

**Voltronic Power Technology Corp. and
Subsidiaries**

**Consolidated Financial Statements for the
Years Ended December 31, 2022 and 2021 and
Independent Auditors' Report**

DECLARATION OF CONSOLIDATION OF FINANCIAL STATEMENTS OF AFFILIATES

The companies required to be included in the consolidated financial statements of affiliates in accordance with the “Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises” for the year ended December 31, 2022 are all the same as the companies required to be included in the consolidated financial statements of parent and subsidiary companies as provided in International Financial Reporting Standard No. 10, “Consolidated Financial Statements”. Relevant information that should be disclosed in the consolidated financial statements of affiliates has all been disclosed in the consolidated financial statements of parent and subsidiary companies. Hence, we have not prepared a separate set of consolidated financial statements of affiliates.

Very truly yours,

VOLTRONIC POWER TECHNOLOGY CORP.

By

HSIEH JOUR-MING
Chairman

February 23, 2023

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Voltronic Power Technology Corp.

Opinion

We have audited the accompanying consolidated financial statements of Voltronic Power Technology Corp. and its subsidiaries (the Group), which comprise the consolidated balance sheets as of December 31, 2022 and 2021, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the "consolidated financial statements").

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2022 and 2021, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2022. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matter identified in the Group's consolidated financial statements for the year ended December 31, 2022 is described as follows:

Validity of Occurrence of Operating Revenue

The Group's revenue has grown consistently from the time it was listed on the Taiwan Stock Exchange. To meet shareholders' and external investors' expectations, the management may be under pressure to meet the profit target. Furthermore, operating revenue is one of the important indicators to measure the Group's profitability and operating performance, and recognition of revenue is inherently a higher risk. Among all the customers in 2022, operating revenue from customers whose individual growth rates exceeded the overall growth rate and whose total transaction amounts for the whole year were significant, representing 25% of the consolidated operating revenue. Therefore, we identified the validity of occurrence of sales transactions from customers whose individual growth rates exceeded the overall revenue growth rate and whose total transaction amounts for the whole year were significant as a key audit matter. The revenue recognition accounting policy is disclosed in Note 4 to the consolidated financial statements.

In response, we performed the following audit procedures:

1. We obtained an understanding of the internal controls related to the aforementioned sales transactions and assessed the operating effectiveness of the design and implementation of these controls.
2. We performed substantive testing of the aforementioned transactions and verified the sales details for completeness and correctness. We further examined the shipping documents and the recovery of receivables to verify the occurrence of the transactions. We also verified the settlement of trade receivables according to the trade terms with major customers.

Other Matter

We have also audited the parent company only financial statements of Voltronic Power Technology Corp. as of and for the years ended December 31, 2022 and 2021 on which we have issued an unmodified opinion.

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

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

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

As part of an audit in accordance with the Standards on Auditing of the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 2022 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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

Deloitte & Touche
Taipei, Taiwan
Republic of China

February 23, 2023

Notice to Readers

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

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

VOLTRONIC POWER TECHNOLOGY CORP. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars)

	2022		2021	
ASSETS	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Notes 4 and 6)	\$ 5,353,014	33	\$ 5,154,819	39
Notes receivable (Notes 4, 7 and 19)	84,647	1	67,450	-
Trade receivables (Notes 4, 5, 7 and 19)	2,792,342	17	2,627,072	20
Trade receivables from related parties (Notes 4, 7, 19 and 27)	239,527	1	142,988	1
Other receivables (Notes 4 and 7)	56,643	-	28,990	-
Inventories (Notes 4 and 8)	2,018,522	13	1,787,100	13
Prepayments (Note 13)	271,385	2	230,333	2
Other financial assets - current (Note 13)	-	-	2,830	-
Total current assets	10,816,080	67	10,041,582	75
NON-CURRENT ASSETS				
Property, plant and equipment (Notes 4, 10, 28 and 29)	4,474,310	28	2,730,405	20
Right-of-use assets (Notes 4 and 11)	462,898	3	389,942	3
Other intangible assets (Notes 4 and 12)	24,653	-	29,328	-
Deferred tax assets (Notes 4 and 21)	90,819	1	124,185	1
Other non-current assets (Notes 4, 13 and 27)	171,970	1	68,681	1
Total non-current assets	5,224,650	33	3,342,541	25
TOTAL	\$ 16,040,730	100	\$ 13,384,123	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Note 14)	\$ -	-	\$ 2,379,745	18
Contract liabilities - current (Notes 4 and 19)	433,449	3	331,066	2
Notes payable (Note 15)	40	-	57	-
Trade payables (Note 15)	4,161,014	26	3,611,175	27
Trade payables to related parties (Note 27)	12,042	-	4,064	-
Other payables (Note 16)	1,174,224	7	777,406	6
Current tax liabilities (Notes 4 and 21)	651,051	4	310,955	2
Lease liabilities - current (Notes 4, 11 and 27)	93,952	-	78,247	1
Current portion of long-term borrowings (Notes 14 and 28)	97,860	1	-	-
Other current liabilities (Note 16)	3,226	-	2,413	-
Total current liabilities	6,626,858	41	7,495,128	56
NON-CURRENT LIABILITIES				
Long-term borrowings (Notes 14 and 28)	831,810	5	-	-
Deferred tax liabilities (Notes 4 and 21)	2,525	-	-	-
Lease liabilities - non-current (Notes 4, 11 and 27)	234,627	2	179,593	1
Other non-current liabilities (Note 16)	1,683	-	1,726	-
Total non-current liabilities	1,070,645	7	181,319	1
Total liabilities	7,697,503	48	7,676,447	57
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Note 18)				
Share capital				
Ordinary shares	877,626	6	874,194	7
Capital surplus	1,824,953	11	942,129	7
Retained earnings				
Legal reserve	1,535,937	9	1,300,001	10
Special reserve	293,428	2	331,469	2
Unappropriated earnings	4,762,266	30	2,581,273	19
Total retained earnings	6,591,631	41	4,212,743	31
Other equity (Notes 4, 18 and 23)	(950,983)	(6)	(321,390)	(2)
Total equity	8,343,227	52	5,707,676	43
TOTAL	\$ 16,040,730	100	\$ 13,384,123	100

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

VOLTRONIC POWER TECHNOLOGY CORP. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2022		2021	
	Amount	%	Amount	%
OPERATING REVENUE				
Sales (Notes 4, 19 and 27)	\$ 22,724,596	100	\$ 16,956,682	100
OPERATING COSTS				
Cost of goods sold (Notes 8, 20 and 27)	<u>(15,587,926)</u>	<u>(69)</u>	<u>(12,645,691)</u>	<u>(75)</u>
GROSS PROFIT	<u>7,136,670</u>	<u>31</u>	<u>4,310,991</u>	<u>25</u>
OPERATING EXPENSES (Note 20)				
Selling and marketing expenses	(433,954)	(2)	(387,264)	(2)
General and administrative expenses	(512,930)	(2)	(385,328)	(2)
Research and development expenses	(905,917)	(4)	(601,138)	(4)
Expect credit loss (gain) (Notes 4, 5 and 7)	<u>3,898</u>	<u>-</u>	<u>(12,697)</u>	<u>-</u>
Total operating expenses	<u>(1,848,903)</u>	<u>(8)</u>	<u>(1,386,427)</u>	<u>(8)</u>
PROFIT FROM OPERATIONS	<u>5,287,767</u>	<u>23</u>	<u>2,924,564</u>	<u>17</u>
NON-OPERATING INCOME AND EXPENSES				
Interest income (Note 20)	67,601	-	71,678	-
Other income (Note 20)	34,062	-	27,257	-
Other gains and losses (Note 20)	87,818	1	(91,903)	-
Finance costs (Notes 20 and 27)	<u>(74,205)</u>	<u>-</u>	<u>(41,101)</u>	<u>-</u>
Total non-operating income and expenses	<u>115,276</u>	<u>1</u>	<u>(34,069)</u>	<u>-</u>
PROFIT BEFORE INCOME TAX FROM CONTINUING OPERATIONS	5,403,043	24	2,890,495	17
INCOME TAX EXPENSE (Notes 4 and 21)	<u>(970,153)</u>	<u>(4)</u>	<u>(531,133)</u>	<u>(3)</u>
NET PROFIT FOR THE YEAR	<u>4,432,890</u>	<u>20</u>	<u>2,359,362</u>	<u>14</u>
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that may be reclassified subsequently to profit or loss				
Exchange differences on translation of the financial statements of foreign operations (Notes 4 and 18)	116,353	-	47,551	-
Income tax relating to items that may be reclassified subsequently to profit (Notes 18 and 21)	<u>(23,271)</u>	<u>-</u>	<u>(9,510)</u>	<u>-</u>
Other comprehensive income for the year, net of income tax:	<u>93,082</u>	<u>-</u>	<u>38,041</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 4,525,972</u>	<u>20</u>	<u>\$ 2,397,403</u>	<u>14</u>

(Continued)

VOLTRONIC POWER TECHNOLOGY CORP. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2022		2021	
	Amount	%	Amount	%
EARNINGS PER SHARE (Note 22)				
Basic	<u>\$ 50.90</u>		<u>\$ 27.13</u>	
Diluted	<u>\$ 50.71</u>		<u>\$ 26.97</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 FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars)

	Equity Attributable to Owners of the Company						Other Equity		Total Equity
	Ordinary Shares	Capital Surplus	Retained Earnings		Unappropriated Earnings	Exchange Differences on Translation of the Financial Statements of Foreign Operations	Others		
			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	
Appropriation of 2020 earnings (Note 18)									
Legal reserve	-	-	219,714	-	(219,714)	-	-	-	
Special reserve	-	-	-	(11,771)	11,771	-	-	-	
Cash dividends distributed by the Company	-	-	-	-	(1,967,296)	-	-	(1,967,296)	
Share-based payment transactions (Notes 18, 20 and 23)	(160)	(124,506)	-	-	8,906	-	142,196	26,436	
Issuance of cash dividends from the capital surplus (Note 18)	-	(87,435)	-	-	-	-	-	(87,435)	
Net profit for the year ended December 31, 2021	-	-	-	-	2,359,362	-	-	2,359,362	
Other comprehensive income for the year ended December 31, 2021, net of income tax (Note 18)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>38,041</u>	<u>-</u>	<u>38,041</u>	
Total comprehensive income for the year ended December 31, 2021	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,359,362</u>	<u>38,041</u>	<u>-</u>	<u>2,397,403</u>	
BALANCE AT DECEMBER 31, 2021	874,194	942,129	1,300,001	331,469	2,581,273	(293,428)	(27,962)	5,707,676	
Appropriation of 2021 earnings (Note 18)									
Legal reserve	-	-	235,936	-	(235,936)	-	-	-	
Special reserve	-	-	-	(38,041)	38,041	-	-	-	
Cash dividends distributed by the Company	-	-	-	-	(2,054,355)	-	-	(2,054,355)	
Share-based payment transactions (Notes 18, 20 and 23)	3,432	882,824	-	-	353	-	(722,675)	163,934	
Net profit for the year ended December 31, 2022	-	-	-	-	4,432,890	-	-	4,432,890	
Other comprehensive income for the year ended December 31, 2022, net of income tax (Note 18)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>93,082</u>	<u>-</u>	<u>93,082</u>	
Total comprehensive income for the year ended December 31, 2022	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,432,890</u>	<u>93,082</u>	<u>-</u>	<u>4,525,972</u>	
BALANCE AT DECEMBER 31, 2022	\$ 877,626	\$ 1,824,953	\$ 1,535,937	\$ 293,428	\$ 4,762,266	\$ (200,346)	\$ (750,637)	\$ 8,343,227	

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

VOLTRONIC POWER TECHNOLOGY CORP. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars)

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 5,403,043	\$ 2,890,495
Adjustments for:		
Depreciation expenses	309,315	286,297
Amortization expenses	17,490	12,918
Expected credit loss (reversed) recognized on trade receivables	(3,898)	12,697
Finance costs	74,205	41,101
Interest income	(67,601)	(71,678)
Share-based compensation	163,934	26,436
Loss on disposal of property, plant and equipment	199	554
Write-downs of inventories	8,274	3,200
Net (gain) loss on foreign currency exchange	(35,321)	8,152
Gain on lease modification	-	(692)
Changes in operating assets and liabilities		
Notes receivable	(17,197)	(37,895)
Trade receivables	(197,788)	(493,923)
Trade receivables from related parties	(98,023)	19,922
Other receivables	(27,571)	72,062
Inventories	(240,239)	(496,427)
Prepayments	(41,052)	(79,477)
Other financial assets	2,830	(87)
Contract liabilities	102,383	151,728
Notes payable	(17)	28
Trade payables	549,839	291,021
Trade payables to related parties	7,978	2,315
Other payables	331,143	307
Other current liabilities	813	274
Cash generated from operations	6,242,739	2,639,328
Interest received	67,519	73,410
Interest paid	(74,205)	(41,101)
Income tax paid	(617,437)	(372,830)
Net cash generated from operating activities	<u>5,618,616</u>	<u>2,298,807</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property, plant and equipment	(1,807,455)	(484,655)
Proceeds from the disposal of property, plant and equipment	16,200	4,176
Increase in refundable deposits	(4,226)	(303)
Payments for intangible assets	(12,285)	(16,022)
Increase in prepayments for equipment	<u>(166,999)</u>	<u>(35,678)</u>
Net cash used in investing activities	<u>(1,974,765)</u>	<u>(532,482)</u>

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VOLTRONIC POWER TECHNOLOGY CORP. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars)

	2022	2021
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term borrowings	\$ -	\$ 622,005
Repayments of short-term borrowings	(2,568,896)	-
Proceeds from long-term borrowings	978,600	-
Repayments of long-term borrowings	(48,930)	-
Proceeds from guarantee deposits received	-	898
Refund of guarantee deposits received	(71)	-
Repayment of the principal portion of lease liabilities	(97,484)	(92,218)
Distributed cash dividends	<u>(2,054,355)</u>	<u>(2,054,731)</u>
Net cash used in financing activities	<u>(3,791,136)</u>	<u>(1,524,046)</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS HELD IN FOREIGN CURRENCIES	<u>345,480</u>	<u>26,347</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	198,195	268,626
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>5,154,819</u>	<u>4,886,193</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 5,353,014</u>	<u>\$ 5,154,819</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 YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. GENERAL INFORMATION

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

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

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

2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by the board of directors on February 23, 2023.

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), IFRS Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively, the “IFRSs”) endorsed and issued into effect by the Financial Supervisory Commission (FSC)

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

- b. The IFRSs endorsed by the FSC for application starting from 2023

<u>New, Amended and Revised Standards and Interpretations</u>	<u>Effective Date Announced by IASB</u>
Amendments to IAS 1 “Disclosure of Accounting Policies”	January 1, 2023 (Note 1)
Amendments to IAS 8 “Definition of Accounting Estimates”	January 1, 2023 (Note 2)
Amendments to IAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”	January 1, 2023 (Note 3)

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

Note 2: The amendments will be 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 3: Except for deferred taxes that were recognized on January 1, 2022 for temporary differences associated with leases and decommissioning obligations, the amendments were applied prospectively to transactions that occur on or after January 1, 2022.

1) 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.

2) 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.

3) 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 shall 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 the Group shall recognize the cumulative effect of initial application in retained earnings at that date. The Group shall apply the amendments prospectively to transactions other than leases and decommissioning obligations that occur on or after January 1, 2022. The Group shall restate its comparative information when it initially applies the aforementioned amendments.

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

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

<u>New, Amended and Revised Standards and Interpretations</u>	<u>Effective Date Announced by IASB (Note 1)</u>
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
Amendments to IFRS 16 “Leases Liability in a Sale and Leaseback”	January 1, 2024 (Note 2)
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, 2024
Amendments to IAS 1 “Non-current Liabilities with Covenants”	January 1, 2024

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

Note 2: A seller-lessee shall apply the Amendments to IFRS 16 retrospectively to sale and leaseback transactions entered into after the date of initial application of IFRS 16.

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" (referred to as the "2020 amendments") and "Non-current Liabilities with Covenants" (referred to as the "2022 amendments")

The 2020 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 2020 amendments also stipulate 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 2022 amendments further clarify that only covenants with which an entity is required to comply on or before the reporting date should affect the classification of a liability as current or non-current. Although the covenants to be complied with within twelve months after the reporting period do not affect the classification of a liability, the Group shall disclose information that enables users of financial statements to understand the risk of the Group that may have difficulty complying with the covenants and repay its liabilities within twelve months after the reporting period.

The 2020 amendments stipulate that, for the purpose of liability classification, the aforementioned settlement refers to a transfer of cash, other economic resources or the Group's own equity instruments to the counterparty that results in the extinguishment of the liability. However, if the terms of a liability that could, at the option of the counterparty, result in its settlement by a transfer of the Group's own equity instruments, and if such option is recognized separately as equity in accordance with IAS 32 "Financial Instruments: Presentation", the aforementioned terms would not affect the classification of the liability.

Except for the above impact, as of the date the 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 financial statements shall prevail.

a. Statement of compliance

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

b. Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis except for financial instruments which are measured at fair value.

The fair value measurements, which are grouped into Levels 1 to 3 based on the degree to which the fair value measurement inputs are observable and based on the significance of the inputs to the fair value measurement in its entirety, are described as follows:

- 1) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;
- 2) Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- 3) Level 3 inputs are unobservable inputs for an asset or liability.

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

Current assets include:

- 1) Assets held primarily for the purpose of trading;
- 2) Assets expected to be realized within 12 months after the reporting period; and
- 3) Cash and cash equivalents, unless the asset is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

Current liabilities include:

- 1) Liabilities held primarily for the purpose of trading;
- 2) Liabilities due to be settled within 12 months after the reporting period; and
- 3) Liabilities for which the Group does not have an unconditional right to defer settlement for at least 12 months after the reporting period.

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

d. Basis of consolidation

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

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

e. Foreign currencies

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

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

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

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

f. Inventories

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

g. Property, plant and equipment

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

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

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

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

h. Intangible assets

1) Intangible assets acquired separately

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

2) Derecognition of intangible assets

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

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

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

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

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

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

j. Financial instruments

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

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

1) Financial assets

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

a) Measurement category

Financial assets are classified as financial assets at amortized cost and investments in debt instruments at FVTOCI.

Financial assets at amortized cost

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

- i. The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- ii. The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

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

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

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

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

Investments in debt instruments at FVTOCI

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

- i. The debt instrument is held within a business model whose objective is achieved by both the collecting of contractual cash flows and the selling of such financial assets; and
- ii. The contractual terms of the debt instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

b) Impairment of financial assets

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

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

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

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

- i. Internal or external information shows that the debtor is unlikely to pay its creditors.
- ii. When a financial asset is more than 180 days past due unless the Group has reasonable and corroborative information to support a more lagged default criterion.

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

c) Derecognition of financial assets

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

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

2) Equity instruments

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

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

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

3) Financial liabilities

a) Subsequent measurement

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

b) Derecognition of financial liabilities

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

k. Revenue recognition

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

Revenue from the sale of goods

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

l. Leasing

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

The Group as lessee

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

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

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

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

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

m. Employee benefits

1) Short-term employee benefits

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

2) Retirement benefits

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

n. Share-based payment arrangements

Restricted shares granted to employees

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

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

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

o. Taxation

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

1) Current tax

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

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

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

2) Deferred tax

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

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

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

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

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

3) Current and deferred tax for the year

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

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

Key Sources of Estimation Uncertainty

Estimated impairment of financial assets

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

6. CASH AND CASH EQUIVALENTS

	December 31	
	2022	2021
Cash on hand	\$ 1,029	\$ 848
Demand deposits	3,032,292	2,844,463
Cash equivalents (investments with original maturities of 3 months or less)		
Time deposits	<u>2,319,693</u>	<u>2,309,508</u>
	<u>\$ 5,353,014</u>	<u>\$ 5,154,819</u>

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

	December 31	
	2022	2021
Demand deposits	0.001%-1.500%	0.001%-0.350%
Time deposits	4.600%-5.000%	0.280%-2.820%

7. NOTES RECEIVABLE, TRADE RECEIVABLES AND OTHER RECEIVABLES

	December 31	
	2022	2021
<u>Notes receivable</u>		
At amortized cost		
Gross carrying amount	\$ 84,647	\$ 67,450
Less: Allowance for impairment loss	<u>-</u>	<u>-</u>
	<u>\$ 84,647</u>	<u>\$ 67,450</u>
<u>Trade receivables</u>		
At amortized cost		
Gross carrying amount	\$ 2,726,265	\$ 2,553,887
Less: Allowance for impairment loss	<u>(16,934)</u>	<u>(20,669)</u>
	2,709,331	2,533,218
At FVTOCI	<u>83,011</u>	<u>93,854</u>
	<u>\$ 2,792,342</u>	<u>\$ 2,627,072</u>

(Continued)

	December 31	
	2022	2021
<u>Trade receivables from related parties</u>		
At amortized cost		
Gross carrying amount	\$ 176,278	\$ 118,911
Less: Allowance for impairment loss	<u>-</u>	<u>-</u>
	176,278	118,911
At FVTOCI	<u>63,249</u>	<u>24,077</u>
	<u>\$ 239,527</u>	<u>\$ 142,988</u>
<u>Other receivables</u>		
Tax refund receivables	\$ 25,241	\$ 9,833
Interest receivables	4,853	4,771
Others	<u>26,549</u>	<u>14,386</u>
	<u>\$ 56,643</u>	<u>\$ 28,990</u>
		(Concluded)

Notes Receivable

At amortized cost

The average credit period of notes receivable was 65 to 121 days.

The Group measures the loss allowance for notes receivables at an amount equal to lifetime ECLs. The expected credit losses on notes receivable are estimated by reference to past default experience of the debtor and adjusted for general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of economic conditions at the reporting date. As of December 31, 2022 and 2021, the Group evaluated that no allowance for impairment loss was needed for notes receivable.

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

The following table details the aging analysis of notes receivable:

	December 31	
	2022	2021
1 to 60 days	\$ 61,322	\$ 57,537
61 to 90 days	12,848	5,469
91 to 120 days	<u>10,477</u>	<u>4,444</u>
	<u>\$ 84,647</u>	<u>\$ 67,450</u>

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

Trade Receivables

a. At amortized cost

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

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

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

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

Since the Group purchased insurance individually and the credit rating is evaluated by the insurance company, no impairment loss was needed for trade receivables. As of December 31, 2022 and 2021, the carrying amount of trade receivables was \$1,901,044 thousand and \$1,483,882 thousand, respectively.

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

December 31, 2022

	Not Past Due	Up to 90 Days	91 to 180 Days	181 to 270 Days	271 to 365 Days	Over 365 Days	Total
Expected credit loss rate	0.74%	5.67%	49.94%	100%	100%	100%	
Gross carrying amount	\$ 826,556	\$ 173,111	\$ 1,644	\$ 175	\$ -	\$ 13	\$ 1,001,499
Loss allowance (Lifetime ECLs)	(6,108)	(9,817)	(821)	(175)	-	(13)	(16,934)
Amortized cost	<u>\$ 820,448</u>	<u>\$ 163,294</u>	<u>\$ 823</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 984,565</u>

December 31, 2021

	Not Past Due	Up to 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>

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

	2022	2021
Balance at January 1	\$ 20,669	\$ 7,922
Add: Net remeasurement of loss allowance	-	12,697
Less: Amounts written off	(3,898)	-
Foreign exchange gains	<u>163</u>	<u>50</u>
Balance at December 31	<u>\$ 16,934</u>	<u>\$ 20,669</u>

b. At FVTOCI

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

Since the Group purchased insurance individually and the credit rating is evaluated by the insurance company, no impairment loss was needed for trade receivables at FVTOCI. As of December 31, 2022 and 2021, the carrying amount of trade receivables was \$14,592 thousand and \$21,427 thousand, respectively.

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

December 31, 2022

	Not Past Due	Up to 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	\$ 131,668	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 131,668
Loss allowance (Lifetime ECLs)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Amortized cost	<u>\$ 131,668</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 131,668</u>

December 31, 2021

	Not Past Due	Up to 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>

Other Receivables

The Group's other receivables included refundable tax and interest receivables. The Group follows the policy of trading only with customers who maintains good credit standing. The Group estimates whether the credit risk is significantly increased by monitoring the business situation and measures the loss allowance for other receivables by reference to past default experience of the debtor and analyze of the debtor's current financial position. As of December 31, 2022 and 2021, the Group evaluated no allowance for impairment loss was needed for other receivable.

8. INVENTORIES

	December 31	
	2022	2021
Raw materials	\$ 885,886	\$ 935,096
Supplies	3,401	908
Semi-finished goods	161,163	188,448
Work in progress	303,468	269,531
Finished goods	<u>664,604</u>	<u>393,117</u>
	<u>\$ 2,018,522</u>	<u>\$ 1,787,100</u>

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

	For the Year Ended December 31	
	2022	2021
Cost of inventories sold	\$ 15,579,652	\$ 12,642,491
Inventory write-downs	<u>8,274</u>	<u>3,200</u>
	<u>\$ 15,587,926</u>	<u>\$ 12,645,691</u>

9. SUBSIDIARIES

Subsidiaries Included in the Consolidated Financial Statements

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

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

10. PROPERTY, PLANT AND EQUIPMENT

Assets Used by the Group

	Freehold Land	Buildings	Machinery and Equipment	Transportation	Office Equipment	Leasehold Improvements	Other Equipment	Property under Construction	Total
Cost									
Balance at January 1, 2022	\$ 720,761	\$ 1,218,651	\$ 643,006	\$ 13,312	\$ 73,141	\$ 31,315	\$ 281,589	\$ 409,111	\$ 3,390,886
Additions	587,160	70,536	99,015	3,649	15,607	10,030	92,715	995,163	1,873,875
Disposals	-	(12,777)	(27,726)	(130)	(1,233)	(1,676)	(26,376)	-	(69,918)
Reclassified (Note 1)	-	1,357,627	41,923	-	1,004	-	16,892	(1,349,021)	68,425
Effect of foreign currency exchange differences	-	11,771	11,321	279	961	434	7,479	7,572	39,817
Balance at December 31, 2022	<u>\$ 1,307,921</u>	<u>\$ 2,645,808</u>	<u>\$ 767,539</u>	<u>\$ 17,110</u>	<u>\$ 89,480</u>	<u>\$ 40,103</u>	<u>\$ 372,299</u>	<u>\$ 62,825</u>	<u>\$ 5,303,085</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 expense	-	65,922	72,509	1,433	9,956	10,455	51,679	-	211,954
Disposals	-	(12,777)	(14,504)	(88)	(1,032)	(1,193)	(23,925)	-	(53,519)
Reclassified	-	-	-	-	-	-	-	-	-
Effect of foreign currency exchange differences	-	1,431	4,138	138	449	114	3,589	-	9,859
Balance at December 31, 2022	<u>\$ -</u>	<u>\$ 198,837</u>	<u>\$ 376,811</u>	<u>\$ 8,830</u>	<u>\$ 47,942</u>	<u>\$ 19,370</u>	<u>\$ 176,985</u>	<u>\$ -</u>	<u>\$ 828,775</u>
Carrying amounts at December 31, 2022	<u>\$ 1,307,921</u>	<u>\$ 2,446,971</u>	<u>\$ 390,728</u>	<u>\$ 8,280</u>	<u>\$ 41,538</u>	<u>\$ 20,733</u>	<u>\$ 195,314</u>	<u>\$ 62,825</u>	<u>\$ 4,474,310</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	-	13,654	78,994	1,238	10,158	2,707	43,122	317,688	467,561
Disposals	-	(105)	(5,761)	(344)	(3,802)	(1,291)	(18,159)	-	(29,462)
Reclassified (Note 2)	-	1,032	3,989	-	35	5,412	5,318	-	15,786
Effect of foreign currency exchange differences	-	6,634	3,425	143	461	203	1,384	1,835	14,085
Balance at December 31, 2021	<u>\$ 720,761</u>	<u>\$ 1,218,651</u>	<u>\$ 643,006</u>	<u>\$ 13,312</u>	<u>\$ 73,141</u>	<u>\$ 31,315</u>	<u>\$ 281,589</u>	<u>\$ 409,111</u>	<u>\$ 3,390,886</u>
Accumulated depreciation and impairment									
Balance at January 1, 2021	\$ -	\$ 85,974	\$ 253,289	\$ 6,045	\$ 32,721	\$ 2,086	\$ 114,968	\$ -	\$ 495,083
Depreciation expense	-	57,829	63,713	1,519	9,156	9,160	45,734	-	187,111
Disposals	-	(105)	(3,719)	(324)	(3,517)	(1,291)	(15,776)	-	(24,732)
Reclassified	-	-	-	-	-	-	-	-	-
Effect of foreign currency exchange differences	-	563	1,385	107	209	39	716	-	3,019
Balance at December 31, 2021	<u>\$ -</u>	<u>\$ 144,261</u>	<u>\$ 314,668</u>	<u>\$ 7,347</u>	<u>\$ 38,569</u>	<u>\$ 9,994</u>	<u>\$ 145,642</u>	<u>\$ -</u>	<u>\$ 660,481</u>
Carrying amounts at December 31, 2021	<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>

Note 1: Reclassified from prepayments for equipment to property, plant and equipment \$68,425 thousand.

Note 2: Reclassified from prepayments for equipment to property, plant and equipment \$15,786 thousand.

For the years ended December 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 their estimated useful lives as follows:

Buildings

Main buildings 50 years

Draining and air-conditioning units 8-10 years

Machinery and equipment 3-10 years

Transportation 3-10 years

Office equipment 2-10 years

Leasehold improvements 3-5 years

Other equipment 2-10 years

Refer to Note 28 for the carrying amount of property, plant and equipment pledged by the Group to secure borrowings.

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

	December 31	
	2022	2021
<u>Carrying amount</u>		
Land	\$ 150,741	\$ 151,784
Buildings	309,960	238,158
Transportation equipment	<u>2,197</u>	<u>-</u>
	<u>\$ 462,898</u>	<u>\$ 389,942</u>
	2022	2021
Additions to right-of-use assets	<u>\$ 161,678</u>	<u>\$ 11,040</u>
Depreciation charge for right-of-use assets		
Land	\$ 3,462	\$ 3,386
Buildings	93,769	95,306
Transportation equipment	<u>130</u>	<u>494</u>
	<u>\$ 97,361</u>	<u>\$ 99,186</u>

b. Lease liabilities

	2022	2021
<u>Carrying amount</u>		
Current	<u>\$ 93,952</u>	<u>\$ 78,247</u>
Non-current	<u>\$ 234,627</u>	<u>\$ 179,593</u>

Range of discount rate for lease liabilities was as follows:

	2022	2021
Buildings	4.75%-6.00%	2.64%-6.00%
Transportation equipment	5.58%	2.64%

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

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

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

d. Other lease information

	2022	2021
Expenses relating to short-term leases	\$ 26,177	\$ 8,763
Expenses relating to low-value asset leases	\$ 1,215	\$ 921
Total cash outflow for leases	\$ (139,578)	\$ (116,307)

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

The amount of lease commitments for short-term leases for which the recognition exemption is applied was \$2,978 thousand and \$1,075 thousand as of December 31, 2022 and 2021.

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

	December 31	
	2022	2021
Lease commitments	\$ -	\$ 14,086

12. OTHER INTANGIBLE ASSETS

	Computer Software
<u>Cost</u>	
Balance at January 1, 2022	\$ 74,765
Additions	12,285
Disposals	(35,333)
Reclassified (Note)	350
Effect of foreign currency exchange differences	<u>259</u>
Balance at December 31, 2022	\$ <u>52,326</u>
<u>Accumulated amortization</u>	
Balance at January 1, 2022	\$ 45,437
Amortization expense	17,490
Disposals	(35,333)
Effect of foreign currency exchange differences	<u>79</u>
Balance at December 31, 2022	\$ <u>27,673</u>
Carrying amount at December 31, 2022	\$ <u>24,653</u>

(Continued)

**Computer
Software**

Cost

Balance at January 1, 2021	\$ 58,972
Additions	16,022
Disposals	(315)
Effect of foreign currency exchange differences	<u>86</u>
Balance at December 31, 2021	<u>\$ 74,765</u>

Accumulated amortization

Balance at January 1, 2021	\$ 32,807
Amortization expense	12,918
Disposals	(315)
Effect of foreign currency exchange differences	<u>27</u>
Balance at December 31, 2021	<u>\$ 45,437</u>

Carrying amount at December 31, 2021	<u>\$ 29,328</u> (Concluded)
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Note: Reclassified from prepayments for equipment to computer software.

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

For the Year Ended December 31

	2022	2021
An analysis of depreciation by function		
Operating costs	\$ 1,738	\$ 1,317
Selling and marketing expenses	1,279	1,151
General and administrative expenses	7,186	5,261
Research and development expenses	<u>7,287</u>	<u>5,189</u>
	<u>\$ 17,490</u>	<u>\$ 12,918</u>

13. OTHER ASSETS

December 31

Current

Prepayment for purchases	\$ 6,345	\$ 4,205
Overpaid sales tax	234,027	186,449
Other prepayments	<u>31,013</u>	<u>39,679</u>
	<u>\$ 271,385</u>	<u>\$ 230,333</u>

(Continued)

	December 31	
	2022	2021
<u>Other financial assets - current</u>		
Restricted demand deposits (Note)	\$ <u>-</u>	\$ <u>2,830</u>
<u>Non-current</u>		
Refundable deposits	\$ 35,129	\$ 30,064
Prepayments for equipment	<u>136,841</u>	<u>38,617</u>
	<u>\$ 171,970</u>	<u>\$ 68,681</u>

(Concluded)

Note: Restricted deposits for issuing a performance guarantee.

14. BORROWINGS

a. Short-term borrowings

	December 31	
	2022	2021
<u>Unsecured borrowings</u>		
Line of credit borrowings	\$ <u>-</u>	\$ <u>2,379,745</u>

The range of weighted average effective interest rates on bank loans was 0.6871%-0.9032% per annum as of December 31, 2021.

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

	December 31	
	2022	2021
<u>Secured borrowings (Note 28)</u>		
Bank loans	\$ 929,670	\$ -
Less: Current portion	<u>(97,860)</u>	<u>-</u>
	<u>\$ 831,810</u>	<u>\$ -</u>

The weighted average effective interest rate on bank loans listed above was 1.5332% as at December 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

	December 31	
	2022	2021
<u>Notes payable</u>		
Operating	\$ <u>40</u>	\$ <u>57</u>
<u>Trade payables</u>		
Operating	\$ <u>4,161,014</u>	\$ <u>3,611,175</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

	December 31	
	2022	2021
<u>Current</u>		
Other payables		
Payables for salaries and bonuses	\$ 570,397	\$ 414,628
Payables for compensation of employee	252,030	157,746
Payables for purchases of equipment (including buildings)	79,846	13,426
Payables for commission	60,698	36,876
Payables for sales tax	46,276	22,433
Payables for insurance	40,873	36,382
Payable for freight	15,601	20,703
Payables for remuneration of directors and supervisors	14,400	14,400
Others	<u>94,103</u>	<u>60,812</u>
	<u>\$ 1,174,224</u>	<u>\$ 777,406</u>
Other liabilities		
Receipts under custody	<u>\$ 3,226</u>	<u>\$ 2,413</u>
<u>Non-current</u>		
Other liabilities		
Guarantee deposits	<u>\$ 1,683</u>	<u>\$ 1,726</u>

17. RETIREMENT BENEFIT PLANS

Defined Contribution Plans

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

18. EQUITY

a. Share capital

	December 31	
	2022	2021
Number of shares authorized (in thousands)	<u>100,000</u>	<u>100,000</u>
Shares authorized	<u>\$ 1,000,000</u>	<u>\$ 1,000,000</u>
Number of shares issued and fully paid (in thousands)	<u>87,762</u>	<u>87,419</u>
Shares issued	<u>\$ 877,626</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 for the issuance of employee share options.

On February 24 and August 9, 2022, the board of directors resolved to withdraw restricted shares. The Company withdraw \$1,968 thousand, 197 thousand shares, with a par value of \$10, with March 15 and September 8, 2022 as the effective date of reduction, and where the approval of the Ministry of Economic Affairs (MOEA) was obtained on April 14 and September 19, 2022, respectively.

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

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

	Number of Shares (In Thousands)	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 December 31, 2021	<u>87,419</u>	<u>\$ 874,194</u>
Balance at January 1, 2022	87,419	\$ 874,194
Issuance of employee restricted shares (Note 23)	540	5,400
Retirement of recognized employee restricted shares (Note 23)	<u>(197)</u>	<u>(1,968)</u>
Balance at December 31, 2022	<u>87,762</u>	<u>\$ 877,626</u>

b. Capital surplus

	December 31	
	2022	2021
May be used to offset a deficit, distributed as cash dividends, or transferred to share capital (Note)		
Premium from the issuance of ordinary shares	\$ 253,288	\$ 252,978
Premium from employee restricted shares	686,065	570,459
<u>May not be used for any purpose</u>		
Employee restricted shares	<u>885,600</u>	<u>118,692</u>
	<u>\$ 1,824,953</u>	<u>\$ 942,129</u>

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

A reconciliation of the capital surplus was as follows:

	Premium from Ordinary Shares	Premium from Employee Restricted Shares	Employee Restricted Shares
Balance at January 1, 2022	\$ 252,978	\$ 570,459	\$ 118,692
Issuance of employee restricted shares in current period	-	-	885,600
Vested employee restricted shares	-	115,606	(115,606)
Retirement employee restricted shares (Notes 1 and 2)	<u>310</u>	<u>-</u>	<u>(3,086)</u>
Balance at December 31, 2022	<u>\$ 253,288</u>	<u>\$ 686,065</u>	<u>\$ 885,600</u>
Balance at January 1, 2021	\$ 332,239	\$ 490,071	\$ 331,760
Vested employee restricted shares	-	80,388	(80,388)
Restricted employee stock dividends which do not correspond to vesting conditions (Notes 3 and 4)	7,536	-	(122,472)
Retirement employee restricted shares (Notes 5 and 6)	638	-	(10,208)
Distributed as cash dividends	<u>(87,435)</u>	<u>-</u>	<u>-</u>
Balance at December 31, 2021	<u>\$ 252,978</u>	<u>\$ 570,459</u>	<u>\$ 118,692</u>

Note 1: Accumulative stock dividends of \$310 thousand for withdraw restricted stock was recognized as salary expense.

Note 2: Reversal of compensation cost of the restricted shares amounting to \$5,054 thousand, net of retired share capital of \$1,968 thousand.

Note 3: Accumulative stock dividends of \$7,536 thousand for withdraw restricted stock was recognized as salary expense.

Note 4: Reversal of compensation cost of the restricted shares amounting to \$122,472 thousand.

Note 5: Accumulative stock dividends of \$638 thousand for withdraw restricted stock was recognized as salary expense.

Note 6: 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 dividend policy

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

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

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

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

The appropriations of earnings for 2021 and 2020 were approved in the shareholders' meetings on June 17, 2022 and July 23, 2021, respectively, were as follows:

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

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

The appropriation of earnings for 2022, which had been resolved by the Company's board of directors on February 23, 2023 was as follows:

	For the Year Ended December 31
Legal reserve	\$ 443,289
Reversal of special reserve	\$ (93,082)
Cash dividends	<u>\$ 3,817,672</u>
Cash dividends per share (NT\$)	\$ 43.5

The appropriation of earnings for 2022 is to be resolved by the shareholders in the shareholders' meeting on June 9, 2023.

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

d. Special reserve

	For the Year Ended December 31	
	2022	2021
Balance at January 1	\$ 331,469	\$ 343,240
Reversal of debits to other equity items	<u>(38,041)</u>	<u>(11,771)</u>
Balance at December 31	<u>\$ 293,428</u>	<u>\$ 331,469</u>

e. Other equity items

Exchange differences on translating the financial statements of foreign operations

	For the Year Ended December 31	
	2022	2021
Balance at January 1	\$ (293,428)	\$ (331,469)
Recognized for the year		
Exchange differences on translating foreign operations	116,353	47,551
Income tax related to exchange differences arising on translating to the presentation currency	<u>(23,271)</u>	<u>(9,510)</u>
Other comprehensive income from the period	<u>93,082</u>	<u>38,041</u>
Balance at December 31	<u>\$ (200,346)</u>	<u>\$ (293,428)</u>

Unearned employee benefits

In the meetings of shareholders on June 17, 2022 and June 25, 2019, the shareholders approved a restricted shares plan for to employees (refer to Note 23).

	<u>For the Year Ended December 31</u>	
	2022	2021
Balance at January 1	\$ (27,962)	\$ (170,158)
Issuance of shares	(891,000)	-
Share-based payment expenses recognized	163,271	9,356
Adjustment for retired restricted employee shares (Note)	<u>5,054</u>	<u>132,840</u>
Balance at December 31	<u>\$ (750,637)</u>	<u>\$ (27,962)</u>

Note: Deducted from compensation cost of restricted shares.

19. REVENUE

	<u>For the Year Ended December 31</u>		
	2022	2021	
Revenue from contracts with customers			
Revenue from sale of goods	<u>\$ 22,724,596</u>	<u>\$ 16,956,682</u>	
	December 31, 2022	December 31, 2021	January 1, 2021
Contract balances			
Notes receivable (Note 7)	<u>\$ 84,647</u>	<u>\$ 67,450</u>	<u>\$ 29,555</u>
Trade receivables (Notes 7 and 27)	<u>\$ 3,031,869</u>	<u>\$ 2,770,060</u>	<u>\$ 2,316,449</u>
Contract liabilities - current			
Sale of goods	<u>\$ 433,449</u>	<u>\$ 331,066</u>	<u>\$ 179,338</u>

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

	<u>For the Year Ended December 31</u>	
	2022	2021
From contract liabilities at the beginning of the year		
Sale of goods	<u>\$ 331,066</u>	<u>\$ 179,338</u>

20. NET PROFIT (LOSS) FROM OPERATIONS

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

a. Interest income

	<u>For the Year Ended December 31</u>	
	2022	2021
Bank deposits	\$ 67,556	\$ 71,594
Other financial assets - current	<u>45</u>	<u>84</u>
	<u>\$ 67,601</u>	<u>\$ 71,678</u>

b. Other income

	<u>For the Year Ended December 31</u>	
	2022	2021
Government grants	\$ 28,524	\$ 18,277
Others	<u>5,538</u>	<u>8,980</u>
	<u>\$ 34,062</u>	<u>\$ 27,257</u>

c. Other gains and (losses)

	<u>For the Year Ended December 31</u>	
	2022	2021
Loss on disposal of property, plant and equipment	\$ (199)	\$ (554)
Net foreign exchange gains (losses)	87,894	(92,150)
Gain on lease modification	-	692
Others	<u>123</u>	<u>109</u>
	<u>\$ 87,818</u>	<u>\$ (91,903)</u>

d. Finance costs

	<u>For the Year Ended December 31</u>	
	2022	2021
Interest on bank loans	\$ 31,726	\$ 17,327
Interest on lease liabilities	14,702	14,405
Other interest expense	<u>27,777</u>	<u>9,369</u>
	<u>\$ 74,205</u>	<u>\$ 41,101</u>

e. Depreciation and amortization

	For the Year Ended December 31	
	2022	2021
An analysis of depreciation by function		
Operating costs	\$ 191,957	\$ 178,485
Operating expenses	<u>117,358</u>	<u>107,812</u>
	<u>\$ 309,315</u>	<u>\$ 286,297</u>
An analysis of amortization by function		
Operating costs	\$ 1,738	\$ 1,317
Operating expenses	<u>15,752</u>	<u>11,601</u>
	<u>\$ 17,490</u>	<u>\$ 12,918</u>

f. Employee benefits expense

	For the Year Ended December 31	
	2022	2021
Salary expenses	\$ 2,666,640	\$ 2,068,845
Other employee benefits		
Labor and health insurance	39,732	27,551
Other employee benefits	95,730	86,320
Equity-settled share-based payments (Note 23)	163,934 (Note 2)	26,436 (Note 1)
Post-employment benefits		
Defined contribution plans	<u>112,228</u>	<u>80,936</u>
Total employee benefits expense	<u>\$ 3,078,264</u>	<u>\$ 2,290,088</u>
An analysis of employee benefits expense by function		
Operating costs	\$ 1,811,014	\$ 1,533,604
Operating expenses	<u>1,267,250</u>	<u>756,484</u>
	<u>\$ 3,078,264</u>	<u>\$ 2,290,088</u>

Note 1: Share-based payment expense reserve of \$9,356 thousand and accumulated dividends that no need to be returned payout from returned and retired restricted shares of \$1,001 thousand and \$16,079 thousand are included in the year of 2021.

Note 2: Share-based payment expense recognized of \$163,271 thousand and accumulated dividends that no need to be returned payout from returned restricted shares of \$663 thousand are included in the year of 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 the rates between 3.75% and 11.5% and no higher than 3.75%, respectively, of net profit before income tax, employees' compensation, and remuneration of directors. The employees' compensation and remuneration of directors for the years ended December 31, 2022 and 2021, which have been approved by the Company's board of directors on February 23, 2023 and February 24, 2022, respectively, were as follows:

Accrual rate

	For the Year Ended December 31	
	2022	2021
Employees' compensation	3.92%	3.97%
Remuneration of directors	0.27%	0.50%

Amount

	For the Year Ended December 31			
	2022		2021	
	Cash	Shares	Cash	Shares
Employees' compensation	\$ 210,000	\$ -	\$ 115,000	\$ -
Remuneration of directors	14,400	-	14,400	-

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

There was no difference between the actual amounts of employees' compensation and remuneration of directors paid and the amounts recognized in the consolidated financial statements for the years ended December 31, 2022 and 2021.

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

h. Gain or loss on foreign currency exchange

	For the Year Ended December 31	
	2022	2021
Foreign exchange gains	\$ 1,263,297	\$ 344,532
Foreign exchange losses	<u>(1,175,403)</u>	<u>(436,682)</u>
Net gains (losses)	<u>\$ 87,894</u>	<u>\$ (92,150)</u>

21. INCOME TAXES RELATING TO CONTINUING OPERATIONS

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

	For the Year Ended December 31	
	2022	2021
Current tax		
In respect of the current period	\$ (1,025,801)	\$ (572,923)
Income tax on unappropriated earnings	-	(1,095)
Adjustments for prior periods	<u>68,830</u>	<u>38,353</u>
	<u>(956,971)</u>	<u>(535,665)</u>
Deferred tax		
In respect of the current period	<u>(13,182)</u>	<u>4,532</u>
Income tax expense recognized in profit or loss	<u>\$ (970,153)</u>	<u>\$ (531,133)</u>

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

	For the Year Ended December 31	
	2022	2021
Profit before tax	<u>\$ 5,403,043</u>	<u>\$ 2,890,495</u>
Income tax expense calculated at the statutory rate	\$ (1,364,672)	\$ (709,156)
Nondeductible expenses in determining taxable income	(2,285)	(6,460)
Deferred tax effect of earnings of subsidiaries	327,974	147,225
Income tax on unappropriated earnings	-	(1,095)
Adjustments for prior years' tax	<u>68,830</u>	<u>38,353</u>
Income tax expense recognized in profit or loss	<u>\$ (970,153)</u>	<u>\$ (531,133)</u>

The applicable tax rate used by the entity in ROC for the years ended December 31, 2022 and 2021 was 20%. The applicable tax rate used by subsidiaries in China was 25%, except for Voltronic Power Technology (Shen Zhen) Corp. and Zhongshan Voltronic Power Electronics Limited in 2022 and 2021, which used the tax rate of 15% due to them owning the high-tech enterprise certificate. Voltronic Power Technology (Vietnam) Company Limited is entitled to income tax incentives based on the Law on Foreign Investment in Vietnam and is entitled to income tax exemption for six years beginning from the first profit-earning year - full exemption in the first two years and half exemption in the next four years (10% tax rate).

As the status of the 2023 appropriations of earnings is uncertain, the potential income tax consequences of additional 5% on 2022 unappropriated earnings are not reliably determinable.

- b. Income tax recognized in other comprehensive income

	For the Year Ended December 31	
	2022	2021
<u>Deferred tax</u>		
In respect of the current period		
Translation of foreign operations	<u>\$ (23,271)</u>	<u>\$ (9,510)</u>

c. Current tax assets and liabilities

	December 31	
	2022	2021
Current tax liabilities		
Income tax payable	<u>\$ 651,051</u>	<u>\$ 310,955</u>

d. Deferred tax assets and liabilities

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

For the year ended December 31, 2022

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehen- sive Income	Exchange Differences	Closing Balance
<u>Deferred tax assets</u>					
Temporary differences					
Exchanges differences on foreign operations	\$ 73,357	\$ -	\$ (23,271)	\$ -	\$ 50,086
Unrealized loss on write-down of inventories	4,426	1,474	-	67	5,967
Unrealized employee compensation	16,506	13,299	-	219	30,024
Allowance for impaired receivables	1,890	(680)	-	33	1,243
Unrealized exchange losses	15,010	(15,010)	-	-	-
Right-of-use assets	<u>2,652</u>	<u>799</u>	<u>-</u>	<u>48</u>	<u>3,499</u>
	113,841	(118)	(23,271)	367	90,819
Tax losses	<u>10,344</u>	<u>(10,539)</u>	<u>-</u>	<u>195</u>	<u>-</u>
	<u>\$ 124,185</u>	<u>\$ (10,657)</u>	<u>\$ (23,271)</u>	<u>\$ 562</u>	<u>\$ 90,819</u>
<u>Deferred tax liabilities</u>					
Temporary differences					
Unrealized exchange gain	<u>\$ -</u>	<u>\$ 2,525</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,525</u>

For the year ended December 31, 2021

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehen- sive Income	Exchange Differences	Closing Balance
<u>Deferred tax assets</u>					
Temporary differences					
Exchanges differences on foreign operations	\$ 82,867	\$ -	\$ (9,510)	\$ -	\$ 73,357
Unrealized loss on write-down of inventories	3,974	421	-	31	4,426
Unrealized employee compensation	20,942	(4,581)	-	145	16,506
Allowance for impaired receivables	874	1,005	-	11	1,890
Unrealized exchange losses	18,092	(3,082)	-	-	15,010
Right-of-use assets	<u>2,171</u>	<u>462</u>	<u>-</u>	<u>19</u>	<u>2,652</u>
	128,920	(5,775)	(9,510)	206	113,841
Tax losses	<u>-</u>	<u>10,307</u>	<u>-</u>	<u>37</u>	<u>10,344</u>
	<u>\$ 128,920</u>	<u>\$ 4,532</u>	<u>\$ (9,510)</u>	<u>\$ 243</u>	<u>\$ 124,185</u>

e. Information on unused loss carryforwards

Loss carryforwards as of December 31, 2021 comprised:

Unused Amount	Expiry Year
<u>\$ 41,376</u>	2026

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

As of December 31, 2022 and 2021, the taxable temporary differences associated with investments in subsidiaries for which no deferred tax liabilities were recognized amounted to \$7,778,078 thousand and \$6,138,209 thousand, respectively.

g. Income tax assessments

The Company's tax returns through 2020 have been assessed by the tax authorities. As of December 31, 2022, the Group has no unsettled lawsuits related to tax.

22. EARNINGS PER SHARE

Unit: NT\$ Per Share

	<u>For the Year Ended December 31</u>	
	<u>2022</u>	<u>2021</u>
Basic earnings per share		
Basic earnings per share	<u>\$ 50.90</u>	<u>\$ 27.13</u>
Diluted earnings per share		
Diluted earnings per share	<u>\$ 50.71</u>	<u>\$ 26.97</u>

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

	For the Year Ended December 31	
	2022	2021
Net profit for the year	<u>\$ 4,432,890</u>	<u>\$ 2,359,362</u>
Weighted average number of ordinary shares used in the computation of basic earnings per share (in thousands)	87,098	86,955
Effect of potentially dilutive ordinary shares		
Employees' compensation or bonuses issued to employees	147	87
Restricted employee share options	<u>176</u>	<u>443</u>
Weighted average number of ordinary shares used in the computation of diluted earnings per share (in thousands)	<u>87,421</u>	<u>87,485</u>

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

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

a. 2019

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

- 1) The employees should provide the restricted shares to the Company or the agency designated by the Company acting as the trust custodian and cooperate in complying with all related procedures and preparing the required documents.
- 2) The employees shall not sell, pledge, transfer, donate or, in any other way, dispose of these shares.
- 3) Employees holding equity under the custody of the trust agency do not have the right to attend shareholders' meetings or to engage in motions, speech, and voting therein.
- 4) The employees' other rights, which are the same as those of ordinary shareholders of the Company, include but are not limited to the rights to receive dividends, bonuses and capital surplus in shares and 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 average for the first three years	25%
Gross profit (GM%)	Increase by 1% or more from the previous year	Higher than the Company's average for the first three years	25%
Operating profit (OPM \$)	10% (inclusive) or more than the previous year	Higher than the Company's average for the first three years	25%
Operating profit ratio (OPM %)	Increase by 1% or more from the previous year	Higher than the Company's average for the first three years	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 \$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 \$22,908 thousand and \$9,356 thousand were recognized, respectively, within the vesting period for the years ended December 31, 2022 and 2021.

b. 2022

On June 17, 2022, the shareholders resolved a restricted share plan for employees with a total amount of \$5,400 thousand, consisting of 540 thousand shares, for free issuance. The base date of the capital increase and payment, which was September 8, 2022, was determined by the board of directors on August 25, 2022. The restrictions on the rights of the employees who acquire the restricted shares but have not met the vesting conditions are as follows:

- 1) The employees should provide the restricted shares to the Company or the agency designated by the Company acting as the trust custodian and cooperate in complying with all related procedures and preparing the required documents.
- 2) The employees shall not sell, pledge, transfer, donate or, in any other way, dispose of these shares.
- 3) Employees holding equity under the custody of the trust agency do not have the right to attend shareholders' meetings or to engage in motions, speech, and voting therein.

- 4) The employees' other rights, which are the same as those of ordinary shareholders of the Company, include but are not limited to the rights to receive dividends, bonuses and capital surplus in shares and 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	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 average for the first three years	25%
Gross profit (GM %)	Increase by 1% or more from the previous year	Higher than the Company's average for the first three years	25%
Operating profit (OPM \$)	10% (inclusive) or more than the previous year	Higher than the Company's average for the first three years	25%
Operating profit ratio (OPM %)	Increase by 1% or more from the previous year	Higher than the Company's average for the first three years	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 \$1,650 per share, based on the market approach. The unearned employee benefits of \$891,000 thousand were recognized on the basis of vesting conditions and expensed on a straight-line basis over the vesting period. Compensation costs of \$140,363 thousand were recognized within the vesting period for the year ended December 31, 2022.

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

	December 31	
	2022	2021
Balance at January 1	378	520
Issued in this year	540	-
Vested	(181)	(126)
Forfeited (Note)	<u>(197)</u>	<u>(16)</u>
Balance at December 31	<u>540</u>	<u>378</u>

Note: The forfeited shares for the years ended December 31, 2022 and 2021 were the shares that were cancelled 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 years ended December 31, 2022 and 2021:

As of December 31, 2022 and 2021, the unsettled payments for purchases of property, plant and equipment were \$79,846 thousand and \$13,426 thousand, respectively, and recorded as other payables - payables for purchases of equipment in the consolidated financial statements.

- b. Changes in liabilities arising from financing activities

For the year ended December 31, 2022

	Non-cash Changes					
	Opening Balance	Cash Flows	New Leases	Change of Variable Payments	Exchange Rate Impact	Closing Balance
Short-term borrowings	\$ 2,379,745	\$ (2,568,896)	\$ -	\$ -	\$ 189,151	\$ -
Long-term borrowings (including current portion of long-term liabilities)	-	929,670	-	-	-	929,670
Guarantee deposits	1,726	(71)	-	-	28	1,683
Lease liabilities	<u>257,840</u>	<u>(97,484)</u>	<u>161,678</u>	<u>-</u>	<u>6,545</u>	<u>328,579</u>
	<u>\$ 2,639,311</u>	<u>\$ (1,736,781)</u>	<u>\$ 161,678</u>	<u>\$ -</u>	<u>\$ 195,724</u>	<u>\$ 1,259,932</u>

For the year ended December 31, 2021

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

25. CAPITAL MANAGEMENT

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

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

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

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

26. FINANCIAL INSTRUMENTS

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

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

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

1) Fair value hierarchy

December 31, 2022

	Level 1	Level 2	Level 3	Total
<u>Financial assets at FVTOCI</u>				
Investments in debt instruments at FVTOCI				
Factored trade receivables to banks without recourse	\$ _____ -	\$ _____ -	\$ 146,260	\$ 146,260

December 31, 2021

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

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

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

For the year ended December 31, 2022

Financial Assets	Financial Assets at FVTOCI Debt Instrument
Balance at January 1, 2022	\$ 117,931
Net increase	<u>28,329</u>
Balance at December 31, 2022	<u>\$ 146,260</u>

For the year ended December 31, 2021

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

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

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

c. Categories of financial instruments

	December 31	
	2022	2021
<u>Financial assets</u>		
Financial asset at amortized cost (1)	\$ 8,389,801	\$ 7,926,449
Financial asset at FVTOCI		
Factored trade receivable to bank without recourse	146,260	117,931
<u>Financial liabilities</u>		
Financial liabilities at amortized cost (2)	5,354,697	6,128,584

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

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

d. Financial risk management objectives and policies

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

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

1) Market risk

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

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

a) Foreign currency risk

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

The carrying amounts of the Group's foreign currency-denominated monetary assets and monetary liabilities (including those eliminated on consolidation) are set out in Note 30.

Sensitivity analysis

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

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

	USD Impact	
	For the Year Ended December 31	
	2022	2021
Profit or loss	\$ 65,193	\$ 15,804

	RMB Impact	
	For the Year Ended December 31	
	2022	2021

Profit or loss	\$ (74,949)	\$ (31,714)
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The above impact on profit and loss was mainly attributable to the exposure on USD bank deposits, USD receivables, USD payables, USD bank short-term borrowings, RMB bank deposits and RMB payables at the end of the reporting period.

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

b) Interest rate risk

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

	December 31	
	2022	2021
Fair value interest rate risk		
Financial assets	\$ 2,319,693	\$ 2,309,508
Financial liabilities	328,579	257,840
Cash flow interest rate risk		
Financial assets	3,032,292	2,847,293
Financial liabilities	929,670	2,379,745

Sensitivity analysis

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

Had interest rates been 100 basis points higher/lower and all other variables been held constant, the Group's pretax profit for the years ended December 31, 2022 and 2021 would have increased/decreased by \$21,026 thousand and \$4,675 thousand, respectively, which was mainly attributable to the Group's exposure to interest rate risks on its floating-rate bank deposits and bank short-term borrowings.

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

2) Credit risk

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

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

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

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

3) Liquidity risk

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

The Group relies on bank borrowings as a significant source of liquidity. As of December 31, 2022 and 2021, the Group had available unutilized short-term bank loan facilities set out in (b) below.

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

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

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

December 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	\$ 3,168,945	\$ 1,254,399	\$ 1,683	\$ -
Lease liabilities	23,795	84,024	250,508	-
Variable interest rate liabilities	<u>52,445</u>	<u>58,919</u>	<u>430,470</u>	<u>455,575</u>
	<u>\$ 3,245,185</u>	<u>\$ 1,397,342</u>	<u>\$ 682,661</u>	<u>\$ 455,575</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>\$ 111,364</u>	<u>\$ 430,470</u>	<u>\$ 455,575</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>

b) Financing facilities

	<u>December 31</u>	
	2022	2021
Unsecured bank loan facilities		
Amount used	\$ -	\$ 2,379,745
Amount unused	<u>3,813,595</u>	<u>34,025</u>
	<u>\$ 3,813,595</u>	<u>\$ 2,413,770</u>
Secured bank overdraft facilities		
Amount used	\$ 929,670	\$ -
Amount unused	<u>270,330</u>	<u>-</u>
	<u>\$ 1,200,000</u>	<u>\$ -</u>

e. Transfers of financial assets

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

Counterparty	Receivables Factoring Proceeds	Amount Reclassified to Other Receivables	Advances Received - Unused	Advances Received - Used	Annual Interest Rates on Advances Received (Used) (%)
<u>For the December 31, 2022</u>					
Mega International Commercial Bank	\$ 451,989	\$ -	\$ -	\$ 451,989	3.40-6.89
BNP Paribas S.A.	<u>48,231</u>	<u>-</u>	<u>-</u>	<u>48,231</u>	4.98-5.92
	<u>\$ 500,220</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 500,220</u>	
<u>For the December 31, 2021</u>					
Mega International Commercial Bank	\$ 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>	

Pursuant to the agreements, losses from commercial disputes (such as sales returns and discounts) are borne by the Group, while losses from credit risk are borne by the bank.

27. TRANSACTIONS WITH RELATED PARTIES

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

a. Related party name and category

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

b. Sales of goods

Line Item	Related Party Category	For the Year Ended December 31	
		2022	2021
Sales	Essential related parties	\$ 1,046,551	\$ 660,441
	Key management personnel	<u>382,604</u>	<u>199,625</u>
		<u>\$ 1,429,155</u>	<u>\$ 860,066</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 2022 and 2021. Payment terms of goods sold to related parties are 135-150 days after the end of the month, and 0-180 days for general customers.

c. Purchases of goods

Related Party Category	For the Year Ended December 31	
	2022	2021
Essential related parties	<u>\$ 16,310</u>	<u>\$ 8,925</u>

The purchase prices of the goods purchased from the related parties in the table above are not comparable as these same goods are not purchased from other suppliers in 2022 and 2021. Payment terms of goods purchased from related parties are 150 days after every month end close, and 30-90 days for general suppliers.

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

Line Item	Related Party Category	December 31	
		2022	2021
Trade receivables from related parties	Essential related parties	\$ 79,181	\$ 50,155
	Key management personnel	<u>160,346</u>	<u>92,833</u>
		<u>\$ 239,527</u>	<u>\$ 142,988</u>

The outstanding trade receivables from related parties were unsecured. In 2022 and 2021, no impairment loss was recognized for trade receivables from related parties.

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

Line Item	Related Party Category	December 31	
		2022	2021
Trade payables to related parties	Essential related parties	<u>\$ 12,042</u>	<u>\$ 4,064</u>

The outstanding trade payables from related parties are unsecured.

- f. Lease arrangements - Group is lessee

Line Item	Related Party Category	December 31	
		2022	2021
Lease liabilities	Essential related parties	<u>\$ -</u>	<u>\$ 2,230</u>

Related Party Category	For the Year Ended December 31	
	2022	2021
<u>Interest expense</u>		
Essential related parties	<u>\$ 20</u>	<u>\$ 94</u>

For the years ended December 31, 2022 and 2021, the Group leased office space from essential 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

Refundable deposits

	December 31	
	2022	2021
Essential related parties	<u>\$ -</u>	<u>\$ 500</u>

h. Remuneration of key management personnel

	For the Year Ended December 31	
	2022	2021
Short-term employee benefits	\$ 94,741	\$ 89,070
Post-employee benefits	547	503
Share-based payments	<u>40,372</u>	<u>5,311</u>
	<u>\$ 135,660</u>	<u>\$ 94,884</u>

The remuneration of directors and key executives was 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:

	December 31	
	2022	2021
Land	\$ 587,160	\$ -
Building	<u>777,172</u>	<u>-</u>
	<u>\$ 1,364,332</u>	<u>\$ -</u>

29. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

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

Unrecognized commitments are as follows:

	December 31	
	2022	2021
Acquisition of property, plant and equipment	<u>\$ 134,431</u>	<u>\$ 249,391</u>

30. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

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

December 31, 2022

	Foreign Currency (In Thousands)	Exchange Rate	Carrying Amount (In Thousands)
<u>Financial assets</u>			
Monetary items			
USD	\$ 220,121	30.7150 (USD:NTD)	\$ 6,761,015
USD	11,885	6.9646 (USD:RMB)	365,044
RMB	7,834	4.4102 (RMB:NTD)	34,549
RMB	1,716,296	0.1436 (RMB:USD)	<u>7,570,023</u>
			<u>\$ 14,730,631</u>

Financial liabilities

Monetary items			
USD	10,844	30.7150 (USD:NTD)	\$ 333,080
USD	8,909	6.9646 (USD:RMB)	273,635
RMB	1,716,297	4.4102 (RMB:NTD)	7,569,213
RMB	1,707,289	0.1436 (RMB:USD)	<u>7,530,297</u>
			<u>\$ 15,706,225</u>

December 31, 2021

	Foreign Currency (In Thousands)	Exchange Rate	Carrying Amount (In Thousands)
<u>Financial assets</u>			
Monetary items			
USD	\$ 151,554	27.6900 (USD:NTD)	\$ 4,196,530
USD	13,345	6.3757 (USD:RMB)	369,515
RMB	394,969	4.3431 (RMB:NTD)	1,715,390
RMB	1,281,322	0.1568 (RMB:USD)	<u>5,563,233</u>
			<u>\$ 11,844,668</u>

(Continued)

	Foreign Currency (In Thousands)	Exchange Rate	Carrying Amount (In Thousands)
<u>Financial liabilities</u>			
Monetary items			
USD	\$ 95,143	27.6900 (USD:NTD)	\$ 2,634,510
USD	12,681	6.3757 (USD:RMB)	351,129
RMB	1,117,390	4.3431 (RMB:NTD)	4,852,937
RMB	1,289,125	0.1568 (RMB:USD)	<u>5,597,112</u>
			<u>\$ 13,435,688</u> (Concluded)

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

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

For the Year Ended December 31				
Foreign Currency	2022		2021	
	Exchange Rate	Net Foreign Exchange Gains (Losses)	Exchange Rate	Net Foreign Exchange Gains (Losses)
NTD	1.00 (NTD:NTD)	\$ 79,851	1.00 (NTD:NTD)	\$ (103,085)
USD	29.8896 (USD:NTD)	(1,424)	27.8929 (USD:NTD)	407
RMB	4.4237 (RMB:NTD)	(419)	4.3263 (RMB:NTD)	219
VND	0.0013 (VND:NTD)	<u>9,886</u>	0.0012 (VND:NTD)	<u>10,309</u>
		<u>\$ 87,894</u>		<u>\$ (92,150)</u>

31. SEPARATELY DISCLOSED ITEMS

a. Information about significant transactions and investees:

- 1) Financing provided to others: Table 1
- 2) Endorsements/guarantees provided: None
- 3) Marketable securities held (excluding investments in subsidiaries, associates and joint ventures):
None
- 4) Marketable securities acquired or disposed of at costs or prices of at least NT\$300 million or 20% of the paid-in capital: None
- 5) Acquisition of individual real estate at costs of at least NT\$300 million or 20% of the paid-in capital: Table 2
- 6) Disposal of individual real estate at prices of at least NT\$300 million or 20% of the paid-in capital:
None

- 7) Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital: Table 3
 - 8) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital: Table 4
 - 9) Trading in derivative instruments: None
 - 10) Intercompany relationships and significant intercompany transactions: Table 5
- b. Information on investees: Table 6
- c. Information on investments in mainland China
- 1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the year, repatriations of investment income, and limit on the amount of investment in the mainland China area: Table 7
 - 2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses: Table 8
 - a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the year.
 - b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the year.
 - c) The amount of property transactions and the amount of the resultant gains or losses.
 - d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the year and the purposes.
 - e) The highest balance, the ending balance, the interest rate range, and total current period interest with respect to the financing of funds.
 - f) Other transactions that have a material effect on the profit or loss for the year or on the financial position, such as the rendering or receipt of services.
- d. Information of major shareholders: List all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder Table 9
- e. The criteria governing preparation of affiliation reports, consolidated business reports and consolidated financial statements for affiliates shall disclose the listed particulars for the affiliates:
- 1) Subsidiaries' company names, relationships to the controlling company, nature of business, and the controlling company's shareholding or capital proportion: Note 9
 - 2) Variation of subsidiaries which are included in the current consolidated financial statements: Note 9
 - 3) Subsidiaries' company names, shareholding or capital proportion and the reasons that they are not listed on the consolidated financial statements: None

- 4) The adjustments and the ways to manage when the controlling company and a subsidiary have different fiscal year start/end dates: None
 - 5) The adjustments when the controlling company and a subsidiary have different accounting policies: None
 - 6) Operating risk such as exchange risk for an overseas subsidiary: Note 9
 - 7) Retained earnings allocation of each subsidiary restricted by regulations or contracts: Note 18
 - 8) Consolidated amortization methods and expirations: None
 - 9) Others: None
- f. The criteria governing preparation of affiliation reports, consolidated business reports and consolidated financial statements for affiliates shall disclose the below-listed for the controlling company and subordinate company respectively:
- 1) Information about accommodations of funds or endorsements: Table 1
 - 2) Information about derivative instrument transactions: None
 - 3) Significant contingencies: None
 - 4) Significant events after the reporting period: None
 - 5) Names, quantities, costs, market prices (if not available, disclose net worth per share), capital proportions and the highest shareholding situation of the securities: Note 9, Tables 6 and 7
 - 6) Others: None
- g. The subsidiaries holding the parent company's shares should list clearly the Company's name, number of shares held, the total amounts and the related reasons: None

32. SEGMENT INFORMATION

a. Financial information

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

b. Geographical information

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

	Revenue from External Customers		Non-current Assets	
	For the Year Ended December 31		December 31	
	2022	2021	2022	2021
Taiwan	\$ 20,263,952	\$ 14,472,347	\$ 2,552,937	\$ 1,084,149
China	2,460,644	2,484,335	2,427,540	2,018,301
Vietnam	-	-	153,354	115,906
	<u>\$ 22,724,596</u>	<u>\$ 16,956,682</u>	<u>\$ 5,133,831</u>	<u>\$ 3,218,356</u>

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

c. Information on major customers

Total revenue from the sale of uninterruptible power systems amounted to \$22,724,596 thousand and \$16,956,682 thousand in 2022 and 2021, respectively, and out of these amounts, \$3,463,309 thousand and \$3,128,905 thousand respectively came from the Group's biggest client. There is no other single customer that contributed 10% or more to the Group's revenue for both 2022 and 2021.

TABLE 1

VOLTRONIC POWER TECHNOLOGY CORP. AND SUBSIDIARIES

**FINANCING PROVIDED TO OTHERS
FOR THE YEAR ENDED DECEMBER 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 (Note 4)	Ending Balance (Notes 4 and 5)	Actual Amount Borrowed	Interest Rate (%)	Nature of Financing (Note 2)	Business Transaction Amount	Reasons for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower (Note 3)	Aggregate Financing Limit (Note 3)
													Item	Value		
1	Orchid Power (Shen Zhen) Manufacturing Company	Zhongshan Voltronic Power Electronics Limited	Other receivables from related parties	Yes	\$ 88,204 (RMB 20,000)	\$ 88,204 (RMB 20,000)	\$ - (RMB -)	-	2	\$ -	Operating capital financing funds	\$ -	-	\$ -	\$ 1,761,647	\$ 1,761,647
		Zhongshan Voltronic Power Electronics Limited	Other receivables from related parties	Yes	176,408 (RMB 40,000)	176,408 (RMB 40,000)	176,408 (RMB 40,000)	3.85	2	-	Operating capital financing funds	-	-	-	1,761,647	1,761,647
		Zhongshan Voltronic Power Electronics Limited	Other receivables from related parties	Yes	220,510 (RMB 50,000)	220,510 (RMB 50,000)	220,510 (RMB 50,000)	3.70	2	-	Operating capital financing funds	-	-	-	1,761,647	1,761,647
		Zhongshan Voltronic Power Electronics Limited	Other receivables from related parties	Yes	374,867 (RMB 85,000)	374,867 (RMB 85,000)	347,867 (RMB 85,000)	3.70	2	-	Operating capital financing funds	-	-	-	1,761,647	1,761,647
		Zhongshan Voltronic Power Electronics Limited	Other receivables from related parties	Yes	242,561 (RMB 55,000)	242,561 (RMB 55,000)	242,561 (RMB 55,000)	3.70	2	-	Operating capital financing funds	-	-	-	1,761,647	1,761,647
		Zhongshan Voltronic Power Electronics Limited	Other receivables from related parties	Yes	418,969 (RMB 95,000)	418,969 (RMB 95,000)	418,969 (RMB 95,000)	3.65	2	-	Operating capital financing funds	-	-	-	1,761,647	1,761,647
		Zhongshan Voltronic Power Electronics Limited	Other receivables from related parties	Yes												

Note 1: Number column as follows:

a. “0” for the issuer.

b. Investees are numbered from “1”.

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

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

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

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

Note 5: The highest balance for the period and ending balance present in NT\$. Foreign currencies are converted into NT\$; the exchange rate was, RMB1=NT\$4.4102 as of December 31, 2022.

Note 6: The amount was eliminated upon consolidation.

TABLE 2

VOLTRONIC POWER TECHNOLOGY CORP. AND SUBSIDIARIES

ACQUISITION OF INDIVIDUAL REAL ESTATE AT COSTS OF AT LEAST NT\$300 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 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	Counterparty	Nature of Relationships	Prior Transaction of Related Counterparty				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	\$ 813,744 (RMB 184,514)	\$ 635,316 (RMB 144,056)	Shenzhen Sunmake Group Limited	-	-	-	-	\$ -	-	For the production of future need	Note
Voltronic Power Technology Corp.	Fu-Ding technology building	January 17, 2022	1,398,000	1,398,000	Founding Construction Development Corp.	-	-	-	-	-	Real estate valuation report	For the production of future need	Note

Note: The above amounts of assets accounts and liabilities accounts are converted by exchange rate RMB1 into NT\$4.4102 as of December 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 YEAR ENDED DECEMBER 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 (Note 3)	% to Total	
Voltronic Power Technology	RPS. SPA	Essential related parties	(Sales)	\$ (1,033,550)	(5)	Net 150 days from the end of the month of when invoice is issued	No identical item	0-180 days	\$ 76,241	3	-
	FSP TECHNOLOGY INC.	Key management personnel	(Sales)	(382,604)	(2)	Net 135 days from the end of the month of when invoice is issued	No identical item	0-180 days	160,346	6	-
	Voltronic Power Technology (Shen Zhen) Corp.	Subsidiary	Purchase	226,743	1	Net 270 days from the end of the month of when invoice is issued	No identical item	30-90 days	(114,393)	(1)	Note 3
	Potentia Technology Inc. Limited	Subsidiary	Purchase	15,696,745	98	Net 270 days from the end of the month of when invoice is issued	No identical item	30-90 days	(7,684,034)	(98)	"
Potentia Technology Inc. Limited	Voltronic Power Technology	Parent company	(Sales)	(15,696,745)	(84)	Net 270 days from the end of the month of when invoice is issued	Note 2	Note 2	7,684,034	93	"
	Voltronic Power Technology (Shen Zhen) Corp.	The same parent company	(Sales)	(958,863)	(5)	Net 270 days from the end of the month of when invoice is issued	Note 2	Note 2	129,987	2	"
	Voltronic Power Technology (Shen Zhen) Corp.	The same parent company	Purchase	7,220,269	39	Net 270 days from the end of the month of when invoice is issued	No identical item	30-90 days	(4,887,083)	(58)	"
	Zhongshan Voltronic Power Electronics Limited	The same parent company	(Sales)	(831,553)	(4)	Net 270 days from the end of the month of when invoice is issued	Note 2	Note 2	108,095	1	"
	Zhongshan Voltronic Power Electronics Limited	The same parent company	Purchase	8,223,575	44	Net 270 days from the end of the month of when invoice is issued	No identical item	30-90 days	(2,738,632)	(32)	"
	Orchid Power (Shen Zhen) Manufacturing Company	The same parent company	(Sales)	(215,279)	(1)	Net 270 days from the end of the month of when invoice is issued	Note 2	Note 2	36,116	1	"
	Voltronic Power Technology (Vietnam) Company Limited	The same parent company	(Sales)	(859,262)	(5)	Net 270 days from the end of the month of when invoice is issued	Note 2	Note 2	291,674	4	"
	Voltronic Power Technology (Vietnam) Company Limited	The same parent company	Purchase	1,148,213	6	Net 270 days from the end of the month of when invoice is issued	No identical item	30-90 days	(201,993)	(2)	"
Voltronic Power Technology (Shen Zhen) Corp.	Voltronic Power Technology	Parent company	(Sales)	(226,743)	(3)	Net 270 days from the end of the month of when invoice is issued	No identical item	30-90 days	114,393	2	"
	Potentia Technology Inc. Limited	The same parent company	(Sales)	(7,220,269)	(94)	Net 270 days from the end of the month of when invoice is issued	No identical item	30-90 days	4,887,083	96	"
	Potentia Technology Inc. Limited	The same parent company	Purchase	958,863	20	Net 270 days from the end of the month of when invoice is issued	No identical item	30-90 days	(129,987)	(8)	"
	Zhongshan Voltronic Power Electronics Limited	The same parent company	Purchase	113,707	2	Net 270 days from the end of the month of when invoice is issued	No identical item	30-90 days	(10,368)	(1)	"
	Orchid Power (Shen Zhen) Manufacturing Company	The same parent company	Purchase	196,205	4	Net 270 days from the end of the month of when invoice is issued	No identical item	30-90 days	(87,817)	(5)	"
	Zhongshan Voltronic Precision Inc.	The same parent company	Purchase	835,650	17	Net 270 days from the end of the month of when invoice is issued	No identical item	30-90 days	(138,916)	(9)	"
Orchid Power (Shen Zhen) Manufacturing Company	Potentia Technology Inc. Limited	The same parent company	Purchase	215,279	14	Net 270 days from the end of the month of when invoice is issued	No identical item	0-60 days	(36,116)	(5)	"
	Voltronic Power Technology (Shen Zhen) Corp.	The same parent company	(Sales)	(196,205)	(8)	Net 270 days from the end of the month of when invoice is issued	No identical item	0-60 days	87,817	22	"
	Zhongshan Voltronic Power Electronics Limited	The same parent company	Purchase	373,336	25	Net 270 days from the end of the month of when invoice is issued	No identical item	0-60 days	(80,810)	(12)	"
	Zhongshan Voltronic Precision Inc.	The same parent company	Purchase	276,276	19	Net 270 days from the end of the month of when invoice is issued	No identical item	0-60 days	(50,246)	(7)	"

(Continued)

Company Name	Related Party	Nature of Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Payable or Receivable		Note
			Purchase/ Sale	Amount	% to Total	Payment Terms	Unit Price	Payment Terms	Ending Balance (Note 3)	% to Total	
Zhongshan Voltronic Power Electronics Limited	Potentia Technology Inc. Limited	The same parent company	(Sales)	\$ (8,223,575)	(93)	Net 270 days from the end of the month of when invoice is issued	Note 2	Note 2	\$ 2,738,632	95	"
	Potentia Technology Inc. Limited	The same parent company	Purchase	831,553	12	Net 270 days from the end of the month of when invoice is issued	No identical item	30-90 days	(108,095)	(6)	"
	Voltronic Power Technology (Shen Zhen) Corp.	The same parent company	(Sales)	(113,707)	(1)	Net 270 days from the end of the month of when invoice is issued	Note 2	Note 2	10,368	1	"
	Orchid Power (Shen Zhen) Manufacturing Company	The same parent company	(Sales)	(373,336)	(4)	Net 270 days from the end of the month of when invoice is issued	Note 2	Note 2	80,810	3	"
	Zhongshan Voltronic Precision Inc.	The same parent company	Purchase	947,124	13	Net 270 days from the end of the month of when invoice is issued	No identical item	30-90 days	(313,622)	(17)	"
Zhongshan Voltronic Precision Inc.	Voltronic Power Technology (Shen Zhen) Corp.	The same parent company	(Sales)	(835,650)	(41)	Net 270 days from the end of the month of when invoice is issued	Note 2	Note 2	138,916	28	"
	Orchid Power (Shen Zhen) Manufacturing Company	The same parent company	(Sales)	(276,276)	(13)	Net 270 days from the end of the month of when invoice is issued	Note 2	Note 2	50,246	10	"
	Zhongshan Voltronic Power Electronics Limited	The same parent company	(Sales)	(947,124)	(46)	Net 270 days from the end of the month of when invoice is issued	Note 2	Note 2	313,622	62	"
Voltronic Power Technology (Vietnam) Company Limited	Potentia Technology Inc. Limited	The same parent company	(Sales)	(1,148,213)	(100)	Net 270 days from the end of the month of when invoice is issued	Note 2	Note 2	201,993	100	"
	Potentia Technology Inc. Limited	The same parent company	Purchase	859,262	100	Net 270 days from the end of the month of when invoice is issued	No identical item	30-90 days	(291,674)	(97)	"

Note 1: Above amounts present in New Taiwan dollars (NT\$). Foreign currency is converted into NT\$ as of December 31, 2022; the amount of income accounts are converted by average exchange rate into New Taiwan dollars (NT\$) as of 2022.

Note 2: There is no sales to unrelated parties.

Note 3: The amount was eliminated upon consolidation.

(Concluded)

TABLE 4**VOLTRONIC POWER TECHNOLOGY CORP. AND SUBSIDIARIES****RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL****DECEMBER 31, 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 4)	Allowance for Impairment Loss	Note
					Amount	Actions Taken			
<u>Trade receivables</u> Voltronic Power Technology	FSP Technology Inc.	Key management personnel	\$ 160,346	3.02	\$ -	-	\$ 44,241	\$ -	-
Potentia Technology Inc. Limited	Voltronic Power Technology	Parent company	7,684,034	2.49	-	-	1,450,307	-	Note 4
	Voltronic Power Technology (Shen Zhen) Corp.	The same parent company	129,987	7.16	-	-	64,680	-	"
	Zhongshan Voltronic Power Electronics Limited	The same parent company	108,095	6.32	-	-	59,059	-	"
	Voltronic Power Technology (Vietnam) Company Limited	The same parent company	291,674	3.15	-	-	43,996	-	"
Voltronic Power Technology (Shen Zhen) Corp.	Voltronic Power Technology	Parent company	114,393	1.80	-	-	16,845	-	"
	Potentia Technology Inc. Limited	The same parent company	4,887,083	1.65	-	-	682,773	-	"
Zhongshan Voltronic Power Electronics Limited	Potentia Technology Inc. Limited	The same parent company	2,738,632	3.57	-	-	713,270	-	"
Orchid Power (Shen Zhen) Manufacturing Company	Zhongshan Voltronic Power Electronics Limited	The same parent company	313,622	5.07	-	-	26,461	-	"
	Voltronic Power Technology (Shen Zhen) Corp.	The same parent company	138,916	8.54	-	-	73,103	-	"
Voltronic Power Technology (Vietnam) Company Limited	Potentia Technology Inc. Limited	The same parent company	201,993	6.96	-	-	55,433	-	"
<u>Other receivables</u> Orchid Power (Shen Zhen) Manufacturing Company	Zhongshan Voltronic Power Electronics Limited	The same parent company	1,437,573 (Note 3)	-	-	-	-	-	"

Note 1: Above amounts present in New Taiwan dollar (NT\$). Foreign currency is converted into NT\$; the exchange rate was US\$1=NT\$30.7150, RMB1=NT\$4.4102 as of December 31, 2022.

Note 2: As of January 31, 2023.

Note 3: Including interest receivables \$4,254 thousand and receivables for sales of equipment \$4 thousand.

Note 4: The amount was eliminated upon consolidation.

TABLE 5

VOLTRONIC POWER TECHNOLOGY CORP. AND SUBSIDIARIES

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
FOR THE YEAR ENDED DECEMBER 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	\$ 15,696,745	Net 270 days from the end of the month of when invoice is issued	69
		Voltronic Power Technology	2	Trade receivables from related parties	7,684,034	Net 270 days from the end of the month of when invoice is issued	48
		Voltronic Power Technology (Shen Zhen) Corp.	3	Sales	958,863	Net 270 days from the end of the month of when invoice is issued	4
		Voltronic Power Technology (Shen Zhen) Corp.	3	Trade receivables from related parties	129,987	Net 270 days from the end of the month of when invoice is issued	1
		Orchid Power (Shen Zhen) Manufacturing Company	3	Sales	215,279	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	36,116	Net 270 days from the end of the month of when invoice is issued	1
		Zhongshan Voltronic Power Electronics Limited	3	Sales	831,553	Net 270 days from the end of the month of when invoice is issued	4
		Zhongshan Voltronic Power Electronics Limited	3	Trade receivables from related parties	108,095	Net 270 days from the end of the month of when invoice is issued	1
		Voltronic Power Technology (Vietnam) Company Limited	3	Sales	859,262	Net 270 days from the end of the month of when invoice is issued	4
		Voltronic Power Technology (Vietnam) Company Limited	3	Trade receivables from related parties	291,674	Net 270 days from the end of the month of when invoice is issued	2
2	Voltronic Power Technology (Shen Zhen) Corp.	Voltronic Power Technology	2	Sales	226,743	Net 270 days from the end of the month of when invoice is issued	1
		Voltronic Power Technology	2	Trade receivables from related parties	114,393	Net 270 days from the end of the month of when invoice is issued	1
		Potentia Technology Inc. Limited	3	Sales	7,220,269	Net 270 days from the end of the month of when invoice is issued	32
		Potentia Technology Inc. Limited	3	Trade receivables from related parties	4,887,083	Net 270 days from the end of the month of when invoice is issued	30
3	Orchid Power (Shen Zhen) Manufacturing Company	Voltronic Power Technology (Shen Zhen) Corp.	3	Sales	196,205	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	87,817	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	1,433,315	The loan period is one year and will be returned in installments according to the financial situation during the period.	9

(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	\$ 8,223,575	Net 270 days from the end of the month of when invoice is issued	36
		Potentia Technology Inc. Limited	3	Trade receivables from related parties	2,738,632	Net 270 days from the end of the month of when invoice is issued	17
		Voltronic Power Technology (Shen Zhen) Corp.	3	Sales	113,707		1
		Voltronic Power Technology (Shen Zhen) Corp.	3	Trade receivables from related parties	10,368		1
		Orchid Power (Shen Zhen) Manufacturing Company	3	Sales	373,336	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	80,810	Net 270 days from the end of the month of when invoice is issued	1
		Zhongshan Voltronic Precision Inc.	3	Investments accounted for using equity method	91,200 (RMB 20,000)	-	1
5	Zhongshan Voltronic Precision Inc.	Voltronic Power Technology (Shen Zhen) Corp.	3	Sales	835,650	Net 270 days from the end of the month of when invoice is issued	4
		Voltronic Power Technology (Shen Zhen) Corp.	3	Trade receivables from related parties	138,916	Net 270 days from the end of the month of when invoice is issued	1
		Orchid Power (Shen Zhen) Manufacturing Company	3	Sales	276,276	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	50,246	Net 270 days from the end of the month of when invoice is issued	1
		Zhongshan Voltronic Power Electronics Limited	3	Sales	947,124	Net 270 days from the end of the month of when invoice is issued	4
		Zhongshan Voltronic Power Electronics Limited	3	Trade receivables from related parties	313,622	Net 270 days from the end of the month of when invoice is issued	2
6	Voltronic Power Technology (Vietnam) Company Limited	Potentia Technology Inc. Limited	3	Sales	1,148,213	Net 270 days from the end of the month of when invoice is issued	5
		Potentia Technology Inc. Limited	3	Trade receivables from related parties	201,993	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: The amounts of asset account and liability account are calculated as a percentage of the consolidated total assets. The amounts of income account are calculated as a percentage of the consolidated total sales.

Note 4: Above amounts present in New Taiwan dollar (NT\$). Foreign currency is converted into NT\$ as of December 31, 2022, the amount of income accounts are converted by average exchange rate into New Taiwan dollar (NT\$) as of 2022.

Note 5: The main transaction only expense 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 YEAR ENDED DECEMBER 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 December 31, 2022			Net Income (Loss) of the Investee	Share of Profit (Loss) (Note 2)	Note
				December 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	\$ 8,405,475	\$ 1,526,549	\$ 1,526,709	Note 1
	Voltronic Power Technology (Vietnam) Company Limited	Bac Ninh Province, Vietnam	Design, manufacture and sale of UPS	30,945 (US\$ 1,000)	30,945 (US\$ 1,000)	-	100	224,625	113,160	113,160	Notes 1 and 3
Voltronic International Corp.	Potentia Technology Inc. Limited	Hong Kong	Sale of uninterruptible power systems (UPS)	-	-	-	100	17,310	(5,266)	(5,266)	Note 1
	Voltronic International H.K. Corp. Limited	Hong Kong	Investment activities	888,285 (US\$ 28,000)	888,285 (US\$ 28,000)	217,240	100	8,391,310	1,531,816	1,531,816	Note 1

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

Note 2: Current investment gain or loss recognition is net of reversing prior period unrealized loss of \$2,566 thousand from upstream transactions and deducts current period unrealized loss of \$1,689 thousand from upstream transaction and realized gain of \$1,037 thousand on disposal of asset between intercompany transaction.

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

Note 4: The mid-term highest holdings was the same as of December 31, 2022.

Note 5: There is no impignorate condition happened.

VOLTRONIC POWER TECHNOLOGY CORP. AND SUBSIDIARIES

INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 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 December 31, 2022	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Notes 2 and 3)	Carrying Amount as of December 31, 2022 (Notes 2 and 3)	Accumulated Repatriation of Investment Income as of December 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)	\$ 702,762	100	\$ 702,762	\$ 4,370,758	\$ -
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)	317,908	100	317,908	1,761,647	-
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)	511,146	100	511,146	2,258,905	-
Zhongshan Voltronic Precision Inc.	Design, manufacture and sale of UPS related components	250,401 (RMB 56,000)	c	-	-	-	-	52,274	100	52,274	303,221	-

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

Accumulated Outflow Remittance for Investment in Mainland China as of December 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)	\$ 5,005,936

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

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

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

The Company invested Zhongshan Voltronic Power Technology (Shen Zhen) Corp., Orchid Power (Shen Zhen) Manufacturing Company and Zhongshan Voltronic Power Electronics Limited through its subsidiary, Voltronic International H.K. Corp. Limited and recognized net income and book value of investee, Zhongshan Voltronic Precision Inc. through subsidiary Zhongshan Voltronic Power Electronics Limited as of December 31, 2022.

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

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

Note 5: The amount was eliminated upon consolidation.

Note 6: The mid-term highest holdings was the same as of December 31, 2022.

Note 7: There is no impignorate condition happened.

VOLTRONIC POWER TECHNOLOGY CORP. AND SUBSIDIARIES

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

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

Investee Company	Transaction Type	Purchase/Sale		Transaction Details			Notes/Accounts Receivable (Payable)		Unrealized Loss
		Amount	%	Price	Payment Terms	Comparison with Normal Transactions	Ending Balance	%	
Voltronic Power Technology (Shen Zhen) Corp.	Purchase	\$ 7,276,471	45	Set by agreement of both parties	Net 270 days from the end of the month of when invoice is issued	No identical item	\$ (4,063,887)	(52)	\$ 1,689
Zhongshan Voltronic Power Electronics Limited	Purchase	7,563,508	47	Set by agreement of both parties	Net 270 days from the end of the month of when invoice is issued	No identical item	(3,660,182)	(47)	

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

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

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

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

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

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

Name of Major Shareholder	Shares	
	Number of Shares	Percentage of Ownership (%)
Juor-Ming Hsieh	8,372,166	9.54

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

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