Voltronic Power Technology Corp.

Financial Statements for the
Years Ended December 31, 2021 and 2020 and
Independent Auditors' Report

Deloitte.

勤業眾信

勤業眾信聯合會計師事務所
110016 台北市信義區松仁路100號20樓

Deloitte & Touche
20F, Taipei Nan Shan Plaza
No. 100, Songren Rd.,
Xinyi Dist., Taipei 110016, Taiwan

Tel :+886 (2) 2725-9988
Fax:+886 (2) 4051-6888
www.deloitte.com.tw

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Voltronic Power Technology Corp.

Opinion

We have audited the accompanying financial statements of Voltronic Power Technology Corp. (the "Company"), which comprise the balance sheets as of December 31, 2021 and 2020, and the statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2021 and 2020, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company 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 financial statements for the year ended December 31, 2021. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matters identified in the Company's financial statements for the year ended December 31, 2021 are stated below:

Validity of Occurrence of Operating Revenue

For the year ended December 31, 2021, the Company's revenue was $14,472,347 thousand, net profit before income tax was $2,766,532 thousand, and basic earnings per share was $27.13. The Company's overall operating revenue growth rate reached 23% in 2021. Among all the customers in 2021, revenue from customers whose individual growth rates exceeded the overall growth rate and whose total transaction amounts for the whole year were significant, reached $5,366,097 thousand, representing 37% of the Company's operating revenue for the year ended December 31, 2021. In addition, the Group's revenue has grown consistently from the time it was listed on the Taiwan Stock Exchange. To meet shareholders' and external investors' expectations, the management may be under pressure to meet the profit target. Therefore, we identified the validity of occurrence of sales transactions from customers whose individual growth rates exceeded the overall revenue growth rate and whose total transaction amounts for the whole year were significant as a key audit matter. The revenue recognition accounting policy is disclosed in Note 4 to the Company's financial statements.

In response, we performed the following audit procedures:

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

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

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company'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 Company 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 Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

1. Identify and assess the risks of material misstatement of the 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 Company'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 Company'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 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 Company to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the 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 Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the 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 financial statements for the year ended December 31, 2021 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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

Deloitte & Touche
Taipei, Taiwan
Republic of China

February 24, 2022

<u>*Notice to Readers*</u>

The accompanying financial statements are intended only to present the 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 financial statements are those generally applied in the Republic of China.

For the convenience of readers, the independent auditors' report and the accompanying 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 financial statements shall prevail.

VOLTRONIC POWER TECHNOLOGY CORP.

BALANCE SHEETS
DECEMBER 31, 2021 AND 2020
(In Thousands of New Taiwan Dollars)

	2021		2020	
ASSETS	**Amount**	**%**	**Amount**	**%**
CURRENT ASSETS				
Cash and cash equivalents (Notes 4 and 6)	$ 3,467,300	25	$ 3,257,827	26
Notes receivable (Notes 4, 7 and 19)	67,450	1	29,555	-
Trade receivables (Notes 4, 5, 7 and 19)	2,259,061	16	1,809,105	15
Trade receivables from related parties (Notes 4, 7, 19 and 27)	136,321	1	155,744	1
Other receivables (Notes 4 and 7)	8,549	-	10,729	-
Inventories (Notes 4 and 8)	57,914	-	26,301	-
Prepayments (Note 13)	12,605	-	10,905	-
Total current assets	6,009,200	43	5,300,166	42
NON-CURRENT ASSETS				
Investments accounted for using the equity method (Notes 4 and 9)	6,801,077	49	6,004,828	48
Property, plant and equipment (Notes 4 and 10)	1,062,776	7	1,078,839	9
Right-of-use assets (Notes 4, 11 and 27)	2,194	-	5,614	-
Other intangible assets (Notes 4 and 12)	18,291	-	21,724	-
Deferred tax assets (Notes 4 and 21)	88,858	1	102,084	1
Other non-current assets (Notes 4, 13 and 27)	888	-	3,086	-
Total non-current assets	7,974,084	57	7,216,175	58
TOTAL	$ 13,983,284	100	$ 12,516,341	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Note 14)	$ 2,379,745	17	$ 1,768,000	14
Contract liabilities - current (Notes 4 and 19)	290,078	2	164,099	1
Notes payable (Note 15)	57	-	29	-
Trade payables (Note 15)	10,241	-	12,493	-
Trade payables to related parties (Note 27)	5,066,840	36	4,806,594	39
Other payables (Note 16)	268,978	2	292,887	2
Current income tax liabilities (Notes 4 and 21)	255,744	2	126,484	1
Lease liabilities - current (Notes 4, 11 and 27)	2,230	-	3,408	-
Other current liabilities (Note 16)	1,695	-	1,549	-
Total current liabilities	8,275,608	59	7,175,543	57
NON-CURRENT LIABILITIES				
Lease liabilities - non-current (Notes 4, 11 and 27)	-	-	2,230	-
Total liabilities	8,275,608	59	7,177,773	57
EQUITY (Note 18)				
Share capital				
Ordinary shares	874,194	6	874,354	7
Capital surplus	942,129	7	1,154,070	9
Retained earnings				
Legal reserve	1,300,001	9	1,080,287	9
Special reserve	331,469	2	343,240	3
Unappropriated earnings	2,581,273	19	2,388,244	19
Total retained earnings	4,212,743	30	3,811,771	31
Other equity (Notes 4, 18 and 23)	(321,390)	(2)	(501,627)	(4)
Total equity	5,707,676	41	5,338,568	43
TOTAL	$ 13,983,284	100	$ 12,516,341	100

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

VOLTRONIC POWER TECHNOLOGY CORP.

STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2021		2020	
	Amount	**%**	**Amount**	**%**
OPERATING REVENUE				
Sales (Notes 4, 19 and 27)	$ 14,472,347	100	$ 11,812,535	100
OPERATING COSTS				
Cost of goods sold (Notes 8, 20 and 27)	(11,839,101)	(82)	(9,750,001)	(82)
GROSS PROFIT	2,633,246	18	2,062,534	18
OPERATING EXPENSES (Note 20)				
Selling and marketing expenses	(217,788)	(2)	(265,119)	(2)
General and administrative expenses	(185,748)	(1)	(181,083)	(2)
Research and development expenses	(118,197)	(1)	(141,775)	(1)
Expected credit loss (Notes 4, 5 and 7)	(6,848)	-	(5,486)	-
Total operating expenses	(528,581)	(4)	(593,463)	(5)
PROFIT FROM OPERATIONS	2,104,665	14	1,469,071	13
NON-OPERATING INCOME AND EXPENSES				
Interest income (Note 20)	56,155	1	45,325	-
Other income (Note 20)	283	-	431	-
Other gains and losses (Note 20)	(104,011)	(1)	(157,311)	(1)
Finance costs (Notes 20 and 27)	(26,688)	-	(27,033)	-
Share of profit of subsidiaries, associates and joint ventures (Note 4)	736,128	5	1,132,743	9
Total non-operating income and expenses	661,867	5	994,155	8
PROFIT BEFORE INCOME TAX FROM CONTINUING OPERATIONS	2,766,532	19	2,463,226	21
INCOME TAX EXPENSE (Notes 4 and 21)	(407,170)	(2)	(266,082)	(2)
NET PROFIT FOR THE YEAR	2,359,362	17	2,197,144	19

(Continued)

VOLTRONIC POWER TECHNOLOGY CORP.

STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2021		2020	
	Amount	**%**	**Amount**	**%**
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that may be reclassified subsequently to profit or loss				
Exchange differences on translation of the financial statements of foreign operations (Notes 4 and 18)	$ 47,551	-	$ 14,714	-
Income tax relating to items that may be reclassified subsequently to profit (Notes 18 and 21)	(9,510)	-	(2,943)	-
Other comprehensive income for the year, net of income tax	38,041	-	11,771	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	$ 2,397,403	17	$ 2,208,915	19
EARNINGS PER SHARE (Note 22)				
Basic	$ 27.13		$ 25.31	
Diluted	$ 26.97		$ 25.14	

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

VOLTRONIC POWER TECHNOLOGY CORP.

STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
(In Thousands of New Taiwan Dollars)

			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, 2020	$ 833,015	$ 1,257,149	$ 867,184	$ 184,243	$ 2,454,071	$ (343,240)	$ (372,507)	$ 4,879,915
Appropriation of 2019 earnings (Note 18)								
Legal reserve	-	-	213,103	-	(213,103)	-	-	-
Special reserve	-	-	-	158,997	(158,997)	-	-	-
Cash dividends distributed by the Company	-	-	-	-	(1,849,293)	-	-	(1,849,293)
Share dividends distributed by the Company	41,651	-	-	-	(41,651)	-	-	-
Share-based payment transactions (Notes 18, 20 and 23)	(312)	(19,778)	-	-	73	-	202,349	182,332
Issuance of cash dividends from capital surplus (Note 18)	-	(83,301)	-	-	-	-	-	(83,301)
Net profit for the year ended December 31, 2020	-	-	-	-	2,197,144	-	-	2,197,144
Other comprehensive income for the year ended December 31, 2020, net of income tax (Note 18)	-	-	-	-	-	11,771	-	11,771
Total comprehensive income for the year ended December 31, 2020	-	-	-	-	2,197,144	11,771	-	2,208,915
BALANCE AT DECEMBER 31, 2020	874,354	1,154,070	1,080,287	343,240	2,388,244	(331,469)	(170,158)	5,338,568
Appropriation of 2020 earnings (Note 18)								
Legal reserve	-	-	219,714	-	(219,714)	-	-	-
Special reserve	-	-	-	(11,771)	11,771	-	-	-
Cash dividends distributed by the Company	-	-	-	-	(1,967,296)	-	-	(1,967,296)
Share-based payment transactions (Notes 18, 20 and 23)	(160)	(124,506)	-	-	8,906	-	142,196	26,436
Issuance of cash dividends from capital surplus (Note 18)	-	(87,435)	-	-	-	-	-	(87,435)
Net profit for the year ended December 31, 2021	-	-	-	-	2,359,362	-	-	2,359,362
Other comprehensive income for the year ended December 31, 2021, net of income tax (Note 18)	-	-	-	-	-	38,041	-	38,041
Total comprehensive income for the year ended December 31, 2021	-	-	-	-	2,359,362	38,041	-	2,397,403
BALANCE AT DECEMBER 31, 2021	$ 874,194	$ 942,129	$ 1,300,001	$ 331,469	$ 2,581,273	$ (293,428)	$ (27,962)	$ 5,707,676

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

VOLTRONIC POWER TECHNOLOGY CORP.

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
(In Thousands of New Taiwan Dollars)

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	$ 2,766,532	$ 2,463,226
Adjustments for:		
Depreciation expense	27,846	27,990
Amortization expense	6,941	5,563
Expected credit loss recognized on trade receivables	6,848	5,486
Finance costs	26,688	27,033
Interest income	(56,155)	(45,325)
Share-based compensation	13,866	110,642
Share of profit of subsidiaries, associates and joint ventures	(736,128)	(1,132,743)
Write-downs of inventories	233	-
Net loss on foreign currency exchange	8,868	107,046
Changes in operating assets and liabilities		
Notes receivable	(37,895)	3,613
Trade receivables	(464,057)	(52,422)
Trade receivables from related parties	19,034	(6,743)
Other receivables	448	2,998
Other receivables from related parties	-	2,996
Inventories	(31,846)	(1,661)
Prepayments	(1,700)	5,756
Contract liabilities	125,979	50,389
Notes payable	28	(7)
Trade payables	(2,254)	(348)
Trade payables to related parties	255,548	704,803
Other payables	(25,830)	(8,785)
Other current liabilities	146	(373)
Cash generated from operations	1,903,140	2,269,134
Interest received	57,887	41,427
Interest paid	(26,688)	(27,033)
Income tax paid	(274,194)	(317,892)
Net cash generated from operating activities	1,660,145	1,965,636
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for property, plant and equipment	(8,075)	(3,148)
Decrease in refundable deposits	2,278	65
Payments for intangible assets	(3,508)	(15,402)
Increase in prepayments for equipment	(368)	(225)
Net cash used in investing activities	(9,673)	(18,710)

(Continued)

VOLTRONIC POWER TECHNOLOGY CORP.

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
(In Thousands of New Taiwan Dollars)

	2021	2020
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term borrowings	$ 622,005	$ 705,024
Repayment of the principal portion of lease liabilities	(3,408)	(3,571)
Distributed cash dividends	(2,054,731)	(1,932,594)
Net cash used in financing activities	(1,436,134)	(1,231,141)
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS HELD IN FOREIGN CURRENCIES	(4,865)	(40,093)
NET INCREASE IN CASH AND CASH EQUIVALENTS	209,473	675,692
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	3,257,827	2,582,135
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	$ 3,467,300	$ 3,257,827

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

VOLTRONIC POWER TECHNOLOGY CORP.

NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. GENERAL INFORMATION

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

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

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

2. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the board of directors on February 24, 2022.

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

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

   Assessed the application of the IFRSs endorsed and issued into effect by the FSC did not have material impact on the accounting policies of the Company.

b. The IFRSs endorsed by the FSC for application starting from 2022

New IFRSs	Effective Date Announced by IASB
"Annual Improvements to IFRS Standards 2018-2020"	January 1, 2022 (Note 1)
Amendments to IFRS 3 "Reference to the Conceptual Framework"	January 1, 2022 (Note 2)
Amendments to IAS 16 "Property, Plant and Equipment - Proceeds before Intended Use"	January 1, 2022 (Note 3)
Amendments to IAS 37 "Onerous Contracts - Cost of Fulfilling a Contract"	January 1, 2022 (Note 4)

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

Note 2: The amendments are applicable to business combinations for which the acquisition date is on or after the beginning of the annual reporting period beginning on or after January 1, 2022.

Note 3: The amendments are applicable to property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after January 1, 2021.

Note 4: The amendments are applicable to contracts for which the entity has not yet fulfilled all its obligations on January 1, 2022.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

4) Amendments to IAS 8 "Definition of Accounting Estimates"

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

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

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

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

For the convenience of readers, the accompanying 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. However, the financial statements do not include the English translation of the additional footnote disclosures that are not required under IFRSs but are required by FSC for their oversight purposes.

a. Statement of compliance

The parent company only financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

b. Basis of preparation

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

When preparing these parent company only financial statements, the Company used the equity method to account for its investment in subsidiaries, associates and joint ventures. In order for the amounts of the net profit for the year, other comprehensive income for the year and total equity in the parent company only financial statements to be the same as the amounts attributable to the owner of the Company in its consolidated financial statements, adjustments arising from the differences in accounting treatment between the parent company basis and the consolidated basis were made to investments accounted for using the equity method, share of profit or loss of subsidiaries, associates and joint ventures, share of other comprehensive income of subsidiaries, associates and joint ventures and related equity items, as appropriate, in these parent company only financial statements.

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 Company 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. Foreign currencies

In preparing the Company's financial statements, transactions in currencies other than the Company'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 financial statements, the functional currencies of the Company and the group entities (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.

e. Inventories

Inventories consist of raw materials, merchandise, and work in progress and are stated at the lower of cost and net realizable value. Inventory write-downs are made by item, except where it may be appropriate to group similar or related items. The 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 the weighted-average cost on the balance sheet date.

f. Investments in subsidiaries

The Company uses the equity method to account for its investments in subsidiaries.

A subsidiary is an entity (including structured entity) that is controlled by the Company.

Under the equity method, an investment in a subsidiary is initially recognized at cost and adjusted thereafter to recognize the Company's share of the profit or loss and other comprehensive income of the subsidiary. The Company also recognizes the changes in the Company's share of equity of subsidiaries.

Changes in the Company's ownership interest in a subsidiary that do not result in the Company losing control of the subsidiary are equity transactions. The Company recognizes directly in equity any difference between the carrying amount of the investment and the fair value of the consideration paid or received.

When the Company's share of losses of a subsidiary exceeds its interest in that subsidiary (which includes any carrying amount of the investment accounted for using the equity method and long-term interests that, in substance, form part of the Company's net investment in the subsidiary), the Company continues recognizing its share of further losses.

Any excess of the cost of acquisition over the Company's share of the net fair value of the identifiable assets and liabilities of a subsidiary at the date of acquisition is recognized as goodwill, which is included within the carrying amount of the investment and is not amortized. Any excess of the Company's share of the net fair value of the identifiable assets and liabilities over the cost of acquisition is recognized immediately in profit or loss.

The Company assesses its investment for any impairment by comparing the carrying amount with the estimated recoverable amount as assessed based on the entire financial statements of the invested company. Impairment loss is recognized when the carrying amount exceeds the recoverable amount. If the recoverable amount of the investment subsequently increases, the Company recognizes the reversal of the impairment loss; the adjusted post-reversal carrying amount should not exceed the carrying amount that would have been recognized (net of amortization or depreciation) had no impairment loss been recognized in prior years. An impairment loss recognized on goodwill cannot be reversed in a subsequent period.

When the Company loses control of a subsidiary, it recognizes the investment retained in the former subsidiary at its fair value at the date when control is lost. The difference between the fair value of the retained investment plus any consideration received and the carrying amount of the previous investment at the date when control is lost is recognized as a gain or loss in profit or loss. Besides, the Company accounts for all amounts previously recognized in other comprehensive income in relation to that subsidiary on the same basis as would be required if the Company had directly disposed of the related assets or liabilities.

Profits or losses resulting from downstream transactions are eliminated in full only in the parent company's financial statements. Profits and losses resulting from upstream transactions and transactions between subsidiaries are recognized only in the parent company's financial statements only to the extent of interests in the subsidiaries that are not related to the Company.

g. Property, plant and equipment

Property, plant and equipment are stated at cost, less subsequent accumulated depreciation and subsequent accumulated impairment loss.

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

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

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

h. Intangible assets

1) Intangible assets acquired separately

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

2) Derecognition of intangible assets

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

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

At the end of each reporting period, the Company 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 Company 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 the Company becomes a party to the contractual provisions of the instruments.

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

1) Financial assets

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

a) Measurement category

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

i. Financial assets at amortized cost

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

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

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

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

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

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

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

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

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

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

The Company always recognizes lifetime expected credit losses (ECLs) for trade receivables, For all other financial instruments, the Company 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 Company 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 Company determines that the following situations indicate that a financial asset is in default without taking into account any collateral held by the Company:

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

<u>Revenue from the sale of goods</u>

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

l. Leasing

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

The Company as lessee

The Company 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 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 Company uses the lessee's incremental borrowing rate.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. When there is a change in a lease term or a rate used to determine those payments, the Company 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 balance sheets.

m. Employee benefits

1) Short-term employee benefits

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

2) Retirement benefits

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

n. Share-based payment arrangements

Restricted shares granted to employees

The fair value at the grant date of the restricted shares for employees is expensed on a straight-line basis over the vesting period on the basis of the Company's best estimates of the number of shares or options that are expected to ultimately vest, with a corresponding increase in other equity - earned 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. Under certain conditions, some employees who receive restricted shares are required to return their shares to the issuer on their resignation, and these shares will then be recognized as payables. If restricted shares for employees are granted for consideration and should be returned, they are recognized as payables. Dividends paid to employees on restricted shares that do not need to be returned if employees resign in the vesting period are recognized as expenses when the dividends are declared with a corresponding adjustment in retained earnings.

At the end of each reporting period, the Company 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.

Equity-settled share-based payment arrangements granted to the employees of a subsidiary

The grant by the Company of its equity instruments to the employees of a subsidiary under equity-settled share-based payment arrangements is treated as a capital contribution. The fair value of employee services received under the arrangement is measured by reference to the grant-date fair value and is recognized over the vesting period as an addition to the investment in the subsidiary, with a corresponding credit to share-based payments.

o. Taxation

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

1) Current tax

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

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

2) Deferred tax

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

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

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

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

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply to 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 of how the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

3) Current and deferred tax for the year

Current and deferred tax are recognized in profit or loss, but when these taxes pertain to items that are recognized in other comprehensive income or directly in equity, the current and deferred taxes are also recognized in other comprehensive income or directly in equity, respectively.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the 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 Company uses judgment in making these assumptions and in selecting the inputs to the impairment calculation, based on the Company's historical experience, existing market conditions as well as forward looking estimates as of the end of each reporting period. For details of the key assumptions and inputs used, see Note 7. Where the actual future cash inflows are less than expected, a material impairment loss may arise.

6. CASH AND CASH EQUIVALENTS

	December 31	
	2021	**2020**
Cash on hand	$ 342	$ 354
Demand deposits	1,769,295	1,336,055
Cash equivalents (investments with original maturities of 3 months or less)		
Time deposits	1,697,663	1,921,418
	$ 3,467,300	$ 3,257,827

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

	December 31	
	2021	2020
Demand deposits	0.001%-0.250%	0.001%-0.250%
Time deposits	0.280%-2.820%	0.300%-2.950%

7. NOTES RECEIVABLE, TRADE RECEIVABLES, TRADE RECEIVABLES FROM RELATED PARTIES AND OTHER RECEIVABLES

	December 31	
	2021	2020
Notes receivable		
At amortized cost		
Gross carrying amount	$ 67,450	$ 29,555
Less: Allowance for impairment loss	-	-
	$ 67,450	$ 29,555
Trade receivables		
At amortized cost		
Gross carrying amount	$ 2,176,289	$ 1,721,293
Less: Allowance for impairment loss	(11,082)	(4,234)
	2,165,207	1,717,059
At FVTOCI	93,854	92,046
	$ 2,259,061	$ 1,809,105
Trade receivables from related parties		
At amortized cost	$ 112,244	$ 98,719
Gross carrying amount	-	-
Less: Allowance for impairment loss	112,244	98,719
	24,077	57,025
At FVTOCI		
	$ 136,321	$ 155,744
Other receivables		
Interest receivables	$ 4,771	$ 6,503
Tax refund receivables	3,778	4,155
Others	-	71
	$ 8,549	$ 10,729

Notes Receivable

Amortized cost

The average credit period of notes receivable was 36 to 122 days.

The Company 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, 2021 and 2020, the Company evaluated no allowance for impairment loss was needed for notes receivable.

As of December 31, 2021 and 2020, the Company did not pledge any collateral as security for such notes receivables.

The following table details the aging analysis of notes receivable.

	December 31	
	2021	2020
1 to 60 days	$ 57,537	$ 24,110
61 to 90 days	5,469	4,078
91 to 120 days	4,444	1,367
	$ 67,450	$ 29,555

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

Trade Receivables

a. At amortized cost

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

In order to minimize credit risk, the management of the Company 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 Company reviews the recoverable amount of each individual trade debt at the end of the reporting period to ensure that adequate allowance is made for possible irrecoverable amounts. In this regard, the management believes the Company's credit risk was significantly reduced.

The Company 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 condition of the industry in which the customer operates, as well as the GDP forecasts and industry outlook. The provision for expected credit losses is based on the number of past due days from the end of the credit term.

The Company 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 Company 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 Company 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, 2021 and 2020, the carrying amount of trade receivables was $1,266,912 thousand and $1,042,966 thousand, respectively.

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

December 31, 2021

	Not Past Due	Less than 90 Days	91 to 180 Days	181 to 270 Days	271 to 365 Days	Over 365 Days	Total
Expected credit loss rate	0.51%	4.18%	38.21%	100%	100%	100%	
Gross carrying amount	$ 881,977	$ 138,669	$ 369	$ 599	$ -	$ 7	$1,021,621
Loss allowance (Lifetime ECLs)	(4,542)	(5,793)	(141)	(599)	-	(7)	(11,082)
Amortized cost	$ 877,435	$ 132,876	$ 228	$ -	$ -	$ -	$1,010,539

December 31, 2020

	Not Past Due	Less than 90 Days	91 to 180 Days	181 to 270 Days	271 to 365 Days	Over 365 Days	Total
Expected credit loss rate	0.34%	3.42%	34.33%	100%	100%	100%	
Gross carrying amount	$ 726,334	$ 50,578	$ 134	$ -	$ -	$ -	$ 777,046
Loss allowance (Lifetime ECLs)	(2,460)	(1,728)	(46)	-	-	-	(4,234)
Amortized cost	$ 723,874	$ 48,850	$ 88	$ -	$ -	$ -	$ 772,812

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

	2021	2020
Balance at January 1	$ 4,234	$ 2,858
Add: Net remeasurement of loss allowance	6,848	5,486
Less: Amounts written off	-	(4,110)
Balance at December 31	$ 11,082	$ 4,234

b. At FVTOCI

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

Since the Company 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, 2021 and 2020, the carrying amount of trade receivables was $21,427 thousand and $5,209 thousand, respectively.

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

December 31, 2021

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

December 31, 2020

	Not Past Due	Less than 90 Days	91 to 180 Days	181 to 270 Days	271 to 365 Days	Over 365 Days	Total
Expected credit loss rate	-%	-%	-%	100%	100%	100%	
Gross carrying amount	$ 143,862	$ -	$ -	$ -	$ -	$ -	$ 143,862
Loss allowance (Lifetime ECLs)	-	-	-	-	-	-	-
Amortized cost	$ 143,862	$ -	$ -	$ -	$ -	$ -	$ 143,862

Other Receivables

The Company's other receivables included interest receivables and refundable tax. The Company follows the policy of trading only with customers who maintains good credit standing. The Company 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, 2021 and 2020, the Company evaluated no allowance for impairment loss was needed for other receivable.

8. INVENTORIES

	December 31	
	2021	2020
Merchandise	$ 14,125	$ 8,005
Work in process	4,888	3,800
Material	38,901	14,496
	$ 57,914	$ 26,301

	For the Year Ended December 31	
	2021	2020
Cost of inventories sold	$ 11,838,868	$ 9,750,001
Inventory write-downs	233	-
	$ 11,839,101	$ 9,750,001

9. INVESTMENT ACCOUNTED FOR USING THE EQUITY METHOD

	December 31 2021	December 31 2020
Investments in subsidiaries		
Voltronic International Corp.	$ 6,699,662	$ 5,934,574
Voltronic Power Technology (Vietnam) Company Limited	101,415	70,254
	$ 6,801,077	$ 6,004,828

At the end of the reporting period, the percentage of ownership of and voting rights in the subsidiary held by the Company were as follows:

	December 31 2021	December 31 2020
Voltronic International Corp.	100%	100%
Voltronic Power Technology (Vietnam) Company Limited	100%	100%

For information on investments in subsidiaries which were held indirectly by Company, refer to Tables 5 and 6.

The investments accounted for using the equity method and the share of profit or loss and other comprehensive income of those investments for the years ended December 31, 2021 and 2020 were based on the subsidiary's financial statements audited by the auditors for the same years.

10. PROPERTY, PLANT AND EQUIPMENT

Assets Used by the Company

	Freehold Land	Buildings	Machinery and Equipment	Transportation Equipment	Office Equipment	Leasehold Improvements	Other Equipment	Property under Construction	Total
Cost									
Balance at January 1, 2021	$ 720,761	$ 365,180	$ 82,478	$ 405	$ 10,282	$ 1,677	$ 20,940	$ -	$ 1,201,723
Additions	-	-	2,732	-	-	-	-	5,343	8,075
Disposals	-	-	-	-	(111)	-	-	-	(111)
Reclassified (Note)	-	-	288	-	-	-	-	-	288
Balance at December 31, 2021	$ 720,761	$ 365,180	$ 85,498	$ 405	$ 10,171	$ 1,677	$ 20,940	$ 5,343	$ 1,209,975
Accumulated depreciation and impairment									
Balance at January 1, 2021	$ -	$ 35,219	$ 68,744	$ 107	$ 7,375	$ 585	$ 10,854	$ -	$ 122,884
Depreciation expense	-	12,868	5,579	81	1,555	335	4,008	-	24,426
Disposals	-	-	-	-	(111)	-	-	-	(111)
Reclassified	-	-	-	-	-	-	-	-	-
Balance at December 31, 2021	$ -	$ 48,087	$ 74,323	$ 188	$ 8,819	$ 920	$ 14,862	$ -	$ 147,199
Carrying amounts at December 31, 2021	$ 720,761	$ 317,093	$ 11,175	$ 217	$ 1,352	$ 757	$ 6,078	$ 5,343	$ 1,062,776
Cost									
Balance at January 1, 2020	$ 720,761	$ 365,180	$ 79,993	$ 405	$ 10,383	$ 1,452	$ 20,940	$ -	$ 1,199,114
Additions	-	-	2,581	-	-	225	-	-	2,806
Disposals	-	-	(96)	-	(101)	-	-	-	(197)
Balance at December 31, 2020	$ 720,761	$ 365,180	$ 82,478	$ 405	$ 10,282	$ 1,677	$ 20,940	$ -	$ 1,201,723
Accumulated depreciation and impairment									
Balance at January 1, 2020	$ -	$ 22,351	$ 63,234	$ 26	$ 5,921	$ 276	$ 6,846	$ -	$ 98,654
Depreciation expense	-	12,868	5,606	81	1,555	309	4,008	-	24,427
Disposals	-	-	(96)	-	(101)	-	-	-	(197)
Balance at December 31, 2020	$ -	$ 35,219	$ 68,744	$ 107	$ 7,375	$ 585	$ 10,854	$ -	$ 122,884
Carrying amounts at December 31, 2020	$ 720,761	$ 329,961	$ 13,734	$ 298	$ 2,907	$ 1,092	$ 10,086	$ -	$ 1,078,839

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

For the years ended December 31, 2021 and 2020, 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	8-10 years
Machinery and equipment	5 years
Transportation equipment	5 years
Office equipment	2-5 years
Leasehold improvements	5 years
Other equipment	3-5 years

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

11. LEASE ARRANGEMENTS

a. Right-of-use assets

	December 31	
	2021	**2020**
Carrying amount		
Buildings	$ 2,194	$ 5,120
Transportation equipment	-	494
	$ 2,194	$ 5,614

	For the Year Ended December 31	
	2021	**2020**
Additions to right-of-use assets	$ -	$ 5,851
Depreciation charge for right-of-use assets		
Buildings	$ 2,926	$ 2,932
Transportation equipment	494	631
	$ 3,420	$ 3,563

b. Lease liabilities

	December 31	
	2021	**2020**
Carrying amount		
Current	$ 2,230	$ 3,408
Non-current	$ -	$ 2,230

Range of discount rate for lease liabilities was as follows:

	December 31	
	2021	2020
Buildings	2.64%	2.64%
Transportation equipment	2.64%	2.64%

c. Material lease-in activities and terms (the Company is the lessee)

The Company leases buildings and transportation equipment for use in operations with lease terms of 2 years. The Company does not have bargain purchase options to acquire the leased buildings and transportation equipment at the end of the lease terms.

d. Other lease information

	December 31	
	2021	2020
Expenses relating to short-term leases	$ -	$ 88
Expenses relating to low-value asset leases	$ 32	$ 16
Total cash outflow for leases	$ (3,538)	$ (3,752)

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

12. OTHER INTANGIBLE ASSETS

	Computer Software
Cost	
Balance at January 1, 2021	$ 53,726
Additions	3,508
Balance at December 31, 2021	$ 57,234
Accumulated amortization and impairment	
Balance at January 1, 2021	$ 32,002
Amortization expense	6,941
Balance at December 31, 2021	$ 38,943
Carrying amount at December 31, 2021	$ 18,291

(Continued)

	Computer Software
Cost	
Balance at January 1, 2020	$ 38,324
Additions	15,402
Balance at December 31, 2020	$ 53,726
Accumulated amortization and impairment	
Balance at January 1, 2020	$ 26,439
Amortization expense	5,563
Balance at December 31, 2020	$ 32,002
Carrying amount at December 31, 2020	$ 21,724

(Concluded)

	For the Year Ended December 31	
	2021	2020
An analysis of depreciation by function		
Operating costs	$ 111	$ 100
Selling and marketing expenses	1,151	676
General and administrative expenses	4,456	3,887
Research and development expenses	1,223	900
	$ 6,941	$ 5,563

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

13. OTHER ASSETS

	December 31	
	2021	2020
Current		
Prepayments	$ 12,605	$ 10,905
Non-current		
Refundable deposits	$ 520	$ 2,798
Prepayments for equipment	368	288
	$ 888	$ 3,086

14. BORROWINGS

Short-term Borrowings

	December 31	
	2021	2020
Unsecured borrowings		
Line of credit borrowings	$ 2,379,745	$ 1,768,000

The range of weighted average effective interest rates on bank loans was 0.6871%-0.9032% and 0.8000%-0.8028% per annum at December 31, 2021 and 2020, respectively.

15. NOTES PAYABLE AND TRADE PAYABLES

	December 31	
	2021	2020
Notes payable		
Operating	$ 57	$ 29
Trade payables		
Operating	$ 10,241	$ 12,493

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

16. OTHER LIABILITIES

	December 31	
	2021	2020
Current		
Other payables		
Payables for salaries and bonuses	$ 40,003	$ 10,206
Payables for employee compensation	157,746	174,878
Payables for remuneration of directors and supervisors	14,400	14,400
Payables for commission	36,876	72,806
Others	19,953	20,597
	$ 268,978	$ 292,887
Other liabilities		
Receipts under custody	$ 1,695	$ 1,549

17. RETIREMENT BENEFIT PLANS

Defined Contribution Plans

The Company has a pension plan under the Labor Pension Act (LPA), a state-managed defined contribution plan. Under the LPA, the Company makes monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages.

18. EQUITY

a. Share capital

	December 31	
	2021	2020
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)	87,419	87,435
Shares issued and fully paid (in thousands of dollars)	$ 874,194	$ 874,354

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

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

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

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

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

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

	Number of Shares (In Thousands)	Share Capital
Balance at January 1, 2020	83,301	$ 833,015
Capital transferred from retained earnings	4,165	41,651
Retirement of recognized employee restricted shares (Note 23)	(31)	(312)
Balance at December 31, 2020	87,435	$ 874,354
Balance at January 1, 2021	87,435	$ 874,354
Retirement of recognized employee restricted shares (Note 23)	(16)	(160)
Balance at December 31, 2021	87,419	$ 874,194

b. Capital surplus

	December 31	
	2021	2020
May be used to offset a deficit, distributed as cash dividends, or transferred to share capital (Note)		
Premium from the issuance ordinary shares	$ 243,633	$ 331,068
May be used for offset a deficit		
Premium from the issuance of ordinary shares	9,345	1,171
Premium from employee restricted shares	570,459	490,071
May not be used for any purpose		
Employee restricted shares	118,692	331,760
	$ 942,129	$ 1,154,070

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, 2021	$ 332,239	$ 490,071	$ 331,760
Vested employee restricted shares	-	80,388	(80,388)
Redistricted employee stock dividends which do not correspond to vesting conditions (Notes 1 and 2)	7,536	-	(122,472)
Retirement employee restricted shares (Notes 3 and 4)	638	-	(10,208)
Distributed as cash dividends	(87,435)	-	-
Balance at December 31, 2021	$ 252,978	$ 570,459	$ 118,692
Balance at January 1, 2020	$ 415,412	$ 406,621	$ 435,116
Vested employee restricted shares	-	83,450	(83,450)
Retirement employee restricted shares (Notes 5 and 6)	128	-	(19,906)
Distributed as cash dividends	(83,301)	-	-
Balance at December 31, 2020	$ 332,239	$ 490,071	$ 331,760

Note 1: Accumulative stock dividends of $7,536 thousand for withdraw restricted stock was recognized as salary expense.

Note 2: Reversal of compensation cost of the restricted shares amounting to $122,472 thousand.

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

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

Note 5: Accumulative stock dividends of $128 thousand for withdraw restricted stock was recognized as salary expense.

Note 6: Reversal of compensation cost of the restricted shares amounting to $20,218 thousand, net of retired share capital of $312 thousand.

c. Retained earnings and dividend policy

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

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

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

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

The appropriations of earnings for 2020 and 2019 were approved in the shareholders' meetings on July 23, 2021 and June 24, 2020, respectively, were as follows:

	For the Year Ended December 31	
	2020	2019
Legal reserve	$ 219,714	$ 213,103
Special reserve	$ (11,771)	$ 158,997
Cash dividends	$ 1,967,296	$ 1,849,293
Share dividends	$ -	$ 41,651
Cash dividends per share (NT$)	$ 22.5	$ 22.2
Share dividends per share (NT$)	$ -	$ 0.5

The distribution of cash dividends from capital surplus of $87,435 thousand and $83,301 thousand were approved in the shareholders' meeting on July 23, 2021 and June 24, 2020, respectively.

The appropriation of earnings for 2021, which had been resolved by the Company's board of directors on February 24, 2022 was as follows:

	For the Year Ended December 31, 2020
Legal reserve	$ 235,936
Reversal of special reserve	$ (38,041)
Cash dividends	$ 2,054,335
Cash dividends per share (NT$)	$ 23.5

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

d. Special reserve

	For the Year Ended December 31	
	2021	2020
Balance at January 1	$ 343,240	$ 184,243
Appropriations (reversal) in respect of Debit to other equity items	(11,771)	158,997
Balance at December 31	$ 331,469	$ 343,240

e. Other equity items

Exchange differences on translating the financial statements of foreign operations

	For the Year Ended December 31	
	2021	2020
Balance at January 1	$ (331,469)	$ (343,240)
Recognized for the year		
Exchange differences on translating foreign operations	47,551	14,714
Income tax related to exchange differences arising on translating to the presentation currency	(9,510)	(2,943)
Other comprehensive income from the period	38,041	11,771
Balance at December 31	$ (293,428)	$ (331,469)

Employees' unearned benefits

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

	For the Year Ended December 31	
	2021	2020
Balance at January 1	$ (170,158)	$ (372,507)
Share-based payment expenses recognized	3,268	110,441
Unearned stock-based on compensation of subsidiaries recognized	6,088	71,690
Adjustment for retired restricted employee shares (Note)	132,840	20,218
Balance at December 31	$ (27,962)	$ (170,158)

Note: Deducted from compensation cost of restricted shares.

19. REVENUE

	For the Year Ended December 31	
	2021	2020
Revenue from contracts with customers		
Revenue from sale of goods	$ 14,472,347	$ 11,812,535

	December 31, 2021	December 31, 2020	January 1, 2020
Contract balances			
Notes receivable (Note 7)	$ 67,450	$ 29,555	$ 33,168
Trade receivables (Notes 7 and 27)	$ 2,395,382	$ 1,964,849	$ 1,919,874
Contract liabilities - current			
Sale of goods	$ 290,078	$ 164,099	$ 113,710

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	
	2021	2020
From contract liabilities at the beginning of the year		
Sale of goods	$ 164,099	$ 113,710

20. NET PROFIT (LOSS) FROM CONTINUING OPERATIONS

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

a. Interest income

	For the Year Ended December 31	
	2021	2020
Bank deposits	$ 56,155	$ 45,325

b. Other income

	For the Year Ended December 31	
	2021	2020
Others	$ 283	$ 431

c. Other gains and losses

	For the Year Ended December 31	
	2021	2020
Net foreign exchange losses	$ (103,085)	$ (157,311)
Others	(926)	-
	$ (104,011)	$ (157,311)

d. Finance costs

	For the Year Ended December 31	
	2021	2020
Interest on bank loans	$ 17,327	$ 19,364
Interest on lease liabilities	98	77
Other interest expense	9,263	7,592
	$ 26,688	$ 27,033

e. Depreciation and amortization

	For the Year Ended December 31	
	2021	2020
An analysis of depreciation by function		
Operating costs	$ 4,334	$ 3,947
Operating expenses	23,512	24,043
	$ 27,846	$ 27,990
An analysis of amortization by function		
Operating costs	$ 111	$ 100
Operating expenses	6,830	5,463
	$ 6,941	$ 5,563

f. Employee benefits expense

	For the Year Ended December 31			
	2021		2020	
Salary expenses	$ 279,969		$ 224,162	
Other employee benefits				
Labor and health insurance	13,665		12,797	
Other employee benefits	11,556		9,999	
Equity-settled share-based payments (Note 23)	13,866	(Note 2)	110,642	(Note 1)
Post-employment benefits				
Defined contribution plans	6,231		6,873	
Total employee benefits expense	$ 325,287		$ 364,473	
An analysis of employee benefits expense by function				
Operating costs	$ 22,367		$ 17,439	
Operating expenses	302,920		347,034	
	$ 325,287		$ 364,473	

Note 1: Share-based payment expense recognized of $110,441 thousand and accumulated returned restricted of $201 thousand are included in the year of 2020.

Note2: Share-based payment expense reserve of $3,268 thousand and accumulated dividends that no need to be returned payout from returned and retired restricted shares of $1,001 thousand and $9,597 thousand at December 31, 2021.

g. Employees' compensation and remuneration of directors

According to the Articles of Incorporation of the Company, the Company accrued employees' compensation and remuneration of directors at the rates between 3.75% and 11.5% and no higher than 3.75%, respectively, of net profit before income tax, employees' compensation, and remuneration of directors. The employees' compensation and remuneration of directors for the years ended December 31, 2021 and 2020, which have been approved by the Company's board of directors on February 24, 2022 and February 25, 2021, respectively, were as follows:

Accrual rate

	For the Year Ended December 31	
	2021	**2020**
Employees' compensation	3.97%	4.07%
Remuneration of directors	0.50%	0.56%

Amount

	For the Year Ended December 31			
	2021		**2020**	
	Cash	**Shares**	**Cash**	**Shares**
Employees' compensation	$ 115,000	$ -	$ 105,000	$ -
Remuneration of directors	14,400	-	14,400	-

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

There was no difference between the actual amounts of employees' compensation and remuneration of directors paid and the amounts recognized in the financial statements for the years ended December 31, 2020 and 2019.

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

h. Gain or loss on foreign currency exchange

	For the Year Ended December 31	
	2021	**2020**
Foreign exchange gains	$ 148,492	$ 275,507
Foreign exchange losses	(251,577)	(432,818)
Net losses	$ (103,085)	$ (157,311)

21. INCOME TAXES RELATING TO CONTINUING OPERATIONS

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

	For the Year Ended December 31	
	2021	2020
Current tax		
In respect of the current period	$ (402,365)	$ (283,941)
Income tax on unappropriated earnings	1,095	-
Adjustments for prior periods	6	21
	(403,454)	(283,920)
Deferred tax		
In respect of the current period	(3,716)	17,838
Income tax expense recognized in profit or loss	$ (407,170)	$ (266,082)

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

	For the Year Ended December 31	
	2021	2020
Profit before tax from continuing operations	$ 2,766,532	$ 2,463,226
Income tax expense calculated at the statutory rate	$ (553,306)	$ (492,646)
Deferred tax effect of earnings of subsidiaries	147,225	226,549
Income tax on unappropriated earnings	(1,095)	-
Unrecognized deductible temporary differences	-	(6)
Adjustments for prior years' tax	6	21
Income tax expense recognized in profit or loss	$ (407,170)	$ (266,082)

As the status of the 2022 appropriations of earnings is uncertain, the potential income tax consequences of additional 5% on 2021 unappropriated earnings are not reliably determinable.

b. Income tax recognized in other comprehensive income

	For the Year Ended December 31	
	2021	2020
Deferred tax		
In respect of the current year		
Translation of foreign operations	$ (9,510)	$ (2,943)

c. Current tax assets and liabilities

	December 31	
	2021	2020
Current tax liabilities		
Income tax payable	$ 255,744	$ 126,484

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, 2021

Deferred tax assets	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Closing Balance
Temporary differences				
Unrealized loss on write-down of inventories	$ 203	$ 47	$ -	$ 250
Unrealized employee compensation	922	(681)	-	241
Exchanges difference on foreign operations	82,867	-	(9,510)	73,357
Unrealized exchange losses	18,092	(3,082)	-	15,010
	$ 102,084	$ (3,716)	$ (9,510)	$ 88,858

For the year ended December 31, 2020

Deferred tax assets	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Closing Balance
Temporary differences				
Unrealized loss on write-down of inventories	$ 406	$ (203)	$ -	$ 203
Unrealized employee compensation	6,050	(5,128)	-	922
Exchanges difference on foreign operations	85,810	-	(2,943)	82,867
Unrealized exchange losses	-	18,092	-	18,092
Right-of-use assets	6	(6)	-	-
	$ 92,272	$ 12,755	$ (2,943)	$ 102,084
Deferred tax liabilities				
Temporary differences				
Unrealized exchange gains	$ (5,083)	$ 5,083	$ -	$ -

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

As of December 31, 2021 and 2020, the taxable temporary differences associated with investments in subsidiaries for which no deferred tax liabilities were recognized amounted to $6,138,209 thousand and $5,402,081 thousand, respectively.

f. Income tax assessments

The Company's tax returns through 2019 have been assessed by the tax authorities. As of December 31, 2021, the Company has no unsettled lawsuits related to tax.

22. EARNINGS PER SHARE

Unit: NT$ Per Share

	For the Year Ended December 31	
	2021	**2020**
Basic earnings per share		
Basic earnings per share	$ 27.13	$ 25.31
Diluted earnings per share		
Diluted earnings per share	$ 26.97	$ 25.14

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	
	2021	**2020**
Diluted earnings per share		
Net profit for the year	$ 2,359,362	$ 2,197,144
Weighted average number of ordinary shares used in the computation of basic earnings per share (in thousands)	86,955	86,795
Effect of potentially dilutive ordinary shares		
Employees' compensation or bonuses issued to employees	87	115
Restricted employee' share options	443	500
Weighted average number of ordinary shares used in the computation of diluted earnings per share (in thousands)	87,485	87,410

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

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

a. 2019

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

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

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

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

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

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

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

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

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

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

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

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

The aforementioned newly issued restricted employee shares were assessed to have a fair value of NT$648 per share, based on the market approach. The unearned employee benefits of $441,936 thousand were recognized on the basis of vesting conditions and expensed on a straight-line basis over the vesting period. Compensation costs of $3,268 thousand and $110,441 thousand were recognized, respectively, within the vesting period for the years ended December 31, 2021 and 2020. Compensation costs of $6,088 thousand and $71,690 thousand were recognized by the subsidiary, respectively, because of the restricted stock from employees within the vesting period for the years ended December 31, 2021 and 2020.

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

	December 31	
	2021	**2020**
Balance at January 1	520	682
Vested	(126)	(131)
Options forfeited (Note)	(16)	(31)
Balance at December 31	378	520

Note: The forfeited shares for the year ended December 31, 2021 and 2020 were the shares that were cancelled due to the vesting conditions not being met.

24. CASH FLOW INFORMATION

a. Changes in liabilities arising from financing activities

For the year ended December 31, 2021

	Opening Balance	Cash Flows	Non-cash Changes: New Leases	Non-cash Changes: Exchange Rate Impact	Closing Balance
Short-term borrowings	$ 1,768,000	$ 622,005	$ -	$ (10,260)	$ 2,379,745
Lease liabilities	5,638	(3,408)	-	-	2,230
	$ 1,773,638	$ 618,597	$ -	$ (10,260)	$ 2,381,975

For the year ended December 31, 2020

	Opening Balance	Cash Flows	Non-cash Changes: New Leases	Non-cash Changes: Exchange Rate Impact	Closing Balance
Short-term borrowings	$ 1,091,309	$ 705,024	$ -	$ (28,333)	$ 1,768,000
Lease liabilities	3,358	(3,571)	5,851	-	5,638
	$ 1,094,667	$ 701,453	$ 5,851	$ (28,333)	$ 1,773,638

25. CAPITAL MANAGEMENT

The Company manages its capital to ensure that entities in the Company 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 Company consists of equity of the Company (comprising issued capital, reserves, retained earnings and other equity).

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

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

26. FINANCIAL INSTRUMENTS

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

Management believes the carrying amounts of financial assets and financial liabilities recognized in the 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, 2021

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

December 31, 2020

	Level 1	Level 2	Level 3	Total
Financial assets at FVTOCI				
Investments in debt instruments at FVTOCI				
Factored trade receivables to banks without recourse	$ -	$ -	$ 149,071	$ 149,071

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 period ended December 31, 2021

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

For the period ended December 31, 2020

Financial Assets	Financial Assets at FVTOCI Debt Instrument
Balance at January 1, 2020	$ 191,212
Settlements	(42,141)
Balance at December 31, 2020	$ 149,071

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

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

c. Categories of financial instruments

	December 31	
	2021	2020
Financial assets		
Financial assets at amortized cost (1)	$ 5,817,492	$ 5,112,532
Financial asset at FVTOCI		
Factored trade receivable to bank without recourse	117,931	149,071
Financial liabilities		
Amortized cost (2)	7,513,712	6,680,519

1) The balances include financial assets measured 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 measured at amortized cost, which comprise short-term borrowings, notes payable, trade payables, trade payables to related parties and other payables.

d. Financial risk management objectives and policies

The Company's major financial instruments included trade receivables, trade payables and short-term borrowings. The Company's corporate treasury function provides services such as providing access to domestic and international financial markets, and monitoring and managing the financial risks relating to the operations of the Company 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 Company's activities exposed it primarily to the financial risks of changes in foreign currency exchange rates (see (a) below) and interest rates (see (b) below).

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

a) Foreign currency risk

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

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

Sensitivity analysis

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

The following table shows the Company's sensitivity to a 1% increase and decrease in New Taiwan dollars (i.e., the functional currency) against the relevant foreign currencies. A sensitivity rate of 1% is used when reporting foreign currency risk internally to key management personnel and representing management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis included only outstanding foreign currency-denominated monetary items, and their translation was adjusted at the end of the reporting period for a 1% change in foreign currency rates. A positive number below indicated an increase in pretax profit when the New Taiwan dollars 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	
	2021	**2020**
Profit or loss	$ 15,620	$ 13,084

	RMB Impact	
	For the Year Ended December 31	
	2021	**2020**
Profit or loss	$ (31,375)	$ (26,426)

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

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

b) Interest rate risk

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

	December 31	
	2021	**2020**
Interest rate risk on fair value		
Financial assets	$ 1,697,663	$ 1,921,418
Financial liabilities	2,230	5,638
Interest rate risk on cash flow		
Financial assets	1,769,295	1,336,055
Financial liabilities	2,379,745	1,768,000

Sensitivity analysis

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

Had interest rates been 100 basis points higher/lower and all other variables been held constant, the Company's pretax profit for the years ended December 31, 2021 and 2020 would have decreased/increased by $6,105 thousand and decreased/increased by $4,319 thousand, respectively, which was mainly attributable to the Company's exposure to interest rate risks on its floating-rate bank deposit and short-term borrowings.

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

2) Credit risk

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

The Company 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 Company 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 Company 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 Company's credit risk was significantly reduced.

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

3) Liquidity risk

The Company manages liquidity risk by monitoring and maintaining a level of cash and cash equivalents deemed adequate to finance the Company'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 Company relies on bank borrowings as a significant source of liquidity. As of December 31, 2021 and 2020, the Company 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 Company's remaining contractual maturity for its non-derivative financial liabilities with agreed-upon repayment periods. The tables were based on the undiscounted cash flows of financial liabilities from the earliest date on which the Company 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, 2021

	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	$ 181,440	$ 4,952,527	$ -	$ -
Lease liabilities	750	1,500	-	-
Variable interest rate liabilities	817,317	1,567,957	-	-
	$ 999,507	$ 6,521,984	$ -	$ -

December 31, 2020

	Less than 3 Months	3 Months to 1 Year	Over 1 Year to 5 Years	More than 5 Years
Non-derivative financial liabilities				
Non-interest bearing	$ 2,750,005	$ 2,162,514	$ -	$ -
Lease liabilities	912	2,596	2,250	-
Variable interest rate liabilities	400,412	1,372,719	-	-
	$ 3,151,329	$ 3,537,829	$ 2,250	$ -

b) Financing facilities

	December 31	
	2021	2020
Unsecured bank loan facilities		
Amount used	$ 2,379,745	$ 1,768,000
Amount unused	34,025	659,300
	$ 2,413,770	$ 2,427,300

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, 2021					
Mega International Commercial Bank	$ 438,954	$ -	$ -	$ 438,954	1.30-3.35
BNP Paribas S.A.	29,519	-	-	29,519	0.91-1.13
	$ 468,473	$ -	$ -	$ 468,473	
For the December 31, 2020					
Mega International Commercial Bank	$ 180,205	$ -	$ -	$ 180,205	0.80-2.37
BNP Paribas S.A.	54,436	-	-	54,436	1.11-1.19
	$ 234,641	$ -	$ -	$ 234,641	

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

27. TRANSACTIONS WITH RELATED PARTIES

Details of transactions between the Company 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 Company)
FSP Technology Inc.	Key management personnel
Ming Fang International Investment Co., Ltd.	Essential related party
Potentia Technology Inc. Limited	Subsidiary
Voltronic Power Technology (Shen Zhen) Corp.	Subsidiary
Zhongshan Voltronic Power Electronics Limited	Subsidiary
Voltronic Power Technology (Vietnam) Company Limited	Subsidiary

b. Sales of goods

Line Item	Related Party Category	For the Year Ended December 31 2021	2020
Sales	Key management personnel	$ 199,625	$ 188,771
	Essential related parties	634,494	428,167
	Subsidiaries - Potentia Technology Inc. Limited	-	268
		$ 834,119	$ 617,206

The selling prices of the goods sold to the related parties in the table above are not comparable as these goods are not sold to other customers in 2021 and 2020. Payment terms of goods sold to related parties are 135-150 days and 135-270 days, respectively, after the end of the month, and 0-180 days for general customers.

c. Purchases of goods

Related Party Category	For the Year Ended December 31 2021	2020
Subsidiaries - Potentia Technology Inc. Limited	$ 11,485,614	$ 9,456,017
Subsidiaries - Voltronic Power Technology (Shen Zhen) Corp.	295,659	208,680
Subsidiaries - Zhongshan Voltronic Power Electronics Limited	17,753	18,131
	$ 11,799,026	$ 9,682,828

The purchase prices of golds purchased from the related parties in the table above are not comparable as these same goods are not purchased from other suppliers in 2021 and 2020. Payment terms of goods purchased from related parties are 270 days after every month end close, and 30-90 days for general suppliers.

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

Line Item	Related Party Category	December 31 2021	2020
Trade receivables from related parties	Essential related parties	$ 43,488	$ 65,539
	Key management personnel	92,833	90,205
		$ 136,321	$ 155,744

The outstanding trade receivables from related parties were unsecured. In 2021 and 2020, no impairment loss was recognized for trade receivables from related parties.

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

Line Item	Related Party Category	December 31 2021	2020
Trade payables	Subsidiaries - Potentia Technology Inc. Limited	$ 4,912,865	$ 4,659,767
	Subsidiaries - Voltronic Power Technology (Shen Zhen) Corp.	143,784	138,377
	Subsidiaries - Zhongshan Voltronic Power Electronics Limited	10,191	8,450
		$ 5,066,840	$ 4,806,594

The outstanding trade payables from related parties are unsecured.

f. Lease arrangements

Related Party Category	For the Year Ended December 31 2021	2020
Acquisitions of right-of-use assets		
Essential related parties	$ -	$ 5,851

Line Item	Related Party Category	December 31 2021	2020
Lease liabilities	Essential related parties-Ming Fang International Investment Co., Ltd.	$ 2,230	$ 5,136

Related Party Category	For the Year Ended December 31 2021	2020
Interest expense		
Essential related parties	$ 94	$ 55

The Company leased the premises from essential related parties in 2021 and 2020, the rental prices were determined with reference to the market quotations, and the terms of payment was for the month.

g. Other transactions with related parties

Line Item	Related Party Category	December 31 2021	2020
Refundable deposits	Essential related parties - Ming Fang International Investment Co., Ltd.	$ 500	$ 500

h. Compensation of key management personnel

	For the Year Ended December 31 2021	2020
Short-term employee benefits	$ 89,070	$ 89,029
Post-employee benefits	503	647
Share-based payments	5,311	42,120
	$ 94,884	$ 131,796

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

28. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

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

Unrecognized commitments are as follows:

	December 31	
	2021	2020
Acquisition of property, plant and equipment	$ 6,545	$ -

29. SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

a. For operation and development, the Company buy a building at the price of $1,398,000 thousand from Founding Construction Development Corp. in Sijhij in January, 2022.

b. On February 24, 2022, the board of directors approved to withdraw restricted shares. The Company withdraw $1,932 thousand, 193 thousand shares, with a par value of $10, with March 15, 2022 as the effective date.

c. In the meeting on February 24, 2022, the Board of directors approved a restricted shares plan of 540 thousand shares with a par value of NT$10, issued free of charge, estimated recognition of compensation costs in the vesting period is $745,200 thousand. The Board authorizes the chairman to determine the issuance date for shares after shareholders' resolution on the meeting and report to the competent authority.

30. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

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

December 31, 2021

	Foreign Currency (In Thousands)	Exchange Rate	Carrying Amount (In Thousands)
Financial assets			
Monetary items			
USD	$ 151,554	27.6900 (USD:NTD)	$ 4,196,530
RMB	394,969	4.3431 (RMB:NTD)	1,715,390
			$ 5,911,920
Non-monetary items			
Investments accounted for using the equity method			
USD	241,952	27.6900 (USD:NTD)	$ 6,699,662

(Continued)

	Foreign Currency (In Thousands)	Exchange Rate	Carrying Amount (In Thousands)
Financial liabilities			
Monetary items			
USD	$ 95,143	27.6900 (USD:NTD)	$ 2,634,510
RMB	1,117,390	4.3431 (RMB:NTD)	4,852,937
			$ 7,487,447
			(Concluded)

December 31, 2020

	Foreign Currency (In Thousands)	Exchange Rate	Carrying Amount (In Thousands)
Financial assets			
Monetary items			
USD	$ 120,476	28.1000 (USD:NTD)	$ 3,385,376
RMB	448,313	4.3066 (RMB:NTD)	1,930,705
			$ 5,316,081
Non-monetary items			
Investments accounted for using the equity method			
USD	211,195	28.1000 (USD:NTD)	$ 5,934,574
Financial liabilities			
Monetary items			
USD	73,914	28.1000 (USD:NTD)	$ 2,076,983
RMB	1,061,925	4.3066 (RMB:NTD)	4,573,286
			$ 6,650,269

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

	For the Year Ended December 31			
	2021		2020	
Foreign Currencies	Exchange Rate	Net Foreign Exchange Gains (Losses)	Exchange Rate	Net Foreign Exchange Gains (Losses)
RMB	4.3263 (RMB:NTD)	$ (48,364)	4.2791 (RMB:NTD)	$ (18,590)
USD	27.8929 (USD:NTD)	(54,721)	29.4450 (USD:NTD)	(138,721)
		$ (103,085)		$ (157,311)

30. 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): None

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

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

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

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

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

   9) Trading in derivative instruments: None

b. Information on investees: Table 5

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 6

   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 7

      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 8

VOLTRONIC POWER TECHNOLOGY CORP.

FINANCING PROVIDED TO OTHERS
FOR THE YEAR ENDED DECEMBER 31, 2021
(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	$ 217,154 (RMB 50,000)	$ 217,154 (RMB 50,000)	$ 217,154 (RMB 50,000)	3.85	2	$ -	Operating capital financing funds	$ -	-	$ -	$ 1,422,110	$ 1,422,110
		Zhongshan Voltronic Power Electronics Limited	Other receivables from related parties	Yes	86,862 (RMB 20,000)	86,862 (RMB 20,000)	- (RMB -)	-	2	-	Operating capital financing funds	-	-	-	1,422,110	1,422,110
		Zhongshan Voltronic Power Electronics Limited	Other receivables from related parties	Yes	369,164 (RMB 85,000)	369,164 (RMB 85,000)	369,164 (RMB 85,000)	3.85	2	-	Operating capital financing funds	-	-	-	1,422,110	1,422,110
		Zhongshan Voltronic Power Electronics Limited	Other receivables from related parties	Yes	238,871 (RMB 55,000)	238,871 (RMB 55,000)	238,871 (RMB 55,000)	3.85	2	-	Operating capital financing funds	-	-	-	1,422,110	1,422,110
		Zhongshan Voltronic Power Electronics Limited	Other receivables from related parties	Yes	282,302 (RMB 65,000)	282,302 (RMB 65,000)	282,302 (RMB 65,000)	3.85	2	-	Operating capital financing funds	-	-	-	1,422,110	1,422,110

Note 1: Number column as follows:

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

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

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

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

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

Note 5: The highest balance for the period and ending balance present in NT$. Foreign currencies are converted into NT$; the exchange rate was RMB1=NT$4.3431 as of December 31, 2021.

TABLE 2

VOLTRONIC POWER TECHNOLOGY CORP.

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, 2021
(In Thousands of New Taiwan Dollars and Foreign Currencies)

Company Name	Types of Property	Transaction Date	Transaction Amount (Foreign Currencies in Thousands)	Payment Term	Counter-party	Nature of Relationships	Prior Transaction of Related Counter-party				Price Reference	Purpose of Acquisition	Other Terms
							Owner	Relationships	Transfer Date	Amount			
Zhongshan Voltronic Power Electronics Limited	New factory of Zhongshan City #1	March 28, 2017	$ 558,523 (RMB 128,600)	$ 558,523 (RMB 128,600)	Zhongtian Construction Group Co., Ltd.	-	-	-	-	$ -	-	For the production of future need	Note
	New factory of Zhongshan City #2	September 25, 2020	801,363 (RMB 184,514)	437,941 (RMB 100,836)	Shenzhen Sunmake Group Limited	-	-	-	-	-	-	For the production of future need	Note

Note: The above amounts of assets accounts and liabilities accounts are converted by exchange rate RMB1 into NT$4.3431 as of December 31, 2021.

VOLTRONIC POWER TECHNOLOGY CORP.

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, 2021
(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)	$ (634,494)	(4)	Net 150 days from the end of the month of when invoice is issued	No identical item	0-180 days	$ 43,488	2	-
	FSP TECHNOLOGY INC.	Key management personnel	(Sales)	(199,625)	(1)	Net 135 days from the end of the month of when invoice is issued	No identical item	0-180 days	92,833	4	〃
	Voltronic Power Technology (Shen Zhen) Corp.	Subsidiary	Purchase	295,659	3	Net 270 days from the end of the month of when invoice is issued	No identical item	30-90 days	(143,784)	(3)	〃
	Potentia Technology Inc. Limited	Subsidiary	Purchase	11,485,614	97	Net 270 days from the end of the month of when invoice is issued	No identical item	30-90 days	(4,912,865)	(97)	〃
Potentia Technology Inc. Limited	Voltronic Power Technology	Parent company	(Sales)	(11,485,614)	(80)	Net 270 days from the end of the month of when invoice is issued	Note 2	Note 2	4,912,865	89	〃
	Voltronic Power Technology (Shen Zhen) Corp.	The same parent company	(Sales)	(985,944)	(7)	Net 270 days from the end of the month of when invoice is issued	Note 2	Note 2	137,757	2	〃
	Voltronic Power Technology (Shen Zhen) Corp.	The same parent company	Purchase	4,712,438	33	Net 270 days from the end of the month of when invoice is issued	No identical item	30-90 days	(3,872,529)	(60)	〃
	Zhongshan Voltronic Power Electronics Limited	The same parent company	(Sales)	(991,990)	(6)	Net 270 days from the end of the month of when invoice is issued	Note 2	Note 2	154,954	3	〃
	Zhongshan Voltronic Power Electronics Limited	The same parent company	Purchase	6,636,988	46	Net 270 days from the end of the month of when invoice is issued	No identical item	30-90 days	(1,865,738)	(29)	〃
	Orchid Power (Shen Zhen) Manufacturing Company	The same parent company	(Sales)	(320,130)	(2)	Net 270 days from the end of the month of when invoice is issued	Note 2	Note 2	57,805	1	〃
	Voltronic Power Technology (Vietnam) Company Limited	The same parent company	(Sales)	(708,991)	(5)	Net 270 days from the end of the month of when invoice is issued	Note 2	Note 2	254,590	5	〃
	Voltronic Power Technology (Vietnam) Company Limited	The same parent company	Purchase	850,896	6	Net 270 days from the end of the month of when invoice is issued	No identical item	30-90 days	(128,146)	(2)	〃
Voltronic Power Technology (Shen Zhen) Corp.	Voltronic Power Technology	Parent company	(Sales)	(295,659)	(6)	Net 270 days from the end of the month of when invoice is issued	No identical item	30-90 days	143,784	3	〃
	Potentia Technology Inc. Limited	The same parent company	(Sales)	(4,712,438)	(88)	Net 270 days from the end of the month of when invoice is issued	No identical item	30-90 days	3,872,529	94	〃
	Potentia Technology Inc. Limited	The same parent company	Purchase	985,944	28	Net 270 days from the end of the month of when invoice is issued	No identical item	30-90 days	(137,757)	(11)	〃
	Orchid Power (Shen Zhen) Manufacturing Company	The same parent company	Purchase	282,042	8	Net 270 days from the end of the month of when invoice is issued	No identical item	30-90 days	(198,934)	(16)	〃
	Zhongshan Voltronic Precision Inc.	The same parent company	Purchase	450,721	13	Net 270 days from the end of the month of when invoice is issued	No identical item	30-90 days	(56,887)	(4)	〃
Orchid Power (Shen Zhen) Manufacturing Company	Potentia Technology Inc. Limited	The same parent company	Purchase	320,130	22	Net 270 days from the end of the month of when invoice is issued	No identical item	0-60 days	(57,805)	(8)	〃
	Voltronic Power Technology (Shen Zhen) Corp.	The same parent company	(Sales)	(282,042)	(11)	Net 270 days from the end of the month of when invoice is issued	No identical item	0-60 days	198,934	40	〃
	Zhongshan Voltronic Power Electronics Limited	The same parent company	Purchase	341,031	24	Net 270 days from the end of the month of when invoice is issued	No identical item	0-60 days	(187,694)	(28)	〃
	Zhongshan Voltronic Precision Inc.	The same parent company	Purchase	222,718	15	Net 270 days from the end of the month of when invoice is issued	No identical item	0-60 days	(28,973)	(4)	〃

(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	% to Total	
Zhongshan Voltronic Power Electronics Limited	Potentia Technology Inc. Limited	The same parent company	(Sales)	$ (6,636,988)	(94)	Net 270 days from the end of the month of when invoice is issued	Note 2	Note 2	$ 1,865,738	89	-
	Potentia Technology Inc. Limited	The same parent company	Purchase	911,990	14	Net 270 days from the end of the month of when invoice is issued	No identical item	30-90 days	(154,954)	(9)	〃
	Orchid Power (Shen Zhen) Manufacturing Company	The same parent company	(Sales)	(341,031)	(5)	Net 270 days from the end of the month of when invoice is issued	Note 2	Note 2	187,694	9	〃
	Zhongshan Voltronic Precision Inc.	The same parent company	Purchase	749,581	12	Net 270 days from the end of the month of when invoice is issued	No identical item	30-90 days	(59,882)	(4)	〃
Zhongshan Voltronic Precision Inc.	Voltronic Power Technology (Shen Zhen) Corp.	The same parent company	(Sales)	(450,721)	(32)	Net 270 days from the end of the month of when invoice is issued	Note 2	Note 2	56,887	39	〃
	Orchid Power (Shen Zhen) Manufacturing Company	The same parent company	(Sales)	(222,718)	(16)	Net 270 days from the end of the month of when invoice is issued	Note 2	Note 2	28,973	20	〃
	Zhongshan Voltronic Power Electronics Limited	The same parent company	(Sales)	(749,581)	(53)	Net 270 days from the end of the month of when invoice is issued	Note 2	Note 2	59,882	41	〃
Voltronic Power Technology (Vietnam) Company Limited	Potentia Technology Inc. Limited	The same parent company	(Sales)	(850,896)	(100)	Net 270 days from the end of the month of when invoice is issued	Note 2	Note 2	128,146	100	〃
	Potentia Technology Inc. Limited	The same parent company	Purchase	708,991	100	Net 270 days from the end of the month of when invoice is issued	No identical item	30-90 days	(254,590)	(90)	〃

Note 1: Above amounts present in New Taiwan dollars (NT$). Foreign currency is converted into NT$ as of December 31, 2021; the amount of income accounts are converted by average exchange rate into New Taiwan dollars (NT$) as of 2021.

Note 2: There is no sales to unrelated parties.

(Concluded)

VOLTRONIC POWER TECHNOLOGY CORP.

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT$100 MILLION OR 20% OF THE PAID-IN CAPITAL
DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars)

Company Name	Related Party	Relationship	Ending Balance (Note 1)	Turnover Rate	Overdue		Amount Received in Subsequent Period (Note 2)	Allowance for Impairment Loss	Note
					Amount	Actions Taken			
Trade receivables									
Potentia Technology Inc. Limited	Voltronic Power Technology	Parent company	$ 4,912,865	2.40	$ -	-	$ 622,540	$ -	-
	Voltronic Power Technology (Shen Zhen) Corp.	The same parent company	137,757	6.37	-	-	92,097	-	〃
	Zhongshan Voltronic Power Electronics Limited	The same parent company	154,954	6.10	-	-	95,950	-	〃
	Voltronic Power Technology (Vietnam) Company Limited	The same parent company	254,590	2.82	-	-	49,864	-	〃
Voltronic Power Technology (Shen Zhen) Corp.	Voltronic Power Technology	Parent company	143,784	2.09	-	-	26,021	-	〃
	Potentia Technology Inc. Limited	The same parent company	3,872,529	1.28	-	-	492,579	-	〃
Zhongshan Voltronic Power Electronics Limited	Potentia Technology Inc. Limited	The same parent company	1,865,738	3.56	-	-	626,885	-	〃
	Orchid Power (Shen Zhen) Manufacturing Company	The same parent company	187,694	2.50	-	-	-	-	〃
Orchid Power (Shen Zhen) Manufacturing Company	Voltronic Power Technology (Shen Zhen) Corp.	The same parent company	198,934	1.61	-	-	21,599	-	〃
Voltronic Power Technology (Vietnam) Company Limited	Potentia Technology Inc. Limited	The same parent company	128,146	6.60	-	-	70,608	-	〃
Other receivables									
Orchid Power (Shen Zhen) Manufacturing Company	Zhongshan Voltronic Power Electronics Limited	The same parent company	1,111,651 (Note 2)	-	-	-	-	-	〃

Note 1: Above amounts present in New Taiwan dollar (NT$). Foreign currency is converted into NT$; the exchange rate was US$1=NT$27.69, RMB1=NT$4.3431 as of December 31, 2021.

Note 2: Including interest receivables $3,416 thousand and receivables for sales of equipment $744 thousand.

Note 3: As of January 31, 2022.

TABLE 5

VOLTRONIC POWER TECHNOLOGY CORP.

INFORMATION ON INVESTEES
FOR THE YEAR ENDED DECEMBER 31, 2021
(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, 2021			Net Income (Loss) of the Investee	Share of Profit (Loss) (Note 2)	Note
				December 31, 2021	December 31, 2020	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	$ 6,699,662	$ 701,854	$ 704,737	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	101,415	31,391	31,391	Notes 1 and 3
Voltronic International Corp.	Potentia Technology Inc. Limited	Hong Kong	Sale of uninterruptible power systems (UPS)	-	-	-	100	20,485	(1,976)	(1,976)	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	6,682,482	703,830	703,830	Note 1

Note 1: The Company was subsidiary.

Note 2: Current investment gain or loss recognition is net of reversing prior period unrealized loss of $720 thousand from upstream transactions and deducts current period unrealized loss of $2,566 thousand from upstream transaction and realized gain of $1,037 thousand on disposal of property, plant and equipment between intercompany transaction.

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

Note 4: For information of investments in mainland China, refer to Table 6.

VOLTRONIC POWER TECHNOLOGY CORP.

INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2021
(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, 2021	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2021	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, 2021 (Notes 2 and 3)	Accumulated Repatriation of Investment Income as of December 31, 2021
					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)	$ 250,578	100	$ 250,578	$ 3,538,430	$ -
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)	303,206	100	303,206	1,422,110	-
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)	150,046	100	150,046	1,721,942	-
Zhongshan Voltronic Precision Inc.	Design, manufacture and sale of UPS related components	159,201 (RMB 36,000)	c	-	-	-	-	(31,774)	100	(31,774)	160,344	-

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

Accumulated Outflow Remittance for Investment in Mainland China as of December 31, 2021	Investment Amount Authorized by Investment Commission, MOEA	Upper Limit on the Amount of Investment Stipulated by Investment Commission, MOEA
$ 888,285 (Note 4) (US$ 28,000)	$ 888,285 (Note 4) (US$ 28,000)	$ 3,424,606

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

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

Note 2: The investment gain or loss and the carrying amount as of December 31, 2021:

The Company invested Zhongshan Voltronic Power Technology (Shen Zhen) Corp., Orchid Power (Shen Zhen) Manufacturing Company and Zhongshan Voltronic Power Electronics Limited through its subsidiary, Voltronic International H.K. Corp. and recognized net income and book value of investee, Zhongshan Voltronic Precision Inc. through subsidiary Zhongshan Voltronic Power Electronics Limited as of December 31, 2021.

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.

VOLTRONIC POWER TECHNOLOGY CORP.

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, 2021
(In Thousands of New Taiwan Dollars)

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

Investee Company	Transaction Type	Purchase/Sale		Transaction Details			Notes/Accounts Receivable (Payable)		Unrealized Loss
		Amount	%	Price	Payment Terms	Comparison with Normal Transactions	Ending Balance	%	
Voltronic Power Technology (Shen Zhen) Corp.	Purchase	$ 4,964,449	42	Set by agreement of both parties	Net 270 days from the end of the month of when invoice is issued	No identical item	$ (2,282,314)	(45)	$ 2,566
Zhongshan Voltronic Power Electronics Limited	Purchase	5,978,021	50	Set by agreement of both parties	Net 270 days from the end of the month of when invoice is issued	No identical item	(2,723,138)	(54)	-

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

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

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

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

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

VOLTRONIC POWER TECHNOLOGY CORP.

INFORMATION OF MAJOR SHAREHOLDERS
DECEMBER 31, 2021

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

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.

VOLTRONIC POWER TECHNOLOGY CORP.

THE CONTENTS OF STATEMENTS OF MAJOR ACCOUNTING ITEMS

VOLTRONIC POWER TECHNOLOGY CORP.

STATEMENT OF CASH AND CASH EQUIVALENTS
DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars and Foreign Currencies)

Item	Summary	Amount
Petty cash		$ 342
Foreign currencies deposits	Mega International Commercial Bank (including US$55,140 thousand @27.6900, EUR4,702 thousand @31.3250 and RMB2,376 thousand @4.3431)	1,684,435
Demand deposits	Mega International Commercial Bank	84,860
Time deposits	Mega International Commercial Bank (including RMB388,460 thousand @4.3431 and US$381 thousand @27.6900)	1,697,663
		$ 3,467,300

VOLTRONIC POWER TECHNOLOGY CORP.

STATEMENT OF NOTES RECEIVABLE AND TRADE RECEIVABLES, NET
DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars)

Client Name	Summary	Amount	Note
Notes receivable			
Client A	Payments	$ 47,795	
Client B	Payments	19,655	
		$ 67,450	
Trade receivables from non-related parties			
Client C	Payments	$ 245,037	
Client D	Payments	233,776	
Client E	Payments	117,432	
Other (Note)	Payments	1,673,898	
Less: Allowance for impairment loss		(11,082)	
		$ 2,259,061	
Trade receivables from related parties			
FSP Technology Inc.	Payments	$ 92,833	
RPS. SPA	Payments	43,488	
		$ 136,321	

Note: The balance of each individual client included in others does not exceed 5% of the account balance.

VOLTRONIC POWER TECHNOLOGY CORP.

STATEMENT OF OTHER RECEIVABLES, NET
DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars)

Item	Summary	Amount	Note
Non-related parties			
Interest receivables		$ 4,771	
Tax refund receivables	Tax refund receivables of business tax	3,778	
		$ 8,549	

VOLTRONIC POWER TECHNOLOGY CORP.

STATEMENT OF INVENTORIES, NET
DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars)

Item	Summary	Amount		Note
		Cost	Net Realizable Value	
Merchandise	Solar products	$ 15,373	$ 14,125	Note
Work-in-progress	Solar products	4,888	4,888	Note
Materials	Solar products	38,901	38,901	Note
		$ 59,162	$ 57,914	

Note: The net realizable value is the estimated selling price of inventories less all estimated costs of completion and costs necessary to make the sale (including inventory obsolescence losses).

VOLTRONIC POWER TECHNOLOGY CORP.

STATEMENT OF PREPAYMENTS
DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars)

Item	Summary	Amount
Prepayments expense	System maintenance fees	$ 5,709
	Exhibition signup fee	1,648
	Other (Note)	3,405
Other prepayments	Prepayments of opening molds	1,843
		$ 12,605

Note: The balance of each individual item included in others does not exceed 5% of the account balance.

VOLTRONIC POWER TECHNOLOGY CORP.

STATEMENT OF CHANGES IN INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD
FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars and Shares)

	Balance, January 1, 2021		Additions in Investment		Decrease in Investment		Balance, December 31, 2021		Market Value or Net Asset Value (Note 1)		
	Number of Shares	Amount	Number of Shares	Amount	Number of Shares	Amount	Number of Shares	Amount	Unit Price (NT$)	Total Amount	Collateral
Voltronic International Corp. (Note 2)	28,000	$ 5,934,574	-	$ 765,088	-	$ -	28,000	$ 6,699,662	$239.16	$ 6,696,358	Nil
Voltronic Power Technology (Vietnam) Company Limited (Notes 3 and 4)	-	70,254	-	31,391	-	(230)	-	101,415	-	101,415	Nil
		$ 6,004,828		$ 796,479		$ (230)		$ 6,801,077		$ 6,797,773	

Note 1: Net asset value and net asset value per share are estimated based on the audited net asset value of the investee company as of December 31, 2021.

Note 2: Increase in the current period are caused by employee unearned benefit recognized amounting to $6,088 thousand, accumulated dividends that no need to be returned payout from returned and retired restricted shares of $6,482 thousand, to investment accounted for using the equity method of subsidiaries, associates and joint ventures amounting to $701,854 thousand, reversal of unrealized gross loss from upstream transactions recognized in the previous period amounting to $720 thousand, and deduct unrealized gross loss from upstream transactions recognized in the current period amounting to $2,566 thousand and realized gain of $1,037 thousand on disposal of property, plant and equipment between intercompany transaction, and exchange differences on translating the financial statements of foreign operations amounting to $47,781 thousand.

Note 3: Increase in the current period are by investment accounted for using the equity method of subsidiaries, associates and joint ventures amounting to $31,391 thousand, decrease in the current period are caused by exchange differences on translating the financial statements of foreign operations amounting to $230 thousand.

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

VOLTRONIC POWER TECHNOLOGY CORP.

STATEMENT OF CHANGES IN RIGHT-OF-USE ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars)

Item	Balance at January 1, 2021	Additions	Disposals	Balance at December 31, 2021	Note
Buildings	$ 5,851	$ -	$ -	$ 5,851	
Transportation equipment	1,261	-	(1,261)	-	
	$ 7,112	$ -	$ (1,261)	$ 5,851	

VOLTRONIC POWER TECHNOLOGY CORP.

STATEMENT OF CHANGES IN ACCUMULATED DEPRECIATION AND ACCUMULATED IMPAIRMENT OF RIGHT-OF-USE ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars)

Item	Balance at January 1, 2021	Additions	Disposals	Balance at December 31, 2021	Note
Buildings	$ 731	$ 2,926	$ -	$ 3,657	
Transportation equipment	767	494	(1,261)	-	
	$ 1,498	$ 3,420	$ (1,261)	$ 3,657	

VOLTRONIC POWER TECHNOLOGY CORP.

STATEMENT OF OTHER NON-CURRENT ASSETS
DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars)

Item	Summary	Amount	Note
Refundable deposits	Office and photocopier deposits	$ 520	
Prepayments for equipment		368	
		$ 888	

VOLTRONIC POWER TECHNOLOGY CORP.

STATEMENT OF SHORT-TERM BORROWINGS
DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars)

Name	Description	Balance, End of Year	Contract Period	Range of Interest Rates (%)	Financing Limit	Collateral
Unsecured loans	Mega International Commercial Bank	$ 1,465,980	2021/7/16-2022/5/23	0.6871-0.9032	$ 1,500,000	Nil
Unsecured loans	E.SUN COMMERCIAL BANK, LTD.	913,765	2021/10/26-2022/6/22	0.8	913,770	Nil
		$ 2,379,745			$ 2,413,770	

VOLTRONIC POWER TECHNOLOGY CORP.

STATEMENT OF NOTES PAYABLE AND TRADE PAYABLES
DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars)

Vendor Name	Summary	Amount	Note
Notes payable			
MSIG Mingtai Insurance Co., Ltd.		$ 57	
Trade payables			
Non-related parties			
Soltec Power Co., Ltd.	Payments	$ 5,607	
U-cheer Component Co., Ltd.	Payments	807	
Taiwan Yuasa Battery Co., Ltd.	Payments	784	
Others (Note)	Payments	3,043	
		$ 10,241	
Related parties			
Potentia Technology Inc. Limited	Payments	$ 4,912,865	
Voltronic Power Technology (Shen Zhen) Corp.	Payments	143,784	
Zhongshan Voltronic Power Electronics Limited	Payments	10,191	
		$ 5,066,840	

Note: The balance of each individual item included in others does not exceed 5% of the account balance.

STATEMENT 12

VOLTRONIC POWER TECHNOLOGY CORP.

STATEMENT OF OTHER CURRENT LIABILITIES
DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars)

Item	Summary	Amount	Note
Other current liabilities			
Receipts under custody	Withholding of employment income tax and labor and health insurance	$ 1,695	

VOLTRONIC POWER TECHNOLOGY CORP.

STATEMENT OF LEASE LIABILITIES
DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Item	Summary	Lease Term	Discount Rate	Not Later than 1 Year	Later than 1 Year	Note
Buildings	Office	2020/10/1-2022/9/30	2.64%	$ 2,230	$ -	

VOLTRONIC POWER TECHNOLOGY CORP.

STATEMENT OF OPERATING REVENUE
FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars)

Item	Summary	Amount	Note
Sales of goods			
Total amount of sales of goods	Sales revenue from uninterrupted power systems	$ 14,551,691	
Less: Sales returns and discounts		(79,344)	
		$ 14,472,347	

VOLTRONIC POWER TECHNOLOGY CORP.

STATEMENT OF OPERATING COSTS
FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars)

Item	Amount
Merchandise, beginning of year	$ 9,019
Additions: Merchandise purchased	11,347,413
Deductions: Merchandise, end of year	(15,373)
Reclassified other operating costs	(123)
Reclassified expenses	(188)
Purchase cost	11,340,748
Additions: Raw material, beginning of year	14,496
Additions: Raw material purchased	488,144
Deductions: Raw material, end of year	(38,901)
Direct material and supplies used	463,739
Additions: Work-in-progress, beginning of year	3,800
Manufacturing expense	32,752
Deductions: Work-in-progress, end of year	(4,888)
Cost of goods sold, total	495,403
Additions: Loss on inventory write-down	233
Additions: Other operating costs	2,717
Operating costs	$ 11,839,101

VOLTRONIC POWER TECHNOLOGY CORP.

STATEMENT OF OPERATING EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars)

Item	Selling and Marketing Expenses	General and Administrative Expenses	Research and Development Expenses
Payroll and related expense (including pension expenses and share-based payments)	$ 64,568	$ 140,386	$ 75,641
Depreciation expense	5,423	7,466	10,623
Commission expense	70,723	-	-
Insurance expense	25,889	5,214	4,436
Examination expense	593	-	10,085
Import and export expense	27,422	-	-
Others (Note)	23,170	32,682	17,412
	$ 217,788	$ 185,748	$ 118,197

Note: The balance of each individual item included in others does not exceed 5% of the account balance.

VOLTRONIC POWER TECHNOLOGY CORP.

STATEMENT OF LABOR, DEPRECIATION, DEPLETION AND AMORTIZATION BY FUNCTION
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
(In Thousands of New Taiwan Dollars)

	2021			2020		
	Classified as Cost of Goods Sold	Classified as Operating Expenses	Total	Classified as Cost of Goods Sold	Classified as Operating Expenses	Total
Labor cost						
Salary and bonus	$ 18,928	$ 258,907	$ 277,835	$ 14,101	$ 304,703	$ 318,804
Labor and health insurance	1,138	12,527	13,665	1,051	11,746	12,797
Pension	543	5,688	6,231	535	6,338	6,873
Director's remuneration	-	16,000	16,000	-	16,000	16,000
Others	1,758	9,798	11,556	1,752	8,247	9,999
	$ 22,367	$ 302,920	$ 325,287	$ 17,439	$ 347,034	$ 364,473
Depreciation expense	$ 4,334	$ 23,512	$ 27,846	$ 3,947	$ 24,043	$ 27,990
Amortization expense	$ 111	$ 6,830	$ 6,941	$ 100	$ 5,463	$ 5,563

Note 1. As of December 31, 2021 and 2020, the Company had 151 and 141 employees, respectively, of which 6 are directors not concurrently serving as employees, respectively.

Note 2. As of December 31, 2021 and 2020, the average of employee benefits expense were $2,133 thousand and $2,581 thousand, respectively. ("The total employee benefits expense - total director's remuneration"/"Headcount - The population of directors not concurrently serving as employees").

Note 3. As of December 31, 2021 and 2020, the average of employee's salary and bonus were $1,916 thousand and $2,362 thousand, respectively. ("The total employee's salary and bonus"/"Headcount - The population of directors not concurrently serving as employees").

Note 4. Changes in average of employee salaries and bonus was (18.88%). ("The average of employee's salary and bonus in current period - The average of employee's salary and bonus in the previous period"/The average of employee's salary and bonus in the previous period).

Note 5. The Company has set the audit committee. Consequently, there is no supervisors.

Note 6. The Company has set the remuneration committee to assist the board of directors execute and evaluate the Company's overall salary and benefit policy and the director and executive's remuneration.