreign Currencies (In Thousands)	Exchange Rate	Carrying Amount (In Thousands)
<u>Financial assets</u>			
Monetary items			
USD	\$ 107,249	31.0400 (USD:NTD)	\$ 3,329,019
USD	3,408	7.0729 (USD:RMB)	105,787
RMB	116,984	4.3886 (RMB:NTD)	513,394
RMB	826,168	0.1414 (RMB:USD)	<u>3,625,721</u>
			<u>\$ 7,573,921</u>

Financial liabilities

Monetary items			
USD	24,199	31.0400 (USD:NTD)	\$ 751,104
USD	11,319	7.0729 (USD:RMB)	351,386
RMB	826,168	4.3886 (RMB:NTD)	3,625,721
RMB	790,500	0.1414 (RMB:USD)	<u>3,469,189</u>
			<u>\$ 8,197,400</u>

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:

<b>For the Three Months Ended September 30</b>				
<b>2020</b>			<b>2019</b>	
Foreign Currencies	Exchange Rate	Net Foreign Exchange Gains (Losses)	Exchange Rate	Net Foreign Exchange Gains (Losses)
NTD	1.000 (NTD:NTD)	\$ (87,162)	1.000 (NTD:NTD)	\$ 91,589
USD	29.3567 (USD:NTD)	64	31.1733 (USD:NTD)	(4,880)
RMB	4.2638 (RMB:NTD)	<u>2,696</u>	4.4438 (RMB:NTD)	<u>(13,650)</u>
		<u>\$ (84,402)</u>		<u>\$ 73,059</u>
<b>For the Nine Months Ended September 30</b>				
<b>2020</b>			<b>2019</b>	
Foreign Currencies	Exchange Rate	Net Foreign Exchange Gains (Losses)	Exchange Rate	Net Foreign Exchange Gains (Losses)
NTD	1.000 (NTD:NTD)	\$ (67,489)	1.000 (NTD:NTD)	\$ 64,242
USD	29.7917 (USD:NTD)	(432)	31.0444 (USD:NTD)	(5,448)
RMB	4.2628 (RMB:NTD)	<u>(412)</u>	4.5314 (RMB:NTD)	<u>(18,772)</u>
		<u>\$ (68,333)</u>		<u>\$ 40,022</u>



### 30. SEPARATELY DISCLOSED ITEMS

a. Information about significant transactions:

- 1) Financing provided to others: Table 1
- 2) Endorsements/guarantees provided: None
- 3) Marketable securities held (excluding investments in subsidiaries, associates and joint ventures): None
- 4) Marketable securities acquired or disposed of at costs or prices of at least NT\$300 million or 20% of the paid-in capital: None
- 5) Acquisition of individual real estate at costs of at least NT\$300 million or 20% of the paid-in capital: Table 2
- 6) Disposal of individual real estate at prices of at least NT\$300 million or 20% of the paid-in capital: None
- 7) Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital: Table 3
- 8) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital: Table 4
- 9) Trading in derivative instruments: None
- 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

## **31. SEGMENT INFORMATION**

### **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.

TABLE 1

VOLTRONIC POWER TECHNOLOGY CORP. AND SUBSIDIARIES

FINANCING PROVIDED TO OTHERS  
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2020  
(In Thousands of New Taiwan Dollars and Foreign Currencies)

No. (Note 1)	Lender	Borrower	Financial Statement Account (Note 6)	Related Party	Highest Balance for the Period	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	\$ 213,655 (RMB 50,000)	\$ 213,655 (RMB 50,000)	\$ 213,655 (RMB 50,000)	4.35	2	\$ -	Operating capital financing funds	\$ -	-	\$ -	\$ 1,007,740	\$ 1,007,740
		Zhongshan Voltronic Power Electronics Limited	Other receivables from related parties	Yes	170,924 (RMB 40,000)	170,924 (RMB 40,000)	170,924 (RMB 40,000)	4.35	2	-	Operating capital financing funds	-	-	-	1,007,740	1,007,740
		Zhongshan Voltronic Power Electronics Limited	Other receivables from related parties	Yes	85,462 (RMB 20,000)	85,462 (RMB 20,000)	- (RMB -)	-	2	-	Operating capital financing funds	-	-	-	1,007,740	1,007,740
		Zhongshan Voltronic Power Electronics Limited	Other receivables from related parties	Yes	363,214 (RMB 85,000)	363,214 (RMB 85,000)	363,214 (RMB 85,000)	3.85	2	-	Operating capital financing funds	-	-	-	1,007,740	1,007,740

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 reviewed 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 consolidated 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 consolidated 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\$4.2731 as of September 30, 2020.

Note 6: The amount was eliminated upon consolidation.

TABLE 2

VOLTRONIC POWER TECHNOLOGY CORP. AND SUBSIDIARIES

ACQUISITION OF INDIVIDUAL REAL ESTATE AT COSTS OF AT LEAST NT\$300 MILLION OR 20% OF THE PAID-IN CAPITAL  
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2020  
(In Thousands of New Taiwan Dollars and Foreign Currencies)

Company Name	Types of Property	Transaction Date	Transaction Amount (Foreign Currencies in Thousands)	Payment Term	Counter-party	Prior Transaction of Related Counter-party				Nature of Relationship	Price Reference	Purpose of Acquisition	Other Terms
						Owner	Relationships	Transfer Date	Amount				
Zhongshan Voltronic Power Electronics Limited	New factory of Zhongshan City (factory #1)	March 28, 2017	\$ 549,521 (RMB 128,600)	\$ 533,026 (RMB 124,740)	Zhongtian Construction Group Co., Ltd.	-	-	-	-	\$ -	-	For the production of future need	Note
	New factory of Zhongshan City (factory #2)	September 25, 2020	788,447 (RMB 184,514)	- (RMB -)	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\$4.2731 as of September 30, 2020.

TABLE 3

## 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 NINE MONTHS ENDED SEPTEMBER 30, 2020  
(In Thousands of New Taiwan Dollars)

Company Name	Related Party	Nature of Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Payable or Receivable		Note
			Purchase/ Sale	Amount	% to Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% to Total	
Voltronic Power Technology	RPS. SPA	Essential related parties	(Sales)	\$ (327,930)	(4)	Net 150 days from the end of the month of when invoice is issued	No identical item	0-180 days	\$ 32,076	2	-
	FSP TECHNOLOGY INC.	Director of the company	(Sales)	(148,891)	(2)	Net 135 days from the end of the month of when invoice is issued	No identical item	0-180 days	100,203	6	-
	Voltronic Power Technology (Shen Zhen) Corp.	Subsidiary	Purchase	112,595	1	Net 270 days from the end of the month of when invoice is issued	No identical item	30-90 days	(73,502)	(1)	Note 3
	Potentia Technology Inc. Limited	Subsidiary	Purchase	7,035,694	98	Net 270 days from the end of the month of when invoice is issued	No identical item	30-90 days	(5,132,092)	(98)	"
Potentia Technology Inc. Limited	Voltronic Power Technology	Parent company	(Sales)	(7,035,694)	(79)	Net 270 days from the end of the month of when invoice is issued	Note 2	Note 2	5,132,092	89	"
	Voltronic Power Technology (Shen Zhen) Corp.	The same parent company	(Sales)	(747,368)	(8)	Net 270 days from the end of the month of when invoice is issued	Note 2	Note 2	136,340	2	"
	Voltronic Power Technology (Shen Zhen) Corp.	The same parent company	Purchase	3,459,888	29	Net 270 days from the end of the month of when invoice is issued	No identical item	30-90 days	(119,771)	(2)	"
	Zhongshan Voltronic Power Electronics Limited	The same parent company	(Sales)	(580,459)	(7)	Net 270 days from the end of the month of when invoice is issued	Note 2	Note 2	127,277	2	"
	Zhongshan Voltronic Power Electronics Limited	The same parent company	Purchase	3,601,914	30	Net 270 days from the end of the month of when invoice is issued	No identical item	30-90 days	(1,704,265)	(28)	"
	Orchid Power (Shen Zhen) Manufacturing Company	The same parent company	(Sales)	(204,754)	(2)	Net 270 days from the end of the month of when invoice is issued	Note 2	Note 2	69,365	1	"
	Voltronic Power Technology (Vietnam) Company Limited	The same parent company	(Sales)	(420,875)	(5)	Net 270 days from the end of the month of when invoice is issued	Note 2	Note 2	329,312	6	"
	Voltronic Power Technology (Vietnam) Company Limited	The same parent company	Purchase	442,250	4	Net 270 days from the end of the month of when invoice is issued	No identical item	30-90 days	(232,601)	(4)	"
Voltronic Power Technology (Shen Zhen) Corp.	Voltronic Power Technology	Parent company	(Sales)	(112,595)	(3)	Net 270 days from the end of the month of when invoice is issued	No identical item	30-90 days	73,502	2	"
	Potentia Technology Inc. Limited	The same parent company	(Sales)	(3,459,888)	(92)	Net 270 days from the end of the month of when invoice is issued	No identical item	30-90 days	3,514,801	95	"
	Potentia Technology Inc. Limited	The same parent company	Purchase	747,368	33	Net 270 days from the end of the month of when invoice is issued	No identical item	30-90 days	(136,340)	(13)	"
	Orchid Power (Shen Zhen) Manufacturing Company	The same parent company	Purchase	135,672	6	Net 270 days from the end of the month of when invoice is issued	No identical item	30-90 days	(126,424)	(12)	"
	Zhongshan Voltronic Precision Inc.	The same parent company	Purchase	182,772	8	Net 270 days from the end of the month of when invoice is issued	No identical item	30-90 days	(21,754)	(2)	"
Zhongshan Voltronic Power Electronics Limited	Potentia Technology Inc. Limited	The same parent company	(Sales)	(3,601,914)	(94)	Net 270 days from the end of the month of when invoice is issued	Note 2	Note 2	1,704,265	92	"
	Potentia Technology Inc. Limited	The same parent company	Purchase	580,459	23	Net 270 days from the end of the month of when invoice is issued	No identical item	30-90 days	(127,277)	(11)	"
	Orchid Power (Shen Zhen) Manufacturing Company	The same parent company	(Sales)	(168,420)	(4)	Net 270 days from the end of the month of when invoice is issued	Note 2	Note 2	107,159	6	"
	Zhongshan Voltronic Precision Inc.	The same parent company	Purchase	299,666	12	Net 270 days from the end of the month of when invoice is issued	No identical item	30-90 days	(71,175)	(6)	"
Zhongshan Voltronic Precision Inc.	Voltronic Power Technology (Shen Zhen) Corp.	The same parent company	(Sales)	(182,772)	(33)	Net 270 days from the end of the month of when invoice is issued	Note 2	Note 2	21,754	20	"
	Zhongshan Voltronic Power Electronics Limited	The same parent company	(Sales)	(299,666)	(53)	Net 270 days from the end of the month of when invoice is issued	Note 2	Note 2	71,175	64	"
Orchid Power (Shen Zhen) Manufacturing Company	Potentia Technology Inc. Limited	The same parent company	Purchase	204,754	28	Net 270 days from the end of the month of when invoice is issued	No identical item	0-60 days	(69,365)	(13)	"
	Voltronic Power Technology (Shen Zhen) Corp.	The same parent company	(Sales)	(135,672)	(2)	Net 270 days from the end of the month of when invoice is issued	Note 2	Note 2	126,424	37	"
	Zhongshan Voltronic Power Electronics Limited	The same parent company	Purchase	168,420	23	Net 270 days from the end of the month of when invoice is issued	No identical item	0-60 days	(107,159)	(20)	"

(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	
Voltronic Power Technology (Vietnam) Company Limited	Potentia Technology Inc. Limited	The same parent company	(Sales)	\$ (442,250)	(100)	Net 270 days from the end of the month of when invoice is issued	Note 2	Note 2	\$ 232,601	100	//
	Potentia Technology Inc. Limited	The same parent company	Purchase	420,875	99	Net 270 days from the end of the month of when invoice is issued	No identical item	30-90 days	(329,312)	(96)	//

Note 1: Above amounts present in New Taiwan dollars (NT\$). Foreign currency is converted into NT\$ as of September 30, 2020; the amount of income accounts are converted by average exchange rate into New Taiwan dollars (NT\$) as of 2020.

Note 2: There is no sales to unrelated parties.

Note 3: The amount was eliminated upon consolidation.

(Concluded)

**TABLE 4**

**VOLTRONIC POWER TECHNOLOGY CORP. AND SUBSIDIARIES**

**RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL  
SEPTEMBER 30, 2020  
(In Thousands of New Taiwan Dollars)**

Company Name	Related Party	Relationship	Ending Balance (Note 1)	Turnover Rate	Overdue		Amount Received in Subsequent Period (Note 2)	Allowance for Impairment Loss	Note
					Amount	Actions Taken			
<u>Trade receivables</u>									
Voltronic Power Technology	FSP TECHNOLOGY INC.	Director of the company	\$ 100,203	2.10	\$ -	-	\$ 17,792	\$ -	-
Potentia Technology Inc. Limited	Voltronic Power Technology	Parent company	5,132,092	2.10	-	-	769,664	-	-
	Voltronic Power Technology (Shen Zhen) Corp.	The same parent company	136,340	5.64	-	-	77,737	-	-
	Zhongshan Voltronic Power Electronics Limited	The same parent company	127,277	5.40	-	-	62,100	-	-
	Voltronic Power Technology (Vietnam) Company Limited	The same parent company	329,312	2.91	-	-	95,524	-	-
Zhongshan Voltronic Power Electronics Limited	Potentia Technology Inc. Limited	The same parent company	1,704,265	3.59	-	-	474,152	-	-
	Orchid Power (Shen Zhen) Manufacturing Company	The same parent company	107,159	2.22	-	-	-	-	-
Voltronic Power Technology (Shen Zhen) Corp.	Potentia Technology Inc. Limited	The same parent company	3,514,801	1.48	-	-	348,966	-	-
Orchid Power (Shen Zhen) Manufacturing Company	Voltronic Power Technology (Shen Zhen) Corp.	The same parent company	126,424	1.69	-	-	20,084	-	-
Voltronic Power Technology (Vietnam) Company Limited	Potentia Technology Inc. Limited	The same parent company	232,601	4.15	-	-	102,139	-	-
<u>Other receivables</u>									
Orchid Power (Shen Zhen) Manufacturing Company	Zhongshan Voltronic Power Electronics Limited	The same parent company	749,885 (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\$29.10, RMB1=NT\$4.2731 as of September 30, 2020.

Note 2: As of October 31, 2020.

Note 3: Including interest receivables \$2,092 thousand.

TABLE 5

## VOLTRONIC POWER TECHNOLOGY CORP. AND SUBSIDIARIES

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS  
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2020

(In Thousands of New Taiwan Dollars)

No. (Note 1)	Investee Company	Counterparty	Relationship (Note 2)	Transaction Details			
				Financial Statement Account	Amount (Note 5)	Payment Terms	% of Total Sales or Assets (Note 3)
1	Potentia Technology Inc. Limited	Voltronic Power Technology	2	Sales	\$ 7,305,694	Net 270 days from the end of the month of when invoice is issued	72.79
		Voltronic Power Technology	2	Trade receivables from related parties	5,132,092	Net 270 days from the end of the month of when invoice is issued	39.93
		Voltronic Power Technology (Shen Zhen) Corp.	3	Sales	747,368	Net 270 days from the end of the month of when invoice is issued	7.45
		Voltronic Power Technology (Shen Zhen) Corp.	3	Trade receivables from related parties	136,340	Net 270 days from the end of the month of when invoice is issued	1.06
		Orchid Power (Shen Zhen) Manufacturing Company	3	Sales	204,754	Net 270 days from the end of the month of when invoice is issued	2.04
		Orchid Power (Shen Zhen) Manufacturing Company	3	Trade receivables from related parties	69,365	Net 270 days from the end of the month of when invoice is issued	0.54
		Zhongshan Voltronic Power Electronics Limited	3	Sales	580,459	Net 270 days from the end of the month of when invoice is issued	5.78
		Zhongshan Voltronic Power Electronics Limited	3	Trade receivables from related parties	127,277	Net 270 days from the end of the month of when invoice is issued	0.99
		Voltronic Power Technology (Vietnam) Company Limited	3	Sales	420,875	Net 270 days from the end of the month of when invoice is issued	4.19
		Voltronic Power Technology (Vietnam) Company Limited	3	Trade receivables from related parties	329,312	Net 270 days from the end of the month of when invoice is issued	2.56
2	Voltronic Power Technology (Shen Zhen) Corp.	Voltronic Power Technology	2	Sales	112,595	Net 270 days from the end of the month of when invoice is issued	1.12
		Voltronic Power Technology	2	Trade receivables from related parties	73,502	Net 270 days from the end of the month of when invoice is issued	0.57
		Potentia Technology Inc. Limited	3	Sales	3,459,888	Net 270 days from the end of the month of when invoice is issued	34.47
		Potentia Technology Inc. Limited	3	Trade receivables from related parties	3,514,801	Net 270 days from the end of the month of when invoice is issued	27.35
3	Orchid Power (Shen Zhen) Manufacturing Company	Voltronic Power Technology (Shen Zhen) Corp.	3	Sales	135,672	Net 270 days from the end of the month of when invoice is issued	1.35
		Voltronic Power Technology (Shen Zhen) Corp.	3	Trade receivables from related parties	126,424	Net 270 days from the end of the month of when invoice is issued	0.98
		Zhongshan Voltronic Power Electronics Limited	3	Other receivables from related parties	749,885	The loan period is one year and will be returned in installments according to the financial situation during the period	5.83

(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	\$ 3,601,914	Net 270 days from the end of the month of when invoice is issued	35.89
		Potentia Technology Inc. Limited	3	Trade receivables from related parties	1,704,265	Net 270 days from the end of the month of when invoice is issued	13.26
		Orchid Power (Shen Zhen) Manufacturing Company	3	Sales	168,420	Net 270 days from the end of the month of when invoice is issued	1.68
		Orchid Power (Shen Zhen) Manufacturing Company	3	Trade receivables from related parties	107,159	Net 270 days from the end of the month of when invoice is issued	0.83
5	Zhongshan Voltronic Precision Inc.	Voltronic Power Technology (Shen Zhen) Corp.	3	Sales	182,772	Net 270 days from the end of the month of when invoice is issued	1.82
		Voltronic Power Technology (Shen Zhen) Corp.	3	Trade receivables from related parties	21,754	Net 270 days from the end of the month of when invoice is issued	0.17
		Zhongshan Voltronic Power Electronics Limited	3	Sales	299,666	Net 270 days from the end of the month of when invoice is issued	2.99
		Zhongshan Voltronic Power Electronics Limited	3	Trade receivables from related parties	71,175	Net 270 days from the end of the month of when invoice is issued	0.55
6	Voltronic Power Technology (Vietnam) Company Limited	Potentia Technology Inc. Limited	3	Sales	442,250	Net 270 days from the end of the month of when invoice is issued	4.41
		Potentia Technology Inc. Limited	3	Trade receivables from related parties	232,601	Net 270 days from the end of the month of when invoice is issued	1.81

Note 1: Intercompany transactions information between parent company and subsidiaries are noted within the number column as follows:

- “0” for the parent company.
- Subsidiaries are numbered from “1”

Note 2: Parties involved in the transaction have a directional relationship noted by the following:

- “1” represents transactions from parent company to subsidiaries.
- “2” represents transactions from subsidiaries to parent company.
- “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 converted into NT\$ as of September 30, 2020, the amount of income accounts are converted by quarterly average exchange rate into New Taiwan dollar NT\$ as of 2020.

Note 5: The main transaction only disclose unidirectional transactions information between intercompany relationship, and the amount was eliminated upon consolidation.

(Concluded)

TABLE 6

VOLTRONIC POWER TECHNOLOGY CORP. AND SUBSIDIARIES

INFORMATION ON INVESTEEES  
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2020  
(In Thousands of New Taiwan Dollars and Foreign Currencies, and Shares)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of September 30, 2020			Net Income (Loss) of the Investee	Share of Profit (Loss) (Note 2)	Note
				September 30, 2020	December 31, 2019	Number of Stock (Shares)	%	Carrying Value			
Voltronic Power Technology	Voltronic International Corp.	Anguilla	Investment activities	\$ 888,285 (US\$ 28,000)	\$ 888,285 (US\$ 28,000)	28,000	100	\$ 5,676,756	\$ 890,284	\$ 884,247	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	55,941	29,753	29,753	Notes 1 and 3
Voltronic International Corp.	Potentia Technology Inc. Limited	Hong Kong	Sale of uninterruptible power systems (UPS)	-	-	-	100	23,457	2,238	2,238	Note 1
	Voltronic International H.K. Corp. Limited	Hong Kong	Investment activities	888,285 (US\$ 28,000)	888,285 (US\$ 28,000)	217,240	100	5,659,627	888,046	888,046	Note 1

Note 1: The nature of relationship is subsidiary.

Note 2: Current investment gain or loss recognition is net of reversing prior period unrealized gain of \$291 thousand from upstream transactions and deducts current period unrealized loss of \$839 thousand from upstream transaction and unrealized gain of \$7,167 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.

**VOLTRONIC POWER TECHNOLOGY CORP. AND SUBSIDIARIES**

**INFORMATION ON INVESTMENTS IN MAINLAND CHINA  
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2020  
(In Thousands of New Taiwan Dollars and Foreign Currencies)**

1. Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the period and repatriations of investment income in the mainland China area:

Investee Company	Main Businesses and Products	Paid-in Capital	Method of Investment (Note 1)	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2020	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of September 30, 2020	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Notes 2 and 3)	Carrying Amount as of September 30, 2020 (Notes 2 and 3)	Accumulated Repatriation of Investment Income as of September 30, 2020
					Outflow	Inflow						
Voltronic Power Technology (Shen Zhen) Corp.	Design, manufacture and sale of UPS	\$ 64,630 (US\$ 2,000)	b.	\$ 64,630 (US\$ 2,000)	\$ -	\$ -	\$ 64,630 (US\$ 2,000)	\$ 474,816	100	\$ 474,816	\$ 3,177,697	\$ -
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)	158,923	100	158,923	1,007,740	-
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)	254,307	100	254,307	1,474,190	-
Zhongshan Voltronic Precision Inc.	Design, manufacture and sale of UPS related components	73,315 (RMB 16,000)	c.	-	-	-	-	562	100	562	101,981	-

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

Accumulated Outflow Remittance for Investment in Mainland China as of September 30, 2020	Investment Amount Authorized by Investment Commission, MOEA	Upper Limit on the Amount of Investment Stipulated by Investment Commission, MOEA
\$ 888,285 (Note 4) (US\$ 28,000)	\$ 888,285 (Note 4) (US\$ 28,000)	\$ 2,890,874

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 September 30, 2020:

The Company invested Zhongshan Voltronic Power Technology (Shen Zhen) Corp., Orchid Power (Shen Zhen) Manufacturing Company and Zhongshan Voltronic Power Electronics Limited through its subsidiary, Voltronic International H.K. Corp. Limited and recognized net income and book value of investee, Zhongshan Voltronic Precision Inc. through subsidiary Zhongshan Voltronic Power Electronics Limited as of September 30, 2020.

Note 3: The amount was calculated based on the financial statements which were reviewed 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.

**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 NINE MONTHS ENDED SEPTEMBER 30, 2020  
(In Thousands of New Taiwan Dollars)**

a. There were the amounts and percentages of the purchases, also the amounts and percentages displayed in the ending balance of the related payables.

Investee Company	Transaction Type	Purchase/Sale		Transaction Details			Notes/Accounts Receivable (Payable)		Unrealized Loss
		Amount	%	Price	Payment Terms	Comparison with Normal Transactions	Ending Balance	%	
Voltronic Power Technology (Shen Zhen) Corp.	Purchase	\$ 3,517,973	49	Set by agreement of both parties	Net 270 days from the end of the month of when invoice is issued	No identical item	\$ (2,641,475)	(51)	\$ (839)
Zhongshan Voltronic Power Electronics Limited	Purchase	3,202,879	44	Set by agreement of both parties	Net 270 days from the end of the month of when invoice is issued	No identical item	(2,500,146)	(48)	-

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 9****VOLTRONIC POWER TECHNOLOGY CORP.****INFORMATION OF MAJOR SHAREHOLDERS  
SEPTEMBER 30, 2020**

Name of Major Shareholder	Shares	
	Number of Shares	Percentage of Ownership (%)
Juor-Ming Hsieh FSP Technology Inc.	7,973,364	9.57
	4,465,711	5.36

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 consolidated 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.