Voltronic Power Technology Corp. and Subsidiaries

Consolidated Financial Statements for the Years Ended December 31, 2023 and 2022 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, 2023 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 26, 2024

Deloitte.

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INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Voltronic Power Technology Corp.

Opinion

We have audited the accompanying consolidated financial statements of Voltronic Power Technology Corp. and its subsidiaries (the Group), which comprise the consolidated balance sheets as of December 31, 2023 and 2022, 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 material accounting policy information (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, 2023 and 2022, 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 Financial Statement Audit and Attestation Engagements of 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, 2023. 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, 2023 is described as follows:

Validity of Occurrence of Operating Revenue

Since the Group is 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 2023, operating revenue came from customers whose individual growth rates exceeded the overall growth rate and whose total transaction amounts for the whole year were significant, with the transaction amount accounting for 29% of the consolidated operating revenue. Therefore, we identified whether these significant transactions actually occurred 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 completeness and correctness of the sales details. Through sampling from the transactions, 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.

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, 2023 and 2022 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, 2023 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 Cheng-Chuan Yu and Jui-Hsuan Ho.

Deloitte & Touche
Taipei, Taiwan
Republic of China

February 26, 2024

<u>Notice to Readers</u>

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, 2023 AND 2022
(In Thousands of New Taiwan Dollars)

	2023		2022 (Restated)	
ASSETS	**Amount**	**%**	**Amount**	**%**
CURRENT ASSETS				
Cash and cash equivalents (Notes 4 and 6)	$ 5,044,707	34	$ 5,353,014	33
Notes receivable (Notes 4, 8 and 20)	57,517	-	84,647	1
Trade receivables (Notes 4, 5, 8 and 20)	2,730,832	19	2,792,342	17
Trade receivables from related parties (Notes 4, 8, 20 and 28)	160,519	1	239,527	1
Other receivables (Notes 4 and 8)	58,065	-	56,643	-
Inventories (Notes 4 and 9)	1,411,766	10	2,018,522	13
Prepayments (Note 14)	193,807	1	271,385	2
Total current assets	9,657,213	65	10,816,080	67
NON-CURRENT ASSETS				
Financial assets at fair value through profit or loss - non-current (Notes 4, 7 and 27)	42,362	-	-	-
Property, plant and equipment (Notes 4, 11, 29 and 30)	4,419,607	30	4,474,310	28
Right-of-use assets (Notes 4 and 12)	368,350	3	462,898	3
Other intangible assets (Notes 4 and 13)	18,809	-	24,653	-
Deferred tax assets (Notes 3, 4 and 22)	182,989	1	135,464	1
Other non-current assets (Notes 4 and 14)	66,769	1	171,970	1
Total non-current assets	5,098,886	35	5,269,295	33
TOTAL	$ 14,756,099	100	$ 16,085,375	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Contract liabilities - current (Notes 4 and 20)	$ 347,813	2	$ 433,449	3
Notes payable (Note 16)	44	-	40	-
Trade payables (Note 16)	3,682,983	25	4,161,014	26
Trade payables to related parties (Note 28)	4,185	-	12,042	-
Other payables (Note 17)	1,081,941	7	1,174,224	7
Current tax liabilities (Notes 4 and 22)	170,749	1	651,051	4
Lease liabilities - current (Notes 4 and 12)	97,187	1	93,952	-
Current portion of long-term borrowings (Notes 15 and 29)	97,860	1	97,860	1
Other current liabilities (Note 17)	2,030	-	3,226	-
Total current liabilities	5,484,792	37	6,626,858	41
NON-CURRENT LIABILITIES				
Long-term borrowings (Notes 15 and 29)	733,950	5	831,810	5
Deferred tax liabilities (Notes 3, 4 and 22)	35,328	-	47,170	-
Lease liabilities - non-current (Notes 4 and 12)	142,259	1	234,627	2
Other non-current liabilities (Note 17)	1,967	-	1,683	-
Total non-current liabilities	913,504	6	1,115,290	7
Total liabilities	6,398,296	43	7,742,148	48
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Note 19)				
Share capital				
Ordinary shares	877,306	6	877,626	6
Capital surplus	1,772,473	12	1,824,953	11
Retained earnings				
Legal reserve	1,979,226	14	1,535,937	9
Special reserve	200,346	1	293,428	2
Unappropriated earnings	4,217,639	29	4,762,266	30
Total retained earnings	6,397,211	44	6,591,631	41
Other equity (Notes 4, 19 and 24)	(689,187)	(5)	(950,983)	(6)
Total equity	8,357,803	57	8,343,227	52
TOTAL	$ 14,756,099	100	$ 16,085,375	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, 2023 AND 2022
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2023		2022	
	Amount	**%**	**Amount**	**%**
OPERATING REVENUE				
Sales (Notes 4, 20 and 28)	$ 18,950,843	100	$ 22,724,596	100
OPERATING COSTS				
Cost of goods sold (Notes 9, 21 and 28)	(12,982,371)	(68)	(15,587,926)	(69)
GROSS PROFIT	5,968,472	32	7,136,670	31
OPERATING EXPENSES (Note 21)				
Selling and marketing expenses	(372,487)	(2)	(433,954)	(2)
General and administrative expenses	(518,813)	(3)	(512,930)	(2)
Research and development expenses	(933,367)	(5)	(905,917)	(4)
Expect credit (loss) gain (Notes 4, 5 and 8)	(6,191)	-	3,898	-
Total operating expenses	(1,830,858)	(10)	(1,848,903)	(8)
PROFIT FROM OPERATIONS	4,137,614	22	5,287,767	23
NON-OPERATING INCOME AND EXPENSES				
Interest income (Note 21)	146,043	1	67,601	-
Other income (Note 21)	67,157	-	34,062	-
Other gains and losses (Note 21)	94,819	-	87,818	1
Finance costs (Notes 21 and 28)	(63,268)	-	(74,205)	-
Total non-operating income and expenses	244,751	1	115,276	1
PROFIT BEFORE INCOME TAX FROM CONTINUING OPERATIONS	4,382,365	23	5,403,043	24
INCOME TAX EXPENSE (Notes 4 and 22)	(759,809)	(4)	(970,153)	(4)
NET PROFIT FOR THE YEAR	3,622,556	19	4,432,890	20

(Continued)

VOLTRONIC POWER TECHNOLOGY CORP. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2023		2022	
	Amount	**%**	**Amount**	**%**
OTHER COMPREHENSIVE (LOSS) INCOME				
Items that may be reclassified subsequently to profit or loss				
Exchange differences on translation of the financial statements of foreign operations (Notes 4 and 19)	$ (186,776)	(1)	$ 116,353	-
Income tax relating to items that may be reclassified subsequently to profit (Notes 19 and 22)	37,355	-	(23,271)	-
Other comprehensive income for the year, net of income tax	(149,421)	(1)	93,082	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	$ 3,473,135	18	$ 4,525,972	20
EARNINGS PER SHARE (Note 23)				
Basic	$ 41.52		$ 50.90	
Diluted	$ 41.31		$ 50.71	

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, 2023 AND 2022
(In Thousands of New Taiwan Dollars)

	Equity Attributable to Owners of the Company							
			Retained Earnings			Other Equity		
	Ordinary Shares	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translation of the Financial Statements of Foreign Operations	Others	Total Equity
BALANCE AT JANUARY 1, 2022	$ 874,194	$ 942,129	$ 1,300,001	$ 331,469	$ 2,581,273	$ (293,428)	$ (27,962)	$ 5,707,676
Appropriation of 2021 earnings (Note 19)								
Legal reserve	-	-	235,936	-	(235,936)	-	-	-
Cash dividends distributed by the Company	-	-	-	-	(2,054,355)	-	-	(2,054,355)
Reversal of special reserve	-	-	-	(38,041)	38,041	-	-	-
Share-based payment transactions (Notes 19, 21 and 24)	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 19)	-	-	-	-	-	93,082	-	93,082
Total comprehensive income for the year ended December 31, 2022	-	-	-	-	4,432,890	93,082	-	4,525,972
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
Appropriation of 2022 earnings (Note 19)								
Legal reserve	-	-	443,289	-	(443,289)	-	-	-
Cash dividends distributed by the Company	-	-	-	-	(3,817,672)	-	-	(3,817,672)
Reversal of special reserve	-	-	-	(93,082)	93,082	-	-	-
Share-based payment transactions (Notes 19, 21 and 24)	(320)	(52,480)	-	-	696	-	411,217	359,113
Net profit for the year ended December 31, 2023	-	-	-	-	3,622,556	-	-	3,622,556
Other comprehensive income for the year ended December 31, 2023, net of income tax (Note 19)	-	-	-	-	-	(149,421)	-	(149,421)
Total comprehensive income for the year ended December 31, 2023	-	-	-	-	3,622,556	(149,421)	-	3,473,135
BALANCE AT DECEMBER 31, 2023	$ 877,306	$ 1,772,473	$ 1,979,226	$ 200,346	$ 4,217,639	$ (349,767)	$ (339,420)	$ 8,357,803

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, 2023 AND 2022
(In Thousands of New Taiwan Dollars)

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	$ 4,382,365	$ 5,403,043
Adjustments for:		
Depreciation expenses	344,071	309,315
Amortization expenses	17,819	17,490
Expected credit loss (reversed)	6,191	(3,898)
Net gain on financial assets at fair value through profit or loss	2,183	-
Finance costs	63,268	74,205
Interest income	(146,043)	(67,601)
Compensation cost of employee share options	359,113	163,934
Loss on disposal of property, plant and equipment	1,968	199
Write-downs of inventories	20,440	8,274
Net loss (gain) on foreign currency exchange	89,694	(35,321)
Changes in operating assets and liabilities		
Notes receivable	27,130	(17,197)
Trade receivables	(29,913)	(197,788)
Trade receivables - related parties	74,822	(98,023)
Other receivables	6,819	(27,571)
Inventories	587,310	(240,239)
Prepayments	77,578	(41,052)
Other financial assets	-	2,830
Contract liabilities	(85,636)	102,383
Notes payable	4	(17)
Trade payables	(478,033)	549,839
Trade payables - related parties	(7,857)	7,978
Other payables	(41,260)	331,143
Other current liabilities	(1,196)	813
Cash generated from operations	5,270,837	6,242,739
Interest received	137,802	67,519
Interest paid	(63,268)	(74,205)
Income tax paid	(1,262,123)	(617,437)
Net cash generated from operating activities	4,083,248	5,618,616
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets at fair value through profit or loss	(44,545)	-
Acquisition of property, plant and equipment	(128,586)	(1,807,455)
Proceeds from the disposal of property, plant and equipment	2,655	16,200
Decrease (increase) in refundable deposits	3,761	(4,226)
Payments for intangible assets	(12,080)	(12,285)
Increase in prepayments for equipment	(53,068)	(166,999)
Net cash used in investing activities	(231,863)	(1,974,765)

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VOLTRONIC POWER TECHNOLOGY CORP. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(In Thousands of New Taiwan Dollars)

	2023	2022
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayments of short-term borrowings	$ -	$ (2,568,896)
Proceeds from long-term borrowings	-	978,600
Repayments of long-term borrowings	(97,860)	(48,930)
Proceeds from (refund of) guarantee deposits received	323	(71)
Repayment of the principal portion of lease liabilities	(93,358)	(97,484)
Distributed cash dividends	(3,817,672)	(2,054,355)
Net cash used in financing activities	(4,008,567)	(3,791,136)
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS HELD IN FOREIGN CURRENCIES	(151,125)	345,480
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(308,307)	198,195
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	5,353,014	5,154,819
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	$ 5,044,707	$ 5,353,014

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

1. GENERAL INFORMATION

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

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

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

2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Company’s board of directors on February 26, 2024.

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

Except for the following, the initial application of the IFRS Accounting Standards endorsed and issued into effect by the FSC did not have a material impact on the Group’s accounting policies:

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 applied the amendments and recognized 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. The Group shall apply the amendments prospectively to transactions other than leases and decommissioning obligations that occur on or after January 1, 2022. Upon initial application of the amendments to IAS 12, the Group recognized the cumulative effect of retrospective application on January 1, 2022, and restated comparative information.

Had the Group applied the original IAS 12 in the current year, the following adjustments should be made to reflect the line items and balances under the amendments to IAS 12.

Impact on assets, liabilities and equity for the current year

	December 31, 2023
Increase in deferred tax assets	$ 31,998
Increase in assets	$ 31,998
Increase in deferred tax liabilities	$ 31,998
Increase in liabilities	$ 31,998

Upon initial application of the amendments to IAS 12, the impact for the prior year is summarized below:

Impact on assets, liabilities and equity for the prior year

	As Originally Stated	Adjustments Arising from Initial Application	Restated
December 31, 2022			
Deferred tax assets	$ 90,819	$ 44,645	$ 135,464
Effect of assets	$ 90,819	$ 44,645	$ 135,464
Deferred tax liabilities	$ 2,525	$ 44,645	$ 47,170
Effect of liabilities	$ 2,525	$ 44,645	$ 47,170
January 1, 2022			
Deferred tax assets	$ 124,185	$ 35,416	$ 159,601
Effect of assets	$ 124,185	$ 35,416	$ 159,601
Deferred tax liabilities	$ -	$ 35,416	$ 35,416
Effect of liabilities	$ -	$ 35,416	$ 35,416

b. The IFRS Accounting Standards endorsed by the FSC for application starting from 2024

New, Amended and Revised Standards and Interpretations	Effective Date Announced by IASB (Note 1)
Amendments to IFRS 16 “Leases Liability in a Sale and Leaseback”	January 1, 2024 (Note 2)
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
Amendments to IAS 7 and IFRS 7 “Supplier Finance Arrangements”	January 1, 2024 (Note 3)

Note 1: Unless stated otherwise, the above IFRS Accounting Standards will be 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.

Note 3: The amendments provide some transition relief regarding disclosure requirements.

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

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

New, Amended and Revised Standards and Interpretations	Effective Date Announced by IASB (Note 1)
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	To be determined by IASB
IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 "Initial Application of IFRS 9 and IFRS 17 - Comparative Information"	January 1, 2023
Amendments to IAS 21 "Lack of Exchangeability"	January 1, 2025 (Note 2)

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

Note 2: An entity shall apply those amendments for annual reporting periods beginning on or after January 1, 2025. Upon initial application of the amendments, the entity recognizes any effect as an adjustment to the opening balance of retained earnings. When the entity uses a presentation currency other than its functional currency, it shall, at the date of initial application, recognize any effect as an adjustment to the cumulative amount of translation differences in equity.

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

4. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION

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 IFRS Accounting Standards 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 10 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 the estimates accounted for on a prospective basis.

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 lives, residual values, and amortization methods are reviewed at the end of each reporting period, with the effect of any changes in the 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 categories

Financial assets are classified into the following categories: Financial assets at FVTPL, financial assets at amortized cost and investments in debt instruments at FVTOCI.

i. Financial assets at FVTPL

Financial assets are classified as at FVTPL when such financial assets are mandatorily classified as at FVTPL. Financial assets mandatorily classified as at FVTPL include investments in equity instruments which are not designated as at FVTOCI and debt instruments that do not meet the amortized cost criteria or the FVTOCI criteria.

Financial assets at FVTPL are subsequently measured at fair value, and remeasurement gains or losses on such financial assets are recognized in other gains or losses. Fair value is determined in the manner described in Note 27: Financial Instruments.

ii. Financial assets at amortized cost

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

i) The financial assets are 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 assets 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 at amortized cost, trade receivables, trade receivables from related parties, other receivables, 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 asset, 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 asset that is not credit impaired on purchase or origination but has 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 have occurred: 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.

iii. 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. Leases

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 lessee's incremental borrowing rate will be used.

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. Government grants

Government grants are not recognized until there is reasonable assurance that the Group will comply with the conditions attached to them and that the grants will be received.

Government grants related to income are recognized in other income on a systematic basis over the periods in which the Group recognizes as expenses the related costs that the grants intend to compensate.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognized in profit or loss in the period in which they are received.

n. 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 expenses when employees have rendered services entitling them to the contributions.

o. 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 during 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.

p. 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 Act 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 recognized only 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 such temporary differences 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

Current and deferred taxes 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. MATERIAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, management is required to make judgments, estimations 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 relevant. Actual results may differ from these estimates.

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

Key Sources of Estimation Uncertainty

Estimated impairment of financial assets

The provision for impairment of trade receivables is based on assumptions on risk of default and expected loss rates. The 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 8. Where the actual future cash inflows are less than expected, a material impairment loss may arise.

6. CASH AND CASH EQUIVALENTS

	December 31	
	2023	**2022**
Cash on hand	$ 1,005	$ 1,029
Demand deposits	1,502,603	3,032,292
Cash equivalents (investments with original maturities of 3 months or less)		
Time deposits	3,541,099	2,319,693
	$ 5,044,707	$ 5,353,014

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

	December 31	
	2023	**2022**
Demand deposits	0.001%-1.450%	0.001%-1.500%
Time deposits	1.150%-5.600%	4.600%-5.000%

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	December 31 2023	December 31 2022
Financial assets at fair value through profit or loss (FVTPL) - non-current		
Financial assets mandatorily classified as at FVTPL		
Non-derivative financial assets		
Fund beneficiary certificate	$ 42,362	$ -

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

	December 31 2023	December 31 2022
Notes receivable		
At amortized cost		
Gross carrying amount	$ 57,517	$ 84,647
Less: Allowance for impairment loss	-	-
	$ 57,517	$ 84,647
Trade receivables		
At amortized cost		
Gross carrying amount	$ 2,705,686	$ 2,726,265
Less: Allowance for impairment loss	(23,068)	(16,934)
	2,682,618	2,709,331
At FVTOCI	48,214	83,011
	$ 2,730,832	$ 2,792,342
Trade receivables from related parties		
At amortized cost		
Gross carrying amount	$ 123,585	$ 176,278
Less: Allowance for impairment loss	-	-
	123,585	176,278
At FVTOCI	36,934	63,249
	$ 160,519	$ 239,527
Other receivables		
Tax refund receivables	$ 14,928	$ 25,241
Interest receivables	13,094	4,853
Others	30,043	26,549
	$ 58,065	$ 56,643

a. Notes receivable

At amortized cost

The average credit period of notes receivable is 60 to 120 days.

The Group measures the loss allowance for notes receivables at an amount equal to lifetime ECLs. The expected credit losses on notes receivable are estimated by reference to past default experience of the debtor and adjusted for general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of economic conditions at the reporting date. As of December 31, 2023 and 2022, the Group evaluated no allowance for impairment loss was needed for notes receivable.

As of December 31, 2023 and 2022, 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	
	2023	**2022**
1 to 60 days	$ 42,658	$ 61,322
61 to 90 days	7,194	12,848
91 to 120 days	4,330	10,477
over 121 days	3,335	-
	$ 57,517	$ 84,647

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

b. Trade receivables

1) 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 of Group 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, 2023 and 2022, the carrying amount of trade receivables was $1,985,508 thousand and $1,901,044 thousand, respectively.

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

December 31, 2023

	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	0.63%	3.99%	48.95%	100%	100%	100%	
Gross carrying amount	$ 783,514	$ 40,351	$ 6,660	$ 7,721	$ 301	$ 5,216	$ 843,763
Loss allowance (Lifetime ECLs)	(4,962)	(1,608)	(3,260)	(7,721)	(301)	(5,216)	(23,068)
Amortized cost	$ 778,552	$ 38,743	$ 3,400	$ -	$ -	$ -	$ 820,695

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	$ 820,448	$ 163,294	$ 823	$ -	$ -	$ -	$ 984,565

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

	2023	2022
Balance at January 1	$ 16,934	$ 20,669
Add: Net remeasurement of loss allowance	6,191	-
Less: Amounts written off	-	(3,898)
Foreign exchange gains and losses	(57)	163
Balance at December 31	$ 23,068	$ 16,934

2) 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 the collecting of contractual cash flows and selling of financial assets.

Since the Group purchased insurance individually and the credit rating is evaluated by the insurance company, no impairment loss was needed for trade receivables at FVTOCI. As of December 31, 2023 and 2022, the carrying amount of trade receivables at FVTOCI was $4,303 thousand and $14,592 thousand, respectively.

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

December 31, 2023

	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	$ 80,845	$ -	$ -	$ -	$ -	$ -	$ 80,845
Loss allowance (Lifetime ECLs)	-	-	-	-	-	-	-
Amortized cost	$ 80,845	$ -	$ -	$ -	$ -	$ -	$ 80,845

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)	-	-	-	-	-	-	-
Amortized cost	$ 131,668	$ -	$ -	$ -	$ -	$ -	$ 131,668

c. Other receivables

The Group's other receivables included interest receivables and refundable tax. 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, 2023 and 2022, the Group evaluated no allowance for impairment loss was needed for other receivables.

9. INVENTORIES

	December 31	
	2023	2022
Raw materials	$ 644,955	$ 885,886
Supplies	3,343	3,401
Semi-finished goods	124,148	161,163
Work in progress	268,435	303,468
Finished goods	370,885	664,604
	$ 1,411,766	$ 2,018,522

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

	For the Year Ended December 31	
	2023	2022
Cost of inventories sold	$ 12,961,931	$ 15,579,652
Inventory write-downs	20,440	8,274
	$ 12,982,371	$ 15,587,926

10. SUBSIDIARIES

Subsidiaries Included in the Consolidated Financial Statements

Investor	Investee	Nature of Activities	Proportion of Ownership December 31 2023	Proportion of Ownership December 31 2022	Remark
Voltronic Power Technology Corp.	Voltronic International Corp.	Investment activities	100%	100%	a
	Voltronic Power Technology (Vietnam) Company Limited	Design, manufacture and sale of UPS	100%	100%	b
Voltronic International Corp.	Voltronic International H.K. Corp. Limited	Investment activities	100%	100%	a
	Potentia Technology Inc. Limited	Sale of uninterruptible power systems (UPS)	100%	100%	a
Voltronic International H.K. Corp. Limited	Voltronic Power Technology (Shen Zhen) Corp.	Design, manufacture and sale of UPS	100%	100%	c
	Orchid Power (Shen Zhen) Manufacturing Company	Design, manufacture and sale of UPS	100%	100%	c
	Zhongshan Voltronic Power Electronics Limited	Design, manufacture and sale of UPS	100%	100%	c
Zhongshan Voltronic Power Electronics Limited	Zhongshan Voltronic Precision Inc.	Design, manufacture and sale of UPS related components	100%	100%	c

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

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

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

11. PROPERTY, PLANT AND EQUIPMENT

Assets Used by the Group

	Freehold Land	Buildings	Machinery and Equipment	Transportation Equipment	Office Equipment	Leasehold Improvements	Other Equipment	Property under Construction	Total
Cost									
Balance at January 1, 2023	$ 1,307,921	$ 2,645,808	$ 767,539	$ 17,110	$ 89,480	$ 40,103	$ 372,299	$ 62,825	$ 5,303,085
Additions	-	149	19,449	3,143	7,937	186	44,196	2,286	77,346
Disposals	-	(61,559)	(11,950)	(1,887)	(2,718)	(6,818)	(12,933)	-	(97,865)
Reclassified (Note 1)	-	11,822	144,843	-	2,178	-	9,035	(13,999)	153,879
Effect of foreign currency exchange differences	-	(24,155)	(13,559)	(321)	(1,466)	(570)	(7,225)	-	(47,296)
Balance at December 31, 2023	$ 1,307,921	$ 2,572,065	$ 906,322	$ 18,045	$ 95,411	$ 32,901	$ 405,372	$ 51,112	$ 5,389,149
Accumulated depreciation and impairment									
Balance at January 1, 2023	$ -	$ 198,837	$ 376,811	$ 8,830	$ 47,942	$ 19,370	$ 176,985	$ -	$ 828,775
Depreciation expenses	-	80,998	82,452	1,988	11,178	11,005	59,945	-	247,566
Disposals	-	(61,559)	(11,042)	(1,566)	(2,341)	(6,818)	(9,916)	-	(93,242)
Reclassified	-	-	-	-	-	-	-	-	-
Effect of foreign currency exchange differences	-	(2,022)	(6,184)	(160)	(817)	(401)	(3,973)	-	(13,557)
Balance at December 31, 2023	$ -	$ 216,254	$ 442,037	$ 9,092	$ 55,962	$ 23,156	$ 223,041	$ -	$ 969,542
Carrying amounts at December 31, 2023	$ 1,307,921	$ 2,355,811	$ 464,285	$ 8,953	$ 39,449	$ 9,745	$ 182,331	$ 51,112	$ 4,419,607
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 2)	-	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	$ 1,307,921	$ 2,645,808	$ 767,539	$ 17,110	$ 89,480	$ 40,103	$ 372,299	$ 62,825	$ 5,303,085
Accumulated depreciation and impairment									
Balance at January 1, 2022	$ -	$ 144,261	$ 314,668	$ 7,347	$ 38,569	$ 9,994	$ 145,642	$ -	$ 660,481
Depreciation expenses	-	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	$ -	$ 198,837	$ 376,811	$ 8,830	$ 47,942	$ 19,370	$ 176,985	$ -	$ 828,775
Carrying amounts at December 31, 2022	$ 1,307,921	$ 2,446,971	$ 390,728	$ 8,280	$ 41,538	$ 20,733	$ 195,314	$ 62,825	$ 4,474,310

Note 1: Reclassified from prepayments for equipment to property, plant and equipment $153,879 thousand.

Note 2: Reclassified from prepayments for equipment to property, plant and equipment $68,425 thousand.

For the years ended December 31, 2023 and 2022, no impairment assessment was performed as there was no indication of impairment.

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

Buildings	
Main buildings	50 years
Draining and air-conditioning units	5-15 years
Machinery and equipment	2-20 years
Transportation equipment	3-10 years
Office equipment	2-10 years
Leasehold improvements	3-5 years
Other equipment	2-10 years

Refer to Note 29 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 30.

12. LEASE ARRANGEMENTS

a. Right-of-use assets

	December 31	
	2023	2022
Carrying amount		
Land	$ 144,780	$ 150,741
Buildings	222,148	309,960
Transportation equipment	1,422	2,197
	$ 368,350	$ 462,898

	For the Year Ended December 31	
	2023	2022
Additions to right-of-use assets	$ 9,173	$ 161,678
Depreciation charge for right-of-use assets		
Land	$ 3,452	$ 3,462
Buildings	92,278	93,769
Transportation equipment	775	130
	$ 96,505	$ 97,361

b. Lease liabilities

	December 31	
	2023	**2022**
Carrying amount		
Current	$ 97,187	$ 93,952
Non-current	$ 142,259	$ 234,627

Range of discount rate for lease liabilities was as follows:

	December 31	
	2023	**2022**
Buildings	4.75%-6.00%	4.75%-6.00%
Transportation equipment	5.58%	5.58%

c. Material leasing activities and terms

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

d. Other lease information

	December 31	
	2023	**2022**
Expenses relating to short-term leases	$ 11,165	$ 26,177
Expenses relating to low-value asset leases	$ 1,217	$ 1,215
Total cash outflow for leases	$ (119,878)	$ (139,578)

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

The amount of lease commitments for short-term leases for which the recognition exemption is applied was $1,356 thousand and $2,978 thousand as of December 31, 2023 and 2022.

13. OTHER INTANGIBLE ASSETS

	Computer Software
Cost	
Balance at January 1, 2023	$ 52,326
Additions	12,080
Disposals	(5,266)
Effect of foreign currency exchange differences	(449)
Balance at December 31, 2023	$ 58,691
Accumulated amortization	
Balance at January 1, 2023	$ 27,673
Amortization expenses	17,819
Disposals	(5,266)
Effect of foreign currency exchange differences	(344)
Balance at December 31, 2023	$ 39,882
Carrying amounts at December 31, 2023	$ 18,809
Cost	
Balance at January 1, 2022	$ 74,765
Additions	12,285
Disposals	(35,333)
Reclassified (Note)	350
Effect of foreign currency exchange differences	259
Balance at December 31, 2022	$ 52,326
Accumulated amortization	
Balance at January 1, 2022	$ 45,437
Amortization expenses	17,490
Disposals	(35,333)
Effect of foreign currency exchange differences	79
Balance at December 31, 2022	$ 27,673
Carrying amounts at December 31, 2022	$ 24,653

(Concluded)

Note: Reclassified from prepayments for equipment to computer software.

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

Amortization expenses by function are as follows:

	For the Year Ended December 31	
	2023	**2022**
Operating costs	$ 1,700	$ 1,738
Selling and marketing expenses	1,111	1,279
General and administrative expenses	6,067	7,186
Research and development expenses	8,941	7,287
	$ 17,819	$ 17,490

14. OTHER ASSETS

	December 31	
	2023	**2022**
Current		
Prepayment for purchases	$ 12,594	$ 6,345
Overpaid sales tax	158,808	234,027
Other prepayments	22,405	31,013
	$ 193,807	$ 271,385
Non-current		
Refundable deposits	$ 30,739	$ 35,129
Prepayments for equipment	36,030	136,841
	$ 66,769	$ 171,970

15. BORROWINGS

	December 31	
	2023	**2022**
Secured borrowings (Note 29)		
Bank loans	$ 831,810	$ 929,670
Less: Current portion	(97,860)	(97,860)
	$ 733,950	$ 831,810

The weighted average effective interest rate on bank loans listed above was 1.8134% and 1.5332% as at December 31, 2023 and 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.

16. NOTES PAYABLE AND TRADE PAYABLES

	December 31	
	2023	2022
Notes payable		
Operating	$ 44	$ 40
Trade payables		
Operating	$ 3,682,983	$ 4,161,014

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

17. OTHER LIABILITIES

	December 31	
	2023	2022
Current		
Other payables		
Payables for salaries and bonuses	$ 459,819	$ 570,397
Payables for compensation of employees	315,447	252,030
Payables for sales tax	63,411	46,276
Payables for commission	59,458	60,698
Payables for insurance	38,077	40,873
Payables for purchases of equipment (including buildings)	28,606	79,846
Payables for remuneration of directors and supervisors	14,400	14,400
Payable for freight	13,863	15,601
Others	88,860	94,103
	$ 1,081,941	$ 1,174,224
Other liabilities		
Receipts under custody	$ 2,030	$ 3,226
Non-current		
Other liabilities		
Guarantee deposits	$ 1,967	$ 1,683

18. RETIREMENT BENEFIT PLANS

Defined Contribution Plans

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

19. EQUITY

a. Share capital

Ordinary shares

	December 31	
	2023	2022
Shares authorized (in thousands of shares)	100,000	100,000
Shares authorized, par value $10 (in thousands of dollars)	$ 1,000,000	$ 1,000,000
Shares issued and fully paid (in thousands of shares)	87,730	87,762
Shares issued and fully paid (in thousands of dollars)	$ 877,306	$ 877,626

Fully paid ordinary shares, which have a par value of $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 May 11, August 10 and November 9, 2023, the board of directors resolved to withdraw restricted shares. The Company withdraw $320 thousand, 32 thousand shares, with a par value of $10, with May 15, September 8 and November 30, 2023 as the effective date of reduction, and where the approval of the Ministry of Economic Affairs (MOEA) was obtained on May 31, October 11 and December 27, 2023, respectively.

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.

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

	Number of Shares (In Thousands)	Share Capital
Balance at January 1, 2022	87,419	$ 874,194
Issuance of employee restricted shares (Note 24)	540	5,400
Retirement of recognized employee restricted shares (Note 24)	(197)	(1,968)
Balance at December 31, 2022	87,762	$ 877,626
Balance at January 1, 2023	87,762	$ 877,626
Retirement of recognized employee restricted shares (Note 24)	(32)	(320)
Balance at December 31, 2023	87,730	$ 877,306

b. Capital surplus

	December 31	
	2023	2022
May be used to offset a deficit, distributed as cash dividends, or transferred to share capital (Note)		
Premium from issuance ordinary shares	$ 253,288	$ 253,288
Premium from employee restricted shares	854,001	686,065
May not be used for any purpose		
Employee restricted shares	665,184	885,600
	$ 1,772,473	$ 1,824,953

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, 2023	$ 253,288	$ 686,065	$ 885,600
Vested employee restricted shares	-	167,936	(167,936)
Retired employee restricted shares (Note 1)	-	-	(52,480)
Balance at December 31, 2023	$ 253,288	$ 854,001	$ 665,184
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)
Retired employee restricted shares (Notes 2 and 3)	310	-	(3,086)
Balance at December 31, 2022	$ 253,288	$ 686,065	$ 885,600

Note 1: Reversal of compensation cost of the restricted shares amounting to $52,800 thousand, net of retired share capital of $320 thousand.

Note 2: Accumulative stock dividends of $310 thousand for withdraw restricted stock was recognized as salary expense.

Note 3: Reversal of compensation cost of the restricted shares amounting to $5,054 thousand, net of retired share capital of $1,968 thousand.

c. Retained earnings and dividend policy

Under the dividend policy as set forth in the Articles, where the Company made a profit in a fiscal year, the profit shall be first utilized for offsetting losses of previous years (including adjusting the undistributed retained earnings), setting aside as a legal reserve 10% of the remaining profit, setting aside or reversing a special reserve in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings shall be used by the Company's board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for the distribution of dividends and bonuses to shareholders. For the policies on the distribution of employees' compensation and remuneration of directors, refer to employees' compensation and remuneration of directors and supervisors in Note 21-g.

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 case where that the bonus per share is less than NT$0.3, the board of directors may cancel the bonus distribution by submitting such cancellation for resolution at the shareholders' meeting.

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

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

The appropriations of earnings for 2022 and 2021 were resolved in the shareholders' meetings on June 9, 2023 and June 17, 2022, respectively, were as follows:

	For the Year Ended December 31	
	2022	**2021**
Legal reserve	$ 443,289	$ 235,936
Reversal of special reserve	$ (93,082)	$ (38,041)
Cash dividends	$ 3,817,672	$ 2,054,355
Cash dividends per share (NT$)	$ 43.5	$ 23.5

The appropriation of earnings for 2023, which had been resolved by the Company's board of directors on February 26, 2024 was as follows:

	For the Year Ended December 31, 2023
Legal reserve	$ 362,256
Special reserve	$ 149,421
Cash dividends	$ 3,114,435
Cash dividends per share (NT$)	$ 35.5

The appropriation of earnings for 2023 is to be resolved by the shareholders in the shareholders' meeting on June 14, 2024.

In addition, the board of directors proposed the distribution of cash from the capital surplus of $175,461 thousand on February 26, 2024, which is to be resolved by the shareholders in their meeting on June 14, 2024.

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

	2023	2022
Balance at January 1	$ 293,428	$ 331,469
Reversal of the debits to other equity items	(93,082)	(38,041)
Balance at December 31	$ 200,346	$ 293,428

e. Other equity items

Exchange differences on translating the financial statements of foreign operations

	2023	2022
Balance at January 1	$ (200,346)	$ (293,428)
Recognized for the year		
Exchange differences on translating foreign operations	(186,776)	116,353
Income tax related to exchange differences arising on translating to the presentation currency	37,355	(23,271)
Other comprehensive income from the year	(149,421)	93,082
Balance at December 31	$ (349,767)	$ (200,346)

Unearned employee benefits

In the meetings of shareholders on June 17, 2022 and June 25, 2019, the shareholders approved a restricted share plan for employees (refer to Note 24).

	2023	2022
Balance at January 1	$ (750,637)	$ (27,962)
Issuance of shares	-	(891,000)
Share-based payment expenses recognized	358,417	163,271
Adjustment for retired restricted employee shares (Note)	52,800	5,054
Balance at December 31	$ (339,420)	$ (750,637)

Note: Deducted from compensation cost of restricted shares.

20. REVENUE

	For the Year Ended December 31	
	2023	2022
Revenue from contracts with customers		
Revenue from the sale of goods	$ 18,950,843	$ 22,724,596

	December 31, 2023	December 31, 2022	January 1, 2022
Contract balances			
Notes receivable (Note 8)	$ 57,517	$ 84,647	$ 67,450
Trade receivables (Notes 8 and 28)	$ 2,891,351	$ 3,031,869	$ 2,770,060
Contract liabilities - current			
Sale of goods	$ 347,813	$ 433,449	$ 331,066

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

	For the Year Ended December 31	
	2023	2022
From contract liabilities at the beginning of the year		
Sale of goods	$ 433,449	$ 331,066

21. NET PROFIT (LOSS) FROM CONTINUING OPERATIONS

a. Interest income

	For the Year Ended December 31	
	2023	2022
Bank deposits	$ 146,043	$ 67,556
Other financial assets - current	-	45
	$ 146,043	$ 67,601

b. Other income

	For the Year Ended December 31	
	2023	2022
Government grants	$ 61,346	$ 28,524
Others	5,811	5,538
	$ 67,157	$ 34,062

c. Other gains and (losses)

	For the Year Ended December 31	
	2023	2022
Fair value changes of financial assets and financial liabilities		
Financial assets mandatorily classified as at FVTPL	$ (2,183)	$ -
Loss on disposal of property, plant and equipment	(1,968)	(199)
Net foreign exchange gains	100,720	87,894
Other (losses) gains	(1,750)	123
	$ 94,819	$ 87,818

d. Finance costs

	For the Year Ended December 31	
	2023	2022
Interest on bank loans	$ 15,658	$ 31,726
Interest on lease liabilities	14,138	14,702
Other interest expense	33,472	27,777
	$ 63,268	$ 74,205

e. Depreciation and amortization

	For the Year Ended December 31	
	2023	2022
An analysis of depreciation by function		
Operating costs	$ 229,778	$ 191,957
Operating expenses	114,293	117,358
	$ 344,071	$ 309,315
An analysis of amortization by function		
Operating costs	$ 1,700	$ 1,738
Operating expenses	16,119	15,752
	$ 17,819	$ 17,490

f. Employee benefits expense

	For the Year Ended December 31			
	2023		2022	
Salary expenses	$ 2,094,293		$ 2,666,640	
Other employee benefits				
Labor and health insurance	45,044		39,732	
Other employee benefits	95,996		95,730	
Equity-settled share-based payments (Note 24)	359,113	(Note 2)	163,934	(Note 1)
Post-employment benefits				
Defined contribution plans	120,358		112,228	
Total employee benefits expense	$ 2,714,804		$ 3,078,264	
An analysis of employee benefits expense by function				
Operating costs	$ 1,510,656		$ 1,811,014	
Operating expenses	1,204,148		1,267,250	
	$ 2,714,804		$ 3,078,264	

Note 1: Share-based payment expense recognized of $163,271 thousand and accumulated dividends that no need to be returned payout from returned and retired restricted shares of $663 thousand at December 31, 2022.

Note 2: Share-based payment expense recognized of $358,417 thousand and accumulated dividends that no need to be returned payout from returned and retired restricted shares of $696 thousand at December 31, 2023.

g. Compensation of employees and remuneration of directors

According to the Articles of Incorporation of the Company, the Company accrued compensation of employees and remuneration of directors at rates between 3.75% and 11.5% and no higher than 3.75%, respectively, of net profit before income tax, compensation of employees, and remuneration of directors. The compensation of employees and remuneration of directors for the years ended December 31, 2023 and 2022, which have been approved by the Group's board of directors on February 26, 2024 and February 23, 2023, respectively, were as follows:

Accrual rate

	For the Year Ended December 31	
	2023	**2022**
Compensation of employees	4.24%	3.92%
Remuneration of directors	0.34%	0.27%

Amount

	For the Year Ended December 31			
	2023		**2022**	
	Cash	**Shares**	**Cash**	**Shares**
Compensation of employees	$ 180,000	$ -	$ 210,000	$ -
Remuneration of directors	14,400	-	14,400	-

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

There is no difference between the actual amounts of compensation of employees 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 compensation of employees 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	
	2023	**2022**
Foreign exchange gains	$ 859,356	$ 1,263,297
Foreign exchange losses	(758,636)	(1,175,403)
Net gains	$ 100,720	$ 87,894

22. INCOME TAXES RELATING TO CONTINUING OPERATIONS

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

	For the Year Ended December 31	
	2023	2022
Current tax		
In respect of the current year	$ (856,020)	$ (1,025,801)
Adjustments for prior year	73,567	68,830
	(782,453)	(956,971)
Deferred tax		
In respect of the current year	22,644	(13,182)
Income tax expense recognized in profit or loss	$ (759,809)	$ (970,153)

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

	For the Year Ended December 31	
	2023	2022
Profit before tax from continuing operations	$ 4,382,365	$ 5,403,043
Income tax expense calculated at the statutory rate	$ (1,202,557)	$ (1,364,672)
Nondeductible expenses in determining taxable income	(17,432)	(2,285)
Deferred tax effect of earnings of subsidiaries	382,921	327,974
Unrecognized deductible temporary differences	3,692	-
Adjustments for prior years' tax	73,567	68,830
Income tax expense recognized in profit or loss	$ (759,809)	$ (970,153)

The applicable tax rate used by the entity in ROC for the years ended December 31, 2023 and 2022 was 20%. Except for Voltronic Power Technology (Shen Zhen) Corp. and Zhongshan Voltronic Power Electronics Limited in 2023 and 2022, which used the tax rate of 15% due to owning the high-tech enterprise certificate. The applicable tax rate used by subsidiaries in China was 25%. 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) in 2023 and 2022.

As the status of the 2024 appropriations of earnings is uncertain, the potential income tax consequences of additional 5% on 2023 unappropriated earnings are not reliably determinable.

b. Income tax recognized in other comprehensive income

	For the Year Ended December 31	
	2023	2022
Deferred tax		
In respect of the current year		
Translation of foreign operations	$ 37,355	$ (23,271)

c. Current tax assets and liabilities

	December 31 2023	December 31 2022
Current tax liabilities		
Income tax payable	$ 170,749	$ 651,051

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, 2023

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehen-sive Income	Exchange Differences	Closing Balance
Deferred tax assets					
Temporary differences					
Exchanges differences on foreign operations	$ 50,086	$ -	$ 37,355	$ -	$ 87,441
Unrealized loss on write-down of inventories	5,967	3,448	-	(161)	9,254
Unrealized employee compensation	30,024	20,971	-	(407)	50,588
Allowance for impairment loss	1,243	(521)	-	(13)	709
Lease liabilities	48,144	(12,387)	-	(760)	34,997
	$ 135,464	$ 11,511	$ 37,355	$ (1,341)	$ 182,989
Deferred tax liabilities					
Temporary differences					
Unrealized exchange gain	$ 2,525	$ 805	$ -	$ -	$ 3,330
Right-of-use assets	44,645	(11,938)	-	(709)	31,998
	$ 47,170	$ (11,133)	$ -	$ (709)	$ 35,328

For the year ended December 31, 2022

	Opening Balance	The Impact of the Amendments to IAS 12 Retroactively Applied	Opening Balance (Restated)	Recognized in Profit or Loss	Recognized in Other Comprehen-sive Income	Exchange Differences	Closing Balance
Deferred tax assets							
Temporary differences							
Exchanges differences on foreign operations	$ 73,357	$ -	$ 73,357	$ -	$ (23,271)	$ -	$ 50,086
Unrealized loss on write-down of inventories	4,426	-	4,426	1,474	-	67	5,967
Unrealized employee compensation	16,506	-	16,506	13,299	-	219	30,024
Allowance for impairment loss	1,890	-	1,890	(680)	-	33	1,243
Unrealized exchange losses	15,010	-	15,010	(15,010)	-	-	-
Lease liabilities	2,652	44,645	47,297	799	-	48	48,144
	113,841	44,645	158,486	(118)	(23,271)	367	135,464
Tax losses	10,344	-	-	(10,539)	-	195	-
	$ 124,185	$ 44,645	$ 158,486	$ (10,657)	$ (23,271)	$ 562	$ 135,464

(Continued)

	Opening Balance	The Impact of the Amendments to IAS 12 Retroactively Applied	Opening Balance (Restated)	Recognized in Profit or Loss	Recognized in Other Comprehen-sive Income	Exchange Differences	Closing Balance
Deferred tax liabilities							
Temporary differences							
Unrealized exchange gain	$ -	$ -	$ -	$ 2,525	$ -	$ -	$ 2,525
Right-of-use assets	-	44,645	44,645	-	-	-	44,645
	$ -	$ 44,645	$ 44,645	$ 2,525	$ -	$ -	$ 47,170

(Concluded)

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

As of December 31, 2023 and 2022, the taxable temporary differences associated with investments in subsidiaries for which no deferred tax liabilities were recognized amounted to $9,692,682 thousand and $7,778,078 thousand, respectively.

f. Income tax assessments

The Company's income tax returns through 2021 have been assessed by the tax authorities. As of December 31, 2023, the Group has no unsettled lawsuits related to tax.

23. EARNINGS PER SHARE

Unit: NT$ Per Share

	For the Year Ended December 31	
	2023	**2022**
Basic earnings per share		
Basic earnings per share	$ 41.52	$ 50.90
Diluted earnings per share		
Diluted earnings per share	$ 41.31	$ 50.71

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	
	2023	**2022**
Diluted earnings per share		
Net profit for the year	$ 3,622,556	$ 4,432,890
Weighted average number of ordinary shares used in the computation of basic earnings per share (in thousands)	87,255	87,098
Effect of potentially dilutive ordinary shares		
Employees' compensation or bonuses issued to employees	124	147
Restricted employee share options	320	176
Weighted average number of ordinary shares used in the computation of diluted earnings per share (in thousands)	87,699	87,421

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 will be 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.

24. 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 were recognized within the vesting period for the years ended December 31, 2022.

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 was September 8, 2022, which was the date 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 $358,417 thousand and $140,363 thousand were recognized, respectively, within the vesting period for the years ended December 31, 2023 and 2022.

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

	December 31	
	2023	**2022**
Balance at January 1	540	378
Issued in this year	-	540
Vested	(102)	(181)
Forfeited (Note)	(32)	(197)
Balance at December 31	406	540

Note: The forfeited shares for the years ended December 31, 2023 and 2022 were the shares that were cancelled due to the vesting conditions not being met.

25. CASH FLOWS 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, 2023 and 2022:

As of December 31, 2023 and 2022, the unsettled payments for purchases of property, plant and equipment were $28,606 thousand and $79,846 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, 2023

			Non-cash Changes			
	Opening Balance	**Cash Flows**	**New Leases**	**Change of Variable Payments**	**Exchange Rate Impact**	**Closing Balance**
Long-term borrowings (including current portion of long-term borrowings)	$ 929,670	$ (97,860)	$ -	$ -	$ -	$ 831,810
Guarantee deposits	1,683	323	-	-	(39)	1,967
Lease liabilities	328,579	(93,358)	9,173	(380)	(4,568)	239,446
	$ 1,259,932	$ (190,895)	$ 9,173	$ (380)	$ (4,607)	$ 1,073,223

For the year ended December 31, 2022

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

26. 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, reserve, 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.

27. FINANCIAL INSTRUMENTS

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

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

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

1) Fair value hierarchy

December 31, 2023

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Fund beneficiary certificate	$ -	$ -	$ 42,362	$ 42,362
Financial assets at FVTOCI				
Investments in debt instruments				
Factored trade receivables to bank without recourses	$ -	$ -	$ 85,148	$ 85,148

December 31, 2022

	Level 1	Level 2	Level 3	Total
Financial assets at FVTOCI				
Investments in debt instruments				
Factored trade receivables to bank without recourses	$ -	$ -	$ 146,260	$ 146,260

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, 2023

Financial Assets	Financial Assets at FVTPL Fund Beneficiary Certificate	Financial Assets at FVTOCI Debt Instrument
Balance at January 1, 2023	$ -	$ 146,260
Purchases	44,545	-
Recognized in profit or loss (including other gains and losses)	(2,183)	-
Sales	-	(61,112)
Balance at December 31, 2023	$ 42,362	$ 85,148

For the year ended December 31, 2022

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

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

Categories of Financial Instruments	Valuation Techniques and Input Values
Factored trade receivables to bank without recourses	As the effect of discounting was not significant, the fair value is measured based on the original invoice amount.
Fund beneficiary certificate	Asset-based approach: Assess the net asset value, which is evaluated based on the fair value of the latest financial statements of the invested target.

c. Categories of financial instruments

	December 31	
	2023	**2022**
<u>Financial assets</u>		
FVTPL		
Mandatorily classified as at FVTPL	$ 42,362	$ -
Financial assets at amortized cost (1)	7,982,303	8,389,801
Financial assets at FVTOCI		
Investments in debt instruments		
Factored trade receivables to bank without recourses	85,148	146,260
<u>Financial liabilities</u>		
Financial liabilities at amortized cost (2)	4,711,776	5,354,697

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, and refundable deposits (included in other non-current assets).

2) The balances include financial liabilities at amortized cost, which comprise 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, 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 significant 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 has been no change to the Group's exposure to market risks or the manner in which these risks were managed and measured.

a) Foreign currency risk

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

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities (including those eliminated on consolidation) are set out in Note 31.

Sensitivity analysis

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

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

	USD Impact	
	For the Year Ended December 31	
	2023	**2022**
Profit or loss	$ 57,267	$ 64,464

	RMB Impact	
	For the Year Ended December 31	
	2023	**2022**
Profit or loss	$ (86,753)	$ (74,949)

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

The Group's sensitivity to the USD decreased during the current period mainly because of the decrease in USD bank deposits. The Group's sensitivity to the RMB increased during the current period mainly because of the 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	
	2023	**2022**
Fair value interest rate risk		
Financial assets	$ 3,541,099	$ 2,319,693
Financial liabilities	239,446	328,579
Cash flow interest rate risk		
Financial assets	1,502,603	3,032,292
Financial liabilities	831,810	929,670

Sensitivity analysis

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

If interest rates had been 100 basis points higher/lower and all other variables were held constant, the Group's pre-tax profit for the years ended December 31, 2023 and 2022 would have increased/decreased by $6,708 thousand and $21,026 thousand, respectively, which was mainly attributable to the Group's exposure to interest rate risks on its floating-rate bank deposits and bank borrowings.

The Group's sensitivity to interest rates decreased during the current period mainly because of the decrease in floating-rate bank deposits.

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 as stated 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, 2023 and 2022, 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 been drawn up based on the undiscounted cash flows of financial liabilities from the earliest date on which the Group can be required to pay. The tables 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, 2023

	Less than 3 Months	3 Months to 1 Year	Over 1 Year to 5 Years	More than 5 Years
Non-derivative financial liabilities				
Non-interest bearing	$ 2,385,170	$ 1,492,829	$ 1,967	$ -
Lease liabilities	23,835	82,644	149,452	-
Variable interest rate liabilities	52,691	59,402	430,483	353,364
	$ 2,461,696	$ 1,634,875	$ 581,902	$ 353,364

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	$ 112,093	$ 430,483	$ 353,364	$ -	$ -	$ -

December 31, 2022

	Less than 3 Months	3 Months to 1 Year	Over 1 Year to 5 Years	More than 5 Years
Non-derivative financial liabilities				
Non-interest bearing	$ 3,168,945	$ 1,254,399	$ 1,683	$ -
Lease liabilities	23,795	84,024	250,508	-
Variable interest rate liabilities	52,445	58,919	430,470	455,575
	$ 3,245,185	$ 1,397,342	$ 682,661	$ 455,575

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	$ 111,364	$ 430,470	$ 455,575	$ -	$ -	$ -

b) Financing facilities

	December 31	
	2023	2022
Unsecured bank loan facilities		
Amount used	$ -	$ -
Amount unused	4,607,050	3,813,595
	$ 4,607,050	$ 3,813,595
Secured bank overdraft facilities		
Amount used	$ 831,810	$ 929,670
Amount unused	97,860	270,330
	$ 929,670	$ 1,200,000

e. Transfers of financial assets

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

Counterparty	Receivables Factoring Proceeds	Amount Reclassified to Other Receivables	Advances Received - Unused	Advances Received - Used	Annual Interest Rates on Advances Received (Used) (%)
For the December 31, 2023					
Mega International Commercial Bank Co., Ltd.	$ 392,507	$ -	$ -	$ 392,507	4.27%-7.79%
BNP Paribas S.A.	47,238	-	-	47,238	5.94%-6.73%
	$ 439,745	$ -	$ -	$ 439,745	
For the December 31, 2022					
Mega International Commercial Bank Co., Ltd.	$ 451,989	$ -	$ -	$ 451,989	3.40%-6.89%
BNP Paribas S.A.	48,231	-	-	48,231	4.98%-5.92%
	$ 500,220	$ -	$ -	$ 500,220	

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.

28. TRANSACTIONS WITH RELATED PARTIES

Balances and transactions between the Company and its subsidiaries, which were related parties of the Company, have been eliminated upon 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 is the key management personnel of the Group)

b. Sales of goods

		For the Year Ended December 31	
Line Item	Related Party Category	2023	2022
Sales	Essential related parties	$ 640,529	$ 1,046,551
	Key management personnel	328,603	382,604
		$ 969,132	$ 1,429,155

The selling prices of the goods sold to the related parties in the table above are not comparable, as these goods were not sold to other customers in 2023 and 2022. Payment terms for goods sold to related parties are 135-150 days from the end of the month and 0-180 days for general customers.

c. Purchases of goods

	For the Year Ended December 31	
Related Party Category	2023	2022
Essential related parties	$ 32,667	$ 16,310

The purchase prices of the goods purchased from the related parties in the table above are not comparable as these same goods were not purchased from other suppliers in 2023 and 2022. Payment terms of goods purchased from related parties are 150 days following the end of each month, and 30-90 days for general suppliers.

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

Line Item	Related Party Category	December 31 2023	December 31 2022
Trade receivables from related parties	Essential related parties	$ 70,936	$ 79,181
	Key management personnel	89,583	160,346
		$ 160,519	$ 239,527

The outstanding trade receivables from related parties were unsecured. In 2023 and 2022, no impairment loss was recognized for trade receivables from related parties.

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

Line Item	Related Party Category	December 31 2023	December 31 2022
Trade payables to related parties	Essential related parties	$ 4,185	$ 12,042

The outstanding trade payables to related parties are unsecured.

f. Lease arrangements - Group is lessee

Related Party Category	For the Year Ended December 31 2023	For the Year Ended December 31 2022
Interest expense		
Essential related parties	$ -	$ 20

For the year ended December 31, 2022, 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 payments.

g. Remuneration of key management personnel

	For the Year Ended December 31 2023	For the Year Ended December 31 2022
Short-term employee benefits	$ 117,370	$ 94,741
Post-employee benefits	524	547
Share-based payments	56,195	40,372
	$ 174,089	$ 135,660

The remuneration of directors and key executives, as determined by the remuneration committee, is based on the performance of individuals and market trends.

29. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The following assets were provided as collateral for bank borrowings:

	December 31	
	2023	2022
Land	$ 587,160	$ 587,160
Building	761,472	777,172
	$ 1,348,632	$ 1,364,332

30. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

In addition to those disclosed in other notes, significant contingencies and unrecognized commitments of the Group at December 31, 2023 and 2022 were as follows:

Unrecognized commitments are as follows:

	December 31	
	2023	2022
Acquisition of property, plant and equipment	$ 6,270	$ 134,431

31. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

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

December 31, 2023

	Foreign Currency (In Thousands)	Exchange Rate	Carrying Amount (In Thousands)
Financial assets			
Monetary items			
USD	$ 189,642	30.7050 (USD:NTD)	$ 5,822,948
USD	17,061	7.0827 (USD:RMB)	523,865
USD	12,883	24,215 (USD:VND)	395,571
RMB	2,446	4.3352 (RMB:NTD)	10,602
RMB	2,038,586	0.1412 (RMB:USD)	8,838,383
			$ 15,591,369

(Continued)

	Foreign Currency (In Thousands)	Exchange Rate	Carrying Amount (In Thousands)
Financial liabilities			
Monetary items			
USD	$ 18,480	30.7050 (USD:NTD)	$ 567,428
USD	7,533	7.0827 (USD:RMB)	231,313
USD	7,064	24,215 (USD:VND)	216,907
RMB	2,038,586	4.3352 (RMB:NTD)	8,837,678
RMB	2,003,568	0.1412 (RMB:USD)	8,686,560
			$ 18,539,886

(Concluded)

December 31, 2022

	Foreign Currency (In Thousands)	Exchange Rate	Carrying Amount (In Thousands)
Financial assets			
Monetary items			
USD	$ 220,121	30.7150 (USD:NTD)	$ 6,761,015
USD	11,885	6.9646 (USD:RMB)	365,044
USD	6,587	23,560 (USD:VND)	202,330
RMB	7,834	4.4102 (RMB:NTD)	34,549
RMB	1,716,296	0.1436 (RMB:USD)	7,570,023
			$ 14,932,961
Financial liabilities			
Monetary items			
USD	10,844	30.7150 (USD:NTD)	$ 333,080
USD	8,909	6.9646 (USD:RMB)	273,635
USD	8,963	23,560 (USD:VND)	275,293
RMB	1,716,296	4.4102 (RMB:NTD)	7,569,213
RMB	1,707,289	0.1436 (RMB:USD)	7,530,297
			$ 15,981,518

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			
	2023		2022	
Foreign Currency	Exchange Rate	Net Foreign Exchange Gains (Losses)	Exchange Rate	Net Foreign Exchange Gains (Losses)
NTD	1.00 (NTD:NTD)	$ 91,711	1.00 (NTD:NTD)	$ 79,851
USD	31.1283 (USD:NTD)	(4,065)	29.8896 (USD:NTD)	(1,424)
RMB	4.4118 (RMB:NTD)	(2,096)	4.4237 (RMB:NTD)	(419)
VND	0.0013 (VND:NTD)	15,170	0.0013 (VND:NTD)	9,886
		$ 100,720		$ 87,894

32. SEPARATELY DISCLOSED ITEMS

a. Information on significant transactions:

1) Financing provided to others: Table 1

2) Endorsements/guarantees provided: None

3) Marketable securities held (excluding investments in subsidiaries, associates and joint ventures): Table 2

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: None

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 10

   2) Variation of subsidiaries which are included in the current consolidated financial statements: Note 10

   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 10

   7) Retained earnings allocation of each subsidiary restricted by regulations or contracts: Note 19

   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 10, Tables 2, 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

33. SEGMENT INFORMATION

a. Financial information

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

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**	
	2023	**2022**	**2023**	**2022**
Taiwan	$ 16,274,551	$ 20,263,952	$ 2,525,116	$ 2,552,937
China	2,676,292	2,460,644	2,239,623	2,427,540
Vietnam	-	-	108,796	153,354
	$ 18,950,843	$ 22,724,596	$ 4,873,535	$ 5,133,831

Non-current assets excluded non-current assets classified as financial instruments and deferred tax assets.

c. Information on major customers

Total revenue from the sale of uninterruptible power systems amounted to $18,950,843 thousand and $22,724,596 thousand in 2023 and 2022, respectively, and out of these amounts, $2,763,259 thousand and $3,463,309 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 2023 and 2022.

VOLTRONIC POWER TECHNOLOGY CORP. AND SUBSIDIARIES

FINANCING PROVIDED TO OTHERS
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars and Foreign Currencies)

No. (Note 1)	Lender	Borrower	Financial Statement Account	Related Party	Highest Balance for the Period	Ending Balance	Actual Amount Borrowed	Interest Rate (%)	Nature of Financing (Note 2)	Business Transaction Amount	Reasons for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower	Aggregate Financing Limit
													Item	Value		
1	Orchid Power (Shen Zhen) Manufacturing Company	Zhongshan Voltronic Power Electronics Limited	Other receivables from related parties	Yes	$ 173,408 (RMB 40,000)	$ 173,408 (RMB 40,000)	$ 173,408 (RMB 40,000)	3.65	2	$ -	Operating capital financing funds	$ -	-	$ -	$ 2,095,665	$ 2,095,665
		Zhongshan Voltronic Power Electronics Limited	Other receivables from related parties	Yes	86,704 (RMB 20,000)	86,704 (RMB 20,000)	- (RMB -)	3.65	2	-	Operating capital financing funds	-	-	-	2,095,665	2,095,665
		Zhongshan Voltronic Power Electronics Limited	Other receivables from related parties	Yes	238,436 (RMB 55,000)	238,436 (RMB 55,000)	238,436 (RMB 55,000)	3.65	2	-	Operating capital financing funds	-	-	-	2,095,665	2,095,665
		Zhongshan Voltronic Power Electronics Limited	Other receivables from related parties	Yes	216,760 (RMB 50,000)	216,760 (RMB 50,000)	216,760 (RMB 50,000)	3.55	2	-	Operating capital financing funds	-	-	-	2,095,665	2,095,665
		Zhongshan Voltronic Power Electronics Limited	Other receivables from related parties	Yes	368,492 (RMB 85,000)	368,492 (RMB 85,000)	368,492 (RMB 85,000)	3.55	2	-	Operating capital financing funds	-	-	-	2,095,665	2,095,665
		Zhongshan Voltronic Power Electronics Limited	Other receivables from related parties	Yes	411,844 (RMB 95,000)	411,844 (RMB 95,000)	411,844 (RMB 95,000)	3.45	2	-	Operating capital financing funds	-	-	-	2,095,665	2,095,665

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 foreign-currency amounts of the highest balance for the period and ending balance were converted by exchange rate RMB1 into NT$4.3352 as of December 31, 2023.

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

TABLE 2

VOLTRONIC POWER TECHNOLOGY CORP. AND SUBSIDIARIES

ACQUISITION OF INDIVIDUAL REAL ESTATE AT COSTS OF AT LEAST NT$300 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars and Foreign Currencies)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company (Note)	Financial Statement Account	December 31, 2023				Note
				Number of Stock/Unit	Carrying Value	Percentage of Ownership (%)	Fair Value	
Voltronic Power Technology	Hoshun Hing Intelligent Mobile Limited Partnership	-	Financial assets at FVTPL	-	$ 42,362	1.11	$ 42,362	-

Note 1: If the issuer of the securities is not a related party, this field is not required to be filled.

Note 2: The mid-term highest holdings was the same as of December 31, 2023.

Note 3: There is no impignorate condition happened.

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, 2023
(In Thousands of New Taiwan Dollars)

Company Name	Related Party	Nature of Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Payable or Receivable		Note
			Purchase/ Sale	Amount	% to Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% to Total	
Voltronic Power Technology	RPS. SpA	Essential related parties	(Sales)	$ 622,428)	(4)	Net 150 days from the end of the month of when invoice is issued	No identical item	0-180 days	$ 62,261	2	-
	FSP Technology Inc.	Key management personnel	(Sales)	(328,603)	(2)	Net 135 days from the end of the month of when invoice is issued	No identical item	0-180 days	89,583	4	-
	Voltronic Power Technology (Shen Zhen) Corp.	Subsidiary	Purchase	272,273	2	Net 270 days from the end of the month of when invoice is issued	No identical item	30-90 days	(150,661)	(2)	Note 3
	Potentia Technology Inc. Limited	Subsidiary	Purchase	13,029,480	97	Net 270 days from the end of the month of when invoice is issued	No identical item	30-90 days	(9,109,268)	(97)	〃
	Zhongshan Voltronic Power Electronics Limited	Subsidiary	Purchase	117,067	1	Net 270 days from the end of the month of when invoice is issued	No identical item	30-90 days	(73,011)	(1)	〃
Potentia Technology Inc. Limited	Voltronic Power Technology	Parent company	(Sales)	(13,029,480)	(86)	Net 270 days from the end of the month of when invoice is issued	Note 2	Note 2	9,109,268	95	〃
	Voltronic Power Technology (Shen Zhen) Corp.	The same parent company	(Sales)	(505,541)	(3)	Net 270 days from the end of the month of when invoice is issued	Note 2	Note 2	67,372	1	〃
	Voltronic Power Technology (Shen Zhen) Corp.	The same parent company	Purchase	4,026,517	27	Net 270 days from the end of the month of when invoice is issued	No identical item	30-90 days	(4,613,787)	(47)	〃
	Zhongshan Voltronic Power Electronics Limited	The same parent company	(Sales)	(729,560)	(5)	Net 270 days from the end of the month of when invoice is issued	Note 2	Note 2	125,033	1	〃
	Zhongshan Voltronic Power Electronics Limited	The same parent company	Purchase	8,684,341	58	Net 270 days from the end of the month of when invoice is issued	No identical item	30-90 days	(4,259,327)	(44)	〃
	Orchid Power (Shen Zhen) Manufacturing Company	The same parent company	(Sales)	(218,350)	(1)	Net 270 days from the end of the month of when invoice is issued	Note 2	Note 2	38,581	1	〃
	Voltronic Power Technology (Vietnam) Company Limited	The same parent company	(Sales)	(589,513)	(4)	Net 270 days from the end of the month of when invoice is issued	Note 2	Note 2	216,741	2	〃
	Voltronic Power Technology (Vietnam) Company Limited	The same parent company	Purchase	1,013,565	7	Net 270 days from the end of the month of when invoice is issued	No identical item	30-90 days	(395,361)	(4)	〃
Voltronic Power Technology (Shen Zhen) Corp.	Voltronic Power Technology	Parent company	(Sales)	(272,273)	(6)	Net 270 days from the end of the month of when invoice is issued	No identical item	30-90 days	150,661	3	〃
	Potentia Technology Inc. Limited	The same parent company	(Sales)	(4,026,517)	(89)	Net 270 days from the end of the month of when invoice is issued	No identical item	30-90 days	4,613,787	95	〃
	Potentia Technology Inc. Limited	The same parent company	Purchase	505,541	21	Net 270 days from the end of the month of when invoice is issued	No identical item	30-90 days	(67,372)	(9)	〃
	Orchid Power (Shen Zhen) Manufacturing Company	The same parent company	Purchase	136,767	6	Net 270 days from the end of the month of when invoice is issued	No identical item	30-90 days	(74,460)	(10)	〃
	Zhongshan Voltronic Precision Inc.	The same parent company	Purchase	474,549	20	Net 270 days from the end of the month of when invoice is issued	No identical item	30-90 days	(59,245)	(8)	〃
Orchid Power (Shen Zhen) Manufacturing Company	Potentia Technology Inc. Limited	The same parent company	Purchase	218,350	15	Net 270 days from the end of the month of when invoice is issued	No identical item	0-60 days	(38,581)	(5)	〃
	Voltronic Power Technology (Shen Zhen) Corp.	The same parent company	(Sales)	(136,767)	(5)	Net 270 days from the end of the month of when invoice is issued	No identical item	0-60 days	74,460	15	〃
	Zhongshan Voltronic Power Electronics Limited	The same parent company	Purchase	394,643	26	Net 270 days from the end of the month of when invoice is issued	No identical item	0-60 days	(232,543)	(28)	〃
	Zhongshan Voltronic Precision Inc.	The same parent company	Purchase	268,625	18	Net 270 days from the end of the month of when invoice is issued	No identical item	0-60 days	(56,867)	(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)	$ (8,684,341)	(94)	Net 270 days from the end of the month of when invoice is issued	Note 2	Note 2	$ 4,259,327	93	〃
	Potentia Technology Inc. Limited	The same parent company	Purchase	729,560	11	Net 270 days from the end of the month of when invoice is issued	No identical item	30-90 days	(125,033)	(5)	〃
	Voltronic Power Technology	The same parent company	(Sales)	(117,067)	(1)	Net 270 days from the end of the month of when invoice is issued	Note 2	Note 2	73,011	2	〃
	Orchid Power (Shen Zhen) Manufacturing Company	The same parent company	(Sales)	(394,643)	(4)	Net 270 days from the end of the month of when invoice is issued	Note 2	Note 2	232,543	5	〃
	Zhongshan Voltronic Precision Inc.	The same parent company	Purchase	1,022,501	15	Net 270 days from the end of the month of when invoice is issued	No identical item	30-90 days	(417,983)	(17)	〃
Zhongshan Voltronic Precision Inc.	Voltronic Power Technology (Shen Zhen) Corp.	The same parent company	(Sales)	(474,549)	(27)	Net 270 days from the end of the month of when invoice is issued	Note 2	Note 2	59,245	11	〃
	Orchid Power (Shen Zhen) Manufacturing Company	The same parent company	(Sales)	(268,625)	(15)	Net 270 days from the end of the month of when invoice is issued	Note 2	Note 2	56,867	11	〃
	Zhongshan Voltronic Power Electronics Limited	The same parent company	(Sales)	(1,022,501)	(58)	Net 270 days from the end of the month of when invoice is issued	Note 2	Note 2	417,983	78	〃
Voltronic Power Technology (Vietnam) Company Limited	Potentia Technology Inc. Limited	The same parent company	(Sales)	(1,013,565)	(100)	Net 270 days from the end of the month of when invoice is issued	Note 2	Note 2	395,361	100	〃
	Potentia Technology Inc. Limited	The same parent company	Purchase	589,513	98	Net 270 days from the end of the month of when invoice is issued	No identical item	30-90 days	(216,741)	(90)	〃

Note 1: Above amounts present in New Taiwan dollars (NT$). Foreign currency is converted into NT$ as of December 31, 2023; the amount of income accounts are converted by average exchange rate into New Taiwan dollars (NT$) as of 2023.

Note 2: There is no sales to unrelated parties.

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

(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, 2023
(In Thousands of New Taiwan Dollars)

Company Name	Related Party	Relationship	Ending Balance (Note 1)	Turnover Rate	Overdue		Amount Received in Subsequent Period (Note 3)	Allowance for Impairment Loss	Note
					Amount	Actions Taken			
Trade receivables									
Potentia Technology Inc. Limited	Voltronic Power Technology	Parent company	$ 9,109,268	1.55	$ -	-	$ 992,901	$ -	Note 4
	Zhongshan Voltronic Power Electronics Limited	The same parent company	125,033	6.26	-	-	65,940	-	〃
	Voltronic Power Technology (Vietnam) Company Limited	The same parent company	216,741	2.32	-	-	46,059	-	〃
Voltronic Power Technology (Shen Zhen) Corp.	Voltronic Power Technology	Parent company	150,661	2.05	-	-	42,632	-	〃
	Potentia Technology Inc. Limited	The same parent company	4,613,787	0.85	-	-	218,488	-	〃
Zhongshan Voltronic Power Electronics Limited	Potentia Technology Inc. Limited	The same parent company	4,259,327	2.48	-	-	710,681	-	〃
	Orchid Power (Shen Zhen) Manufacturing Company	The same parent company	232,543	2.52			82,117		
Zhongshan Voltronic Precision Inc.	Zhongshan Voltronic Power Electronics Limited	The same parent company	417,983	2.80	-	-	92,000	-	〃
Voltronic Power Technology (Vietnam) Company Limited	Potentia Technology Inc. Limited	The same parent company	395,361	3.39	-	-	73,395	-	〃
Other receivables									
Orchid Power (Shen Zhen) Manufacturing Company	Zhongshan Voltronic Power Electronics Limited	The same parent company	1,413,188 (Note 2)	-	-	-	4,248	-	〃

Note 1: The foreign-currency amounts were translated into exchange rate US$1 into NT$30.7050 and RMB1 into NT$4.3352 as of December 31, 2023.

Note 2: Including interest receivables $4,248 thousand.

Note 3: The amount received in subsequent period was as of January 31, 2024.

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

VOLTRONIC POWER TECHNOLOGY CORP. AND SUBSIDIARIES

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
FOR THE YEAR ENDED DECEMBER 31, 2023
(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	$ 13,029,480	Net 270 days from the end of the month of when invoice is issued	69
		Voltronic Power Technology	2	Trade receivables from related parties	9,109,268	Net 270 days from the end of the month of when invoice is issued	62
		Voltronic Power Technology (Shen Zhen) Corp.	3	Sales	505,541	Net 270 days from the end of the month of when invoice is issued	3
		Voltronic Power Technology (Shen Zhen) Corp.	3	Trade receivables from related parties	67,372	Net 270 days from the end of the month of when invoice is issued	1
		Orchid Power (Shen Zhen) Manufacturing Company	3	Sales	218,350	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	38,581	Net 270 days from the end of the month of when invoice is issued	1
		Zhongshan Voltronic Power Electronics Limited	3	Sales	729,560	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	125,033	Net 270 days from the end of the month of when invoice is issued	1
		Voltronic Power Technology (Vietnam) Company Limited	3	Sales	589,513	Net 270 days from the end of the month of when invoice is issued	3
		Voltronic Power Technology (Vietnam) Company Limited	3	Trade receivables from related parties	216,741	Net 270 days from the end of the month of when invoice is issued	1
2	Voltronic Power Technology (Shen Zhen) Corp.	Voltronic Power Technology	2	Sales	272,273	Net 270 days from the end of the month of when invoice is issued	1
		Voltronic Power Technology	2	Trade receivables from related parties	150,661	Net 270 days from the end of the month of when invoice is issued	1
		Potentia Technology Inc. Limited	3	Sales	4,026,517	Net 270 days from the end of the month of when invoice is issued	21
		Potentia Technology Inc. Limited	3	Trade receivables from related parties	4,613,787	Net 270 days from the end of the month of when invoice is issued	31
3	Orchid Power (Shen Zhen) Manufacturing Company	Voltronic Power Technology (Shen Zhen) Corp.	3	Sales	136,767	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	74,460	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	1,408,940	The loan period is one year and will be returned in installments according to the financial situation during the period	10

(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	Voltronic Power Technology	2	Sales	$ 117,067	Net 270 days from the end of the month of when invoice is issued	1
		Voltronic Power Technology	2	Trade receivables from related parties	73,011	Net 270 days from the end of the month of when invoice is issued	1
		Potentia Technology Inc. Limited	3	Sales	8,684,341	Net 270 days from the end of the month of when invoice is issued	46
		Potentia Technology Inc. Limited	3	Trade receivables from related parties	4,259,327	Net 270 days from the end of the month of when invoice is issued	29
		Orchid Power (Shen Zhen) Manufacturing Company	3	Sales	394,643	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	232,543	Net 270 days from the end of the month of when invoice is issued	2
5	Zhongshan Voltronic Precision Inc.	Voltronic Power Technology (Shen Zhen) Corp.	3	Sales	474,549	Net 270 days from the end of the month of when invoice is issued	3
		Voltronic Power Technology (Shen Zhen) Corp.	3	Trade receivables from related parties	59,245	Net 270 days from the end of the month of when invoice is issued	1
		Orchid Power (Shen Zhen) Manufacturing Company	3	Sales	268,625	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	56,867	Net 270 days from the end of the month of when invoice is issued	1
		Zhongshan Voltronic Power Electronics Limited	3	Sales	1,022,501	Net 270 days from the end of the month of when invoice is issued	5
		Zhongshan Voltronic Power Electronics Limited	3	Trade receivables from related parties	417,983	Net 270 days from the end of the month of when invoice is issued	3
6	Voltronic Power Technology (Vietnam) Company Limited	Potentia Technology Inc. Limited	3	Sales	1,013,565	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	395,361	Net 270 days from the end of the month of when invoice is issued	3

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

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

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

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

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

Note 4: Above amounts present in New Taiwan dollar (NT$). Foreign currency is converted into NT$ as of December 31, 2023; the amount of income accounts are converted by average exchange rate into New Taiwan dollar (NT$) as of 2023.

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

(Concluded)

VOLTRONIC POWER TECHNOLOGY CORP. AND SUBSIDIARIES

INFORMATION ON INVESTEES
FOR THE YEAR ENDED DECEMBER 31, 2023
(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, 2023			Net Income (Loss) of the Investee	Share of Profit (Loss) (Note 2)	Note
				December 31, 2023	December 31, 2022	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	$ 10,188,675	$ 1,795,662	$ 1,793,849	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	335,851	120,755	120,755	Notes 1 and 3
Voltronic International Corp.	Potentia Technology Inc. Limited	Hong Kong	Sale of uninterruptible power systems (UPS)	-	-	-	100	23,402	6,181	6,181	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	10,170,231	1,789,479	1,789,479	Note 1

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

Note 2: The gain and loss of net amount of investment which recognized in the current period is the reversal of unrealized loss of the previous upstream transaction of $1,689 thousand and the deduction of unrealized profit of upstream transaction of the current period of $1,160 thousand and the addition of realized disposition of property, plant and equipment benefit of $1,036 thousand in the sidestream transaction.

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

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

Note 5: The mid-term highest holdings was the same as of December 31, 2023.

Note 6: There is no impignorate condition happened.

VOLTRONIC POWER TECHNOLOGY CORP. AND SUBSIDIARIES

INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2023
(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, 2023	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2023	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, 2023 (Notes 2 and 3)	Accumulated Repatriation of Investment Income as of December 31, 2023
					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)	$ 187,293	100	$ 187,293	$ 4,643,339	$ -
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)	370,350	100	370,350	2,095,665	-
Zhongshan Voltronic Power Electronics Limited	Design, manufacture and sale of UPS	793,628 (US$ 25,000)	b	793,628 (US$ 25,000)	-	-	793,628 (US$ 25,000)	1,231,836	100	1,231,836	3,431,227	-
Zhongshan Voltronic Precision Inc.	Design, manufacture and sale of UPS related components	250,401 (RMB 56,000)	c	-	-	-		47,844	100	47,844	345,083	-

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

Accumulated Outflow Remittance for Investment in Mainland China as of December 31, 2023	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)	$ 5,014,682

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

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

Note 2: The investment gain or loss and the carrying amount as of December 31, 2023:

The Company recognized its reinvested companies of Voltronic Power Technology (Shen Zhen) Corp., Orchid Power (Shen Zhen) Manufacturing Company and Zhongshan Voltronic Power Electronics Limited through its subsidiary of Voltronic International H.K. Corp. Limited, and through its subsidiary of Zhongshan Voltronic Power Electronics Limited recognized the investment gains of its reinvested company of Zhongshan Voltronic Precision Inc. as of December 31, 2023 and the carrying amounts on December 31, 2023.

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 amounts have been eliminated in the consolidated financial statements.

Note 6: The mid-term highest holdings was the same as of December 31, 2023.

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, 2023
(In Thousands of New Taiwan Dollars)

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

Investee Company	Transaction Type	Purchase/Sale		Transaction Details			Notes/Accounts Receivable (Payable)		Unrealized Gain
		Amount	%	Price	Payment Terms	Comparison with Normal Transactions	Ending Balance	%	
Voltronic Power Technology (Shen Zhen) Corp.	Purchase	$ 4,199,545	31	Set by agreement of both parties	Net 270 days from the end of the month of when invoice is issued	No identical item	$ (2,652,839)	(28)	$ 1,160
Zhongshan Voltronic Power Electronics Limited	Purchase	8,198,639	61	Set by agreement of both parties	Net 270 days from the end of the month of when invoice is issued	No identical item	(6,409,217)	(69)	-

b. The amount and percentage of sales and the balance and percentage of the related receivables at the end of the year: None.

c. The amount of property transactions and the amount of the resultant gains or losses: None.

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

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

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

TABLE 9

VOLTRONIC POWER TECHNOLOGY CORP.

INFORMATION OF MAJOR SHAREHOLDERS
DECEMBER 31, 2023

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.