Voltronic Power Technology Corp. and Subsidiaries

Consolidated Financial Statements for the Years Ended December 31, 2020 and 2019 and Independent Auditors' Report

DECLARATION OF CONSOLIDATION OF FINANCIAL STATEMENTS OF AFFILIATES

The companies required to be included in the consolidated financial statements of affiliates in accordance with the "Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises" for the year ended December 31, 2020 are all the same as the companies required to be included in the consolidated financial statements of parent and subsidiary companies as provided in International Financial Reporting Standard No. 10, "Consolidated Financial Statements". Relevant information that should be disclosed in the consolidated financial statements of affiliates has all been disclosed in the consolidated financial statements of parent and subsidiary companies. Hence, we have not prepared a separate set of consolidated financial statements of affiliates.

Very truly yours,

VOLTRONIC POWER TECHNOLOGY CORP.

By

HSIEH JOUR-MING
Chairman

February 25, 2021

Deloitte.

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INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Voltronic Power Technology Corp.

Opinion

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

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2020 and 2019, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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

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

Validity of Occurrence of Operating Revenue

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

In response, we performed the following audit procedures:

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

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

Other Matter

We have also audited the parent company only financial statements of Voltronic Power Technology Corp. as of and for the years ended December 31, 2020 and 2019 on which we have issued an unmodified opinion.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the auditing standards generally accepted in the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

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

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

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

4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

6. Obtain sufficient and appropriate audit evidence regarding the financial information of entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

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

Deloitte & Touche
Taipei, Taiwan
Republic of China

February 25, 2021

Notice to Readers

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

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

VOLTRONIC POWER TECHNOLOGY CORP. AND SUBSIDIARIES

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

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

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

VOLTRONIC POWER TECHNOLOGY CORP. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2020		2019	
	Amount	%	Amount	%
OPERATING REVENUE				
Sales (Notes 4, 19 and 27)	$ 13,652,564	100	$ 12,936,382	100
OPERATING COSTS				
Cost of goods sold (Notes 8, 20 and 27)	(9,634,383)	(71)	(9,151,380)	(71)
GROSS PROFIT	4,018,181	29	3,785,002	29
OPERATING EXPENSES (Note 20)				
Selling and marketing expenses	(351,222)	(2)	(322,444)	(2)
General and administrative expenses	(357,390)	(3)	(341,115)	(3)
Research and development expenses	(574,437)	(4)	(566,542)	(4)
Expect credit (loss) gain (Notes 4, 5 and 7)	(4,658)	-	2,202	-
Total operating expenses	(1,287,707)	(9)	(1,227,899)	(9)
PROFIT FROM OPERATIONS	2,730,474	20	2,557,103	20
NON-OPERATING INCOME AND EXPENSES				
Interest income (Note 20)	60,676	-	55,999	-
Other income (Note 20)	54,142	-	42,154	-
Other gains and losses (Note 20)	(154,194)	(1)	11,960	-
Finance costs (Notes 20 and 27)	(41,547)	-	(51,467)	-
Total non-operating income and expenses	(80,923)	(1)	58,646	-
PROFIT BEFORE INCOME TAX FROM CONTINUING OPERATIONS	2,649,551	19	2,615,749	20
INCOME TAX EXPENSE (Notes 4 and 21)	(452,407)	(3)	(484,717)	(4)
NET PROFIT FOR THE YEAR	2,197,144	16	2,131,032	16
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that may be reclassified subsequently to profit or loss				
Exchange differences on translation of the financial statements of foreign operations (Notes 4 and 18)	14,714	-	(198,746)	(1)
Income tax relating to items that may be reclassified subsequently to profit (Notes 18 and 21)	(2,943)	-	39,749	-
Other comprehensive income (loss) for the year, net of income tax:	11,771	-	(158,997)	(1)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	$ 2,208,915	16	$ 1,972,035	15

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VOLTRONIC POWER TECHNOLOGY CORP. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2020		2019	
	Amount	**%**	**Amount**	**%**
EARNINGS PER SHARE (Note 22)				
Basic	$25.31		$24.64	
Diluted	$25.14		$24.51	

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

VOLTRONIC POWER TECHNOLOGY CORP. AND SUBSIDIARIES

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

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

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

VOLTRONIC POWER TECHNOLOGY CORP. AND SUBSIDIARIES

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

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	$ 2,649,551	$ 2,615,749
Adjustments for:		
Depreciation expenses	231,733	173,483
Amortization expenses	6,388	4,143
Expected credit loss recognized/(reversed) on trade receivables	4,658	(2,202)
Finance costs	41,547	51,467
Interest income	(60,676)	(55,999)
Share-based compensation	182,332	110,265
Loss on disposal of property, plant and equipment	326	4,701
Property, plant and equipment transferred to expenses	-	452
Write-downs of inventories	-	12,013
Net loss on foreign currency exchange	21,812	57,953
Prepayments for equipment transferred to expenses	217	-
Gain on lease modification	-	(185)
Changes in operating assets and liabilities		
Notes receivable	3,613	(23,550)
Trade receivables	(75,011)	(108,340)
Trade receivables - related parties	(9,638)	21,227
Other receivables	(51,258)	18,885
Inventories	(264,469)	(67,545)
Prepayments	22,754	588
Other financial assets	(770)	(1,973)
Contract liabilities	34,124	43,772
Notes payable	(7)	15
Trade payables	319,755	631,476
Trade payables - related parties	(364)	1,118
Other payables	42,810	71,827
Other current liabilities	(182)	748
Cash generated from operations	3,099,245	3,560,088
Interest received	56,778	57,524
Interest paid	(41,547)	(51,467)
Income tax paid	(488,356)	(568,695)
Net cash generated from operating activities	2,626,120	2,997,450
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property, plant and equipment	(368,986)	(382,063)
Proceeds from the disposal of property, plant and equipment	1,486	223
Increase in refundable deposits	(5,158)	-
Decrease in refundable deposits	-	3,950
Payments for intangible assets	(20,006)	(11,450)
Increase in prepayments for equipment	(18,319)	(48,633)
Net cash used in investing activities	(410,983)	(437,973)

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VOLTRONIC POWER TECHNOLOGY CORP. AND SUBSIDIARIES

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

	2020	2019
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term borrowings	$ 705,024	$ 707,011
Repayment of the principal portion of lease liabilities	(73,922)	(52,198)
Proceeds from guarantee deposits received	582	-
Distributed cash dividends	(1,932,594)	(1,652,390)
Net cash used in financing activities	(1,300,910)	(997,577)
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS HELD IN FOREIGN CURRENCIES	(30,830)	(188,333)
NET INCREASE IN CASH AND CASH EQUIVALENTS	883,397	1,373,567
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	4,002,796	2,629,229
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	$ 4,886,193	$ 4,002,796

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

VOLTRONIC POWER TECHNOLOGY CORP. AND SUBSIDIARIES

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

1. GENERAL INFORMATION

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

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

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

2. APPROVAL OF FINANCIAL STATEMENTS

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

2) Amendments to IAS 1 "Disclosure of Accounting Policies"

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

- Accounting policy information that relates to immaterial transactions, other events or conditions is immaterial and need not be disclosed;

- The Group may consider the accounting policy information as material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial; and

- Not all accounting policy information relating to material transactions, other events or conditions is itself material.

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

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

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

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

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

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

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

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

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

a. Statement of compliance

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

b. Basis of preparation

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

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

Current assets include:

1) Assets held primarily for the purpose of trading;

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

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

Current liabilities include:

1) Liabilities held primarily for the purpose of trading;

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

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

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

d. Basis of consolidation

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

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

e. Foreign currencies

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

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

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

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

f. Inventories

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

g. Property, plant and equipment

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

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

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

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

h. Intangible assets

1) Intangible assets acquired separately

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

2) Derecognition of intangible assets

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

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

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

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

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

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

j. Financial instruments

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

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

1) Financial assets

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

a) Measurement category

Financial assets are classified as financial assets at amortized cost.

Financial assets at amortized cost

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

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

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

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

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

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

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

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

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

b) Impairment of financial assets

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

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

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

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

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

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

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

c) Derecognition of financial assets

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

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

2) Equity instruments

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

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

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

3) Financial liabilities

a) Subsequent measurement

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

b) Derecognition of financial liabilities

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

k. Revenue recognition

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

Revenue from the sale of goods

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

l. Leasing

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

The Group as lessee

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

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

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

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

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

m. Employee benefits

1) Short-term employee benefits

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

2) Retirement benefits

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

n. Share-based payment arrangements

Restricted shares granted to employees

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

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

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

o. Taxation

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

1) Current tax

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

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

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

2) Deferred tax

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

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

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

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

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

3) Current and deferred tax for the year

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

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

Key Sources of Estimation Uncertainty

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

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

6. CASH AND CASH EQUIVALENTS

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

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

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

7. NOTES RECEIVABLE, TRADE RECEIVABLES AND OTHER RECEIVABLES

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

Notes Receivable

At amortized cost

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

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

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

The following table details the aging analysis of notes receivable:

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

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

Trade Receivables

At amortized cost

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

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

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

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

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

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

December 31, 2020

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

December 31, 2019

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

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

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

Other Receivables

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

8. INVENTORIES

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

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

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

9. SUBSIDIARIES

Entities Included in the Consolidated Financial Statements

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

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

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

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

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

10. PROPERTY, PLANT AND EQUIPMENT

Assets Used by the Group

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

(Continued)

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

(Concluded)

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

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

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

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

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

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

11. LEASE ARRANGEMENTS

a. Right-of-use assets

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

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

b. Lease liabilities

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

Range of discount rate for lease liabilities was as follows:

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

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

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

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

d. Other lease information

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

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

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

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

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

12. OTHER INTANGIBLE ASSETS

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

(Continued)

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

(Concluded)

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

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

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

13. OTHER ASSETS

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

Note 1: Restricted account for government grants.

Note 2: Restricted deposits for issuing a performance guarantee.

14. BORROWINGS

Short-term Borrowings

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

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

15. NOTES PAYABLE AND TRADE PAYABLES

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

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

16. OTHER LIABILITIES

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

(Continued)

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

(Concluded)

17. RETIREMENT BENEFIT PLANS

Defined Contribution Plans

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

18. EQUITY

a. Share capital

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

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

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

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

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

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

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

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

b. Capital surplus

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

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

A reconciliation of the capital surplus was as follows:

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

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

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

c. Retained earnings and dividend policy

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

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

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

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

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

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

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

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

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

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

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

d. Special reserve

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

e. Other equity items

Exchange differences on translating the financial statements of foreign operations

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

Employee unearned benefits

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

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

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

19. REVENUE

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

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

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

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

20. NET PROFIT (LOSS) FROM OPERATIONS

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

a. Interest income

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

b. Other income

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

c. Other gains and (losses)

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

d. Finance costs

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

e. Depreciation and amortization

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

f. Employee benefits expense

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

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

g. Employees' compensation and remuneration of directors

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

Accrual rate

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

Amount

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

If there is a change in the amounts after the annual consolidated financial statements were authorized for issue, the differences are recorded as a change in the accounting estimate.

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

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

h. Gain or loss on foreign currency exchange

	For the Year Ended December 31	
	2020	2019
Foreign exchange gains	$ 721,625	$ 514,493
Foreign exchange losses	(875,245)	(496,920)
Net (losses) gains	$ (153,620)	$ 17,573

21. INCOME TAXES RELATING TO CONTINUING OPERATIONS

a. Major components of income tax expense recognized in profit are as follows:

	For the Year Ended December 31	
	2020	2019
Current tax		
In respect of the current period	$ (522,537)	$ (534,063)
Adjustments for prior periods	54,409	39,620
	(468,128)	(494,443)
Deferred tax		
In respect of the current period	22,595	9,726
Adjustments to deferred tax attributable to changes in tax rates and laws	(6,874)	-
	15,721	9,726
Income tax expense recognized in profit or loss	$ (452,407)	$ (484,717)

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

	For the Year Ended December 31	
	2020	2019
Profit before tax	$ 2,649,551	$ 2,615,749
Income tax expense calculated at the statutory rate	$ (716,306)	$ (702,315)
Nondeductible expenses in determining taxable income	(10,204)	(3,910)
Deferred tax effect of earnings of subsidiaries	226,549	175,810
Tax-exempt income	25	6,078
Unrecognized deductible temporary differences	(6)	-
Effect of tax rate changes	(6,874)	-
Adjustments for prior years' tax	54,409	39,620
Income tax expense recognized in profit or loss	$ (452,407)	$ (484,717)

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

The applicable tax rate used by the entity in ROC for the years ended December 31, 2020 and 2019 was 20%. The applicable tax rate used by subsidiaries in China was 25%, except for Voltronic Power Technology (Shen Zhen) Corp. in 2020 and 2019 and Zhongshan Voltronic Power Electronics Limited in 2020, which used the tax rate of 15% due to them owning the high-tech enterprise certificate. Voltronic Power Technology (Vietnam) Company Limited is entitled to income tax incentives based on the Law on Foreign Investment in Vietnam and is entitled to income tax exemption for six years beginning from the first profit-earning year - full exemption in the first two years and half exemption in the next four years (10% tax rate).

As the status of the 2021 appropriations of earnings is uncertain, the potential income tax consequences of additional 5% on 2020 unappropriated earnings are not reliably determinable.

b. Income tax recognized in other comprehensive income

	For the Year Ended December 31	
	2020	2019
Deferred tax		
In respect of the current period		
Translation of foreign operations	$ (2,943)	$ 39,749

c. Current tax assets and liabilities

	December 31	
	2020	2019
Current tax assets		
Tax refund receivable	$ 18,575	$ 27,750
Current tax liabilities		
Income tax payable	$ 166,452	$ 195,793

d. Deferred tax assets and liabilities

The movements of deferred tax assets and deferred tax liabilities were as follows:

For the year ended December 31, 2020

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Exchange Differences	Closing Balance
Deferred tax assets					
Temporary differences					
Exchanges differences on foreign operations	$ 85,810	$ -	$ (2,943)	$ -	$ 82,867
Unrealized loss on write-down of inventories	5,053	(1,084)	-	5	3,974
Unrealized employee compensation	28,507	(7,607)	-	42	20,942
Allowance for impaired receivables	1,074	(201)	-	1	874
Unrealized exchange losses	-	18,092	-	-	18,092
Right-of-use assets	719	1,438	-	14	2,171
	$ 121,163	$ 10,638	$ (2,943)	$ 62	$ 128,920
Deferred tax liabilities					
Temporary differences					
Unrealized exchange gain	$ (5,083)	$ 5,083	$ -	$ -	$ -

For the year ended December 31, 2019

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Exchange Differences	Closing Balance
Deferred tax assets					
Temporary differences					
Exchanges differences on foreign operations	$ 46,061	$ -	$ 39,749	$ -	$ 85,810
Unrealized loss on write-down of inventories	2,795	2,450	-	(192)	5,053
Unrealized employee compensation	18,928	10,515	-	(936)	28,507
Allowance for impaired receivables	338	781	-	(45)	1,074
Right-of-use assets	-	749	-	(30)	719
	$ 68,122	$ 14,495	$ 39,749	$ (1,203)	$ 121,163
Deferred tax liabilities					
Temporary differences					
Unrealized exchange gains	$ (314)	$ (4,769)	$ -	$ -	$ (5,083)

e. Unused loss carryforwards for which no deferred tax assets have been recognized in the consolidated balance sheets.

	December 31	
	2020	2019
Loss carryforwards		
Expiry in 2024	$ -	$ 2,301

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

As of December 31, 2020 and 2019, the taxable temporary differences associated with investments in subsidiaries for which no deferred tax liabilities were recognized amounted to $5,402,081 thousand and $4,269,338 thousand, respectively.

g. Income tax assessments

The Company's tax returns through 2018 have been assessed by the tax authorities. As of December 31, 2020, the Group has no unsettled lawsuits related to tax.

22. EARNINGS PER SHARE

Unit: NT$ Per Share

	For the Year Ended December 31	
	2020	2019
Basic earnings per share		
Basic earnings per share	$ 25.31	$ 24.64
Diluted earnings per share		
Diluted earnings per share	$ 25.14	$ 24.51

The weighted average number of shares outstanding used for the earnings per share computation was adjusted retroactively for the issuance of bonus shares on September 22, 2020. The basic and diluted earnings per share adjusted retrospectively for the year ended December 31, 2019 are as follows:

Unit: NT$ Per Share

	Before Retrospective Adjustment	After Retrospective Adjustment
Basic earnings per share	$ 25.87	$ 24.64
Diluted earnings per share	$ 25.73	$ 24.51

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

	For the Year Ended December 31	
	2020	**2019**
Net profit for the year	$ 2,197,144	$ 2,131,032
Weighted average number of ordinary shares used in the computation of basic earnings per share (in thousands)	86,795	86,490
Effect of potentially dilutive ordinary shares		
Employees' compensation or bonuses issued to employees	115	173
Restricted employee share options	500	292
Weighted average number of ordinary shares used in the computation of diluted earnings per share (in thousands)	87,410	86,955

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

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

a. 2016

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

1) The employees should provide the restricted shares to the Company or the agency designated by the Company acting as the trust custodian and cooperate in complying with all related procedures and preparing the required documents.

2) The employees shall not sell, pledge, transfer, donate or, in any other way, dispose of these shares.

3) The employees which hold equity under the custody of the trust agency do not have the right to attend shareholders' meetings or to engage in motions, speech, and voting therein.

4) The employees' other rights, which are the same as those of ordinary shareholders of the Company, include but are not limited to the rights to receive dividends, bonuses and capital surplus in shares and to vote on cash increases by share issuance.

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

After one year from the grant date: 20%
After two years from the grant date: 20%
After three years from the grant date: 60%

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

The fair value of NT$491 per share of the newly issued restricted shares was priced using the market-price-based method. The unearned employee benefits of $319,150 thousand were recognized on the basis of vesting conditions and expensed on a straight-line base over the vest period. Compensation costs of $40,835 thousand were recognized within the vesting period for the year ended December 31, 2019.

b. 2019

On June 25, 2019, the shareholders approved a restricted share plan for employees with a total amount of $6,820 thousand, consisting of 682 thousand shares. The subscription base date of September 8, 2019 was determined by the board of directs on August 12, 2019. The restrictions on the rights of the employees who acquire the restricted shares but have not met the vesting conditions are as follows:

1) The employees should provide the restricted shares to the Company or the agency designated by the Company acting as the trust custodian and cooperate in complying with all related procedures and preparing the required documents.

2) The employees shall not sell, pledge, transfer, donate or, in any other way, dispose of these shares.

3) The employees which hold equity under the custody of the trust agency do not have the right to attend shareholders' meetings or to engage in motions, speech, and voting therein.

4) The employees' other rights, which are the same as those of ordinary shareholders of the Company, include but are not limited to the rights to receive dividends, bonuses and capital surplus in shares and to vote on cash increases by share issuance.

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

After one year from the grant date with achieved operational goals by individuals and companies: 20%.

After two years from the grant date with achieved operational goals by individuals and companies: 20%.

After three years from the grant date with achieved operational goals by individuals and companies: 60%.

The individual performance target is set by the Chairman for different employees of each department. The Company's operating objectives are based on four indicators: Consolidated revenue, combined gross profit margin, combined operating profit and combined operating profit ratio. Each objective contains A and B target conditions respectively, and achieving one of the target conditions is considered as achieving the objective. After each target condition is reached, 25% of the number of shares allocated in the current year can be obtained. The judgment of the achievement of the indicators and standards shall be based on the consolidated financial statements of the first year prior to the expiration of the Company's vested conditions. The target conditions are detailed in the table below.

Operating Objective	Target Condition A	Target Condition B	The Ratio of The Number of Shares to Be Awarded in the Current Year
Revenue	10% (inclusive) or more than the previous year	Higher than the Company's first three annual average	25%
Gross profit (GM%)	Increase by 1% or more from the previous year	Higher than the Company's first three annual average	25%
Operating profit (OPM $)	10% (inclusive) or more than the previous year	Higher than the Company's first three annual average	25%
Operating profit ratio (OPM %)	Increase by 1% or more from the previous year	Higher than the Company's first three annual average	25%

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

The aforementioned newly issued restricted employee shares were assessed to have a fair value of NT$648 per share, based on the market approach. The unearned employee benefits of $441,936 thousand were recognized on the basis of vesting conditions and expensed on a straight-line basis over the vesting period. Compensation costs of $182,131 thousand and $69,430 thousand were recognized, respectively, within the vesting period for the years ended December 31, 2020 and 2019.

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

	December 31	
	2020	2019
Balance at January 1	682	377
Issuance of shares	-	682
Vested	(131)	(377)
Forfeited (Note)	(31)	-
Balance at December 31	520	682

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

24. CASH FLOW INFORMATION

a. Non-cash transactions

For the years ended December 31, 2020 and 2019, the Group entered into the following non-cash investing activities which were not reflected in the consolidated statements of cash flows:

As of December 31, 2020 and 2019, the outstanding payments for the acquisition of property, plant and equipment were $30,520 thousand and $50,059 thousand, respectively, and recorded as other payables - payables for purchases of equipment in the consolidated financial statements.

b. Changes in liabilities arising from financing activities

For the year ended December 31, 2020

	Opening Balance	Cash Flows	Non-cash Changes: New Leases	Non-cash Changes: Change of Variable Payments	Non-cash Changes: Exchange Rate Impact	Closing Balance
Short-term borrowings	$ 1,091,309	$ 705,024	$ -	$ -	$ (28,333)	$ 1,768,000
Guarantee deposits	215	582	-	-	(22)	775
Lease liabilities	246,853	(73,922)	179,225	-	(688)	351,468
	$ 1,338,377	$ 631,684	$ 179,225	$ -	$ (29,043)	$ 2,120,243

For the year ended December 31, 2019

	Opening Balance	Cash Flows	Non-cash Changes: New Leases	Non-cash Changes: Change of Variable Payments	Non-cash Changes: Exchange Rate Impact	Closing Balance
Short-term borrowings	$ 397,478	$ 707,011	$ -	$ -	$ (13,180)	$ 1,091,309
Guarantee deposits	227	-	-	-	(12)	215
Lease liabilities	262,672	(52,198)	68,595	(22,815)	(9,401)	246,853
	$ 660,377	$ 654,813	$ 68,595	$ (22,815)	$ (22,593)	$ 1,338,377

25. CAPITAL MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns while considering operating risks and maximizing the returns to shareholders through the optimization of the debt and equity balance.

The capital structure of the Group consists of equity of the Group (comprising issued capital, reserves, retained earnings and other equity).

The Group is not subject to any externally imposed capital requirements.

Under the recommendations of the key management, to balance the overall capital structure, the Group may adjust the number of new shares issued.

26. FINANCIAL INSTRUMENTS

a. Fair value of financial instruments that are not measured at fair value

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

b. Categories of financial instruments

	December 31	
	2020	**2019**
<u>Financial assets</u>		
Financial asset at amortized cost (1)	$ 7,287,103	$ 6,322,557
<u>Financial liabilities</u>		
Financial liabilities at amortized cost (2)	5,273,915	4,262,502

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

2) The balances include financial liabilities at amortized cost, which comprise short-term borrowings, notes payable, trade payables, trade payables to related parties, other payables, and guarantee deposits received (included in other non-current liabilities) that are measured at amortized cost.

c. Financial risk management objectives and policies

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

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

1) Market risk

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

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

a) Foreign currency risk

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

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

<u>Sensitivity analysis</u>

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

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

	USD Impact	
	For the Year Ended December 31	
	2020	**2019**
Profit or loss	$ 12,582	$ 21,215

	RMB Impact	
	For the Year Ended December 31	
	2020	**2019**
Profit or loss	$ (25,799)	$ (28,777)

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

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

b) Interest rate risk

The carrying amounts of the Group's financial assets and financial liabilities with exposure to interest rate risks at the end of the reporting period were as follows:

	December 31	
	2020	**2019**
Interest rate risk on fair value		
Financial assets	$ 2,500,808	$ 1,517,989
Financial liabilities	351,468	246,853
Interest rate risk on cash flow		
Financial assets	2,387,330	2,485,625
Financial liabilities	1,768,000	1,091,309

Sensitivity analysis

The sensitivity analysis in the next paragraph was based on the exposure of the Group's non-derivative instruments to interest rate risks at the end of the reporting period. A 100 basis point increase or decrease was used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

Had interest rates been 100 basis points higher/lower and all other variables been held constant, the Group's pretax profit for the years ended December 31, 2020 and 2019 would have increased/decreased by $6,193 thousand and $13,943 thousand, respectively, which was mainly attributable to the Group's exposure to interest rate risks on its floating-rate bank deposits and bank short-term borrowings.

The Group's sensitivity to interest rates decreased during the current period mainly because of the increase in floating-rate short-term bank borrowings.

2) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations, resulting in a financial loss to the Group. As of the end of the reporting period, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure of counterparties to discharge an obligation pertain to financial assets recognized in the consolidated balance sheets.

The Group adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults.

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

The Group transacts with a large number of unrelated customers and, thus, no concentration of credit risk was observed.

3) Liquidity risk

The Group manages liquidity risk by monitoring and maintaining a level of cash and cash equivalents deemed adequate to finance the Group's operations and mitigate the effects of fluctuations in cash flows. In addition, management monitors the utilization of bank borrowings and ensures compliance with loan covenants.

The Group relies on bank borrowings as a significant source of liquidity. As of December 31, 2020 and 2019, the Group had available unutilized short-term bank loan facilities set out in (2) below.

Liquidity and interest rate risk table for non-derivative financial liabilities

The following tables show the Group's remaining contractual maturities for its non-derivative financial liabilities with agreed-upon repayment periods. The tables were based on the undiscounted cash flows of financial liabilities from the earliest date on which the Group can be required to pay. The tables included both interest and principal cash flows.

For interest flows pertaining to floating rates, the undiscounted amount was derived from the interest rate curve at the end of the reporting period.

December 31, 2020

	Less than 3 Months	3 Months to 1 Year	Over 1 Year to 5 Years	More than 5 Years
Non-derivative financial liabilities				
Non-interest bearing	$ 2,304,680	$ 1,200,460	$ 775	$ -
Lease liabilities	29,739	78,569	285,066	4,391
Variable interest rate liabilities	400,412	1,372,719	-	-
	$ 2,734,831	$ 2,651,748	$ 285,841	$ 4,391

Additional information about the maturity analysis for lease liabilities:

	Less than 1 Year	1-5 Years	5-10 Years	10-15 Years	15-20 Years	20+ Years
Lease liabilities	$ 108,308	$ 285,066	$ 4,391	$ -	$ -	$ -

December 31, 2019

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

Additional information about the maturity analysis for lease liabilities:

	Less than 1 Year	1-5 Years	5-10 Years	10-15 Years	15-20 Years	20+ Years
Lease liabilities	$ 69,048	$ 190,664	$ 14,701	$ -	$ -	$ -

Financing facilities

	December 31 2020	December 31 2019
Unsecured bank loan facilities		
Amount used	$ 1,768,000	$ 1,091,309
Amount unused	659,300	1,008,091
	$ 2,427,300	$ 2,099,400

d. Transfers of financial assets

The Group undertakes business in the forfaiting of trade receivables. For 2020, the trade receivables amounted to US$41,542 thousand and EUR3,008 thousand; for 2019, the trade receivables amounted to US$47,321 thousand and EUR2,167 thousand.

The aforementioned amounts were fully collected on December 31, 2020 and 2019, respectively. Pursuant to the agreements, losses from commercial disputes (such as sales returns and discounts) are borne by the Group, while losses from credit risk are borne by the bank.

27. TRANSACTIONS WITH RELATED PARTIES

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

a. Related party name and category

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

b. Sales of goods

Line Item	Related Party Category	For the Year Ended December 31 2020	2019
Sales	Essential related parties	$ 445,447	$ 575,455
	Key management personnel	188,771	209,505
		$ 634,218	$ 784,960

The selling prices of the goods sold to the related parties in the table above are not comparable as these goods are not sold to other customers in 2020 and 2019. Payment terms of goods sold to related parties are 135-150 days after the end of the month, and 0-180 days for general customers.

c. Purchases of goods

Related Party Category	For the Year Ended December 31 2020	2019
Essential related parties	$ 5,332	$ 5,075

The purchase prices of golds purchased from the related parties in the table above are not comparable as these same goods are not purchased from other suppliers in 2020 and 2019. Payment terms of goods purchased from related parties are 150 days after every month end close, and 30-90 days for general suppliers.

d. Contract liabilities

Related Party Category	December 31 2020	December 31 2019
Essential related parties	$ -	$ 1,501
Key management personnel	-	101
	$ -	$ 1,602

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

Line Item	Related Party Category	December 31 2020	December 31 2019
Trade receivables from related parties	Essential related parties	$ 73,094	$ 66,320
	Key management personnel	90,205	88,754
		$ 163,299	$ 155,074

The outstanding trade receivables from related parties were unsecured.

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

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

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

December 31, 2020

	Not Past Due	Less than 90 Days	91 to 180 Days	181 to 270 Days	271 to 365 Days	Over 365 Days	Total
Expected credit loss rate	-	-	-	100%	100%	100%	
Gross carrying amount	$ 160,471	$ 2,828	$ -	$ -	$ -	$ -	$ 163,299
Loss allowance (Lifetime ECLs)	-	-	-	-	-	-	-
Amortized cost	$ 160,471	$ 2,828	$ -	$ -	$ -	$ -	$ 163,299

December 31, 2019

	Not Past Due	Less than 90 Days	91 to 180 Days	181 to 270 Days	271 to 365 Days	Over 365 Days	Total
Expected credit loss rate	-	-	-	100%	100%	100%	
Gross carrying amount	$ 154,588	$ 486	$ -	$ -	$ -	$ -	$ 155,074
Loss allowance (Lifetime ECLs)	-	-	-	-	-	-	-
Amortized cost	$ 154,588	$ 486	$ -	$ -	$ -	$ -	$ 155,074

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

Line Item	Related Party Category	December 31 2020	2019
Trade payables to related parties	Essential related parties	$ 1,749	$ 2,113

The outstanding trade payables from related parties are unsecured.

g. Lease arrangements - Group is lessee

Related Party Category	For the Year Ended December 31 2020	2019
Acquisitions of right-of-use assets		
Essential related parties	$ 5,851	$ -

Line Item	Related Party Category	December 31 2020	2019
Lease liabilities	Essential related parties	$ 5,136	$ 2,230

Related Party Category	For the Year Ended December 31 2020	2019
Interest expense		
Essential related parties	$ 55	$ 94

The Group leased the premises from essential related parties in 2020 and 2019, the rental prices were determined with reference to the market quotations, and the terms of payment was for the month.

h. Other transactions with related parties

Refundable deposits

	December 31 2020	2019
Essential related parties-Ming Fang International Investment Co., Ltd.	$ 500	$ 500

i. Compensation of key management personnel

	For the Year Ended December 31	
	2020	2019
Short-term employee benefits	$ 89,029	$ 88,019
Post-employee benefits	647	613
Share-based payments	42,120	35,035
	$ 131,796	$ 123,667

The remunerations of directors and key executives were determined by the remuneration committee on the basis of individual performance and market trends.

28. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

In addition to those disclosed in other notes, significant commitments and contingencies of the Group as of the end of the reporting period were as follows:

Unrecognized commitments are as follows:

	December 31	
	2020	2019
Acquisition of property, plant and equipment	$ 449,920	$ 17,707
Acquisition of computer software	-	503
	$ 449,920	$ 18,210

29. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

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

December 31, 2020

	Foreign Currencies (In Thousands)	Exchange Rate	Carrying Amount (In Thousands)
Financial assets			
Monetary items			
USD	$ 120,476	28.1000 (USD:NTD)	$ 3,385,376
USD	12,107	6.5249 (USD:RMB)	340,221
RMB	448,313	4.3066 (RMB:NTD)	1,930,705
RMB	1,228,474	0.1533 (RMB:USD)	5,291,943
			$ 10,948,245

(Continued)

	Foreign Currencies (In Thousands)	Exchange Rate	Carrying Amount (In Thousands)
Financial liabilities			
Monetary items			
USD	$ 73,914	28.1000 (USD:NTD)	$ 2,076,983
USD	13,878	6.5249 (USD:RMB)	390,397
RMB	1,061,925	4.3066 (RMB:NTD)	4,573,286
RMB	1,213,924	0.1533 (RMB:USD)	5,229,255
			$ 12,269,921

(Concluded)

December 31, 2019

	Foreign Currencies (In Thousands)	Exchange Rate	Carrying Amount (In Thousands)
Financial assets			
Monetary items			
USD	$ 123,211	29.9800 (USD:NTD)	$ 3,693,866
USD	10,142	6.9762 (USD:RMB)	304,065
RMB	169,184	4.2975 (RMB:NTD)	727,069
RMB	875,604	0.1433 (RMB:USD)	3,762,906
			$ 8,487,906
Financial liabilities			
Monetary items			
USD	47,311	29.9800 (USD:NTD)	$ 1,418,376
USD	14,634	6.9762 (USD:RMB)	458,016
RMB	875,604	4.2975 (RMB:NTD)	3,762,906
RMB	838,805	0.1433 (RMB:USD)	3,604,763
			$ 9,244,061

The Group is mainly exposed to the USD and the RMB. The following information was aggregated by the functional currencies of the group entities, and the exchange rates between the respective functional currencies and the presentation currency were disclosed.

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

	For the Year Ended December 31			
	2020		2019	
Foreign Currency	**Exchange Rate**	**Net Foreign Exchange Gains (Losses)**	**Exchange Rate**	**Net Foreign Exchange Gains (Losses)**
NTD	1.00 (NTD:NTD)	$ (157,311)	1.00 (NTD:NTD)	$ 36,804
USD	29.445 (USD:NTD)	(1,219)	30.8600 (USD:NTD)	(3,161)
RMB	4.2791 (RMB:NTD)	4,648	4.4781 (RMB:NTD)	(16,129)
VND	0.0012 (VND:NTD)	262	0.0013 (VND:NTD)	59
		$ (153,620)		$ 17,573

30. SEPARATELY DISCLOSED ITEMS

a. Information about significant transactions and investees:

1) Financing provided to others: Table 1

2) Endorsements/guarantees provided: None

3) Marketable securities held (excluding investments in subsidiaries, associates and joint ventures): None

4) Marketable securities acquired or disposed of at costs or prices of at least NT$300 million or 20% of the paid-in capital: None

5) Acquisition of individual real estate at costs of at least NT$300 million or 20% of the paid-in capital: Table 2

6) Disposal of individual real estate at prices of at least NT$300 million or 20% of the paid-in capital: None

7) Total purchases from or sales to related parties amounting to at least NT$100 million or 20% of the paid-in capital: Table 3

8) Receivables from related parties amounting to at least NT$100 million or 20% of the paid-in capital: Table 4

9) Trading in derivative instruments: None

10) Intercompany relationships and significant intercompany transactions: Table 5

b. Information on investees: Table 6

c. Information on investments in mainland China

1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the year, repatriations of investment income, and limit on the amount of investment in the mainland China area: Table 7

2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses: Table 8

   a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the year

   b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the year

   c) The amount of property transactions and the amount of the resultant gains or losses

   d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the year and the purposes

   e) The highest balance, the ending balance, the interest rate range, and total current period interest with respect to the financing of funds

   f) Other transactions that have a material effect on the profit or loss for the year or on the financial position, such as the rendering or receipt of services

d. Information of major shareholders: List all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder Table 9

e. The criteria governing preparation of affiliation reports, consolidated business reports and consolidated financial statements for affiliates shall disclose the listed particulars for the affiliates:

   1) Subsidiaries' company names, relationships to the controlling company, nature of business, and the controlling company's shareholding or capital proportion: Note 9

   2) Variation of subsidiaries which are included in the current consolidated financial statements: Note 9

   3) Subsidiaries' company names, shareholding or capital proportion and the reasons that they are not listed on the consolidated financial statements: None

   4) The adjustments and the ways to manage when the controlling company and a subsidiary have different fiscal year start/end dates: None

   5) The adjustments when the controlling company and a subsidiary have different accounting policies: None

   6) Operating risk such as exchange risk for an overseas subsidiary: Note 9

   7) Retained earnings allocation of each subsidiary restricted by regulations or contracts: Note 18

   8) Consolidated amortization methods and expirations: None

   9) Others: None

f. The criteria governing preparation of affiliation reports, consolidated business reports and consolidated financial statements for affiliates shall disclose the below-listed for the controlling company and subordinate company respectively:

   1) Information about accommodations of funds or endorsements: Table 1

2) Information about derivative instrument transactions: None

3) Significant contingencies: None

4) Significant events after the reporting period: None

5) Names, quantities, costs, market prices (if not available, disclose net worth per share), capital proportions and the highest shareholding situation of the securities: Note 9, Tables 6 and 7

6) Others: None

g. The subsidiaries holding the parent company's shares should list clearly the Company's name, number of shares held, the total amounts and the related reasons: None

31. SEGMENT INFORMATION

a. Financial information

Information reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance focuses on types of goods or services delivered or provided. The Group's reportable single segment is uninterruptible power supply. The related segment financial information was not necessary.

b. Geographical information

The Group's revenue from external customers by location of operations and information on its non-current assets by location of assets are shown below.

	Revenue from External Customers		**Non-current Assets**	
	For the Year Ended December 31		**December 31**	
	2020	**2019**	**2020**	**2019**
Taiwan	$ 11,812,535	$ 11,179,336	$ 1,109,263	$ 1,118,597
China	1,840,029	1,757,046	1,736,622	1,489,780
Vietnam	-	-	147,940	48,824
	$ 13,652,564	$ 12,936,382	$ 2,993,825	$ 2,657,201

Non-current assets excluded non-current assets classified as deferred tax assets.

c. Information on major customers

Total revenue from the sale of uninterruptible power systems amounted to $13,652,564 thousand and $12,936,382 thousand in 2020 and 2019, respectively, and out of these amounts, $1,853,710 thousand and $1,534,671 thousand respectively came from the Group's biggest client. There is no other single customer that contributed 10% or more to the Group's revenue for both 2020 and 2019.

VOLTRONIC POWER TECHNOLOGY CORP. AND SUBSIDIARIES

FINANCING PROVIDED TO OTHERS
FOR THE YEAR ENDED DECEMBER 31, 2020
(In Thousands of New Taiwan Dollars and Foreign Currencies)

No. (Note 1)	Lender	Borrower	Financial Statement Account (Note 6)	Related Party	Highest Balance for the Period (Note 4)	Ending Balance (Notes 4 and 5)	Actual Amount Borrowed	Interest Rate (%)	Nature of Financing (Note 2)	Business Transaction Amount	Reasons for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower (Note 3)	Aggregate Financing Limit (Note 3)
													Item	Value		
1	Orchid Power (Shen Zhen) Manufacturing Company	Zhongshan Voltronic Power Electronics Limited	Other receivables from related parties	Yes	$ 215,330 (RMB 50,000)	$ 215,330 (RMB 50,000)	$ 215,330 (RMB 50,000)	4.35	2	$ -	Operating capital financing funds	$ -	-	$ -	$ 1,109,041	$ 1,109,041
		Zhongshan Voltronic Power Electronics Limited	Other receivables from related parties	Yes	172,264 (RMB 40,000)	172,264 (RMB 40,000)	172,264 (RMB 40,000)	4.35	2	-	Operating capital financing funds	-	-	-	1,109,041	1,109,041
		Zhongshan Voltronic Power Electronics Limited	Other receivables from related parties	Yes	86,132 (RMB 20,000)	86,132 (RMB 20,000)	- (RMB -)	-	2	-	Operating capital financing funds	-	-	-	1,109,041	1,109,041
		Zhongshan Voltronic Power Electronics Limited	Other receivables from related parties	Yes	366,061 (RMB 85,000)	366,061 (RMB 85,000)	366,061 (RMB 85,000)	3.85	2	-	Operating capital financing funds	-	-	-	1,109,041	1,109,041

Note 1: Number column as follows:

a. “0” for the issuer.
b. Investees are numbered from “1”.

Note 2: Number 1 represents business relationship between companies or firms.
Number 2 represents short-term financing is necessary between companies or firms.

Note 3: The aggregate financing limit shall not exceed 40% which were audited and attested by certified public accountants.

Note 4: a. The aggregate financing limit shall not exceed 40% of the net asset value of Voltronic Power Technology.

b. Financing limit for each borrower for the business relationship, the financing amount on each individual loan shall not exceed 30% of total business transaction amount or 10% of net assets value was in accordance with currently audited or reviewed financial statements by accountant; the lower value is final. The business transaction amount referred to the one with higher purchase or sales amount in the current year starting from one month before application date, for the necessary of short-term financing, the financing amount on each individual loan should not exceed 10% of net asset value in accordance with currently audited or reviewed financial statements by accountant but the restriction shall not apply to inter-company loans of funds between overseas subsidiaries in which the Company holds, directly or indirectly, 100% of the voting shares, nor to loans of fund to the Company by any overseas subsidiary in which the Company holds, directly or indirectly, 100% of the voting shares.

Note 5: The highest balance for the period and ending balance present in NT$. Foreign currencies are converted into NT$; the exchange rate was, RMB1=NT$4.3066 as of December 31, 2020.

Note 6: The amount was eliminated upon consolidation.

TABLE 2

VOLTRONIC POWER TECHNOLOGY CORP. AND SUBSIDIARIES

ACQUISITION OF INDIVIDUAL REAL ESTATE AT COSTS OF AT LEAST NT$300 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2020
(In Thousands of New Taiwan Dollars and Foreign Currencies)

Company Name	Types of Property	Transaction Date	Transaction Amount (Foreign Currencies in Thousands)	Payment Term	Counter-party	Nature of Relationships	Prior Transaction of Related Counter-party				Price Reference	Purpose of Acquisition	Other Terms
							Owner	Relationships	Transfer Date	Amount			
Zhongshan Voltronic Power Electronics Limited	New factory of Zhongshan City #1	March 28, 2017	$ 553,829 (RMB 128,600)	$ 537,838 (RMB 124,887)	Zhongtian Construction Group Co., Ltd.	-	-	-	-	$ -	-	For the production of future need	Note
	New factory of Zhongshan City #2	September 25, 2020	794,628 (RMB 184,514)	72,187 (RMB 16,762)	Shenzhen Sunmake Group Limited	-	-	-	-	-	-	For the production of future need	Note

Note: The above amounts of assets accounts and liabilities accounts are converted by exchange rate RMB1 into NT$4.3066 as of December 31, 2020.

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 YEAR ENDED DECEMBER 31, 2020
(In Thousands of New Taiwan Dollars)

Company Name	Related Party	Nature of Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Payable or Receivable		Note
			Purchase/ Sale	Amount	% to Total	Payment Terms	Unit Price	Payment Terms	Ending Balance (Note 3)	% to Total	
Voltronic Power Technology	RPS. SPA	Essential related parties	(Sales)	$ (428,167)	(4)	Net 150 days from the end of the month of when invoice is issued	No identical item	0-180 days	$ 65,539	3	-
	FSP TECHNOLOGY INC.	Key management personnel	(Sales)	(188,771)	(2)	Net 135 days from the end of the month of when invoice is issued	No identical item	0-180 days	90,205	5	〃
	Voltronic Power Technology (Shen Zhen) Corp.	Subsidiary	Purchase	208,680	2	Net 270 days from the end of the month of when invoice is issued	No identical item	30-90 days	(138,377)	(3)	〃
	Potentia Technology Inc. Limited	Subsidiary	Purchase	9,456,017	97	Net 270 days from the end of the month of when invoice is issued	No identical item	30-90 days	(4,659,767)	(97)	〃
Potentia Technology Inc. Limited	Voltronic Power Technology	Parent company	(Sales)	(9,456,017)	(78)	Net 270 days from the end of the month of when invoice is issued	Note 2	Note 2	4,659,767	88	〃
	Voltronic Power Technology (Shen Zhen) Corp.	The same parent company	(Sales)	(979,699)	(8)	Net 270 days from the end of the month of when invoice is issued	Note 2	Note 2	171,989	3	〃
	Voltronic Power Technology (Shen Zhen) Corp.	The same parent company	Purchase	4,366,376	29	Net 270 days from the end of the month of when invoice is issued	No identical item	30-90 days	(3,502,388)	(56)	〃
	Zhongshan Voltronic Power Electronics Limited	The same parent company	(Sales)	(773,191)	(6)	Net 270 days from the end of the month of when invoice is issued	Note 2	Note 2	144,138	3	〃
	Zhongshan Voltronic Power Electronics Limited	The same parent company	Purchase	5,075,821	33	Net 270 days from the end of the month of when invoice is issued	No identical item	30-90 days	(1,861,723)	(30)	〃
	Orchid Power (Shen Zhen) Manufacturing Company	The same parent company	(Sales)	(297,787)	(3)	Net 270 days from the end of the month of when invoice is issued	Note 2	Note 2	72,561	1	〃
	Voltronic Power Technology (Vietnam) Company Limited	The same parent company	(Sales)	(610,125)	(5)	Net 270 days from the end of the month of when invoice is issued	Note 2	Note 2	245,700	5	〃
	Voltronic Power Technology (Vietnam) Company Limited	The same parent company	Purchase	623,404	4	Net 270 days from the end of the month of when invoice is issued	No identical item	30-90 days	(129,718)	(2)	〃
Voltronic Power Technology (Shen Zhen) Corp.	Voltronic Power Technology	Parent company	(Sales)	(208,680)	(4)	Net 270 days from the end of the month of when invoice is issued	No identical item	30-90 days	138,377	4	〃
	Potentia Technology Inc. Limited	The same parent company	(Sales)	(4,366,376)	(90)	Net 270 days from the end of the month of when invoice is issued	No identical item	30-90 days	3,502,388	93	〃
	Potentia Technology Inc. Limited	The same parent company	Purchase	979,699	32	Net 270 days from the end of the month of when invoice is issued	No identical item	30-90 days	(171,989)	(15)	〃
	Orchid Power (Shen Zhen) Manufacturing Company	The same parent company	Purchase	204,604	7	Net 270 days from the end of the month of when invoice is issued	No identical item	30-90 days	(151,113)	(13)	〃
	Zhongshan Voltronic Precision Inc.	The same parent company	Purchase	243,252	8	Net 270 days from the end of the month of when invoice is issued	No identical item	30-90 days	(47,411)	(4)	〃
Orchid Power (Shen Zhen) Manufacturing Company	Potentia Technology Inc. Limited	The same parent company	Purchase	297,787	26	Net 270 days from the end of the month of when invoice is issued	No identical item	0-60 days	(72,561)	(11)	〃
	Voltronic Power Technology (Shen Zhen) Corp.	The same parent company	(Sales)	(204,604)	(2)	Net 270 days from the end of the month of when invoice is issued	No identical item	0-60 days	151,113	39	〃
	Zhongshan Voltronic Power Electronics Limited	The same parent company	Purchase	225,683	19	Net 270 days from the end of the month of when invoice is issued	No identical item	0-60 days	(85,159)	(13)	〃
	Zhongshan Voltronic Precision Inc.	The same parent company	Purchase	124,772	11	Net 270 days from the end of the month of when invoice is issued	No identical item	0-60 days	(19,228)	(3)	〃

(Continued)

Company Name	Related Party	Nature of Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Payable or Receivable		Note
			Purchase/ Sale	Amount	% to Total	Payment Terms	Unit Price	Payment Terms	Ending Balance (Note 3)	% to Total	
Zhongshan Voltronic Power Electronics Limited	Potentia Technology Inc. Limited	The same parent company	(Sales)	$ (5,075,821)	(95)	Net 270 days from the end of the month of when invoice is issued	Note 2	Note 2	$ 1,861,723	94	〃
	Potentia Technology Inc. Limited	The same parent company	Purchase	773,191	16	Net 270 days from the end of the month of when invoice is issued	No identical item	30-90 days	(144,138)	(10)	〃
	Orchid Power (Shen Zhen) Manufacturing Company	The same parent company	(Sales)	(225,683)	(4)	Net 270 days from the end of the month of when invoice is issued	Note 2	Note 2	85,159	4	〃
	Zhongshan Voltronic Precision Inc.	The same parent company	Purchase	439,366	9	Net 270 days from the end of the month of when invoice is issued	No identical item	30-90 days	(58,806)	(4)	〃
Zhongshan Voltronic Precision Inc.	Voltronic Power Technology (Shen Zhen) Corp.	The same parent company	(Sales)	(243,252)	(30)	Net 270 days from the end of the month of when invoice is issued	Note 2	Note 2	47,411	38	〃
	Orchid Power (Shen Zhen) Manufacturing Company	The same parent company	(Sales)	(124,772)	(16)	Net 270 days from the end of the month of when invoice is issued	Note 2	Note 2	19,228	15	〃
	Zhongshan Voltronic Power Electronics Limited	The same parent company	(Sales)	(439,366)	(54)	Net 270 days from the end of the month of when invoice is issued	Note 2	Note 2	58,806	47	〃
Voltronic Power Technology (Vietnam) Company Limited	Potentia Technology Inc. Limited	The same parent company	(Sales)	(623,404)	(100)	Net 270 days from the end of the month of when invoice is issued	Note 2	Note 2	129,718	100	〃
	Potentia Technology Inc. Limited	The same parent company	Purchase	610,125	99	Net 270 days from the end of the month of when invoice is issued	No identical item	30-90 days	(245,700)	(91)	〃

Note 1: Above amounts present in New Taiwan dollars (NT$). Foreign currency is converted into NT$ as of December 31, 2020; the amount of income accounts are converted by average exchange rate into New Taiwan dollars (NT$) as of 2020.

Note 2: There is no sales to unrelated parties.

Note 3: The amount was eliminated upon consolidation.

(Concluded)

TABLE 4

VOLTRONIC POWER TECHNOLOGY CORP. AND SUBSIDIARIES

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT$100 MILLION OR 20% OF THE PAID-IN CAPITAL
DECEMBER 31, 2020
(In Thousands of New Taiwan Dollars)

Company Name	Related Party	Relationship	Ending Balance (Note 1)	Turnover Rate	Overdue		Amount Received in Subsequent Period (Note 4)	Allowance for Impairment Loss	Note
					Amount	Actions Taken			
Trade receivables									
Potentia Technology Inc. Limited	Voltronic Power Technology	Parent company	$ 4,659,767	2.23	$ -	-	$ 635,878	$ -	Note 3
	Voltronic Power Technology (Shen Zhen) Corp.	The same parent company	171,989	5.04	-	-	80,893	-	〃
	Zhongshan Voltronic Power Electronics Limited	The same parent company	144,138	5.09	-	-	69,402	-	〃
	Voltronic Power Technology (Vietnam) Company Limited	The same parent company	245,700	4.04	-	-	84,742	-	〃
Voltronic Power Technology (Shen Zhen) Corp.	Voltronic Power Technology	Parent company	138,377	1.81	-	-	15,197	-	〃
	Potentia Technology Inc. Limited	The same parent company	3,502,388	2.43	-	-	324,222	-	〃
Zhongshan Voltronic Power Electronics Limited	Potentia Technology Inc. Limited	The same parent company	1,861,723	3.58	-	-	568,365	-	〃
Orchid Power (Shen Zhen) Manufacturing Company	Voltronic Power Technology (Shen Zhen) Corp.	The same parent company	151,113	1.71	-	-	16,770	-	〃
Voltronic Power Technology (Vietnam) Company Limited	Potentia Technology Inc. Limited	The same parent company	129,718	9.61	-	-	97,099	-	〃
Other receivables									
Orchid Power (Shen Zhen) Manufacturing Company	Zhongshan Voltronic Power Electronics Limited	The same parent company	755,747 (Note 2)	-	-	-	-	-	〃

Note 1: Above amounts present in New Taiwan dollar (NT$). Foreign currency is converted into NT$; the exchange rate was US$1=NT$28.1, RMB1=NT$4.3066 as of December 31, 2020.

Note 2: Including interest receivables of $2,092 thousand.

Note 3: The amount was eliminated upon consolidation.

Note 4: As of January 31, 2021.

VOLTRONIC POWER TECHNOLOGY CORP. AND SUBSIDIARIES

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
FOR THE YEAR ENDED DECEMBER 31, 2020
(In Thousands of New Taiwan Dollars)

No. (Note 1)	Investee Company	Counterparty	Relationship (Note 2)	Transaction Details			
				Financial Statement Account	Amount (Note 5)	Payment Terms	% of Total Sales or Assets (Note 3)
1	Potentia Technology Inc. Limited	Voltronic Power Technology	2	Sales	$ 9,456,017	Net 270 days from the end of the month of when invoice is issued	69
		Voltronic Power Technology	2	Trade receivables from related parties	4,659,767	Net 270 days from the end of the month of when invoice is issued	39
		Voltronic Power Technology (Shen Zhen) Corp.	3	Sales	979,699	Net 270 days from the end of the month of when invoice is issued	7
		Voltronic Power Technology (Shen Zhen) Corp.	3	Trade receivables from related parties	171,989	Net 270 days from the end of the month of when invoice is issued	1
		Orchid Power (Shen Zhen) Manufacturing Company	3	Sales	297,787	Net 270 days from the end of the month of when invoice is issued	2
		Orchid Power (Shen Zhen) Manufacturing Company	3	Trade receivables from related parties	72,561	Net 270 days from the end of the month of when invoice is issued	1
		Zhongshan Voltronic Power Electronics Limited	3	Sales	773,191	Net 270 days from the end of the month of when invoice is issued	6
		Zhongshan Voltronic Power Electronics Limited	3	Trade receivables from related parties	144,138	Net 270 days from the end of the month of when invoice is issued	1
		Voltronic Power Technology (Vietnam) Company Limited	3	Sales	610,125	Net 270 days from the end of the month of when invoice is issued	4
		Voltronic Power Technology (Vietnam) Company Limited	3	Trade receivables from related parties	245,700	Net 270 days from the end of the month of when invoice is issued	2
2	Voltronic Power Technology (Shen Zhen) Corp.	Voltronic Power Technology	2	Sales	208,680	Net 270 days from the end of the month of when invoice is issued	2
		Voltronic Power Technology	2	Trade receivables from related parties	138,377	Net 270 days from the end of the month of when invoice is issued	1
		Potentia Technology Inc. Limited	3	Sales	4,366,376	Net 270 days from the end of the month of when invoice is issued	32
		Potentia Technology Inc. Limited	3	Trade receivables from related parties	3,502,388	Net 270 days from the end of the month of when invoice is issued	29
3	Orchid Power (Shen Zhen) Manufacturing Company	Voltronic Power Technology (Shen Zhen) Corp.	3	Sales	204,604	Net 270 days from the end of the month of when invoice is issued	1
		Voltronic Power Technology (Shen Zhen) Corp.	3	Trade receivables from related parties	151,113	Net 270 days from the end of the month of when invoice is issued	1
		Zhongshan Voltronic Power Electronics Limited	3	Other receivables from related parties	755,747	The loan period is one year and will be returned in installments according to the financial situation during the period.	6

(Continued)

No. (Note 1)	Investee Company	Counterparty	Relationship (Note 2)	Transaction Details			
				Financial Statement Account	Amount (Note 5)	Payment Terms	% of Total Sales or Assets (Note 3)
4	Zhongshan Voltronic Power Electronics Limited	Potentia Technology Inc. Limited	3	Sales	$ 5,075,821	Net 270 days from the end of the month of when invoice is issued	37
		Potentia Technology Inc. Limited	3	Trade receivables from related parties	1,861,723	Net 270 days from the end of the month of when invoice is issued	16
		Orchid Power (Shen Zhen) Manufacturing Company	3	Sales	225,683	Net 270 days from the end of the month of when invoice is issued	2
		Orchid Power (Shen Zhen) Manufacturing Company	3	Trade receivables from related parties	85,159	Net 270 days from the end of the month of when invoice is issued	1
5	Zhongshan Voltronic Precision Inc.	Voltronic Power Technology (Shen Zhen) Corp.	3	Sales	243,252	Net 270 days from the end of the month of when invoice is issued	2
		Voltronic Power Technology (Shen Zhen) Corp.	3	Trade receivables from related parties	47,411	Net 270 days from the end of the month of when invoice is issued	1
		Orchid Power (Shen Zhen) Manufacturing Company	3	Sales	124,772	Net 270 days from the end of the month of when invoice is issued	1
		Orchid Power (Shen Zhen) Manufacturing Company	3	Trade receivables from related parties	19,228	Net 270 days from the end of the month of when invoice is issued	1
		Zhongshan Voltronic Power Electronics Limited	3	Sales	439,366	Net 270 days from the end of the month of when invoice is issued	3
		Zhongshan Voltronic Power Electronics Limited	3	Trade receivables from related parties	58,806	Net 270 days from the end of the month of when invoice is issued	1
6	Voltronic Power Technology (Vietnam) Company Limited	Potentia Technology Inc. Limited	3	Sales	623,404	Net 270 days from the end of the month of when invoice is issued	5
		Potentia Technology Inc. Limited	3	Trade receivables from related parties	129,718	Net 270 days from the end of the month of when invoice is issued	1

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

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

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

a. “1” represents transactions from parent company to subsidiaries.
b. “2” represents transactions from subsidiaries to parent company.
c. “3” represents transactions between subsidiaries.

Note 3: The amounts of asset account and liability account are calculated as a percentage of the consolidated total assets. The amounts of income account are calculated as a percentage of the consolidated total sales.

Note 4: Above amounts present in New Taiwan dollar NT$1. Foreign currency is concerted into NT$ as of December 31, 2020, the amount of income accounts are converted by average exchange rate into New Taiwan dollar NT$1 as of 2020.

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

(Concluded)

VOLTRONIC POWER TECHNOLOGY CORP. AND SUBSIDIARIES

INFORMATION ON INVESTEES
FOR THE YEAR ENDED DECEMBER 31, 2020
(In Thousands of New Taiwan Dollars and Foreign Currencies, and Shares)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of December 31, 2020			Net Income (Loss) of the Investee	Share of Profit (Loss) (Note 2)	Note
				December 31, 2020	December 31, 2019	Number of Stock (Shares)	%	Carrying Value			
Voltronic Power Technology	Voltronic International Corp.	Anguilla	Investment activities	$ 888,285 (US$ 28,000)	$ 888,285 (US$ 28,000)	28,000	100	$ 5,934,574	$ 1,093,789	$ 1,087,893	Note 1
	Voltronic Power Technology (Vietnam) Company Limited	Bac Ninh Province, Vietnam	Design, manufacture and sale of UPS	30,945 (US$ 1,000)	30,945 (US$ 1,000)	-	100	70,254	44,850	44,850	Notes 1 and 3
Voltronic International Corp.	Potentia Technology Inc. Limited	Hong Kong	Sale of uninterruptible power systems (UPS)	-	-	-	100	22,778	2,356	2,356	Note 1
	Voltronic International H.K. Corp. Limited	Hong Kong	Investment activities	888,285 (US$ 28,000)	888,285 (US$ 28,000)	217,240	100	5,917,983	1,091,433	1,091,433	Note 1

Note 1: The amount of subsidiary was eliminated upon consolidation.

Note 2: Current investment gain or loss recognition is net of reversing prior period unrealized gain of $291 thousand from upstream transactions and deducts current unrealized loss of $720 thousand from upstream transaction and unrealized gain of $6,907 thousand on disposal of assets between intercompany transaction.

Note 3: This company is a “limited company” without stock issuance.

Note 4: For information of investments in mainland China, refer to Table 7.

Note 5: The mid-term highest holdings was the same as of December 31, 2020.

Note 6: There is no impignorate condition happened.

VOLTRONIC POWER TECHNOLOGY CORP. AND SUBSIDIARIES

INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2020
(In Thousands of New Taiwan Dollars and Foreign Currencies)

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

Investee Company	Main Businesses and Products	Paid-in Capital	Method of Investment (Note 1)	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2020	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2020	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Notes 2 and 3)	Carrying Amount as of December 31, 2020 (Notes 2 and 3)	Accumulated Repatriation of Investment Income as of December 31, 2020
					Outflow	Inflow						
Voltronic Power Technology (Shen Zhen) Corp.	Design, manufacture and sale of UPS	$ 64,630 (US$ 2,000)	b.	$ 64,630 (US$ 2,000)	-	-	$ 64,630 (US$ 2,000)	$ 512,227	100	$ 512,227	$ 3,249,914	$ -
Orchid Power (Shen Zhen) Manufacturing Company	Design, manufacture and sale of UPS	30,027 (US$ 1,000)	b.	30,027 (US$ 1,000)	-	-	30,027 (US$ 1,000)	251,327	100	251,327	1,109,041	-
Zhongshan Voltronic Power Electronics Limited	Design, manufacture and sale of UPS	793,628 (US$ 25,000)	b.	793,628 (US$ 25,000)	-	-	793,628 (US$ 25,000)	327,879	100	327,879	1,559,028	-
Zhongshan Voltronic Precision Inc.	Design, manufacture and sale of UPS related components	73,315 (RMB 16,000)	c.	-	-	-	-	165	100	165	104,570	-

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

Accumulated Outflow Remittance for Investment in Mainland China as of December 31, 2020	Investment Amount Authorized by Investment Commission, MOEA	Upper Limit on the Amount of Investment Stipulated by Investment Commission, MOEA
$ 888,285 (Note 4) (US$ 28,000)	$ 888,285 (Note 4) (US$ 28,000)	$ 3,203,141

Note 1: Investment methods are classified into the following three categories:

a. Directly invest in a company in mainland China.
b. Through investing in the third area, which then invested in the investee in mainland China.
c. Other methods.

Note 2: The investment gain or loss and the carrying amount as of December 31, 2020:

The Company invested Zhongshan Voltronic Power Technology (Shen Zhen) Corp., Orchid Power (Shen Zhen) Manufacturing Company and Zhongshan Voltronic Power Electronics Limited through its subsidiary, Voltronic International H.K. Corp. Limited and recognized net income and book value of investee, Zhongshan Voltronic Precision Inc. through subsidiary Zhongshan Voltronic Power Electronics Limited as of December 31, 2020.

Note 3: The amount was calculated based on the financial statements which were audited and attested by certified public accounts engaged by Taiwan’s parent company.

Note 4: The amount was calculated by the actual outflow exchange rate from the each times.

Note 5: The amount was eliminated upon consolidation.

Note 6: The mid-term highest holdings was the same as of December 31, 2020.

Note 7: There is no impignorate condition happened.

TABLE 8

VOLTRONIC POWER TECHNOLOGY CORP. AND SUBSIDIARIES

SIGNIFICANT TRANSACTIONS WITH INVESTEE COMPANIES IN MAINLAND CHINA, EITHER DIRECTLY OR INDIRECTLY THROUGH A THIRD PARTY, AND THEIR PRICES, PAYMENT TERMS, AND UNREALIZED GAINS OR LOSSES
FOR THE YEAR ENDED DECEMBER 31, 2020
(In Thousands of New Taiwan Dollars)

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

Investee Company	Transaction Type	Purchase/Sale		Transaction Details			Notes/Accounts Receivable (Payable)		Unrealized Loss
		Amount	%	Price	Payment Terms	Comparison with Normal Transactions	Ending Balance	%	
Voltronic Power Technology (Shen Zhen) Corp.	Purchase	$ 4,508,492	46	Set by agreement of both parties	Net 270 days from the end of the month of when invoice is issued	No identical item	$ (2,160,514)	(45)	$ (720)
Zhongshan Voltronic Power Electronics Limited	Purchase	4,531,583	46	Set by agreement of both parties	Net 270 days from the end of the month of when invoice is issued	No identical item	(2,560,798)	(53)	-

b. There were the amounts and percentages of the sales, also the amounts and percentages displayed in the ending balance of the related receivables: None.

c. The amount and percentage of sales and the amount of the resultant gains or losses: None.

d. The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purpose: None.

e. The highest balance, the end of period balance, the interest rate range, and total current period interest with respect to financing of funds: None.

f. Other transactions that have a material effect on the profit or loss for the year or on the financial position, such as the rendering or receipt of services: None.

TABLE 8

VOLTRONIC POWER TECHNOLOGY CORP.

INFORMATION OF MAJOR SHAREHOLDERS
DECEMBER 31, 2020

Name of Major Shareholder	Shares	
	Number of Shares	Percentage of Ownership (%)
Juor-Ming Hsieh	8,372,166	9.57
FSP Technology Inc.	4,500,822	5.14

Note 1: On the last business day as of quarter-end, Taiwan Depository & Clearing Company calculated the major shareholders' information, the delivered and dematerialized registration common share and preferred share more than 5 % of the Company. The share capital recorded in the Company's financial report and the actual number of the delivered and dematerialized registration securities amount may be different due to the different preparation and calculation basis.

Note 2: The above information, if the shareholder delivers the shares to the trust will be disclosed by the trustee's trust account to reveal the individual settlor. As for shareholders' declaration in accordance with the Securities and Exchange Act, shareholder holds more than 10% of insider equity holdings, includes their shareholdings and delivered to the trust which they have the power to decide how to allocate trust property. The insider equity holdings' declaration and related information, please refer to the Market Observation Post System website of the Taiwan Stock Exchange.