

**Voltronic Power Technology Corp. and
Subsidiaries**

**Consolidated Financial Statements for the
Three Months Ended March 31, 2022 and 2021 and
Independent Auditors' Review Report**

INDEPENDENT AUDITORS' REVIEW REPORT

The Board of Directors and Shareholders
Voltronic Power Technology Corp.

Introduction

We have reviewed the accompanying consolidated balance sheets of Voltronic Power Technology Corp. and its subsidiaries (the Group) as of March 31, 2022 and 2021, the related consolidated statements of comprehensive income, changes in equity and cash flows for the three months then ended, and the related notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the “consolidated financial statements”). Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34 “Interim Financial Reporting” endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

Scope of Review

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

Conclusion

Based on our reviews, nothing has come to our attention that caused us to believe that the accompanying consolidated financial statements do not give a true and fair view of the consolidated financial position of the Group as at March 31, 2022 and 2021, and of its consolidated financial performance and its consolidated cash flows for the three months then ended March 31, 2022 and 2021 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34 “Interim Financial Reporting” endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

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

Deloitte & Touche
Taipei, Taiwan
Republic of China

May 5, 2022

Notice to Readers

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

For the convenience of readers, the independent auditors' review report and the accompanying consolidated financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' review report and consolidated financial statements shall prevail. Also, as stated in Note 4 to the consolidated financial statements, the additional footnote disclosures that are not required under generally accepted accounting principles were not translated into English.

VOLTRONIC POWER TECHNOLOGY CORP. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS (In Thousands of New Taiwan Dollars)

ASSETS	March 31, 2022 (Reviewed)		December 31, 2021 (Audited)		March 31, 2021 (Reviewed)	
	Amount	%	Amount	%	Amount	%
CURRENT ASSETS						
Cash and cash equivalents (Note 6)	\$ 5,764,789	36	\$ 5,154,819	39	\$ 5,535,554	43
Notes receivable (Notes 7 and 19)	42,872	-	67,450	-	37,125	-
Trade receivables (Notes 7 and 19)	2,480,145	16	2,627,072	20	2,035,284	16
Trade receivables from related parties (Notes 7, 19 and 27)	185,938	1	142,988	1	168,859	2
Other receivables (Note 7)	27,121	-	28,990	-	30,724	-
Current tax assets	-	-	-	-	33,625	-
Inventories (Note 8)	2,343,534	15	1,787,100	13	1,638,580	13
Prepayments (Note 13)	220,286	2	230,333	2	161,994	1
Other financial assets - current (Note 13)	<u>2,939</u>	<u>-</u>	<u>2,830</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total current assets	<u>11,067,624</u>	<u>70</u>	<u>10,041,582</u>	<u>75</u>	<u>9,641,745</u>	<u>75</u>
NON-CURRENT ASSETS						
Property, plant and equipment (Note 10)	4,183,676	26	2,730,405	20	2,519,155	20
Right-of-use assets (Note 11)	397,858	2	389,942	3	466,653	4
Other intangible assets (Note 12)	30,947	-	29,328	-	27,070	-
Deferred tax assets (Note 4)	93,548	1	124,185	1	105,859	1
Other financial assets - non-current (Note 13)	-	-	-	-	2,787	-
Other non-current assets (Notes 13 and 27)	<u>86,014</u>	<u>1</u>	<u>68,681</u>	<u>1</u>	<u>75,877</u>	<u>-</u>
Total non-current assets	<u>4,792,043</u>	<u>30</u>	<u>3,342,541</u>	<u>25</u>	<u>3,197,401</u>	<u>25</u>
TOTAL	<u>\$ 15,859,667</u>	<u>100</u>	<u>\$ 13,384,123</u>	<u>100</u>	<u>\$ 12,839,146</u>	<u>100</u>
LIABILITIES AND EQUITY						
CURRENT LIABILITIES						
Short-term borrowings (Note 14)	\$ 2,460,488	15	\$ 2,379,745	18	\$ 2,150,437	17
Contract liabilities - current (Note 19)	483,083	3	331,066	2	210,558	1
Notes payable (Note 15)	61	-	57	-	25	-
Trade payables (Note 15)	4,036,870	25	3,611,175	27	3,431,774	27
Trade payables to related parties (Note 27)	4,208	-	4,064	-	3,457	-
Other payables (Note 16)	770,151	5	777,406	6	673,292	5
Current tax liabilities (Note 4)	437,461	3	310,955	2	213,206	2
Lease liabilities - current (Notes 11 and 27)	84,328	1	78,247	1	92,641	1
Current portion of long-term borrowings (Notes 14 and 28)	97,860	1	-	-	-	-
Other current liabilities (Note 16)	<u>2,106</u>	<u>-</u>	<u>2,413</u>	<u>-</u>	<u>2,577</u>	<u>-</u>
Total current liabilities	<u>8,376,616</u>	<u>53</u>	<u>7,495,128</u>	<u>56</u>	<u>6,777,967</u>	<u>53</u>
NON-CURRENT LIABILITIES						
Long-term borrowings (Notes 14 and 28)	880,740	5	-	-	-	-
Lease liabilities - non-current (Notes 11 and 27)	175,201	1	179,593	1	235,030	2
Other non-current liabilities (Note 16)	<u>1,522</u>	<u>-</u>	<u>1,726</u>	<u>-</u>	<u>803</u>	<u>-</u>
Total non-current liabilities	<u>1,057,463</u>	<u>6</u>	<u>181,319</u>	<u>1</u>	<u>235,833</u>	<u>2</u>
Total liabilities	<u>9,434,079</u>	<u>59</u>	<u>7,676,447</u>	<u>57</u>	<u>7,013,800</u>	<u>55</u>
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Note 18)						
Share capital						
Ordinary shares	<u>872,262</u>	<u>6</u>	<u>874,194</u>	<u>7</u>	<u>874,194</u>	<u>7</u>
Capital surplus	<u>941,507</u>	<u>6</u>	<u>942,129</u>	<u>7</u>	<u>1,144,500</u>	<u>9</u>
Retained earnings						
Legal reserve	1,300,001	8	1,300,001	10	1,080,287	8
Special reserve	331,469	2	331,469	2	343,240	3
Unappropriated earnings	<u>3,081,834</u>	<u>20</u>	<u>2,581,273</u>	<u>19</u>	<u>2,811,508</u>	<u>22</u>
Total retained earnings	<u>4,713,304</u>	<u>30</u>	<u>4,212,743</u>	<u>31</u>	<u>4,235,035</u>	<u>33</u>
Other equity (Notes 18 and 23)	<u>(101,485)</u>	<u>(1)</u>	<u>(321,390)</u>	<u>(2)</u>	<u>(428,383)</u>	<u>(4)</u>
Total equity	<u>6,425,588</u>	<u>41</u>	<u>5,707,676</u>	<u>43</u>	<u>5,825,346</u>	<u>45</u>
TOTAL	<u>\$ 15,859,667</u>	<u>100</u>	<u>\$ 13,384,123</u>	<u>100</u>	<u>\$ 12,839,146</u>	<u>100</u>

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

VOLTRONIC POWER TECHNOLOGY CORP. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

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

(Reviewed, Not Audited)

	For the Three Months Ended March 31			
	2022		2021	
	Amount	%	Amount	%
OPERATING REVENUE				
Sales (Notes 19 and 27)	\$ 4,274,310	100	\$ 3,462,582	100
OPERATING COSTS				
Cost of goods sold (Notes 8, 20 and 27)	<u>(3,202,134)</u>	<u>(75)</u>	<u>(2,613,004)</u>	<u>(76)</u>
GROSS PROFIT	<u>1,072,176</u>	<u>25</u>	<u>849,578</u>	<u>24</u>
OPERATING EXPENSES (Note 20)				
Selling and marketing expenses	(93,432)	(2)	(84,336)	(2)
General and administrative expenses	(99,338)	(2)	(99,880)	(3)
Research and development expenses	(163,387)	(4)	(139,825)	(4)
Expected credit gain (loss) (Note 7)	<u>5,381</u>	<u>-</u>	<u>(681)</u>	<u>-</u>
Total operating expenses	<u>(350,776)</u>	<u>(8)</u>	<u>(324,722)</u>	<u>(9)</u>
PROFIT FROM OPERATIONS	<u>721,400</u>	<u>17</u>	<u>524,856</u>	<u>15</u>
NON-OPERATING INCOME AND EXPENSES				
Interest income (Note 20)	14,729	-	20,919	-
Other income (Note 20)	3,747	-	6,487	-
Other gains and losses (Note 20)	(94,846)	(2)	(12,360)	-
Finance costs (Notes 20 and 27)	<u>(11,742)</u>	<u>-</u>	<u>(10,139)</u>	<u>-</u>
Total non-operating income and expenses	<u>(88,112)</u>	<u>(2)</u>	<u>4,907</u>	<u>-</u>
PROFIT BEFORE INCOME TAX FROM CONTINUING OPERATIONS	633,288	15	529,763	15
INCOME TAX EXPENSE (Notes 4 and 21)	<u>(132,917)</u>	<u>(3)</u>	<u>(106,862)</u>	<u>(3)</u>
NET PROFIT FOR THE PERIOD	<u>500,371</u>	<u>12</u>	<u>422,901</u>	<u>12</u>

(Continued)

VOLTRONIC POWER TECHNOLOGY CORP. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

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

(Reviewed, Not Audited)

	For the Three Months Ended March 31			
	2022		2021	
	Amount	%	Amount	%
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that may be reclassified subsequently to profit or loss				
Exchange differences on translating of the financial statements of foreign operations (Note 18)	\$ 261,802	6	\$ 49,508	1
Income tax relating to items that may be reclassified subsequently to profit (Notes 18 and 21)	<u>(52,361)</u>	<u>(1)</u>	<u>(9,902)</u>	<u>-</u>
Other comprehensive income for the period, net of income tax	<u>209,441</u>	<u>5</u>	<u>39,606</u>	<u>1</u>
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<u>\$ 709,812</u>	<u>17</u>	<u>\$ 462,507</u>	<u>13</u>
EARNINGS PER SHARE (Note 22)				
Basic	<u>\$ 5.75</u>		<u>\$ 4.87</u>	
Diluted	<u>\$ 5.72</u>		<u>\$ 4.84</u>	

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

(Concluded)

VOLTRONIC POWER TECHNOLOGY CORP. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (In Thousands of New Taiwan Dollars) (Reviewed, Not Audited)

	Equity Attributable to Owners of the Company						Other Equity		
	Ordinary Shares	Capital Surplus	Retained Earnings			Unappropriated Earnings	Exchange Differences on Translating Foreign Operations	Others	Total Equity
			Legal Reserve	Special Reserve					
BALANCE AT JANUARY 1, 2021	\$ 874,354	\$ 1,154,070	\$ 1,080,287	\$ 343,240	\$ 2,388,244	\$ (331,469)	\$ (170,158)	\$ 5,338,568	
Share-based payment transactions (Notes 18, 20 and 23)	(160)	(9,570)	-	-	363	-	33,638	24,271	
Net profit for the three months ended March 31, 2021	-	-	-	-	422,901	-	-	422,901	
Other comprehensive income for the three months ended March 31, 2021, net of income tax (Note 18)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>39,606</u>	<u>-</u>	<u>39,606</u>	
Total comprehensive income for the three months ended March 31, 2021	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>422,901</u>	<u>39,606</u>	<u>-</u>	<u>462,507</u>	
BALANCE AT MARCH 31, 2021	<u>\$ 874,194</u>	<u>\$ 1,144,500</u>	<u>\$ 1,080,287</u>	<u>\$ 343,240</u>	<u>\$ 2,811,508</u>	<u>\$ (291,863)</u>	<u>\$ (136,520)</u>	<u>\$ 5,825,346</u>	
BALANCE AT JANUARY 1, 2022	\$ 874,194	\$ 942,129	\$ 1,300,001	\$ 331,469	\$ 2,581,273	\$ (293,428)	\$ (27,962)	\$ 5,707,676	
Share-based payment transactions (Notes 18, 20 and 23)	(1,932)	(622)	-	-	190	-	10,464	8,100	
Net profit for the three months ended March 31, 2022	-	-	-	-	500,371	-	-	500,371	
Other comprehensive income for the three months ended March 31, 2022, net of income tax (Note 18)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>209,441</u>	<u>-</u>	<u>209,441</u>	
Total comprehensive income for the three months ended March 31, 2022	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>500,371</u>	<u>209,441</u>	<u>-</u>	<u>709,812</u>	
BALANCE AT MARCH 31, 2022	<u>\$ 872,262</u>	<u>\$ 941,507</u>	<u>\$ 1,300,001</u>	<u>\$ 331,469</u>	<u>\$ 3,081,834</u>	<u>\$ (83,987)</u>	<u>\$ (17,498)</u>	<u>\$ 6,425,588</u>	

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

VOLTRONIC POWER TECHNOLOGY CORP. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

	For the Three Months Ended March 31	
	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 633,288	\$ 529,763
Adjustments for:		
Depreciation expenses	74,043	68,936
Amortization expenses	4,404	2,309
Expected credit (reversed) loss recognized on trade receivables	(5,381)	681
Finance costs	11,742	10,139
Interest income	(14,729)	(20,919)
Share-based compensation	8,100	24,271
Loss on disposal of property, plant and equipment	39	326
Write-downs of inventories	3,274	-
Net gain on foreign currency exchange	(112,646)	(92,174)
Changes in operating assets and liabilities		
Notes receivable	24,578	(7,570)
Trade receivables	207,524	173,198
Trade receivables - related parties	(39,037)	(57)
Other receivables	1,422	73,076
Inventories	(560,723)	(344,699)
Prepayments	10,047	(11,138)
Other financial assets	(109)	(44)
Contract liabilities	152,017	31,220
Notes payable	4	(4)
Trade payables	425,696	111,620
Trade payables - related parties	144	1,708
Other payables	(79,918)	(115,930)
Other current liabilities	(307)	438
Cash generated from operations	743,472	435,150
Interest received	15,176	19,903
Interest paid	(11,742)	(10,139)
Income tax paid	(28,135)	(61,999)
Net cash generated from operating activities	718,771	382,915
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property, plant and equipment	(1,366,838)	(120,554)
Proceeds from the disposal of property, plant and equipment	-	1,249
Decrease in refundable deposits	459	703
Payments for intangible assets	(5,222)	(3,168)
Increase in prepayments for equipment	(17,057)	(40,279)
Net cash used in investing activities	(1,388,658)	(162,049)

(Continued)

VOLTRONIC POWER TECHNOLOGY CORP. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

	For the Three Months Ended March 31	
	2022	2021
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term borrowings	\$ 3,384	\$ 334,408
Proceeds from long-term borrowing	978,600	-
Repayment of the principal portion of lease liabilities	(25,333)	(25,737)
Proceeds from guarantee deposits received	-	22
Refund of guarantee deposits received	<u>(266)</u>	<u>-</u>
Net cash generated from financing activities	<u>956,385</u>	<u>308,693</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS HELD IN FOREIGN CURRENCIES	<u>323,472</u>	<u>119,802</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	609,970	649,361
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	<u>5,154,819</u>	<u>4,886,193</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	<u>\$ 5,764,789</u>	<u>\$ 5,535,554</u>

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

(Concluded)

VOLTRONIC POWER TECHNOLOGY CORP. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED MARCH 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise) (Reviewed, Not Audited)

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 May 5, 2022.

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

- a. Initial application of the amendments to the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), Interpretations of IFRS (IFRIC), and Interpretations of IAS (SIC) (collectively, the “IFRSs”) endorsed and issued into effect by the Financial Supervisory Commission (FSC)

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

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

New IFRSs	Effective Date Announced by IASB (Note 1)
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between An Investor and Its Associate or Joint Venture”	To be determined by IASB
IFRS 17 “Insurance Contracts”	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 “Initial Application of IFRS 9 and IFRS 17 - Comparative Information”	January 1, 2023
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	January 1, 2023
Amendments to IAS 1 “Disclosure of Accounting Policies”	January 1, 2023 (Note 2)
Amendments to IAS 8 “Definition of Accounting Estimates”	January 1, 2023 (Note 3)
Amendments to IAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”	January 1, 2023 (Note 4)

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

Note 2: The amendments will be applied prospectively for annual reporting periods beginning on or after January 1, 2023.

Note 3: The amendments are applicable to changes in accounting estimates and changes in accounting policies that occur on or after the beginning of the annual reporting period beginning on or after January 1, 2023.

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

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

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

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

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

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

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

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

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

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

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

- a) The Group changed its accounting policy during the reporting period and this change resulted in a material change to the information in the financial statements;
- b) The Group chose the accounting policy from options permitted by the standards;
- c) The accounting policy was developed in accordance with IAS 8 “Accounting Policies, Changes in Accounting Estimates and Errors” in the absence of an IFRS that specifically applies;
- d) The accounting policy relates to an area for which the Group is required to make significant judgements or assumptions in applying an accounting policy, and the Group discloses those judgements or assumptions; or
- e) The accounting is complex and users of the financial statements would otherwise not understand those material transactions, other events or conditions.

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

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

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

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

prospectively to transactions other than leases and decommissioning obligations that occur on or after January 1, 2022.

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

a. Statement of compliance

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

b. Basis of preparation

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

c. Basis of consolidation

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

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

d. Other significant accounting policies

Except for the explanations below, other explanations of significant accounting policies are described in the significant accounting policies section of the consolidated financial statement for the year ended December 31, 2021.

Taxation

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

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The same critical accounting judgments and key sources of estimates and uncertainty have been followed in these consolidated financial statements as were applied in the preparation of the Company's consolidated financial statements for the year ended December 31, 2021.

6. CASH AND CASH EQUIVALENTS

	March 31, 2022	December 31, 2021	March 31, 2021
Cash on hand	\$ 937	\$ 848	\$ 1,387
Demand deposits	3,402,386	2,844,463	2,785,149
Cash equivalents (investments with original maturities of less than 3 months)			
Time deposits	<u>2,361,466</u>	<u>2,309,508</u>	<u>2,749,018</u>
	<u>\$ 5,764,789</u>	<u>\$ 5,154,819</u>	<u>\$ 5,535,554</u>

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

	March 31, 2022	December 31, 2021	March 31, 2021
Demand deposits	0.001%-0.300%	0.001%-0.350%	0.001%-0.350%
Time deposits	0.400%-2.950%	0.280%-2.820%	0.300%-2.850%

7. NOTES RECEIVABLE, TRADE RECEIVABLES (INCLUDING RELATED PARTIES) AND OTHER RECEIVABLES

	March 31, 2021	December 31, 2020	March 31, 2020
<u>Notes receivable</u>			
At amortized cost			
Gross carrying amount	\$ 42,872	\$ 67,450	\$ 37,125
Less: Allowance for impairment loss	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 42,872</u>	<u>\$ 67,450</u>	<u>\$ 37,125</u>
<u>Trade receivables</u>			
At amortized cost			
Gross carrying amount	\$ 2,374,249	\$ 2,553,887	\$ 2,004,229
Less: Allowance for impairment loss	<u>(15,620)</u>	<u>(20,669)</u>	<u>(8,631)</u>
	2,358,629	2,533,218	1,995,598
At FVTOCI	<u>121,516</u>	<u>93,854</u>	<u>39,686</u>
	<u>\$ 2,480,145</u>	<u>\$ 2,627,072</u>	<u>\$ 2,035,284</u>

(Continued)

	March 31, 2021	December 31, 2020	March 31, 2020
<u>Trade receivables from related parties</u>			
At amortized cost			
Gross carrying amount	\$ 141,632	\$ 118,911	\$ 137,323
Less: Allowance for impairment loss	<u>-</u>	<u>-</u>	<u>-</u>
	141,632	118,911	137,323
At FVTOCI	<u>44,306</u>	<u>24,077</u>	<u>31,536</u>
	<u>\$ 185,938</u>	<u>\$ 142,988</u>	<u>\$ 168,859</u>
<u>Other receivables</u>			
Tax refund receivables	\$ 11,044	\$ 9,833	\$ 7,441
Interest receivables	4,324	4,771	7,519
Others	<u>11,753</u>	<u>14,386</u>	<u>15,764</u>
	<u>\$ 27,121</u>	<u>\$ 28,990</u>	<u>\$ 30,724</u>
			(Concluded)

Notes Receivable

At amortized cost

The average paid of notes receivable was 33 to 122 days.

The Group measures the loss allowance for notes receivables at an amount equal to lifetime ECLs. The expected credit losses on notes receivable are estimated by reference to past default experience of the customer economic conditions of the industry in which the customer operates, well as the forecast and industry outlook. As of March 31, 2022, December 31, 2021 and March 31, 2021, the Group evaluated no allowance for impairment loss was needed for notes receivable.

As of March 31, 2022, December 31, 2021 and March 31, 2021, the Group did not hold any collateral for the balance of notes receivable.

The following table details the aging analysis of notes receivable:

	March 31, 2021	December 31, 2020	March 31, 2020
1 to 60 days	\$ 16,967	\$ 57,537	\$ 27,582
61 to 90 days	25,521	5,469	3,859
91 to 120 days	<u>384</u>	<u>4,444</u>	<u>5,684</u>
	<u>\$ 42,872</u>	<u>\$ 67,450</u>	<u>\$ 37,125</u>

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

Trade Receivables

At amortized cost

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

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

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

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

Since the Group purchased insurance individually and the credit rating is evaluated by the insurance company, no impairment loss was needed for trade receivables. As of March 31, 2022, December 31, 2021 and March 31, 2021 the carrying amount of trade receivables was \$1,614,796 thousand, \$1,483,882 thousand and \$1,162,729 thousand, respectively.

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

March 31, 2022

	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	0.86%	6.82%	53.38%	100%	100%	100%	
Gross carrying amount	\$ 791,576	\$ 107,642	\$ 798	\$ 22	\$ -	\$ 1,047	\$ 901,085
Loss allowance (Lifetime ECLs)	(6,782)	(7,343)	(426)	(22)	-	(1,047)	(15,620)
Amortized cost	<u>\$ 784,794</u>	<u>\$ 100,299</u>	<u>\$ 372</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 885,465</u>

December 31, 2021

	Not Past Due	Less than 90 Days	91 to 180 Days	181 to 270 Days	271 to 365 Days	Over 365 Days	Total
Expected credit loss rate	0.93%	5.84%	38.56%	100%	100%	100%	
Gross carrying amount	\$ 1,026,968	\$ 159,964	\$ 376	\$ 599	\$ -	\$ 1,009	\$ 1,188,916
Loss allowance (Lifetime ECLs)	(9,582)	(9,334)	(145)	(599)	-	(1,009)	(20,669)
Amortized cost	<u>\$ 1,017,386</u>	<u>\$ 150,630</u>	<u>\$ 231</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,168,247</u>

March 31, 2021

	Not Past Due	Less than 90 Days	91 to 180 Days	181 to 270 Days	271 to 365 Days	Over 365 Days	Total
Expected credit loss rate	0.56%	5.92%	44.92%	100%	100%	100%	
Gross carrying amount	\$ 943,710	\$ 33,426	\$ 561	\$ 124	\$ -	\$ 1,002	\$ 978,823
Loss allowance (Lifetime ECLs)	(5,274)	(1,979)	(252)	(124)	-	(1,002)	(8,631)
Amortized cost	<u>\$ 938,436</u>	<u>\$ 31,447</u>	<u>\$ 309</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 970,192</u>

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

	For the Three Months Ended March 31	
	2022	2021
Balance at January 1	\$ 20,669	\$ 7,922
Add: Net remeasurement of loss allowance	-	681
Less: Net remeasurement of loss allowance	(5,381)	-
Foreign exchange losses	<u>332</u>	<u>28</u>
Balance at March 31	<u>\$ 15,620</u>	<u>\$ 8,631</u>

At FVTOCI

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

Since the Group purchased insurance individually and the credit rating is evaluated by the insurance company, no impairment loss was needed for trade receivables. As of March 31, 2022, December 31, 2021 and March 31, 2021 the carrying amount of trade receivables at FVTOCI was \$38,666 thousand, \$21,427 thousand and \$0 thousand, respectively.

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

March 31, 2022

	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	\$ 127,156	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 127,156
Loss allowance (Lifetime ECLs)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Amortized cost	<u>\$ 127,156</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 127,156</u>

December 31, 2021

	Not Past Due	Less than 90 Days	91 to 180 Days	181 to 270 Days	271 to 365 Days	Over 365 Days	Total
Expected credit loss rate	-	-	-	100%	100%	100%	
Gross carrying amount	\$ 96,504	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 96,504
Loss allowance (Lifetime ECLs)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Amortized cost	<u>\$ 96,504</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 96,504</u>

March 31, 2021

	Not Past Due	Less than 90 Days	91 to 180 Days	181 to 270 Days	271 to 365 Days	Over 365 Days	Total
Expected credit loss rate	-	-	-	100%	100%	100%	
Gross carrying amount	\$ 71,222	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 71,222
Loss allowance (Lifetime ECLs)	-	-	-	-	-	-	-
Amortized cost	<u>\$ 71,222</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 71,222</u>

Other Receivables

Other receivables mainly consist of interest receivables and tax refund receivables. The Group's policy transact only with creditworthy counterparties. The Group continuously monitors and makes reference to the past default experience of counterparties and analyzes their current financial position in order to evaluate whether there has been a significant increase in the credit risk of other receivables since initial recognition and to measure the expected credit loss. As of March 31, 2022, December 31, 2021 and March 31, 2021, the Group assessed that there is no need to recognize expected credit loss on other receivables.

8. INVENTORIES

	March 31, 2022	December 31, 2021	March 31, 2021
Raw materials	\$ 1,216,860	\$ 932,656	\$ 953,259
Supplies	3,477	3,348	3,349
Semi-finished goods	204,442	188,448	118,184
Work in progress	534,982	269,531	334,544
Finished goods	<u>383,773</u>	<u>393,117</u>	<u>229,244</u>
	<u>\$ 2,343,534</u>	<u>\$ 1,787,100</u>	<u>\$ 1,638,580</u>

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

	For the Three Months Ended March 31	
	2022	2021
Cost of inventories sold	\$ 3,198,860	\$ 2,613,004
Inventory write-downs	<u>3,274</u>	<u>-</u>
	<u>\$ 3,202,134</u>	<u>\$ 2,613,004</u>

9. SUBSIDIARIES

Subsidiaries Included in the Consolidated Financial Statements

Investor	Investee	Nature of Activities	Proportion of Ownership			Remark
			March 31, 2022	December 31, 2021	March 31, 2021	
Voltronic Power Technology Corp.	Voltronic International Corp.	Investment activities	100%	100%	100%	a
	Voltronic Power Technology (Vietnam) Company Limited	Design, manufacture and sale of UPS	100%	100%	100%	b
Voltronic International Corp.	Voltronic International H.K. Corp. Limited	Investment activities	100%	100%	100%	a
	Potential Technology Inc. Limited	Sale of UPS	100%	100%	100%	a
Voltronic International H.K. Corp. Limited	Voltronic Power Technology (Shen Zhen) Corp.	Design, manufacture and sale of UPS	100%	100%	100%	c
	Orchid Power (Shen Zhen) Manufacturing Company	Design, manufacture and sale of UPS	100%	100%	100%	c
	Zhongshan Voltronic Power Electronics Limited	Design, manufacture and sale of UPS	100%	100%	100%	c
Zhongshan Voltronic Power Electronics Limited	Zhongshan Voltronic Precision Inc.	Design, manufacture and sale of UPS related components	100%	100%	100%	c

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

10. PROPERTY, PLANT AND EQUIPMENT

Assets Used by the Group

	Freehold Land	Buildings	Machinery and Equipment	Transportation	Office Equipment	Leasehold Improvements	Other Equipment	Property under Construction	Total
Cost									
Balance at January 1, 2022	\$ 720,761	\$ 1,218,651	\$ 643,006	\$ 13,312	\$ 73,141	\$ 31,315	\$ 281,589	\$ 409,111	\$ 3,390,886
Additions	587,160	670	2,928	82	1,108	266	11,208	835,560	1,438,982
Disposals	-	-	(81)	-	(48)	-	(98)	-	(227)
Effects of foreign currency exchange differences	-	32,769	20,461	488	2,434	1,142	9,849	16,330	83,473
Balance at March 31, 2022	<u>\$ 1,307,921</u>	<u>\$ 1,252,090</u>	<u>\$ 666,314</u>	<u>\$ 13,882</u>	<u>\$ 76,635</u>	<u>\$ 32,723</u>	<u>\$ 302,548</u>	<u>\$ 1,261,001</u>	<u>\$ 4,913,114</u>
Accumulated depreciation and impairment									
Balance at January 1, 2022	\$ -	\$ 144,261	\$ 314,668	\$ 7,347	\$ 38,569	\$ 9,994	\$ 145,642	\$ -	\$ 660,481
Depreciation expenses	-	14,750	17,703	355	2,421	2,280	12,331	-	49,840
Disposals	-	-	(73)	-	(27)	-	(88)	-	(188)
Effects of foreign currency exchange differences	-	3,882	8,522	278	1,175	385	5,063	-	19,305
Balance at March 31, 2022	<u>\$ -</u>	<u>\$ 162,893</u>	<u>\$ 340,820</u>	<u>\$ 7,980</u>	<u>\$ 42,138</u>	<u>\$ 12,659</u>	<u>\$ 162,948</u>	<u>\$ -</u>	<u>\$ 729,438</u>
Carrying amounts at December 31, 2021 and January 1, 2022	<u>\$ 720,761</u>	<u>\$ 1,074,390</u>	<u>\$ 328,338</u>	<u>\$ 5,965</u>	<u>\$ 34,572</u>	<u>\$ 21,321</u>	<u>\$ 135,947</u>	<u>\$ 409,111</u>	<u>\$ 2,730,405</u>
Carrying amounts at March 31, 2022	<u>\$ 1,307,921</u>	<u>\$ 1,089,197</u>	<u>\$ 325,494</u>	<u>\$ 5,902</u>	<u>\$ 34,497</u>	<u>\$ 20,064</u>	<u>\$ 139,600</u>	<u>\$ 1,261,001</u>	<u>\$ 4,183,676</u>
Cost									
Balance at January 1, 2021	\$ 720,761	\$ 1,197,436	\$ 562,359	\$ 12,275	\$ 66,289	\$ 24,284	\$ 249,924	\$ 89,588	\$ 2,922,916
Additions	-	10,064	16,598	-	734	2,706	10,085	72,049	112,236
Disposals	-	-	(761)	(118)	(794)	-	(12,804)	-	(14,477)
Reclassified (Note)	-	1,032	3,913	-	35	5,410	1,907	-	12,297
Effects of foreign currency exchange differences	-	6,866	4,270	108	446	219	2,221	1,038	15,168
Balance at March 31, 2021	<u>\$ 720,761</u>	<u>\$ 1,215,398</u>	<u>\$ 586,379</u>	<u>\$ 12,265</u>	<u>\$ 66,710</u>	<u>\$ 32,619</u>	<u>\$ 251,333</u>	<u>\$ 162,675</u>	<u>\$ 3,048,140</u>

(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, 2021	\$ -	\$ 85,974	\$ 253,289	\$ 6,045	\$ 32,721	\$ 2,086	\$ 114,968	\$ -	\$ 495,083
Depreciation expenses	-	13,622	14,598	381	2,175	2,501	10,491	-	43,768
Disposals	-	-	(476)	(117)	(689)	-	(11,620)	-	(12,902)
Effects of foreign currency exchange differences	-	460	1,409	51	200	22	894	-	3,036
Balance at March 31, 2021	<u>\$ -</u>	<u>\$ 100,056</u>	<u>\$ 268,820</u>	<u>\$ 6,360</u>	<u>\$ 34,407</u>	<u>\$ 4,609</u>	<u>\$ 114,733</u>	<u>\$ -</u>	<u>\$ 528,985</u>
Carrying amounts at March 31, 2021	<u>\$ 720,761</u>	<u>\$ 1,115,342</u>	<u>\$ 317,559</u>	<u>\$ 5,905</u>	<u>\$ 32,303</u>	<u>\$ 28,010</u>	<u>\$ 136,600</u>	<u>\$ 162,675</u>	<u>\$ 2,519,155</u>

(Concluded)

Note: Reclassified from prepayments for equipment to property, plant and equipment in the amount of \$12,297 thousand.

For the three months ended March 31, 2022 and 2021, no impairment assessment was performed as there was no indication of impairment.

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

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

The amounts of commitment liability for acquisition of property, plant and equipment were set out in Note 29.

11. LEASE ARRANGEMENTS

a. Right-of-use assets

	March 31, 2022	December 31, 2021	March 31, 2021
<u>Carrying amounts</u>			
Land	\$ 156,727	\$ 151,784	\$ 154,377
Buildings	241,131	238,158	311,940
Transportation equipment	<u>-</u>	<u>-</u>	<u>336</u>
	<u>\$ 397,858</u>	<u>\$ 389,942</u>	<u>\$ 466,653</u>

	For the Three Months Ended March 31	
	2022	2021
Additions to right-of-use assets	<u>\$ 17,549</u>	<u>\$ -</u>
Depreciation charge for right-of-use assets		
Land	\$ 868	\$ 846
Buildings	23,335	24,164
Transportation equipment	<u>-</u>	<u>158</u>
	<u>\$ 24,203</u>	<u>\$ 25,168</u>

Except for the aforementioned addition and recognized depreciation, the Group did not have significant sublease or impairment of right-of-use assets during the three months ended March 31, 2022 and 2021.

b. Lease liabilities

	March 31, 2022	December 31, 2021	March 31, 2021
<u>Carrying amounts</u>			
Current	<u>\$ 84,328</u>	<u>\$ 78,247</u>	<u>\$ 92,641</u>
Non-current	<u>\$ 175,201</u>	<u>\$ 179,593</u>	<u>\$ 235,030</u>

Range of discount rate for lease liabilities was as follows:

	March 31, 2022	December 31, 2021	March 31, 2021
Buildings	2.64%-6.00%	2.64%-6.00%	2.64%-6.00%
Transportation equipment	-	2.64%	2.64%

c. Material leasing activities and terms

The Group leases land for use in operations with 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 for the use of offices, plants, dormitories and operations with lease terms of 2 to 8 years. The Group does not have bargain purchase options to acquire buildings at the end of the lease terms.

d. Other lease information

	For the Three Months Ended March 31	
	2022	2021
Expenses relating to short-term leases	<u>\$ 4,481</u>	<u>\$ 538</u>
Expenses relating to low-value asset leases	<u>\$ 255</u>	<u>\$ 175</u>
Total cash outflow for leases	<u>\$ (33,314)</u>	<u>\$ (30,503)</u>

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

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

	March 31, 2022	December 31, 2021	March 31, 2021
Lease commitments	\$ <u> -</u>	\$ <u>14,086</u>	\$ <u> -</u>

12. OTHER INTANGIBLE ASSETS

	Computer Software
<u>Cost</u>	
Balance at January 1, 2022	\$ 74,765
Additions	5,222
Disposals	(31,655)
Reclassification (Note)	350
Effect of foreign currency exchange differences	<u>729</u>
Balance at March 31, 2022	\$ <u>49,411</u>
<u>Accumulated amortization</u>	
Balance at January 1, 2022	\$ 45,437
Amortization expenses	4,404
Disposals	(31,655)
Effect of foreign currency exchange differences	<u>278</u>
Balance at March 31, 2022	\$ <u>18,464</u>
Carrying amounts at December 31, 2021 and January 1, 2022	\$ <u>29,328</u>
Carrying amounts at March 31, 2022	\$ <u>30,947</u>
<u>Cost</u>	
Balance at January 1, 2021	\$ 58,972
Additions	3,168
Effect of foreign currency exchange differences	<u>55</u>
Balance at March 31, 2021	\$ <u>62,195</u>
<u>Accumulated amortization</u>	
Balance at January 1, 2021	\$ 32,807
Amortization expenses	2,309
Effect of foreign currency exchange differences	<u>9</u>
Balance at March 31, 2021	\$ <u>35,125</u>
Carrying amounts at March 31, 2021	\$ <u>27,070</u>

Note: Reclassified from prepayments for equipment to computer software in the amount of \$350 thousand.

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

Amortization expenses by function are as follows:

	For the Three Months Ended March 31	
	2022	2021
An analysis of amortization by function		
Operating costs	\$ 510	\$ 69
Selling and marketing expenses	328	259
General and administrative expenses	1,805	1,208
Research and development expenses	<u>1,761</u>	<u>773</u>
	<u>\$ 4,404</u>	<u>\$ 2,309</u>

For the amounts of commitment liability for purchases of computer software, refer to Note 29.

13. OTHER ASSETS

	March 31, 2022	December 31, 2021	March 31, 2021
<u>Current</u>			
Prepayments	<u>\$ 220,286</u>	<u>\$ 230,333</u>	<u>\$ 161,994</u>
<u>Other financial assets - current</u>			
Restricted demand deposits (Note)	<u>\$ 2,939</u>	<u>\$ 2,830</u>	<u>\$ -</u>
<u>Non-current</u>			
Other assets			
Refundable deposits	\$ 30,690	\$ 30,064	\$ 29,170
Prepayments for equipment	<u>55,324</u>	<u>38,617</u>	<u>46,707</u>
	<u>\$ 86,014</u>	<u>\$ 68,681</u>	<u>\$ 75,877</u>
<u>Other financial assets - non-current</u>			
Restricted demand deposits (Note)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,787</u>

Note: Restricted deposits for issuing a performance guarantee.

14. BORROWINGS

a. Short-term borrowings

	March 31, 2022	December 31, 2021	March 31, 2021
<u>Unsecured borrowings</u>			
Line of credit borrowings	\$ 2,460,488	\$ 2,379,745	\$ 2,150,437

The range of weighted average effective interest rates on bank loans was 0.9511%-1.5538%, 0.6871%-0.9032% and 0.7574%-0.8000% per annum at March 31, 2022, December 31, 2021 and March 31, 2021, respectively.

b. Long-term borrowings/Current portion of long-term borrowings

	March 31, 2022	December 31, 2021	March 31, 2021
<u>Secured borrowings (Note 28)</u>			
Bank loans	\$ 978,600	\$ -	\$ -
Less: Current portion	<u>(97,860)</u>	<u>-</u>	<u>-</u>
	<u>\$ 880,740</u>	<u>\$ -</u>	<u>\$ -</u>

The range of weighted average effective interest rates on bank loans listed above was 0.9910% as at March 31, 2022.

In March 2022, the Group secured a loan of \$978,600 thousand with its own land and buildings as collateral. The principal is amortized equally over 10 years, and the maturity date of the loan will be in March 2032.

15. NOTES PAYABLE AND TRADE PAYABLES

	March 31, 2022	December 31, 2021	March 31, 2021
<u>Notes payable</u>			
Operating	\$ <u>61</u>	\$ <u>57</u>	\$ <u>25</u>
<u>Trade payables</u>			
Operating	\$ <u>4,036,870</u>	\$ <u>3,611,175</u>	\$ <u>3,431,774</u>

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

16. OTHER LIABILITIES

	March 31, 2022	December 31, 2021	March 31, 2021
<u>Current</u>			
Other payables			
Payables for salaries and bonuses	\$ 322,231	\$ 414,628	\$ 286,365
Payables for employee compensation	156,209	157,746	139,612
Payables for remuneration of directors and supervisors	18,000	14,400	18,000
Payables for commission	41,505	36,876	83,074
Payables for insurance	37,288	36,382	38,078
Payables for sales tax	30,000	22,433	13,758
Payables for purchases of equipment (include building)	85,570	13,426	22,202
Payables for freight	15,837	20,703	13,012
Others	<u>63,511</u>	<u>60,812</u>	<u>59,191</u>
	<u>\$ 770,151</u>	<u>\$ 777,406</u>	<u>\$ 673,292</u>
Other liabilities			
Receipts under custody	<u>\$ 2,106</u>	<u>\$ 2,413</u>	<u>\$ 2,577</u>
<u>Non-current</u>			
Other liabilities			
Guarantee deposits	<u>\$ 1,522</u>	<u>\$ 1,726</u>	<u>\$ 803</u>

17. RETIREMENT BENEFIT PLANS

Defined Contribution Plans

The Company adopted 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 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

Ordinary shares

	March 31, 2022	December 31, 2021	March 31, 2021
Number of shares authorized (in thousands)	<u>100,000</u>	<u>100,000</u>	<u>100,000</u>
Shares authorized	<u>\$ 1,000,000</u>	<u>\$ 1,000,000</u>	<u>\$ 1,000,000</u>
Number of shares issued and fully paid (in thousands)	<u>87,226</u>	<u>87,419</u>	<u>87,419</u>
Shares issued	<u>\$ 872,262</u>	<u>\$ 874,194</u>	<u>\$ 874,194</u>

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

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

On February 24, 2022, the board of directors resolved to withdraw restricted shares. The Company withdraw \$1,932 thousand, 193 thousand shares, with a par value of \$10, with March 15, 2022 as the effective date, and where the approval of the Ministry of Economic Affairs (MOEA) was obtained on April 14, 2022.

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

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

	Number of Shares (In Thousands of Shares)	Share Capital
Balance at January 1, 2021	87,435	\$ 874,354
Retirement of recognized employee restricted shares (Note 23)	<u>(16)</u>	<u>(160)</u>
Balance at March 31, 2021	<u>87,419</u>	<u>\$ 874,194</u>
Balance at January 1, 2022	87,419	\$ 874,194
Retirement of recognized employee restricted shares (Note 23)	<u>(193)</u>	<u>(1,932)</u>
Balance at March 31, 2022	<u>87,226</u>	<u>\$ 872,262</u>

b. Capital surplus

	March 31, 2022	December 31, 2021	March 31, 2021
May be used to offset a deficit, distributed as cash dividends, or transferred to share capital (Note)			
Premium from issuance ordinary shares	\$ 243,633	\$ 243,633	\$ 331,068
<u>May be used for offset a deficit</u>			
Premium from the issuance of ordinary shares	9,513	9,345	1,809
Premium from employee restricted shares	570,459	570,459	490,071
<u>May not be used for any purpose</u>			
Employee restricted shares	<u>117,902</u>	<u>118,692</u>	<u>321,552</u>
	<u>\$ 941,507</u>	<u>\$ 942,129</u>	<u>\$ 1,144,500</u>

Note: Capital surplus may be used to offset a deficit; in addition, when the Company has no deficit, such capital surplus may be distributed as cash dividends, or transferred to share capital limited to a certain percentage of the Company's capital surplus and to 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, 2022	\$ 252,978	\$ 570,459	\$ 118,692
Retired employee restricted shares (Notes 1 and 2)	<u>168</u>	<u>-</u>	<u>(790)</u>
Balance at March 31, 2022	<u>\$ 253,146</u>	<u>\$ 570,459</u>	<u>\$ 117,902</u>
Balance at January 1, 2021	\$ 332,239	\$ 490,071	\$ 331,760
Retired employee restricted shares (Notes 3 and 4)	<u>638</u>	<u>-</u>	<u>(10,208)</u>
Balance at March 31, 2021	<u>\$ 332,877</u>	<u>\$ 490,071</u>	<u>\$ 321,552</u>

Note 1: Accumulative stock dividends of \$168 thousand for withdraw restricted stock was recognized as salary expense.

Note 2: Reversal of compensation cost of the restricted shares amounting to \$2,722 thousand, net of retired share capital of \$1,932 thousand.

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

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

c. Retained earnings and dividends policy

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

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

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

Items referred to under Rule No. 1090150022 should be appropriated to or reversed from a special reserve by the Company.

The appropriations of earnings for 2021 and 2020 were proposed by the board of directors on February 24, 2022 and resolved in the shareholders' meetings on July 23, 2021, respectively, were as follows:

	For the Year Ended December 31	
	2021	2020
Legal reserve	\$ 235,936	\$ 219,714
Reversal of special reserve	\$ (38,041)	\$ (11,771)
Cash dividends	\$ 2,054,355	\$ 1,967,296
Cash dividends per share (NT\$)	\$ 23.5	\$ 22.5

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

The distribution of cash dividends from capital surplus of \$87,435 thousand were resolved in the shareholders' meeting on July 23, 2021.

d. Special reserve

	For the Three Months Ended March 31	
	2022	2021
Balance at January 1	\$ 331,469	\$ 343,240
Balance at March 31	\$ 331,469	\$ 343,240

e. Other equity items

Exchange differences on translating the financial statements of foreign operations

	For the Three Months Ended March 31	
	2022	2021
Balance at January 1	\$ (293,428)	\$ (331,469)
Recognized for the period		
Exchange differences on translating foreign operations	261,802	49,508
Income tax related to exchange differences arising on translating to the presentation currency	<u>(52,361)</u>	<u>(9,902)</u>
Other comprehensive income (loss) from the period	<u>209,441</u>	<u>39,606</u>
Balance at March 31	<u>\$ (83,987)</u>	<u>\$ (291,863)</u>

Unearned employee benefits

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

	For the Three Months Ended March 31	
	2022	2021
Balance at January 1	\$ (27,962)	\$ (170,158)
Share-based payment expenses recognized	7,742	23,270
Adjustment for retired restricted employee cash dividends (Note)	<u>2,722</u>	<u>10,368</u>
Balance at March 31	<u>\$ (17,498)</u>	<u>\$ (136,520)</u>

Note: Deducted from compensation cost of restricted shares.

19. REVENUE

	For the Three Months Ended March 31			
	2022	2021	2022	2021
Revenue from contracts with customers				
Revenue from sale of goods			<u>\$ 4,274,310</u>	<u>\$ 3,462,582</u>
	March 31, 2022	December 31, 2021	March 31, 2021	January 1, 2021
Contract balances				
Notes receivable (Note 7)	<u>\$ 42,872</u>	<u>\$ 67,450</u>	<u>\$ 37,125</u>	<u>\$ 29,555</u>
Trade receivables (Notes 7 and 27)	<u>\$ 2,666,083</u>	<u>\$ 2,770,060</u>	<u>\$ 2,204,143</u>	<u>\$ 2,316,449</u>
Contract liabilities - current				
Sale of goods	<u>\$ 483,083</u>	<u>\$ 331,066</u>	<u>\$ 210,558</u>	<u>\$ 179,338</u>

20. NET PROFIT (LOSS) FROM CONTINUING OPERATIONS

a. Interest income

	For the Three Months Ended March 31	
	2022	2021
Bank deposits	\$ 14,708	\$ 20,898
Other financial assets - current	21	-
Other financial assets -non current	<u>-</u>	<u>21</u>
	<u>\$ 14,729</u>	<u>\$ 20,919</u>

b. Other income

	For the Three Months Ended March 31	
	2022	2021
Government grants	\$ 2,661	\$ 4,737
Others	<u>1,086</u>	<u>1,750</u>
	<u>\$ 3,747</u>	<u>\$ 6,487</u>

c. Other gains and (losses)

	For the Three Months Ended March 31	
	2022	2021
Loss on disposal of property, plant and equipment	\$ (39)	\$ (326)
Net foreign exchange losses	(94,829)	(12,145)
Others	<u>22</u>	<u>111</u>
	<u>\$ (94,846)</u>	<u>\$ (12,360)</u>

d. Finance costs

	For the Three Months Ended March 31	
	2022	2021
Interest on bank loans	\$ 5,834	\$ 3,881
Interest on lease liabilities	3,245	4,053
Other interest expense	<u>2,663</u>	<u>2,205</u>
	<u>\$ 11,742</u>	<u>\$ 10,139</u>

e. Depreciation and amortization

	For the Three Months Ended March 31	
	2022	2021
An analysis of depreciation by function		
Operating costs	\$ 46,762	\$ 42,761
Operating expenses	<u>27,281</u>	<u>26,175</u>
	<u>\$ 74,043</u>	<u>\$ 68,936</u>
An analysis of amortization by function		
Operating costs	\$ 510	\$ 69
Operating expenses	<u>3,894</u>	<u>2,240</u>
	<u>\$ 4,404</u>	<u>\$ 2,309</u>

f. Employee benefits expense

	For the Three Months Ended March 31	
	2022	2021
Salary expenses	\$ 522,341	\$ 450,004
Other employee benefits		
Labor and health insurance	9,258	5,734
Other employee benefits	20,037	19,290
Share-based payments (Note 23)	8,100	24,271
	(Note 2)	(Note 1)
Post-employment benefits		
Defined contribution plans	<u>26,298</u>	<u>19,808</u>
Total employee benefits expense	<u>\$ 586,034</u>	<u>\$ 519,107</u>
An analysis of employee benefits expense by function		
Operating costs	\$ 391,997	\$ 334,210
Operating expenses	<u>194,037</u>	<u>184,897</u>
	<u>\$ 586,034</u>	<u>\$ 519,107</u>

Note 1: Share-based payment expense recognized of \$23,270 thousand and accumulated dividends that no need to be returned payout from returned and retired restricted shares of \$1,001 thousand are included in the three months ended march 31, 2021.

Note 2: Share-based payment expense recognized of \$7,742 thousand and accumulated dividends that no need to be returned payout from returned and retired restricted shares of \$358 thousand are included in the three months ended march 31, 2022.

g. Employees compensation and remuneration of directors

According to the Articles of Incorporation of the Company, the Company accrued employees' compensation and remuneration of directors at rates between 3.75% and 11.5% and no higher than 3.75%, respectively, of net profit before income tax, employees' compensation, and remuneration of directors. For the three months ended March 31, 2022 and 2021, the employees' compensation and remuneration of directors are as follows:

Accrual rate

	For the Three Months Ended March 31	
	2022	2021
Employees' compensation	6.19%	5.67%
Remuneration of directors	0.56%	0.68%

Amount

	For the Three Months Ended March 31	
	2022	2021
Employees' compensation	\$ 40,000	\$ 30,000
Remuneration of directors	\$ 3,600	\$ 3,600

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

The appropriations of employees' compensation and remuneration of directors for 2021 and 2020 that were resolved by the board of directors on February 24, 2022 and February 25, 2021, respectively, are as shown below:

	For the Three Months Ended March 31	
	2022	2021
	Cash	Cash
Employees' compensation	\$ 115,000	\$ 105,000
Remuneration of directors	14,400	14,400

There is no difference between the actual amounts of employees' compensation and remuneration of directors paid and the amounts recognized in the consolidated financial statements for the years ended December 31, 2021 and 2020.

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

h. Gains or losses on foreign currency exchange

	For the Three Months Ended March 31	
	2022	2021
Foreign exchange gains	\$ 210,254	\$ 11,106
Foreign exchange losses	<u>(305,083)</u>	<u>(23,251)</u>
Net losses	<u>\$ (94,829)</u>	<u>\$ (12,145)</u>

21. INCOME TAXES RELATING TO CONTINUING OPERATIONS

a. Income tax recognized in profit or loss

Major components of income tax expense are as follows:

	For the Three Months Ended March 31	
	2022	2021
Current tax		
In respect of the current period	\$ (153,285)	\$ (93,482)
Deferred tax		
In respect of the current period	<u>20,368</u>	<u>(13,380)</u>
Income tax expense recognized in profit or loss	<u>\$ (132,917)</u>	<u>\$ (106,862)</u>

The applicable tax rate used by the entity in ROC in the three months ended March 31, 2022 and 2021 was 20%. The applicable tax rate used by subsidiaries in China was 25%, except for Zhongshan Voltronic Power Electronics Limited in the three months ended March 31, 2022 and 2021 and Voltronic Power Technology (Shen Zhen) Corp. in the three months ended March 31, 2021, which used the tax rate of 15% due to 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 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), in the three months ended March 31, 2022 and 2021.

b. Income tax recognized in other comprehensive income

	For the Three Months Ended March 31	
	2022	2021
<u>Deferred tax</u>		
In respect of the current period		
Translation of foreign operations	<u>\$ (52,361)</u>	<u>\$ (9,902)</u>

c. Income tax assessments

The Company's income tax returns through 2020 have been assessed by the tax authorities. As of March 31, 2022, the Group has no unsettled lawsuit in related with tax.

22. EARNINGS PER SHARE

	Unit: NT\$ Per Share	
	For the Three Months Ended March 31	
	2022	2021
Basic earnings per share		
Basic earnings per share	\$ 5.75	\$ 4.87
Diluted earnings per share		
Diluted earnings per share	\$ 5.72	\$ 4.84

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

	For the Three Months Ended March 31	
	2022	2021
Net profit for the year	\$ 500,371	\$ 422,901
Weighted average number of ordinary shares used in the computation of basic earnings per share (in thousands)	87,041	86,915
Effect of potentially dilutive ordinary shares		
Employees' compensation or bonuses issued to employees	74	81
Restricted employee share options	329	425
Weighted average number of ordinary shares used in the computation of diluted earnings per share (in thousands)	87,444	87,421

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

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

On June 25, 2019, the shareholders resolved a restricted share plan for employees with a total amount of \$6,820 thousand, consisting of 682 thousand shares, for free issuance. The base dates of capital increase and payment of September 8, 2019 were determined by the board of directors on August 12, 2019. The restrictions on the rights of the employees who acquire the restricted shares but have not met the vesting conditions are as follows:

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

- d. 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 cash increases by share.

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 \$8,100 thousand and \$24,271 thousand were recognized within the vesting period for the three months ended March 31, 2022 and 2021.

On February 24, 2022, the board of directors proposed restricted share plan for employees with 540 thousand shares, which have a par value of NT\$10, for free issuance. It is estimated that the total amount of recognized compensation costs during the vesting period is 745,200 thousand, and the actual issue date will be determined by the chairman authorized by the board of directors after the resolution of the shareholders' meeting and the report to the competent authority.

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

	For the Three Months Ended March 31 (In Thousands)	
	2022	2021
Balance at January 1	378	520
Forfeited (Note)	<u>(193)</u>	<u>(16)</u>
Balance at March 31	<u>185</u>	<u>504</u>

Note: The forfeited shares for the three months ended March 31, 2022 and 2021 were the shares that were withdrawn due to the vesting conditions not being met.

24. CASH FLOW INFORMATION

a. Non-cash transactions

In addition to those disclosed in other notes, the Group entered into the following non-cash investing and financing activities which were not reflected in the consolidated statements of cash flows for the three months ended March 31, 2022 and 2021:

As of March 31, 2022, December 31, 2021 and March 31, 2021, the unsettled payments for purchases of property, plant and equipment were \$85,570 thousand, \$13,426 thousand and \$22,202 thousand, respectively, and recognized as other payables - payables on equipment in the consolidated financial statements.

b. Changes in liabilities arising from financing activities

For the three months ended March 31, 2022

	Opening Balance	Cash Flows	Non-cash Changes		Closing Balance
			New Leases	Exchange Rate Impact	
Short-term borrowings	\$ 2,379,745	\$ 3,384	\$ -	\$ 77,359	\$ 2,460,488
Long-term borrowings (current portion of long-term liabilities)	-	978,600	-	-	978,600
Guarantee deposits	1,726	(266)	-	62	1,522
Lease liabilities	<u>257,840</u>	<u>(25,333)</u>	<u>17,549</u>	<u>9,473</u>	<u>259,529</u>
	<u>\$ 2,639,311</u>	<u>\$ 956,385</u>	<u>\$ 17,549</u>	<u>\$ 86,894</u>	<u>\$ 3,700,139</u>

For the three months ended March 31, 2021

	Opening Balance	Cash Flows	Non-cash Changes		Closing Balance
			New Leases	Exchange Rate Impact	
Short-term borrowings	\$ 1,768,000	\$ 334,408	\$ -	\$ 48,029	\$ 2,150,437
Guarantee deposits	775	22	-	6	803
Lease liabilities	<u>351,468</u>	<u>(25,737)</u>	<u>-</u>	<u>1,940</u>	<u>327,671</u>
	<u>\$ 2,120,243</u>	<u>\$ 308,693</u>	<u>\$ -</u>	<u>\$ 49,975</u>	<u>\$ 2,478,911</u>

25. CAPITAL MANAGEMENT

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

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

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

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

26. FINANCIAL INSTRUMENTS

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

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

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

1) Fair value hierarchy

March 31, 2022

	Level 1	Level 2	Level 3	Total
<u>Financial assets at FVTOCI</u>				
Investments in debt instruments				
Trade receivables	\$ -	\$ -	\$ 165,822	\$ 165,822

December 31, 2021

	Level 1	Level 2	Level 3	Total
<u>Financial assets at FVTOCI</u>				
Investments in debt instruments				
Trade receivables	\$ -	\$ -	\$ 117,931	\$ 117,931

March 31, 2021

	Level 1	Level 2	Level 3	Total
<u>Financial assets at FVTOCI</u>				
Investments in debt instruments				
Trade receivables	\$ -	\$ -	\$ 71,222	\$ 71,222

There were no transfers between Levels 1 and 2 for the three months ended March 31, 2022 and 2021.

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

Financial Assets	Financial Assets at FVTOCI
	Debt Instruments
Balance at January 1, 2022	\$ 117,931
Net increase	<u>47,891</u>
Balance at March 31, 2022	<u>\$ 165,822</u>
Balance at January 1, 2021	\$ 149,071
Disposals	<u>(77,849)</u>
Balance at March 31, 2021	<u>\$ 71,222</u>

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

Categories of Financial Instruments	Evaluation Techniques and Input Values
Trade receivables	The fair value was measured at the original invoice amount because the effect of discounting was immaterial.

c. Categories of financial instruments

	March 31, 2022	December 31, 2021	March 31, 2021
<u>Financial assets</u>			
Financial assets at amortized cost (1)	\$ 8,357,628	\$ 7,926,449	\$ 7,760,840
Financial assets at FVTOCI			
Investments in debt instruments			
Trade receivables	165,822	117,931	71,222
<u>Financial liabilities</u>			
Financial liabilities at amortized cost (2)	7,688,172	6,128,584	5,763,975

- 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, current portion of long-term borrowings, long-term borrowings and guarantee deposit received (included in other non-current liabilities).

d. Financial risk management objectives and policies

The Group's major financial instruments included trade receivables, trade payables, 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 (including foreign 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 denominated 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) at the end of the period are set out in Note 30.

Sensitivity analysis

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

The following table details the Group's sensitivity to a 1% increase and decrease in the functional currencies 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 representing management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis included only outstanding foreign currency denominated monetary items, and their translation was adjusted at the end of the reporting period for a 1% change in foreign currency rates. A positive number below indicated an increase in pre-tax profit when the functional currency weakened by 1% against the relevant foreign currency. For a 1% strengthening of the functional currency against the relevant foreign currency, there would be an equal and opposite impact on pre-tax profit and the balances below would be negative.

	USD Impact	
	For the Three Months Ended March 31	
	2022	2021
Profit or loss	\$ 27,781	\$ 17,662

	RMB Impact	
	For the Three Months Ended	
	March 31	
	2022	2021
Profit or loss	\$ (41,019)	\$ (25,065)

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

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

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:

	March 31, 2022	December 31, 2021	March 31, 2021
Interest rate risk on fair value			
Financial assets	\$ 2,361,466	\$ 2,309,508	\$ 2,749,018
Financial liabilities	259,529	257,840	327,671
Interest rate risk on cash flow			
Financial assets	3,405,325	2,847,293	2,787,936
Financial liabilities	3,439,088	2,379,745	2,150,437

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 is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 100 basis points higher/lower and all other variables been held constant, the Group's pre-tax profit for the three months ended March 31, 2022 and 2021 would have decreased/increased by \$84 thousand and increased/decreased by \$1,594 thousand, respectively, which was mainly due to the risk position of bank deposits and borrowings with floating rates of the Group.

The Group's sensitivity to interest rates decreased during the current period mainly because of the increase in floating-rate 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 the carrying amount of the respective recognized financial assets as stated in the consolidated balance sheets.

The Group adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, and factored trade receivables when necessary to mitigate 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 possible irrecoverable amounts. Thus, the management believes the Group's credit risk was significantly reduced.

The Group transacts with a large number of unrelated customers and thus, credit risk is not highly concentrated.

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 March 31, 2022, December 31, 2021 and March 31, 2021, the Group had available unutilized short-term bank loan facilities set out in (2) below.

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

The following tables detail the Group's remaining contractual maturity for its non-derivative financial liabilities with agreed upon repayment periods. The tables have been drawn up based on the undiscounted cash flows of financial liabilities from the earliest date on which the Group can be required to pay. The tables include both interest and principal cash flows.

To the extent that interest flows are at floating rates, the undiscounted amount was derived from the interest rate curve at the end of the period.

March 31, 2022

	Less than 3 Months	3 Months to 1 Year	Over 1 Year to 5 Years	More than 5 Years
<u>Non-derivative financial liabilities</u>				
Non-interest bearing	\$ 2,940,405	\$ 1,307,157	\$ 1,522	\$ -
Lease liabilities	22,207	73,759	183,307	-
Variable interest rate liabilities	<u>1,756,800</u>	<u>817,863</u>	<u>419,568</u>	<u>502,640</u>
	<u>\$ 4,719,412</u>	<u>\$ 2,198,779</u>	<u>\$ 604,397</u>	<u>\$ 502,640</u>

Further information on the maturity analysis of the above financial liabilities was as follows:

	Less than 1 Year	1-5 Years	5-10 Years	10-15 Years	15-20 Years	20+ Years
Variable interest rate liabilities	<u>\$ 2,574,663</u>	<u>\$ 419,568</u>	<u>\$ 502,640</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

December 31, 2021

	Less than 3 Months	3 Months to 1 Year	Over 1 Year to 5 Years	More than 5 Years
<u>Non-derivative financial liabilities</u>				
Non-interest bearing	\$ 2,712,972	\$ 1,034,141	\$ 1,726	\$ -
Lease liabilities	26,165	62,436	190,221	-
Variable interest rate liabilities	<u>817,317</u>	<u>1,567,957</u>	<u>-</u>	<u>-</u>
	<u>\$ 3,556,454</u>	<u>\$ 2,664,534</u>	<u>\$ 191,947</u>	<u>\$ -</u>

Further information on the maturity analysis of the above financial liabilities was as follows:

March 31, 2021

	Less than 3 Months	3 Months to 1 Year	Over 1 Year to 5 Years	More than 5 Years
<u>Non-derivative financial liabilities</u>				
Non-interest bearing	\$ 2,530,357	\$ 1,082,378	\$ 803	\$ -
Lease liabilities	25,578	81,468	254,766	2,767
Variable interest rate liabilities	<u>1,309,937</u>	<u>844,915</u>	<u>-</u>	<u>-</u>
	<u>\$ 3,865,872</u>	<u>\$ 2,008,761</u>	<u>\$ 255,569</u>	<u>\$ 2,767</u>

Further information on the maturity analysis of the above financial liabilities was as follows:

	Less than 1 Year	1-5 Years	5-10 Years	10-15 Years	15-20 Years	20+ Years
Lease liabilities	<u>\$ 107,046</u>	<u>\$ 254,766</u>	<u>\$ 2,767</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Financing facilities

	March 31, 2022	December 31, 2021	March 31, 2021
Unsecured bank loan facilities			
Amount used	\$ 2,460,488	\$ 2,379,745	\$ 2,150,437
Amount unused	<u>784,137</u>	<u>34,025</u>	<u>291,218</u>
	<u>\$ 3,244,625</u>	<u>\$ 2,413,770</u>	<u>\$ 2,441,655</u>
Secured bank overdraft facilities:			
Amount used	\$ 978,600	\$ -	\$ -
Amount unused	<u>221,400</u>	<u>-</u>	<u>-</u>
	<u>\$ 1,200,000</u>	<u>\$ -</u>	<u>\$ -</u>

e. Transfers of financial assets

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

March 31, 2022

Counterparty	Receivables Factoring Proceeds	Amount Reclassified to Other Receivables	Advances Received - Unused	Advances Received - Used	Annual Interest Rates on Advances Received (Used) (%)
Mega International Commercial Bank Co., Ltd.	\$ 410,156	\$ -	\$ -	\$ 410,156	1.36-2.76
BNP Paribas S.A.	<u>110,806</u>	<u>-</u>	<u>-</u>	<u>110,806</u>	1.03-1.62
	<u>\$ 520,962</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 520,962</u>	

December 31, 2021

Counterparty	Receivables Factoring Proceeds	Amount Reclassified to Other Receivables	Advances Received - Unused	Advances Received - Used	Annual Interest Rates on Advances Received (Used) (%)
Mega International Commercial Bank Co., Ltd.	\$ 438,954	\$ -	\$ -	\$ 438,954	1.30-3.35
BNP Paribas S.A.	<u>29,519</u>	<u>-</u>	<u>-</u>	<u>29,519</u>	0.91-1.13
	<u>\$ 468,473</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 468,473</u>	

March 31, 2021

Counterparty	Receivables Factoring Proceeds	Amount Reclassified to Other Receivables	Advances Received - Unused	Advances Received - Used	Annual Interest Rates on Advances Received (Used) (%)
Mega International Commercial Bank Co., Ltd.	\$ 312,985	\$ -	\$ -	\$ 312,985	1.21-2.50
BNP Paribas S.A.	<u>107,886</u>	<u>-</u>	<u>-</u>	<u>107,886</u>	0.88-1.02
	<u>\$ 420,871</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 420,871</u>	

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, have 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 Three Months Ended March 31	
		2022	2021
Sales	Essential related parties	\$ 225,911	\$ 140,114
	Key management personnel	<u>40,518</u>	<u>70,401</u>
		<u>\$ 266,429</u>	<u>\$ 210,515</u>

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 the three months ended March 31, 2022 and 2021. Payment terms of goods sold to related parties are 135-150 days at the end of the month, and 0-180 days for general customers.

c. Purchases of goods

Related Party Category	For the Three Months Ended March 31	
	2022	2021
Essential related parties	<u>\$ 2,411</u>	<u>\$ 2,912</u>

The purchase prices of goods purchased from the related parties in the table above are not comparable as these goods are not purchased from other suppliers in the three months ended March 31, 2022 and 2021. Payment terms of goods purchased from related parties are 150 days at the end of the month, and 30-90 days for general suppliers.

d. Receivables from related parties (excluding loans to related parties)

Line Item	Related Party Category	March 31, 2022	December 31, 2021	March 31, 2021
Trade receivables from related parties	Essential related parties	\$ 119,379	\$ 50,155	\$ 65,190
	Key management personnel	<u>66,559</u>	<u>92,833</u>	<u>103,669</u>
		<u>\$ 185,938</u>	<u>\$ 142,988</u>	<u>\$ 168,859</u>

The outstanding trade receivables from related parties were unsecured. For the three months ended March 31, 2022 and 2021, no impairment loss was recognized for trade receivables from related parties.

e. Payables to related parties (excluding loans from related parties)

Line Item	Related Party Category	March 31, 2022	December 31, 2021	March 31, 2021
Trade payables to related parties	Essential related parties	<u>\$ 4,208</u>	<u>\$ 4,064</u>	<u>\$ 3,457</u>

The outstanding trade payables to related parties are unsecured.

f. Lease arrangements - the Group is lessee

Line Item	Related Party Category	March 31, 2022	December 31, 2021	March 31, 2021
Lease liabilities	Essential related parties	<u>\$ 1,492</u>	<u>\$ 2,230</u>	<u>\$ 4,176</u>
		For the Three Months Ended March 31		
Related Party Category		2022	2021	
<u>Interest expense</u>				
Essential related parties			<u>\$ 11</u>	<u>\$ 31</u>

For the three months ended March 31, 2022 and 2021, the Group leased office space from substantive related parties. The rental expense is determined with reference to the general market conditions, and the payment terms are monthly payment.

g. Other transactions with related parties

Line Item	Related Party Category	March 31, 2022	December 31, 2021	March 31, 2021
Refundable deposits	Essential related parties	<u>\$ 500</u>	<u>\$ 500</u>	<u>\$ 500</u>

h. Remuneration of key management personnel

	For the Three Months Ended March 31	
	2022	2021
Short-term employee benefits	\$ 34,486	\$ 32,427
Post-employee benefits	129	121
Share-based payments	<u>2,197</u>	<u>6,711</u>
	<u>\$ 36,812</u>	<u>\$ 39,259</u>

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

28. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The following assets were provided as collateral for bank borrowings

	Mach 31, 2022	December 31, 2021	March 31, 2021
Land	\$ 587,160	\$ -	\$ -
Property under Construction	<u>785,153</u>	<u>-</u>	<u>-</u>
	<u>\$ 1,372,313</u>	<u>\$ -</u>	<u>\$ -</u>

29. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

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

Unrecognized commitments were as follows:

	March 31, 2022	December 31, 2021	March 31, 2021
Acquisition of property, plant and equipment	\$ 288,751	\$ 249,391	\$ 590,690
Acquisition of computer software	<u>-</u>	<u>-</u>	<u>1,615</u>
	<u>\$ 288,751</u>	<u>\$ 249,391</u>	<u>\$ 592,305</u>

30. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The Group's significant financial assets and liabilities denominated in foreign currencies aggregated by the foreign currencies other than functional currencies of the entities in the Group and the related exchange rates between the foreign currencies and the respective functional currencies were as follows:

March 31, 2022

	Foreign Currencies (In Thousands)	Exchange Rate	Carrying Amount (In Thousands)
<u>Financial assets</u>			
Monetary items			
USD	\$ 190,522	28.6250 (USD:NTD)	\$ 5,453,688
USD	12,488	6.3482 (USD:RMB)	357,485
RMB	398,064	4.5092 (RMB:NTD)	1,794,951
RMB	1,309,577	0.1575 (RMB:USD)	<u>5,904,145</u>
			<u>\$ 13,510,269</u>

Financial liabilities

Monetary items			
USD	95,388	28.6250 (USD:NTD)	\$ 2,730,476
USD	10,572	6.3482 (USD:RMB)	302,626
RMB	1,309,573	4.5092 (RMB:NTD)	5,905,126
RMB	1,307,745	0.1575 (RMB:USD)	<u>5,895,886</u>
			<u>\$ 14,834,114</u>

December 31, 2021

	Foreign Currencies (In Thousands)	Exchange Rate	Carrying Amount (In Thousands)
<u>Financial assets</u>			
Monetary items			
USD	\$ 151,554	27.690 (USD:NTD)	\$ 4,196,530
USD	13,345	6.3757 (USD:RMB)	369,515
RMB	394,969	4.3431 (RMB:NTD)	1,715,390
RMB	1,281,322	0.1568 (RMB:USD)	<u>5,563,233</u>
			<u>\$ 11,844,668</u>

Financial liabilities

Monetary items			
USD	95,143	27.690 (USD:NTD)	\$ 2,634,510
USD	12,681	6.3757 (USD:RMB)	351,129
RMB	1,117,390	4.3431 (RMB:NTD)	4,852,937
RMB	1,289,125	0.1568 (RMB:USD)	<u>5,597,112</u>
			<u>\$ 13,435,688</u>

March 31, 2021

	Foreign Currencies (In Thousands)	Exchange Rate	Carrying Amount (In Thousands)
<u>Financial assets</u>			
Monetary items			
USD	\$ 148,747	28.5350 (USD:NTD)	\$ 4,244,506
USD	15,876	6.5713 (USD:RMB)	453,037
RMB	520,627	4.3424 (RMB:NTD)	2,260,771
RMB	1,128,095	0.1522 (RMB:USD)	<u>4,898,639</u>
			<u>\$ 11,856,953</u>

Financial liabilities

Monetary items			
USD	91,053	28.5350 (USD:NTD)	\$ 2,598,204
USD	11,668	6.5713 (USD:RMB)	333,143
RMB	1,128,095	4.3424 (RMB:NTD)	4,898,639
RMB	1,097,690	0.1522 (RMB:USD)	<u>4,767,296</u>
			<u>\$ 12,597,282</u>

The Group is mainly exposed to the USD and the RMB. The following information was aggregated by the functional currencies of the entities in the Group, 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 Three Months Ended March 31				
2021			2020	
Foreign Currencies	Exchange Rate	Net Foreign Exchange Gains (Losses)	Exchange Rate	Net Foreign Exchange Gains (Losses)
NTD	1.0000 (NTD:NTD)	\$ (92,740)	1.0000 (NTD:NTD)	\$ (16,648)
USD	28.1600 (USD:NTD)	(429)	28.1383 (USD:NTD)	(2,047)
RMB	4.3358 (RMB:NTD)	259	4.3259 (RMB:NTD)	2,890
VND	0.0012 (VND:NTD)	<u>(1,919)</u>	0.0012 (VND:NTD)	<u>3,660</u>
		<u>\$ (94,829)</u>		<u>\$ (12,145)</u>

31. SEPARATELY DISCLOSED ITEMS

a. Information about significant transactions:

1) Financing provided to others: Table 1

2) Endorsements/guarantees provided: None

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

- 4) Marketable securities acquired or disposed of at costs or prices of at least NT\$300 million or 20% of the paid-in capital: None
 - 5) Acquisition of individual real estate at costs of at least NT\$300 million or 20% of the paid-in capital: Table 2
 - 6) Disposal of individual real estate at prices of at least NT\$300 million or 20% of the paid-in capital: None
 - 7) Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital: Table 3
 - 8) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital: Table 4
 - 9) Trading in derivative instruments: None
 - 10) Intercompany relationships and significant intercompany transactions: Table 5
- b. Information on investees: Table 6
- c. Information on investments in mainland China
- 1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the year, repatriations of investment income, and limit on the amount of investment in the mainland China area: Table 7
 - 2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses: Table 8
 - a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period
 - b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period
 - 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 period 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)

32. SEGMENT INFORMATION

Financial Information

The Group is a single industrial segment, mainly engaged in the manufacture and sale of uninterruptible power system, and provides information to the chief operating decision makers for allocating resources and evaluating the performance of the segment, focusing on each type of products delivered or provided, so there is no need to disclose the operating information of the reportable segment.

TABLE 1

VOLTRONIC POWER TECHNOLOGY CORP. AND SUBSIDIARIES

FINANCING PROVIDED TO OTHERS
FOR THE THREE MONTHS ENDED MARCH 31, 2022
(In Thousands of New Taiwan Dollars and Foreign Currencies)

No. (Note 1)	Lender	Borrower	Financial Statement Account (Note 6)	Related Party	Highest Balance for the Period	Ending Balance	Actual Amount Borrowed	Interest Rate (%)	Nature of Financing (Note 2)	Business Transaction Amount	Reasons for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower	Aggregate Financing Limit
													Item	Value		
1	Orchid Power (Shen Zhen) Manufacturing Company	Zhongshan Voltronic Power Electronics Limited	Other receivables from related parties	Yes	\$ 225,460 (RMB 50,000)	\$ 225,460 (RMB 50,000)	\$ 225,460 (RMB 50,000)	3.85	2	\$ -	Operating capital financing funds	\$ -	-	\$ -	\$ 1,529,506	\$ 1,529,506
		Zhongshan Voltronic Power Electronics Limited	Other receivables from related parties	Yes	90,184 (RMB 20,000)	90,184 (RMB 20,000)	- (RMB -)	-	2	-	Operating capital financing funds	-	-	-	1,529,506	1,529,506
		Zhongshan Voltronic Power Electronics Limited	Other receivables from related parties	Yes	383,282 (RMB 85,000)	383,282 (RMB 85,000)	383,282 (RMB 85,000)	3.85	2	-	Operating capital financing funds	-	-	-	1,529,506	1,529,506
		Zhongshan Voltronic Power Electronics Limited	Other receivables from related parties	Yes	248,006 (RMB 55,000)	248,006 (RMB 55,000)	248,006 (RMB 55,000)	3.85	2	-	Operating capital financing funds	-	-	-	1,529,506	1,529,506
		Zhongshan Voltronic Power Electronics Limited	Other receivables from related parties	Yes	293,098 (RMB 65,000)	293,098 (RMB 65,000)	293,098 (RMB 65,000)	3.85	2	-	Operating capital financing funds	-	-	-	1,529,506	1,529,506
		Zhongshan Voltronic Power Electronics Limited	Other receivables from related parties	Yes	180,368 (RMB 40,000)	180,368 (RMB 40,000)	180,368 (RMB 40,000)	3.85	2	-	Operating capital financing funds	-	-	-	1,529,506	1,529,506
		Zhongshan Voltronic Power Electronics Limited	Other receivables from related parties	Yes	180,368 (RMB 40,000)	180,368 (RMB 40,000)	180,368 (RMB 40,000)	3.85	2	-	Operating capital financing funds	-	-	-	1,529,506	1,529,506

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 total amount of capital loans shall not exceed 40% of the Company’s net equity value based on its latest financial statements which were audited and attested by certified public accountants.

Note 4: a. The total amount of capital loans shall not exceed 40% of the net value of Voltronic Power Technology.

b. The limit of capital loans for individual object for the business transactions: For individual companies that have business dealings with the Company, the individual financing amount shall not exceed 30% of the transaction amount between the two parties or 10% of the net equity value of the Company’s latest financial statements which were audited and attested by certified public accountants, whichever is lower. The business transaction refers to purchase or sale of goods between the two parties, whichever is higher in the most recent year from the month before the application. The limit of capital loans for individual object for the short-term financings: The financing amount of individual object shall not exceed 10% of the net equity value of the Company’s latest financial statements which were audited and attested by certified public accountants. However, this does not apply to foreign subsidiaries that directly and indirectly hold 100% of the voting shares of the Company, or foreign subsidiaries that directly and indirectly hold 100% of the voting shares to the Company. When the Company directly or indirectly holds 100% of the voting shares in foreign subsidiaries, engaged in short-term financing loans, the total amount of capital loans and the limit of individual objects shall not exceed 100% of the current net value of the Company.

Note 5: The foreign-currency amounts of the highest balance for the period and ending balance were converted by exchange rate RMB1 into NT\$4.5092 as of March 31, 2022.

Note 6: The amounts have been eliminated in the consolidated financial statements.

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 THREE MONTHS ENDED MARCH 31, 2022
(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 #2	September 25, 2020	\$ 832,011 (RMB 184,514)	\$ 510,085 (RMB 113,121)	Shenzhen Xinmei Decoration Construction Group Co.	-	-	-	-	\$ -	-	For the production of future need	Note
Voltronic Power Technology	Fuding Technology Building	January 17, 2022	1,398,000	1,328,100	Huang Ding Construction Development Co.	-	-	-	-	-	Appraisal report of real estate	For the production of future need	Note

Note: The foreign-currency amounts were translated into exchange rate RMB1 into NT\$4.5092 as of March 31, 2022.

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 THREE MONTHS ENDED MARCH 31, 2022
(In Thousands of New Taiwan Dollars)

Company Name	Related Party	Nature of Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Payable or Receivable		Note
			Purchase/ Sale	Amount	% to Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% to Total	
Voltronic Power Technology	RPS. SPA	Essential related parties	(Sales)	\$ (224,466)	(6)	Net 150 days from the end of the month of when invoice is issued	No identical item	0-180 days	\$ 116,798	5	-
	Potentia Technology Inc. Limited	Subsidiary	Purchase	2,943,842	98	Net 270 days from the end of the month of when invoice is issued	No identical item	30-90 days	(5,982,652)	(98)	Note 3
Potentia Technology Inc. Limited	Voltronic Power Technology	Parent company	(Sales)	(2,943,842)	(83)	Net 270 days from the end of the month of when invoice is issued	Note 2	Note 2	5,982,652	92	"
	Voltronic Power Technology (Shen Zhen) Corp.	The same parent company	(Sales)	(199,152)	(6)	Net 270 days from the end of the month of when invoice is issued	Note 2	Note 2	119,459	2	"
	Voltronic Power Technology (Shen Zhen) Corp.	The same parent company	Purchase	1,160,616	33	Net 270 days from the end of the month of when invoice is issued	No identical item	30-90 days	(3,904,436)	(58)	"
	Zhongshan Voltronic Power Electronics Limited	The same parent company	(Sales)	(201,252)	(6)	Net 270 days from the end of the month of when invoice is issued	Note 2	Note 2	146,299	2	"
	Zhongshan Voltronic Power Electronics Limited	The same parent company	Purchase	1,803,065	51	Net 270 days from the end of the month of when invoice is issued	No identical item	30-90 days	(2,131,667)	(31)	"
	Voltronic Power Technology (Vietnam) Company Limited	The same parent company	(Sales)	(148,626)	(4)	Net 270 days from the end of the month of when invoice is issued	Note 2	Note 2	240,470	4	"
	Voltronic Power Technology (Vietnam) Company Limited	The same parent company	Purchase	168,108	5	Net 270 days from the end of the month of when invoice is issued	No identical item	30-90 days	(92,813)	(1)	"
Voltronic Power Technology (Shen Zhen) Corp.	Potentia Technology Inc. Limited	The same parent company	(Sales)	(1,160,616)	(93)	Net 270 days from the end of the month of when invoice is issued	No identical item	30-90 days	3,904,436	95	"
	Potentia Technology Inc. Limited	The same parent company	Purchase	199,152	20	Net 270 days from the end of the month of when invoice is issued	No identical item	30-90 days	(119,459)	(9)	"
	Zhongshan Voltronic Precision Inc.	The same parent company	Purchase	140,614	14	Net 270 days from the end of the month of when invoice is issued	No identical item	30-90 days	(43,897)	(3)	"
Zhongshan Voltronic Power Electronics Limited	Potentia Technology Inc. Limited	The same parent company	(Sales)	(1,803,065)	(95)	Net 270 days from the end of the month of when invoice is issued	Note 2	Note 2	2,131,667	91	"
	Potentia Technology Inc. Limited	The same parent company	Purchase	201,252	11	Net 270 days from the end of the month of when invoice is issued	No identical item	30-90 days	(146,299)	(8)	"
	Zhongshan Voltronic Precision Inc.	The same parent company	Purchase	217,428	12	Net 270 days from the end of the month of when invoice is issued	No identical item	30-90 days	(119,258)	(6)	"
Zhongshan Voltronic Precision Inc.	Voltronic Power Technology (Shen Zhen) Corp.	The same parent company	(Sales)	(140,614)	(34)	Net 270 days from the end of the month of when invoice is issued	Note 2	Note 2	43,897	23	"
	Zhongshan Voltronic Power Electronics Limited	The same parent company	(Sales)	(217,428)	(52)	Net 270 days from the end of the month of when invoice is issued	Note 2	Note 2	119,258	62	"
Voltronic Power Technology (Vietnam) Company Limited	Potentia Technology Inc. Limited	The same parent company	(Sales)	(168,108)	(100)	Net 270 days from the end of the month of when invoice is issued	Note 2	Note 2	92,813	100	"
	Potentia Technology Inc. Limited	The same parent company	Purchase	148,626	100	Net 270 days from the end of the month of when invoice is issued	No identical item	30-90 days	(240,470)	(91)	"

Note 1: The foreign-currency amounts were translated into New Taiwan Dollar at the exchange rates prevailing as of March 31, 2022. However, the related amount of profit and loss was translated into New Taiwan dollar at the average exchange rate for the whole year.

Note 2: There is no sales to unrelated parties.

Note 3: The amounts have been eliminated in the consolidated financial statements.

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****MARCH 31, 2022****(In Thousands of New Taiwan Dollars)**

Company Name	Related Party	Relationship	Ending Balance (Note 1)	Turnover Rate	Overdue		Amount Received in Subsequent Period (Note 2)	Allowance for Impairment Loss	Note
					Amount	Actions Taken			
<u>Trade receivables</u>									
Voltronic Power Technology	RPS. SPA	Essential related parties	\$ 116,978	11.20	\$ -	-	\$ 76,401	\$ -	-
Potentia Technology Inc. Limited	Voltronic Power Technology	Parent company	5,982,652	2.16	-	-	1,156,819	-	Note 4
	Voltronic Power Technology (Shen Zhen) Corp.	The same parent company	119,459	6.19	-	-	70,874	-	"
	Zhongshan Voltronic Power Electronics Limited	The same parent company	146,299	5.34	-	-	69,371	-	"
	Voltronic Power Technology (Vietnam) Company Limited	The same parent company	240,470	2.40	-	-	58,171	-	"
Voltronic Power Technology (Shen Zhen) Corp.	Voltronic Power Technology	Parent company	119,133	1.20	-	-	23,116	-	"
	Potentia Technology Inc. Limited	The same parent company	3,904,436	1.19	-	-	427,350	-	"
Zhongshan Voltronic Power Electronics Limited	Potentia Technology Inc. Limited	The same parent company	2,131,667	3.61	-	-	486,898	-	"
	Orchid Power (Shen Zhen) Manufacturing Company	The same parent company	168,662	1.64	-	-	109,557	-	"
Orchid Power (Shen Zhen) Manufacturing Company	Voltronic Power Technology (Shen Zhen) Corp.	The same parent company	206,112	0.96	-	-	48,715	-	"
Voltronic Power Technology (Vietnam) Company Limited	Potentia Technology Inc. Limited	The same parent company	119,258	9.71	-	-	6,741	-	"
<u>Other receivables</u>									
Orchid Power (Shen Zhen) Manufacturing Company	Zhongshan Voltronic Power Electronics Limited	The same parent company	1,334,803 (Note 3)	-	-	-	-	-	"

Note 1: The foreign-currency amounts were translated into exchange rate US\$1 into NT\$28.625 and RMB1 into NT\$4.5092 as of March 31, 2022.

Note 2: The amount received in subsequent period was as of April 30, 2022.

Note 3: Including interest receivables \$3,834 thousand and receivables for sales of equipment \$755 thousand.

Note 4: The amounts have been eliminated in the consolidated financial statements.

TABLE 5

VOLTRONIC POWER TECHNOLOGY CORP. AND SUBSIDIARIES

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
FOR THE THREE MONTHS ENDED MARCH 31, 2022

(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	\$ 2,943,842	Net 270 days from the end of the month of when invoice is issued	69
		Voltronic Power Technology	2	Trade receivables from related parties	5,982,652	Net 270 days from the end of the month of when invoice is issued	38
		Voltronic Power Technology (Shen Zhen) Corp.	3	Sales	199,152	Net 270 days from the end of the month of when invoice is issued	5
		Voltronic Power Technology (Shen Zhen) Corp.	3	Trade receivables from related parties	119,459	Net 270 days from the end of the month of when invoice is issued	1
		Orchid Power (Shen Zhen) Manufacturing Company	3	Sales	56,026	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	37,922	Net 270 days from the end of the month of when invoice is issued	1
		Zhongshan Voltronic Power Electronics Limited	3	Sales	201,252	Net 270 days from the end of the month of when invoice is issued	5
		Zhongshan Voltronic Power Electronics Limited	3	Trade receivables from related parties	146,299	Net 270 days from the end of the month of when invoice is issued	1
		Voltronic Power Technology (Vietnam) Company Limited	3	Sales	148,626	Net 270 days from the end of the month of when invoice is issued	3
		Voltronic Power Technology (Vietnam) Company Limited	3	Trade receivables from related parties	240,470	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	3	Sales	1,160,616	Net 270 days from the end of the month of when invoice is issued	27
		Voltronic Power Technology	3	Trade receivables from related parties	3,904,436	Net 270 days from the end of the month of when invoice is issued	25
3	Orchid Power (Shen Zhen) Manufacturing Company	Voltronic Power Technology (Shen Zhen) Corp.	3	Sales	48,702	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	206,112	Net 270 days from the end of the month of when invoice is issued	1
		Zhongshan Voltronic Power Electronics Limited	3	Other receivables from related parties	1,334,803	The loan period is one year and will be returned in installments according to the financial situation during the period.	8

(Continued)

No. (Note 1)	Investee Company	Counterparty	Relationship (Note 2)	Transaction Details			
				Financial Statement Account	Amount (Note 5)	Payment Terms	% of Total Sales or Assets (Note 3)
4	Zhongshan Voltronic Power Electronics Limited	Potentia Technology Inc. Limited	3	Sales	\$ 1,803,065	Net 270 days from the end of the month of when invoice is issued	42
		Potentia Technology Inc. Limited	3	Trade receivables from related parties	2,131,667	Net 270 days from the end of the month of when invoice is issued	13
		Orchid Power (Shen Zhen) Manufacturing Company	3	Sales	73,216	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	168,662	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	140,614	Net 270 days from the end of the month of when invoice is issued	3
		Voltronic Power Technology (Shen Zhen) Corp.	3	Trade receivables from related parties	43,897	Net 270 days from the end of the month of when invoice is issued	1
		Orchid Power (Shen Zhen) Manufacturing Company	3	Sales	59,518	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	29,554	Net 270 days from the end of the month of when invoice is issued	1
		Zhongshan Voltronic Power Electronics Limited	3	Sales	217,428	Net 270 days from the end of the month of when invoice is issued	5
		Zhongshan Voltronic Power Electronics Limited	3	Trade receivables from related parties	119,258	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	168,108	Net 270 days from the end of the month of when invoice is issued	4
		Potentia Technology Inc. Limited	3	Trade receivables from related parties	92,813	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:

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

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

- “1” represents transactions from parent company to subsidiaries.
- “2” represents transactions from subsidiaries to parent company.
- “3” represents transactions between subsidiaries.

Note 3: Percentage of consolidated operating revenues or consolidated total assets: For balance sheet account, the percentage is calculated by dividing the ending balance of the account by consolidated total assets; for an income statement account, the percentage is calculated by dividing the accumulated amount in the current year of the account by the consolidated operating revenues.

Note 4: The foreign-currency amounts were converted into New Taiwan Dollar at the exchange rates prevailing as of March 31, 2022. However, the related amount of profit and loss was translated into New Taiwan dollar at the average exchange rate of the first quarter.

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

(Concluded)

TABLE 6

VOLTRONIC POWER TECHNOLOGY CORP. AND SUBSIDIARIES

INFORMATION ON INVESTEEES
FOR THE THREE MONTHS ENDED MARCH 31, 2022
(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 March 31, 2022			Net Income (Loss) of the Investee	Share of Profit (Loss) (Note 2)	Note
				March 31, 2022	December 31, 2021	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	\$ 7,047,182	\$ 88,449	\$ 86,954	Notes 1 and 2
	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	109,507	4,765	4,765	Notes 1, 2 and 3
Voltronic International Corp.	Potentia Technology Inc. Limited	Hong Kong	Sale of uninterruptible power systems (UPS)	-	-	-	100	20,461	(703)	(703)	Notes 1 and 2
	Voltronic International H.K. Corp. Limited	Hong Kong	Investment activities	888,285 (US\$ 28,000)	888,285 (US\$ 28,000)	217,240	100	7,031,520	89,152	89,152	Notes 1 and 2

Note 1: Based on reviewed financial statements

Note 2: The amount of subsidiary was eliminated upon consolidation.

Note 3: The gain and loss of net amount of investment which recognized in the current period is the reversal of unrealized loss of the previous upstream transaction of \$2,566 thousand and the deduction of unrealized loss of upstream transaction of the current period of \$812 thousand and the addition of realized disposition of property, plant and equipment benefit of \$259 thousand in the sidestream transaction.

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

Note 5: For information of investments in mainland China, refer to Table 7.

TABLE 7

VOLTRONIC POWER TECHNOLOGY CORP. AND SUBSIDIARIES

INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE THREE MONTHS ENDED MARCH 31, 2022
(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, 2022	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of March 31, 2022	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 2, 3)	Carrying Amount as of March 31, 2022 (Note 2, 3)	Accumulated Repatriation of Investment Income as of March 31, 2022
					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)	\$ 38,820	100	\$ 38,820	\$ 3,715,630	\$ -
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)	51,954	100	51,954	1,529,506	-
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)	(1,622)	100	(1,622)	1,786,384	-
Zhongshan Voltronic Precision Inc.	Design, manufacture and sale of UPS related components	159,201 (RMB 36,000)	c.	-	-	-	-	(470)	100	(470)	166,048	-

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

Accumulated Outflow Remittance for Investment in Mainland China as of March 31, 2022	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)	\$ 3,855,353

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

- a. Directly invest in a company in mainland China.
- b. Investment in mainland China through an existing company established in a third region
- c. Other methods.

Note 2: The investment gain or loss and the carrying amount as of March 31, 2022:

The Company recognized its reinvested companies of Voltronic Power Technology (Shen Zhen) Corp., Orchid Power (Shen Zhen) Manufacturing Company and Zhongshan Voltronic Power Electronics Limited through its subsidiary of Voltronic International H.K. Corp. Limited, and through its subsidiary of Zhongshan Voltronic Power Electronics Limited recognized the investment gains of its reinvested company of Zhongshan Voltronic Precision Inc. from January 1, 2022 to March 31, 2022 and the carrying amounts on March 31, 2022.

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

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

Note 5: The amount was eliminated upon consolidation.

VOLTRONIC POWER TECHNOLOGY CORP. AND SUBSIDIARIES

**SIGNIFICANT TRANSACTIONS WITH INVESTEE COMPANIES IN MAINLAND CHINA, EITHER DIRECTLY OR INDIRECTLY THROUGH A THIRD PARTY, AND THEIR PRICES, PAYMENT TERMS, AND UNREALIZED GAINS OR LOSSES
FOR THE THREE MONTHS ENDED MARCH 31, 2022
(In Thousands of New Taiwan Dollars)**

a. The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period

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	\$ 1,172,169	39	Set by agreement of both parties	Net 270 days from the end of the month of when invoice is issued	No identical item	\$ (2,659,415)	(43)	\$ 812
Zhongshan Voltronic Power Electronics Limited	Purchase	1,651,048	55	Set by agreement of both parties	Net 270 days from the end of the month of when invoice is issued	No identical item	(3,375,966)	(55)	-

- b. The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period: None.
- c. The amount of property transactions 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 purposes: None.
- e. The highest balance, the ending balance, the interest rate range, and total current period interest with respect to financing of funds: None.
- f. Other transactions that have a material effect on the profit or loss for the year or on the financial position, such as the rendering or receipt of services: None.

TABLE 9**VOLTRONIC POWER TECHNOLOGY CORP.****INFORMATION OF MAJOR SHAREHOLDERS****MARCH 31, 2022**

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

Note 1: The information of major shareholders presented in this table is provided by the Taiwan Depository & Clearing Corporation based on the number of ordinary shares and preferred shares held by shareholders with ownership of 5% or greater, that have been issued without physical registration by the Company as of the last business day for the current quarter. The share capital in the consolidated financial statements may differ from the actual number of shares that have been issued without physical registration because of different preparation basis.

Note 2: If a shareholder delivers the shareholdings to the trust, the above information will be disclosed by the individual trustor who opened the trust account. For shareholders who declare insider shareholdings with ownership greater than 10% in accordance with the Security and Exchange Act, the shareholdings include shares held by shareholders and those delivered to the trust over which shareholders have rights to determine the use of trust property. For information relating to insider shareholding declaration, please refer to Market Observation Post System.