

**Cyber Power Systems, Inc. and
Subsidiaries**

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

DECLARATION OF CONSOLIDATION OF FINANCIAL STATEMENTS OF AFFILIATES

The companies required to be included in the consolidated financial statements of affiliates in accordance with the “Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises” for the year ended December 31, 2021 are all the same as the companies required to be included in the consolidated financial statements of parent and subsidiary companies as of and for the years ended December 31, 2021 and 2020, as provided in International Financial Reporting Standard No. 10 “Consolidated Financial Statements”. Relevant information that should be disclosed in the consolidated financial statements of affiliates has all been disclosed in the consolidated financial statements of parent and subsidiary companies. Hence, we have not prepared a separate set of consolidated financial statements of affiliates.

Very truly yours,

CYBER POWER SYSTEMS, INC.

By

March 23, 2022

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Cyber Power Systems, Inc.

Opinion

We have audited the accompanying consolidated financial statements of Cyber Power Systems, Inc. and its subsidiaries (the "Group"), which comprise the consolidated balance sheets as of December 31, 2021 and 2020, the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2021 and 2020, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2021. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matter of the Group's consolidated financial statements is described as follows:

Assessment of Inventory

As of December 31, 2021, the balance of inventory amounted to \$2,948,425 thousand. As the Group sells its products to the American and European regions, particularly with a focus on the retail markets, the Group needs to maintain a sufficient level of safety stock for its customers, and this results in the net value of inventory accounting for 28% of the Group's total assets. Since the assessment of the net realizable value of inventories is subject to management's judgment, it has been identified as a key audit matter for the year ended December 31, 2021.

Net realizable value is the estimated selling price of inventories less all estimated costs of completion and costs necessary to make the sale. When the net realizable value is lower than the cost of inventory, the Group recognizes the loss on write-down; besides, the loss on obsolete inventory is estimated according to the aging and the physical conditions of the inventory.

We understood the effectiveness of internal controls as follows:

1. Whether inventory valuation and obsolescence losses were regularly recognized based on the Group's policy.
2. Whether the assessment of inventory valuation and obsolescence losses was reviewed by responsible personnel.

We selected samples from the inventory list on the balance sheet date, verified the data used to calculate the net realizable value, and recalculated the inventory valuation loss amount and compared it to the recognized amount based on the data. We also analyzed the actual inventory turnover situation to assess the sufficiency and appropriateness of the policy for the recognition of obsolescence losses, and calculated the obsolescence losses based on the policy and compared this to the recognized amount.

For other relevant disclosures, refer to Note 4(f): Summary of significant accounting policies and Note 10: Inventories.

Other Matter

We have also audited the parent company only financial statements of Cyber Power Systems, Inc. as of and for the years ended December 31, 2021 and 2020 on which we have issued an unmodified opinion.

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

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

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 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 audit resulting in this independent auditors' report are Wen-Hsiang Chen and Te-Chen Cheng.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 23, 2022

Notice to Readers

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

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

CYBER POWER SYSTEMS, INC. AND SUBSIDIARIES

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

ASSETS	2021		2020	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Notes 4, 6 and 30)	\$ 1,717,111	17	\$ 2,179,232	21
Financial assets at fair value through profit or loss - current (Notes 7 and 30)	120	-	120	-
Financial assets at amortized cost - current (Notes 4, 8 and 30)	21,528	-	49,977	-
Notes receivable from unrelated parties (Notes 4, 9, 25 and 30)	9,050	-	3,197	-
Trade receivables from unrelated parties (Notes 4, 9, 25 and 30)	1,764,340	17	1,821,436	17
Other receivables (Notes 4, 9, 25 and 30)	168,732	2	130,828	1
Current tax assets (Notes 4 and 27)	30,885	-	11,614	-
Inventories (Notes 4 and 10)	2,948,425	28	2,144,111	20
Other current assets (Note 17)	143,274	2	94,452	1
Other current financial assets (Notes 30 and 32)	<u>36,316</u>	-	<u>79,831</u>	1
Total current assets	<u>6,839,781</u>	<u>66</u>	<u>6,514,798</u>	<u>61</u>
NON-CURRENT ASSETS				
Financial assets at amortized cost - non-current (Notes 4, 8 and 30)	1,130	-	1,175	-
Property, plant and equipment (Notes 4, 12 and 32)	1,727,867	17	1,764,317	17
Right-of-use assets (Notes 4 and 13)	175,827	2	240,939	2
Investment properties (Notes 4, 14 and 32)	1,222,899	12	1,239,660	12
Goodwill (Notes 4 and 15)	53,240	1	55,643	1
Other intangible assets (Notes 4 and 16)	26,100	-	23,944	-
Deferred tax assets (Notes 4 and 27)	248,555	2	182,722	2
Other non-current financial assets (Notes 30 and 32)	42,825	-	532,940	5
Other non-current assets (Notes 4, 9, 17, 25, 30 and 32)	<u>52,980</u>	-	<u>38,481</u>	-
Total non-current assets	<u>3,551,423</u>	<u>34</u>	<u>4,079,821</u>	<u>39</u>
TOTAL	<u>\$ 10,391,204</u>	<u>100</u>	<u>\$ 10,594,619</u>	<u>100</u>
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Notes 18, 30 and 32)	\$ 2,190,000	21	\$ 1,954,396	18
Notes payable to unrelated parties (Notes 20 and 30)	31	-	33	-
Trade payables to unrelated parties (Notes 20 and 30)	1,546,828	15	1,212,885	12
Current tax liabilities (Notes 4 and 27)	99,671	1	145,021	1
Other payables (Notes 21 and 30)	763,719	7	803,234	8
Provisions - current (Notes 4 and 22)	74,734	1	101,630	1
Lease liabilities - current (Notes 4, 13 and 30)	104,690	1	100,174	1
Other current liabilities (Note 21)	<u>68,994</u>	-	<u>45,468</u>	-
Total current liabilities	<u>4,848,667</u>	<u>46</u>	<u>4,362,841</u>	<u>41</u>
NON-CURRENT LIABILITIES				
Bonds payable (Notes 4, 19 and 30)	1,203,723	12	1,189,526	11
Long-term borrowings (Notes 18, 30 and 32)	145,481	1	207,830	2
Non-current tax liabilities (Notes 4 and 27)	16,706	-	34,379	1
Deferred tax liabilities (Notes 4 and 27)	4,002	-	7,105	-
Lease liabilities - non-current (Notes 4, 13 and 30)	65,885	1	138,439	1
Deferred revenue - non-current (Note 4)	70,719	1	64,621	1
Net defined benefit liabilities - non-current (Notes 4 and 23)	15,537	-	15,850	-
Other non-current liabilities (Notes 21 and 30)	<u>8,274</u>	-	<u>7,469</u>	-
Total non-current liabilities	<u>1,530,327</u>	<u>15</u>	<u>1,665,219</u>	<u>16</u>
Total liabilities	<u>6,378,994</u>	<u>61</u>	<u>6,028,060</u>	<u>57</u>
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Notes 4 and 24)				
Share capital				
Ordinary shares	809,510	8	809,510	7
Capital surplus				
Share premium	1,359,259	13	1,359,259	13
Employee share options	38,983	1	38,983	-
Convertible bonds payable-share options	83,747	1	83,747	1
Retained earnings				
Legal reserve	711,637	7	665,361	6
Special reserve	132,269	1	114,928	1
Unappropriated earnings	1,053,630	10	1,626,510	16
Other equity				
Exchange differences on translating foreign operations	<u>(196,762)</u>	<u>(2)</u>	<u>(132,269)</u>	<u>(1)</u>
Total equity attributable to owners of the Company	3,992,273	39	4,566,029	43
NON-CONTROLLING INTERESTS (Note 24)	<u>19,937</u>	-	<u>530</u>	-
Total equity	<u>4,012,210</u>	<u>39</u>	<u>4,566,559</u>	<u>43</u>
TOTAL	<u>\$ 10,391,204</u>	<u>100</u>	<u>\$ 10,594,619</u>	<u>100</u>

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

CYBER POWER SYSTEMS, INC. AND SUBSIDIARIES

CONSOLIDATED 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 (Notes 4 and 25)	\$ 8,859,902	100	\$ 9,141,450	100
OPERATING COSTS (Notes 4, 10, 26 and 31)	<u>5,672,094</u>	<u>64</u>	<u>5,430,030</u>	<u>59</u>
GROSS PROFIT	<u>3,187,808</u>	<u>36</u>	<u>3,711,420</u>	<u>41</u>
OPERATING EXPENSES (Notes 4, 23, 26 and 31)				
Selling and marketing expenses	1,832,713	21	1,610,457	18
General and administrative expenses	915,730	10	941,513	10
Research and development expenses	344,901	4	368,298	4
Expected credit loss	<u>600</u>	<u>-</u>	<u>14,646</u>	<u>-</u>
Total operating expenses	<u>3,093,944</u>	<u>35</u>	<u>2,934,914</u>	<u>32</u>
PROFIT FROM OPERATIONS	<u>93,864</u>	<u>1</u>	<u>776,506</u>	<u>9</u>
NON-OPERATING INCOME AND EXPENSES (Notes 4, 26 and 33)				
Interest income	5,783	-	10,265	-
Other income	115,129	1	69,450	1
Other gains and losses	(237,880)	(2)	(192,055)	(2)
Finance costs	<u>(33,992)</u>	<u>-</u>	<u>(36,272)</u>	<u>(1)</u>
Total non-operating income and expenses	<u>(150,960)</u>	<u>(1)</u>	<u>(148,612)</u>	<u>(2)</u>
(LOSS) PROFIT BEFORE INCOME TAX FROM CONTINUING OPERATIONS	(57,096)	-	627,894	7
INCOME TAX BENEFIT (EXPENSE) (Notes 4 and 27)	<u>5,014</u>	<u>-</u>	<u>(155,012)</u>	<u>(2)</u>
NET (LOSS) PROFIT FOR THE YEAR	<u>(52,082)</u>	<u>-</u>	<u>472,882</u>	<u>5</u>

(Continued)

CYBER POWER SYSTEMS, INC. AND SUBSIDIARIES

CONSOLIDATED 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 (LOSS) INCOME				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans (Note 23)	\$ (537)	-	\$ 36	-
Income tax relating to items that will not be reclassified subsequently to profit or loss (Note 27)	<u>100</u> <u>(437)</u>	<u>-</u> <u>-</u>	<u>41</u> <u>77</u>	<u>-</u> <u>-</u>
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating the financial statements of foreign operations	<u>(64,695)</u>	<u>(1)</u>	<u>(16,949)</u>	<u>-</u>
Other comprehensive loss for the year, net of income tax	<u>(65,132)</u>	<u>(1)</u>	<u>(16,872)</u>	<u>-</u>
TOTAL COMPREHENSIVE (LOSS) INCOME FOR THE YEAR	<u>\$ (117,214)</u>	<u>(1)</u>	<u>\$ 456,010</u>	<u>5</u>
NET (LOSS) PROFIT ATTRIBUTABLE TO:				
Owners of the Company	\$ (71,691)	(1)	\$ 462,681	5
Non-controlling interests	<u>19,609</u>	<u>-</u>	<u>10,201</u>	<u>-</u>
	<u>\$ (52,082)</u>	<u>(1)</u>	<u>\$ 472,882</u>	<u>5</u>
TOTAL COMPREHENSIVE (LOSS) INCOME ATTRIBUTABLE TO:				
Owners of the Company	\$ (136,621)	(1)	\$ 445,417	5
Non-controlling interests	<u>19,407</u>	<u>-</u>	<u>10,593</u>	<u>-</u>
	<u>\$ (117,214)</u>	<u>(1)</u>	<u>\$ 456,010</u>	<u>5</u>
(LOSS) EARNINGS PER SHARE (Note 28)				
Basic	<u>\$ (0.89)</u>		<u>\$ 5.72</u>	
Diluted	<u>\$ (0.89)</u>		<u>\$ 5.19</u>	

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

(Concluded)

CYBER POWER SYSTEMS, INC. AND SUBSIDIARIES

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

	Equity Attributable to Owners of the Company							Other Equity	Total	Non-controlling Interests	Total Equity
	Share Capital Ordinary Shares	Capital Surplus			Retained Earnings			Exchange Differences on Translating Foreign Operations			
		Share Premium	Employee Share Options	Convertible Bonds Payable - Share Options	Legal Reserve	Special Reserve	Unappropriated Earnings				
BALANCE AT JANUARY 1, 2020	\$ 809,510	\$ 1,359,259	\$ 38,983	\$ -	\$ 614,750	\$ 75,088	\$ 1,687,291	\$ (114,928)	\$ 4,469,953	\$ (10,063)	\$ 4,459,890
Appropriation of 2019 earnings											
Legal reserve	-	-	-	-	50,611	-	(50,611)	-	-	-	-
Special reserve	-	-	-	-	-	39,840	(39,840)	-	-	-	-
Cash dividends distributed by the Company	-	-	-	-	-	-	(433,088)	-	(433,088)	-	(433,088)
Equity component of convertible bonds issued by the Company	-	-	-	83,747	-	-	-	-	83,747	-	83,747
Net profit for the year ended December 31, 2020	-	-	-	-	-	-	462,681	-	462,681	10,201	472,882
Other comprehensive income (loss) for the year ended December 31, 2020, net of income tax	-	-	-	-	-	-	77	(17,341)	(17,264)	392	(16,872)
Total comprehensive income for the year ended December 31, 2020	-	-	-	-	-	-	462,758	(17,341)	445,417	10,593	456,010
BALANCE AT DECEMBER 31, 2020	809,510	1,359,259	38,983	83,747	665,361	114,928	1,626,510	(132,269)	4,566,029	530	4,566,559
Appropriation of 2020 earnings											
Legal reserve	-	-	-	-	46,276	-	(46,276)	-	-	-	-
Special reserve	-	-	-	-	-	17,341	(17,341)	-	-	-	-
Cash dividends distributed by the Company	-	-	-	-	-	-	(437,135)	-	(437,135)	-	(437,135)
Actual disposal or acquisition of interests in subsidiaries	-	-	-	-	-	-	-	-	-	-	-
Net loss for the year ended December 31, 2021	-	-	-	-	-	-	(71,691)	-	(71,691)	19,609	(52,082)
Other comprehensive loss for the year ended December 31, 2021, net of income tax	-	-	-	-	-	-	(437)	(64,493)	(64,930)	(202)	(65,132)
Total comprehensive (loss) income for the year ended December 31, 2021	-	-	-	-	-	-	(72,128)	(64,493)	(136,621)	19,407	(117,214)
BALANCE AT DECEMBER 31, 2021	<u>\$ 809,510</u>	<u>\$ 1,359,259</u>	<u>\$ 38,983</u>	<u>\$ 83,747</u>	<u>\$ 711,637</u>	<u>\$ 132,269</u>	<u>\$ 1,053,630</u>	<u>\$ (196,762)</u>	<u>\$ 3,992,273</u>	<u>\$ 19,937</u>	<u>\$ 4,012,210</u>

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

CYBER POWER SYSTEMS, INC. AND SUBSIDIARIES

CONSOLIDATED 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		
(Loss) income before income tax	\$ (57,096)	\$ 627,894
Adjustments for:		
Depreciation expenses	207,406	212,975
Amortization expenses	1,251	763
Expected credit loss recognized on trade receivables	600	14,646
Net loss on financial liabilities at fair value through profit or loss	-	120
Finance costs	33,992	36,272
Interest income	(5,783)	(10,265)
Impairment losses on non-financial assets	31,330	-
Impairment gains on non-financial assets	-	(700)
Net (gain) loss on foreign currency exchange	(27,400)	44,184
Loss (gain) on disposal of property, plant and equipment	60	(131)
(Reversal) recognition of provisions	(26,140)	1,779
Lease modification benefits	(102)	(1,892)
Property, plant and equipment transferred to expenses	11	203
Changes in operating assets and liabilities		
Notes receivable	(5,853)	3,807
Trade receivables	61,324	87,961
Other receivables	(39,299)	(4,375)
Inventories	(828,840)	328,577
Other current assets	(48,822)	(7,816)
Other non-current assets	(22,923)	7,995
Notes payable	(2)	(3)
Trade payables	340,225	65,180
Other payables	(34,099)	(231,546)
Other current liabilities	23,526	9,448
Net defined benefit liabilities - non-current	(850)	(3,858)
Deferred revenue	6,098	15,083
Cash (used in) generated from operations	(391,386)	1,196,301
Interest received	5,872	9,799
Interest paid	(22,669)	(26,399)
Income tax paid	(148,057)	(77,921)
Net cash (used in) generated from operating activities	(556,240)	1,101,780
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of financial assets at amortized cost	28,494	-
Purchase of financial assets at amortized cost	-	(6,614)
Payments for property, plant and equipment	(56,737)	(61,651)
Proceeds from disposal of property, plant and equipment	323	2,301
(Increase) decrease in refundable deposits	(4,746)	3,395
Payments for intangible assets	(4,685)	(1,114)
Decrease (increase) in other current financial assets	533,630	(578,323)
Net cash generated from (used in) investing activities	496,279	(642,006)

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CYBER POWER SYSTEMS, INC. AND SUBSIDIARIES

CONSOLIDATED 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	\$ 237,188	\$ -
Proceeds from issuance of convertible bonds	-	1,259,004
Repayments of short-term borrowings	-	(136,936)
Repayments of long-term borrowings	(62,349)	(712,170)
Proceeds from guarantee deposits received	805	894
Repayment of the principal portion of lease liabilities	(105,183)	(100,156)
Dividends paid to owners of the Company	<u>(437,135)</u>	<u>(433,088)</u>
Net cash used in financing activities	<u>(366,674)</u>	<u>(122,452)</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	<u>(35,486)</u>	<u>(16,541)</u>
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(462,121)	320,781
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>2,179,232</u>	<u>1,858,451</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 1,717,111</u>	<u>\$ 2,179,232</u>

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

(Concluded)

CYBER POWER SYSTEMS, INC. AND SUBSIDIARIES

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

1. GENERAL INFORMATION

Cyber Power Systems, Inc. (the “Company”) was established in the Republic of China (ROC) in 1997. The Company mainly manufactures and sells uninterruptible power systems (UPS).

The Company’s shares have been listed on the Taiwan Stock Exchange (TWSE) since December 2009.

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

2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Company’s board of directors on March 23, 2022.

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

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

The initial application of the IFRSs endorsed and issued into effect by the FSC did not have material impact on the Group’s accounting policies.

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

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

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

New IFRSs	Effective Date Announced by IASB (Note)
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 IAS 1 “Disclosure of Accounting Policies”

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

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

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

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

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

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

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Statement of compliance

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

b. Basis of preparation

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

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

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

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

Current assets include:

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

Current liabilities include:

- 1) Liabilities held primarily for the purpose of trading;
- 2) Liabilities due to be settled within 12 months after the reporting period, even if an agreement to refinance, or to reschedule payments, on a long-term basis is completed after the reporting period and before the consolidated financial statements are authorized for issue; and
- 3) Liabilities for which the Group does not have an unconditional right to defer settlement for at least 12 months after the reporting period.

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

d. Basis of consolidation

- Principles for preparing the consolidated financial statements

The consolidated financial statements incorporate the financial statements of the Company and the entities controlled by the Company (i.e., its subsidiaries).

Income and expenses of subsidiaries acquired or disposed of during the period are included in the consolidated statement of profit or loss and other comprehensive income from the effective dates of acquisitions up to the effective dates of disposals, as appropriate.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the Company.

All intra-group transactions, balances, income and expenses are eliminated in full upon consolidation. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to the owners of the Company.

See Note 11 and Table 6 for detailed information on subsidiaries (including percentages of ownership and main businesses).

e. Foreign currencies

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

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

Non-monetary items measured at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Exchange differences arising on the retranslation of non-monetary items are included in profit or loss for the period except for exchange differences arising from the retranslation of non-monetary items in respect of which gains and losses are recognized directly in other comprehensive income, in which case, the exchange differences are also recognized directly in other comprehensive income.

Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

For the purpose of presenting the consolidated financial statements, the functional currencies of the Company and its foreign operations (including subsidiaries, associates, joint ventures and branches in other countries or those that use currencies which are 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; and 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 (attributed to the owners of the Company and non-controlling interests as appropriate).

f. Inventories

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

g. Property, plant and equipment

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

Except for freehold land which is not depreciated, the depreciation of 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 methods are reviewed at the end of each reporting period, with the effects of any changes in the estimates accounted for on a prospective basis.

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

h. Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation.

Investment properties are initially measured at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at cost less accumulated depreciation and accumulated impairment loss. Depreciation is recognized using the straight-line method.

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

i. Goodwill

Goodwill arising from the acquisition of a business is measured at cost as established at the date of acquisition of the business less accumulated impairment loss.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units or groups of cash-generating units (referred to as "cash-generating units") that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually or more frequently when there is an indication that the unit may be impaired, by comparing its carrying amount, including the attributed goodwill, with its recoverable amount. However, if the goodwill allocated to a cash-generating unit was acquired in a business combination during the current annual period, that unit shall be tested for impairment before the end of the current annual period. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then pro rata to the other assets of the unit based on the carrying amount of each asset in the unit. Any impairment loss is recognized directly in profit or loss. Any impairment loss recognized for goodwill is not reversed in subsequent periods.

If goodwill has been allocated to a cash-generating unit and the entity disposes of an operation within that unit, the goodwill associated with the operation which is disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal and is measured on the basis of the relative values of the operation disposed of and the portion of the cash-generating unit retained.

j. Intangible assets

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

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.

k. Impairment of property, plant and equipment, right-of-use assets, investment properties and intangible assets other than goodwill

At the end of each reporting period, the Group reviews the carrying amounts of its property, plant and equipment, right-of-use assets and intangible assets (excluding goodwill), to determine whether there is any indication that those assets have suffered any impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Corporate assets are allocated to the individual cash-generating units 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 cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount, with the resulting impairment loss recognized in profit or loss.

Before the Group recognizes an impairment loss from assets related to contract costs, any impairment loss on inventories, property, plant and equipment and intangible assets related to the contract applicable under IFRS 15 shall be recognized in accordance with applicable standards. Then, impairment loss from the assets related to the contract costs is recognized to the extent that the carrying amount of the assets exceeds the remaining amount of consideration that the Group expects to receive in exchange for related goods or services less the costs which relate directly to providing those goods or services and which have not been recognized as expenses. The assets related to the contract costs are then included in the carrying amount of the cash-generating unit to which they belong for the purpose of evaluating impairment of that cash-generating unit.

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

l. Financial instruments

Financial assets and financial liabilities are recognized when the Group 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 fair value through profit or loss) 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 fair value through profit or loss are recognized immediately in profit or loss.

1) Financial assets

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

a) Measurement category

Financial assets are classified as financial assets at amortized cost.

Financial assets at amortized cost

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

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

Subsequent to initial recognition, financial assets at amortized cost, including cash and cash equivalents, notes receivable, trade receivables and other receivables at amortized cost, 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.

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

b) Impairment of financial assets

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

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

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

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

- i. Internal or external information show that the debtor is unlikely to pay its creditors.
- ii. When a financial asset is more than 360 days past due unless the Group has reasonable and corroborative information to support a more lagged default criterion.

The impairment loss of all financial assets is recognized in profit or loss by a reduction in their carrying amounts through a loss allowance account.

c) Derecognition of financial assets

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

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

2) Financial liabilities

a) Subsequent measurement

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

b) Derecognition of financial liabilities

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

3) Convertible bonds

The component parts of compound instruments (i.e., convertible bonds) issued by the Group are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

On initial recognition, the fair value of the liability component is estimated using the prevailing market interest rate for similar non-convertible instruments. This amount is recorded as a liability on an amortized cost basis using the effective interest method until extinguished upon conversion or upon the instrument's maturity date. Any embedded derivative liability is measured at fair value.

The conversion option classified as equity is determined by deducting the amount of the liability component from the fair value of the compound instrument as a whole. This is recognized and included in equity, net of income tax effects, and is not subsequently remeasured. In addition, the conversion option classified as equity will remain in equity until the conversion option is exercised; in which case, the balance recognized in equity will be transferred to capital surplus - share premiums. When the conversion option remains unexercised at maturity, the balance recognized in equity will be transferred to capital surplus - share premiums.

Transaction costs that relate to the issuance of the convertible notes are allocated to the liability and equity components in proportion to the allocation of the gross proceeds. Transaction costs relating to the equity component are recognized directly in equity. Transaction costs relating to the liability component are included in the carrying amount of the liability component.

m. Provisions

Provisions are measured at the best estimate of the discounted cash flows of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

n. Revenue recognition

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

For contracts where the period between the date on which the Group transfers a promised good or service to a customer and the date on which the customer pays for that good or service is one year or less, the Group does not adjust the promised amount of consideration for the effects of a significant financing component.

1) Revenue from the sale of goods

Revenue from the sale of goods comes from sales of uninterruptible power systems. Sales of uninterruptible power systems are recognized as revenue when the goods are delivered to the customer's specific location 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.

The Group does not recognize revenue on materials delivered to subcontractors because this delivery does not involve a transfer of control.

2) Revenue from the rendering of services

Service income is recognized when services are provided.

Revenue generated from the rendering of services based on the contract is recognized by reference to the stage of completion of the contract.

3) Interest income

Interest income from a financial asset is recognized when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income is accrued on a time basis by reference to the principal outstanding and at the applicable effective interest rate.

o. Leases

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

For a contract that contains a lease component and non-lease components, the Group allocates the consideration in the contract to each component on the basis of the relative stand-alone price and accounts for each component separately.

1) The Group as lessor

Leases are classified as finance leases whenever the terms of a lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Lease payments (less any lease incentives payable) from operating leases are recognized as income on a straight-line basis over the terms of the relevant leases. Initial direct costs incurred in obtaining operating leases are added to the carrying amounts of the underlying assets and recognized as expenses on a straight-line basis over the lease terms.

Variable lease payments that do not depend on an index or a rate are recognized as income in the periods in which they are incurred.

2) The Group as lessee

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

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

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

Lease liabilities are initially measured at the present value of the lease payments, which comprise fixed payments, in-substance fixed payments, variable lease payments which depend on an index or a rate, residual value guarantees, the exercise price of a purchase option if the Group is reasonably certain to exercise that option, and payments of penalties for terminating a lease if the lease term reflects such termination, less any lease incentives receivable. The lease payments are discounted using the interest rate implicit in a lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group uses the lessee's incremental borrowing rate.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. When there is a change in a lease term, a change in the amounts expected to be payable under a residual value guarantee, a change in the assessment of an option to purchase an underlying asset, or a change in future lease payments resulting from a change in an index or a rate used to determine those payments, the Group remeasures the lease liabilities with a corresponding adjustment to the right-of-use-assets. However, if the carrying amount of the right-of-use assets is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss. Lease liabilities are presented on a separate line in the consolidated balance sheets.

Variable lease payments that do not depend on an index or a rate are recognized as expenses in the periods in which they are incurred.

p. Borrowing costs

Borrowing costs directly attributable to an acquisition, construction or production of qualifying assets are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

Other than that which is stated above, all other borrowing costs are recognized in profit or loss in the period in which they are incurred.

q. Government grants

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

Government grants are recognized in profit or loss on a systematic basis over the periods in which the Group recognizes as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognized as deferred revenue and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

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

r. Employee benefits

1) Short-term employee benefits

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

2) Retirement benefits

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

Defined benefit costs (including service cost, net interest and remeasurement) under defined benefit retirement benefit plans are determined using the projected unit credit method. Service cost (including current service cost) and net interest on the net defined benefit liabilities (assets) are recognized as employee benefits expense in the period in which they occur. Remeasurement, comprising actuarial gains and losses, and the return on plan assets (excluding interest), is recognized in other comprehensive income in the period in which it occurs. Remeasurement recognized in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss.

Net defined benefit liabilities (assets) represent the actual deficit (surplus) in the Group's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any refunds from the plans or reductions in future contributions to the plans.

s. Taxation

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

1) Current tax

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

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

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

2) Deferred tax

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

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

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

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

3) Current and deferred taxes for the year

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

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

The Group considers the possible impact of the recent development of the COVID-19 and its economic environment implications and related government policies and regulations when making its critical accounting estimates on cash flow projections, growth rate, discount rate, profitability, etc. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised if the revisions affect only that period or in the period of the revisions and future periods if the revisions affect both current and future periods.

6. CASH AND CASH EQUIVALENTS

	December 31	
	2021	2020
Cash on hand	\$ 2,964	\$ 1,897
Checking accounts and demand deposits	1,706,804	1,930,069
Cash equivalents (investments with original maturities of three months or less)		
Time deposits	5,806	5,902
Money market deposit accounts	<u>1,537</u>	<u>241,364</u>
	<u>\$ 1,717,111</u>	<u>\$ 2,179,232</u>

The market rate intervals of bank deposits at the end of the reporting period were as follows:

	December 31	
	2021	2020
Time deposits	3%-3.5%	3%-4%

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	December 31	
	2021	2020
<u>Financial assets at fair value through profit or loss (FVTPL) - current</u>		
Financial assets designated as at FVTPL		
Redemption right of convertible corporate bonds (Note 19)	<u>\$ 120</u>	<u>\$ 120</u>

8. FINANCIAL ASSETS AT AMORTIZED COST

	December 31	
	2021	2020
<u>Current</u>		
Domestic investments		
Time deposits with original maturities of more than 3 months	\$ -	\$ 28,480
Foreign investments		
Time deposits with original maturities of more than 3 months	<u>21,528</u>	<u>21,497</u>
	<u>\$ 21,528</u>	<u>\$ 49,977</u>

(Continued)

	December 31	
	2021	2020
<u>Non-current</u>		
Foreign investments		
Time deposits with original maturities of more than 3 months	\$ <u>1,130</u>	\$ <u>1,175</u> (Concluded)

The market rate intervals of financial assets at amortized cost at the end of the reporting period were as follows:

	December 31	
	2021	2020
Time deposits with original maturities of more than 3 months	3.15%-6.8%	0.38%-6.8%

9. NOTES AND TRADE RECEIVABLES

	December 31	
	2021	2020
<u>Notes receivable</u>		
At amortized cost		
Gross carrying amount	\$ 9,050	\$ 3,197
Less: Allowance for impairment loss	<u>-</u>	<u>-</u>
	<u>\$ 9,050</u>	<u>\$ 3,197</u>
Notes receivable - operating	<u>\$ 9,050</u>	<u>\$ 3,197</u>
<u>Trade receivables</u>		
At amortized cost		
Gross carrying amount	\$ 1,770,844	\$ 1,848,664
Less: Allowance for impairment loss	<u>(6,504)</u>	<u>(27,228)</u>
	<u>\$ 1,764,340</u>	<u>\$ 1,821,436</u>
<u>Other receivables</u>		
Income tax receivable	\$ 149,729	\$ 104,087
Others	19,003	26,741
Less: Allowance for impairment loss	<u>-</u>	<u>-</u>
	<u>\$ 168,732</u>	<u>\$ 130,828</u>

At amortized cost

The Group has a set credit period for the sale of goods, and no interest was charged on trade receivables. The Group uses other publicly available financial information or its own trading records to rate its major customers. In order to minimize credit risk, the management of the Group has delegated a team responsible for determining credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade debt at the end of the reporting period to ensure that adequate allowance is made for possible irrecoverable amounts. In this regard, the management believes the Group's credit risk was significantly reduced.

The Group measures the loss allowance for trade receivables at an amount equal to lifetime ECLs. The expected credit losses on trade receivables are estimated using a provision matrix by reference to the past default records of the debtor and an analysis of the debtor's current financial position, 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.

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

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

December 31, 2021

	Up to 90 days	91 to 180 Days	181 to 270 Days	271 to 364 Days	1 Year or More	Total
Expected credit loss rate	0%-1%	0%-5%	0%-30%	0%-100%	0%-100%	
Gross carrying amount	\$ 1,621,498	\$ 120,451	\$ 19,655	\$ 13,478	\$ 4,812	\$ 1,779,894
Loss allowance (Lifetime ECLs)	<u>(1,041)</u>	<u>(241)</u>	<u>(203)</u>	<u>(221)</u>	<u>(4,798)</u>	<u>(6,504)</u>
Amortized cost	<u>\$ 1,620,457</u>	<u>\$ 120,210</u>	<u>\$ 19,452</u>	<u>\$ 13,257</u>	<u>\$ 14</u>	<u>\$ 1,773,390</u>

December 31, 2020

	Up to 90 days	91 to 180 Days	181 to 270 Days	271 to 364 Days	1 Year or More	Total
Expected credit loss rate	0%-1%	0%-5%	0%-30%	0%-100%	0%-100%	
Gross carrying amount	\$ 1,648,350	\$ 168,611	\$ 9,696	\$ 2,380	\$ 22,824	\$ 1,851,861
Loss allowance (Lifetime ECLs)	<u>(1,861)</u>	<u>(719)</u>	<u>(343)</u>	<u>(2,144)</u>	<u>(22,161)</u>	<u>(27,228)</u>
Amortized cost	<u>\$ 1,646,489</u>	<u>\$ 167,892</u>	<u>\$ 9,353</u>	<u>\$ 236</u>	<u>\$ 663</u>	<u>\$ 1,824,633</u>

The above aging schedule was based on the invoice date.

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

	2021	2020
Balance at January 1	\$ 27,228	\$ 16,664
Expected credit loss recognized	1,401	15,092
Amounts written off	(5,585)	(5,613)
Reclassification	(16,204)	1,665
Foreign exchange differences	<u>(336)</u>	<u>(580)</u>
Balance at December 31	<u>\$ 6,504</u>	<u>\$ 27,228</u>

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

	2021	2020
Balance at January 1	\$ 36,446	\$ 42,217
Expected credit loss reversal	(801)	-
Reclassification	16,204	(1,665)
Amounts written off	(5,082)	(2,703)
Foreign exchange gains and losses	<u>(2,233)</u>	<u>(1,403)</u>
Balance at December 31	<u>\$ 44,534</u>	<u>\$ 36,446</u>

Overdue receivables were classified under other assets and an allowance for doubtful accounts was recognized as follows:

	2021	2020
Balance at January 1	\$ -	\$ 446
Expected credit loss recognized	-	-
Expected credit loss reversed	<u>-</u>	<u>(446)</u>
Balance at December 31	<u>\$ -</u>	<u>\$ -</u>

10. INVENTORIES

	December 31	
	2021	2020
Finished goods	\$ 2,072,943	\$ 1,748,419
Work in process	9,448	2,020
Semi-finished goods	99,779	47,535
Raw materials	<u>766,255</u>	<u>346,137</u>
	<u>\$ 2,948,425</u>	<u>\$ 2,144,111</u>

The cost of inventories recognized as cost of goods sold for the years ended December 31, 2021 and 2020 was as follows:

	For the Year Ended December 31	
	2021	2020
Cost of inventories sold	\$ 5,611,159	\$ 5,398,366
Inventory write-downs (reversal of write-downs)	31,330	(700)
loss on physical inventory	1,543	7,184
Obsolescence loss	<u>28,062</u>	<u>25,180</u>
	<u>\$ 5,672,094</u>	<u>\$ 5,430,030</u>

11. SUBSIDIARIES

a. Subsidiaries included in the consolidated financial statements

Investor	Investee	Nature of Activities	Proportion of Ownership		Remark
			December 31		
			2021	2020	
Cyber Power Systems, Inc.	Broad Win	Investment	100.00%	100.00%	
Broad Win	Planet	Investment	100.00%	100.00%	
Planet	Cyber Power (Shenzhen), Inc.	Production	100.00%	100.00%	
Cyber Power (Shenzhen), Inc.	Ning Yuan Xian Cyber Power, Inc.	Production	100.00%	100.00%	
Broad Win	Portal Star	Investment	100.00%	100.00%	
Portal Star	Cyber Energy (Shenzhen), Inc.	Production	100.00%	100.00%	
Portal Star	Cyber Power Technology (Shenzhen) Inc.	Sales	100.00%	100.00%	
Cyber Energy (Shenzhen), Inc.	Dongguan Cyber Energy Co., Ltd.	Production	100.00%	100.00%	
Broad Win	Cyber Power Systems (HK) Limited	Sales	100.00%	100.00%	
Broad Win	Join Master	Investment	100.00%	100.00%	
Join Master	Cyber Power Systems K.K.	Sales	100.00%	100.00%	
Broad Win	Shining Pearl	Investment	100.00%	100.00%	
Shining Pearl	Cyber Power Systems (India) Pvt. Ltd.	Sales	100.00%	100.00%	
Cyber Power Systems, Inc.	Cyber Power Systems (USA), Inc.	Sales	100.00%	100.00%	
Cyber Power Systems, Inc.	Cliquefie Co., Ltd.	Sales	96.70%	96.70%	
Cyber Power Systems, Inc.	Fast Wind	Investment	100.00%	100.00%	
Fast Wind	Global Way	Investment	100.00%	100.00%	
Global Way	Cyber Power Systems B.V.	Sales	100.00%	100.00%	
Fast Wind	Global Win	Investment	100.00%	100.00%	
Global Win	Cyber Power Systems S.A. DE C.V.	Sales	100.00%	100.00%	
Fast Wind	Full Star	Investment	100.00%	100.00%	
Full Star	Nitram SAS	Sales	100.00%	100.00%	
Fast Wind	Grown Tech	Investment	100.00%	100.00%	
Grown Tech	CyberPower Systems GmbH	Sales	100.00%	100.00%	
Cyber Power Systems, Inc.	Cyber Power Systems Manufacturing, Inc.	Production	100.00%	100.00%	
Cliquefie Co., Ltd.	Phisonic	Production	100.00%	100.00%	
Best Top (Shenzhen), Inc.	-	Production	With practical ability to control	With practical ability to control	
Cyber Energy Co., Ltd.	-	Sales	With practical ability to control	With practical ability to control	

b. Details of subsidiaries that have material non-controlling interests

Name of Subsidiary	Principal Place of Business	Proportion of Ownership and Voting Rights Held by Non-controlling Interests	
		December 31	
		2021	2020
Best Top (Shenzhen), Inc.	China	100.00%	100.00%
Cyber Energy Co., Ltd.	Taiwan	100.00%	100.00%

Name of Subsidiary	Profit (Loss) Allocated to Non-controlling Interests For the Year Ended December 31		Accumulated Non-controlling Interests December 31	
	2021	2020	2021	2020
Best Top (Shenzhen), Inc.	\$ 13,664	\$ 13,062	\$ 38,372	\$ 24,886
Cyber Energy Co., Ltd.	6,300	(3,073)	(18,638)	(24,937)
Others	<u>(355)</u>	<u>212</u>	<u>203</u>	<u>581</u>
	<u>\$ 19,609</u>	<u>\$ 10,201</u>	<u>\$ 19,937</u>	<u>\$ 530</u>

Summarized financial information in respect of each of the Group's subsidiaries that has material non-controlling interests is set out below. The summarized financial information below represents amounts before intragroup eliminations.

Best Top (Shenzhen), Inc.

	December 31	
	2021	2020
Current assets	\$ 55,014	\$ 38,284
Non-current assets	23,043	28,602
Current liabilities	(30,354)	(26,430)
Non-current liabilities	<u>(9,331)</u>	<u>(15,570)</u>
Equity	<u>\$ 38,372</u>	<u>\$ 24,886</u>
Equity attributable to:		
Owners of Best Top (Shenzhen), Inc.	\$ -	\$ -
Non-controlling interests of Best Top (Shenzhen), Inc.	<u>38,372</u>	<u>24,886</u>
	<u>\$ 38,372</u>	<u>\$ 24,886</u>
	For the Year Ended December 31	
	2021	2020
Revenue	<u>\$ 129,215</u>	<u>\$ 122,169</u>
Net profit for the year	\$ 13,664	\$ 13,062
Other comprehensive income for the year	<u>-</u>	<u>-</u>
Total comprehensive income for the year	<u>\$ 13,664</u>	<u>\$ 13,062</u>
Profit attributable to:		
Owners of Best Top (Shenzhen), Inc.	\$ -	\$ -
Non-controlling interests of Best Top (Shenzhen), Inc.	<u>13,664</u>	<u>13,062</u>
	<u>\$ 13,664</u>	<u>\$ 13,062</u>

(Continued)

	For the Year Ended December 31	
	2021	2020
Total comprehensive income attributable to:		
Owners of Best Top (Shenzhen), Inc.	\$ -	\$ -
Non-controlling interests of Best Top (Shenzhen), Inc.	<u>13,664</u>	<u>13,062</u>
	<u>\$ 13,664</u>	<u>\$ 13,062</u>
Net cash inflow/(outflow) from		
Operating activities	\$ 7,703	\$ 1,061
Investing activities	(2,137)	(1,632)
Financing activities	<u>-</u>	<u>-</u>
Net cash inflow/(outflow)	<u>\$ 5,566</u>	<u>\$ (571)</u>
		(Concluded)

Cyber Energy Co., Ltd.

	December 31	
	2021	2020
Current assets	\$ 165,532	\$ 143,787
Non-current assets	1,851	2,290
Current liabilities	(185,661)	(169,774)
Non-current liabilities	<u>(360)</u>	<u>(1,270)</u>
Equity	<u>\$ (18,638)</u>	<u>\$ (24,937)</u>
Equity attributable to:		
Owners of Cyber Energy Co., Ltd.	\$ -	\$ -
Non-controlling interests of Cyber Energy Co., Ltd.	<u>(18,638)</u>	<u>(24,937)</u>
	<u>\$ (18,638)</u>	<u>\$ (24,937)</u>

	For the Year Ended December 31	
	2021	2020
Revenue	<u>\$ 467,957</u>	<u>\$ 18,173</u>
Net profit/(loss) for the year	\$ 6,300	\$ (3,073)
Other comprehensive income for the year	<u>-</u>	<u>-</u>
Total comprehensive loss for the year	<u>\$ 6,300</u>	<u>\$ (3,073)</u>
Profit/(loss) attributable to:		
Owners of Cyber Energy Co., Ltd.	\$ -	\$ -
Non-controlling interests of Cyber Energy Co., Ltd.	<u>6,300</u>	<u>(3,073)</u>
	<u>\$ 6,300</u>	<u>\$ (3,073)</u>
		(Continued)

	For the Year Ended December 31	
	2021	2020
Total comprehensive loss attributable to:		
Owners of Cyber Energy Co., Ltd.	\$ -	\$ -
Non-controlling interests of Cyber Energy Co., Ltd.	<u>6,300</u>	<u>(3,073)</u>
	<u>\$ 6,300</u>	<u>\$ (3,073)</u>
Net cash (outflow)/inflow from		
Operating activities	\$ (2,374)	\$ 13,571
Investing activities	-	-
Financing activities	<u>-</u>	<u>-</u>
Net cash (outflow)/inflow	<u>\$ (2,374)</u>	<u>\$ 13,571</u>
		(Concluded)

12. PROPERTY, PLANT AND EQUIPMENT

	Freehold Land	Buildings	Equipment	Tooling	Transportation	Office Equipment	Leasehold Improvements	Other Equipment	Construction-in-progress and Ready for Inspection	Total
Cost										
Balance at January 1, 2021	\$ 933,133	\$ 734,120	\$ 233,673	\$ 227,807	\$ 15,141	\$ 116,954	\$ 83,129	\$ 122,043	\$ 10,152	\$ 2,476,152
Additions	-	2,213	13,069	16,850	-	5,224	10,665	8,076	640	56,737
Disposals	-	-	(3,388)	(10,894)	-	(3,509)	(10,950)	(1,736)	-	(30,477)
Reclassifications	4,989	13,136	-	-	(10)	(869)	-	821	(10,503)	7,564
Effect of exchange rate differences	-	(1,814)	(2,258)	(542)	(443)	(1,495)	(1,623)	(3,095)	(289)	(11,559)
Balance at December 31, 2021	<u>\$ 938,122</u>	<u>\$ 747,655</u>	<u>\$ 241,096</u>	<u>\$ 233,221</u>	<u>\$ 14,688</u>	<u>\$ 116,305</u>	<u>\$ 81,221</u>	<u>\$ 126,109</u>	<u>\$ -</u>	<u>\$ 2,498,417</u>
Accumulated depreciation										
Balance at January 1, 2021	\$ -	\$ (85,424)	\$ (172,741)	\$ (201,761)	\$ (8,151)	\$ (92,580)	\$ (55,327)	\$ (95,851)	\$ -	\$ (711,835)
Depreciation expenses	-	(24,555)	(17,481)	(17,464)	(2,409)	(13,237)	(9,707)	(10,335)	-	(95,188)
Disposals	-	-	3,129	10,894	-	3,462	10,950	1,659	-	30,094
Reclassifications	-	(217)	-	-	-	680	-	(632)	-	(169)
Effect of exchange rate differences	-	339	1,541	357	236	1,082	888	2,105	-	6,548
December 31, 2021	<u>\$ -</u>	<u>\$ (109,857)</u>	<u>\$ (185,552)</u>	<u>\$ (207,974)</u>	<u>\$ (10,324)</u>	<u>\$ (100,593)</u>	<u>\$ (53,196)</u>	<u>\$ (103,054)</u>	<u>\$ -</u>	<u>\$ (770,550)</u>
Carrying amounts at December 31, 2021	<u>\$ 938,122</u>	<u>\$ 637,798</u>	<u>\$ 55,544</u>	<u>\$ 25,247</u>	<u>\$ 4,364</u>	<u>\$ 15,712</u>	<u>\$ 28,025</u>	<u>\$ 23,055</u>	<u>\$ -</u>	<u>\$ 1,727,867</u>
Cost										
Balance at January 1, 2020	\$ 1,073,335	\$ 803,634	\$ 214,168	\$ 227,150	\$ 19,295	\$ 110,265	\$ 70,949	\$ 125,579	\$ 7,504	\$ 2,651,879
Additions	-	2,028	18,981	9,683	2,683	9,264	12,438	4,109	2,465	61,651
Disposals	-	(37)	(4,070)	(10,205)	(6,614)	(1,376)	(931)	(2,562)	-	(25,795)
Reclassifications	(140,202)	(73,993)	6,220	-	-	(821)	(123)	(5,537)	-	(214,456)
Effect of exchange rate differences	-	2,488	(1,626)	1,179	(223)	(378)	796	454	183	2,873
Balance at December 31, 2020	<u>\$ 933,133</u>	<u>\$ 734,120</u>	<u>\$ 233,673</u>	<u>\$ 227,807</u>	<u>\$ 15,141</u>	<u>\$ 116,954</u>	<u>\$ 83,129</u>	<u>\$ 122,043</u>	<u>\$ 10,152</u>	<u>\$ 2,476,152</u>
Accumulated depreciation										
Balance at January 1, 2020	\$ -	\$ (64,831)	\$ (157,244)	\$ (188,255)	\$ (10,600)	\$ (82,696)	\$ (43,532)	\$ (91,079)	\$ -	\$ (638,237)
Depreciation expenses	-	(25,573)	(15,084)	(22,856)	(2,627)	(12,324)	(12,369)	(10,736)	-	(101,569)
Disposals	-	37	3,729	10,197	4,858	1,357	931	2,516	-	23,625
Reclassifications	-	5,337	(2,049)	-	-	323	169	1,615	-	5,395
Effect of exchange rate differences	-	(394)	(2,093)	(847)	218	760	(526)	1,833	-	(1,049)
December 31, 2020	<u>\$ -</u>	<u>\$ (85,424)</u>	<u>\$ (172,741)</u>	<u>\$ (201,761)</u>	<u>\$ (8,151)</u>	<u>\$ (92,580)</u>	<u>\$ (55,327)</u>	<u>\$ (95,851)</u>	<u>\$ -</u>	<u>\$ (711,835)</u>
Carrying amounts at December 31, 2020	<u>\$ 933,133</u>	<u>\$ 648,696</u>	<u>\$ 60,932</u>	<u>\$ 26,046</u>	<u>\$ 6,990</u>	<u>\$ 24,374</u>	<u>\$ 27,802</u>	<u>\$ 26,192</u>	<u>\$ 10,152</u>	<u>\$ 1,764,317</u>

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

Buildings	5-47 years
Equipment	2-10 years
Tooling	3-8 years
Transportation	3-8 years
Office equipment	2-10 years
Leasehold improvements	2-15 years
Other equipment	3-10 years

The material components of buildings primary include office and interior construction and are depreciated on a straight-line basis over their estimated useful lives of 5-47 years.

All of the Group's property, plant and equipment was held under freehold interests. Property, plant and equipment pledged as collateral for bank borrowings are set out in Note 32.

13. LEASE ARRANGEMENTS

a. Right-of-use assets

	December 31	
	2021	2020
<u>Carrying amount</u>		
Land	\$ 14,953	\$ 15,386
Buildings	154,706	217,650
Transportation equipment	<u>6,168</u>	<u>7,903</u>
	<u>\$ 175,827</u>	<u>\$ 240,939</u>
	For the Year Ended December 31	
	2021	2020
Additions to right-of-use assets	<u>\$ 41,707</u>	<u>\$ 28,786</u>
Depreciation charge for right-of-use assets		
Land	\$ 317	\$ 312
Buildings	98,250	98,908
Transportation equipment	<u>4,296</u>	<u>4,234</u>
	<u>\$ 102,863</u>	<u>\$ 103,454</u>

b. Lease liabilities

	December 31	
	2021	2020
<u>Carrying amount</u>		
Current	<u>\$ 104,690</u>	<u>\$ 100,174</u>
Non-current	<u>\$ 65,885</u>	<u>\$ 138,439</u>

Range of discount rate for lease liabilities was as follows:

	December 31	
	2021	2020
Buildings	0.85%-7.7%	0.85%-7.7%
Transportation equipment	0.85%-1.2%	0.93%-1.2%

c. Material lease activities and terms

The Group also leases land and buildings for the use of plants and offices with lease terms of 1 to 5 years. Lease payments prepaid in order to obtain land use rights in China are recognized as right-of-use assets - land. The Group does not have bargain purchase options to acquire the leasehold land and buildings at the end of the lease terms. In addition, the Group is prohibited from subleasing or transferring all or any portion of the underlying assets without the lessor's consent.

d. Other lease information

Lease arrangements for the leasing out of investment properties under operating leases are set out in Note 14.

	For the Year Ended December 31	
	2021	2020
Expenses relating to short-term leases	\$ 17,224	\$ 18,031
Expenses relating to low-value asset leases	\$ 929	\$ 462
Total cash outflow for leases	\$ (125,643)	\$ (122,879)

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

14. INVESTMENT PROPERTIES

	Completed Investment Properties
<u>Cost</u>	
Balance at January 1, 2021	\$ 1,284,202
Reclassified as property, plant and equipment	(7,623)
Balance at December 31, 2021	<u>\$ 1,276,579</u>
<u>Accumulated depreciation and impairment</u>	
Balance at January 1, 2021	\$ (44,542)
Depreciation expenses	(9,355)
Reclassified as property, plant and equipment	217
Balance at December 31, 2021	<u>\$ (53,680)</u>
Carrying amount at December 31, 2021	<u>\$ 1,222,899</u>
<u>Cost</u>	
Balance at January 1, 2020	\$ 1,070,007
Reclassified from property, plant and equipment	214,195
Balance at December 31, 2020	<u>\$ 1,284,202</u>

(Continued)

	Completed Investment Properties
<u>Accumulated depreciation and impairment</u>	
Balance at January 1, 2020	\$ (31,253)
Depreciation expenses	(7,952)
Reclassified from property, plant and equipment	<u>(5,337)</u>
Balance at December 31, 2020	<u>\$ (44,542)</u>
Carrying amount at December 31, 2020	<u>\$ 1,239,660</u> (Concluded)

The investment properties were leased out for 3 to 6 years. The lease contracts contain market review clauses in the event that the lessees exercise their options to extend. The lessees do not have bargain purchase options to acquire the investment properties at the expiry of the lease periods.

The maturity analysis of lease payments receivable under operating leases of investment properties as of December 31, 2021 was as follows:

	December 31	
	2021	2020
Year 1	\$ 30,700	\$ 30,251
Year 2	28,816	28,305
Year 3	23,012	22,591
Year 4	14,997	14,548
Year 5	4,551	4,441
Year 6 onwards	<u>-</u>	<u>-</u>
	<u>\$ 102,076</u>	<u>\$ 100,136</u>

The investment properties held by the Group are depreciated using the straight-line method over their estimated useful lives of 47 years.

The fair values of the Group's investment properties as of December 31, 2021 and 2020 were \$1,247,121 thousand and \$1,271,200 thousand, respectively. Management of the Group used the valuation model that market participants would use in determining the fair value. The valuation was arrived at by reference to market evidence of transaction prices for similar properties.

All of the Group's investment properties were held under freehold interests. The investment properties pledged as collateral for bank borrowings are set out in Note 32.

15. GOODWILL

	For the Year Ended December 31	
	2021	2020
<u>Cost</u>		
Balance at January 1	\$ 55,643	\$ 56,240
Effect of foreign currency exchange differences	<u>(2,403)</u>	<u>(597)</u>
Balance at December 31	<u>\$ 53,240</u>	<u>\$ 55,643</u>

For the years ended December 31, 2021 and 2020, goodwill was assessed for impairment by calculating the recoverable amount. The recoverable amount of goodwill was determined based on a value in use calculation that used the cash flow projections in the financial budgets approved by management covering a 5-year period.

The cash flow projections in the financial budgets were based on expected revenue, profit, capital expenditure and growth in other operating costs. The expected capital expenditure was estimated by current market demand forecast, strategy of production capability management and the improvement of manufacturing technologies.

The Group did not recognize any impairment loss on goodwill for the years ended December 31, 2021 and 2020.

16. OTHER INTANGIBLE ASSETS

	Trademarks	Computer Software Cost	Others	Total
<u>Cost</u>				
Balance at January 1, 2021	\$ 20,335	\$ 16,546	\$ 2,800	\$ 39,681
Additions	-	4,685	-	4,685
Effect of foreign currency exchange differences	<u>(1,187)</u>	<u>(731)</u>	<u>-</u>	<u>(1,918)</u>
Balance at December 31, 2021	<u>\$ 19,148</u>	<u>\$ 20,500</u>	<u>\$ 2,800</u>	<u>\$ 42,448</u>
<u>Accumulated amortization and impairment</u>				
Balance at January 1, 2021	\$ (213)	\$ (15,524)	\$ -	\$ (15,737)
Amortization expenses	-	(1,251)	-	(1,251)
Effect of foreign currency exchange differences	<u>6</u>	<u>634</u>	<u>-</u>	<u>640</u>
Balance at December 31, 2021	<u>\$ (207)</u>	<u>\$ (16,141)</u>	<u>\$ -</u>	<u>\$ (16,348)</u>
Carrying amounts at December 31, 2021	<u>\$ 18,941</u>	<u>\$ 4,359</u>	<u>\$ 2,800</u>	<u>\$ 26,100</u>
<u>Cost</u>				
Balance at January 1, 2020	\$ 22,456	\$ 16,053	\$ 2,800	\$ 41,309
Additions	-	1,114	-	1,114
Effect of foreign currency exchange differences	<u>(2,121)</u>	<u>(621)</u>	<u>-</u>	<u>(2,742)</u>
Balance at December 31, 2020	<u>\$ 20,335</u>	<u>\$ 16,546</u>	<u>\$ 2,800</u>	<u>\$ 39,681</u>

(Continued)

	Trademarks	Computer Software Cost	Others	Total
<u>Accumulated amortization and impairment</u>				
Balance at January 1, 2020	\$ (224)	\$ (15,385)	\$ -	\$ (15,609)
Amortization expenses	-	(763)	-	(763)
Effect of foreign currency exchange differences	<u>11</u>	<u>624</u>	<u>-</u>	<u>635</u>
Balance at December 31, 2020	<u>\$ (213)</u>	<u>\$ (15,524)</u>	<u>\$ -</u>	<u>\$ (15,737)</u>
Carrying amounts at December 31, 2020	<u>\$ 20,122</u>	<u>\$ 1,022</u>	<u>\$ 2,800</u>	<u>\$ 23,944</u> (Concluded)

Intangible assets with finite useful lives are amortized on a straight-line basis over their estimated useful lives as follows:

Trademarks	15 years
Computer software cost	3 years

An intangible asset considered to have an indefinite useful life will not be amortized until its useful life is determined to be finite. Instead, it will be tested for impairment annually whether or not there are any indications of impairment.

17. OTHER ASSETS

	December 31	
	2021	2020
<u>Current</u>		
Prepayments	\$ 101,145	\$ 48,960
Right to recover a product (Note 25)	10,331	8,717
Others	<u>31,798</u>	<u>36,775</u>
	<u>\$ 143,274</u>	<u>\$ 94,452</u>
<u>Non-current</u>		
Other non-current assets		
Refundable deposits	\$ 28,272	\$ 23,526
Overdue receivables	44,534	36,446
Allowance for impairment loss - overdue receivables	(44,534)	(36,446)
Prepayments for equipment	1,697	3,360
Others	<u>23,011</u>	<u>11,595</u>
	<u>\$ 52,980</u>	<u>\$ 38,481</u>

18. BORROWINGS

a. Short-term borrowings

	December 31	
	2021	2020
<u>Unsecured borrowings</u>		
Line of credit borrowings	\$ 1,290,000	\$ 1,204,396
<u>Secured borrowings</u>		
Bank loans (Note 32)	<u>1,000,000</u>	<u>750,000</u>
	<u>\$ 2,190,000</u>	<u>\$ 1,954,396</u>

The range of weighted average effective interest rates on bank loans was 0.68%-0.83% and 0.75%-0.85% per annum as of December 31, 2021 and 2020, respectively. For details of the current status of secured borrowings as mentioned above, refer to Note 32.

Due to the impact of the coronavirus pandemic, the U.S. federal government passed the Coronavirus Aid, Relief, and Economic Security Act ("CARES Act") and established a Paycheck Protection Program (PPP) to support small businesses, so as to ensure that they would be able to continue as going concerns, and their workers would remain on the payroll during the period of the pandemic and economic crisis.

The Group's subsidiary, Cyber Power Systems (USA), Inc., obtained a loan of US\$1,980 thousand, which was approved by the authorized bank of Small Business Administration (SBA) in April 2020. The loan was mainly used to pay salaries and relevant expenses. Loan forgiveness could be applied if certain conditions are met. Cyber Power Systems (USA) has submitted the loan forgiveness application and received the approval in June 2021, therefore, the loan has successfully transferred to government grant revenue, refer to Note 26 for the details.

b. Long-term borrowings

	December 31	
	2021	2020
<u>Secured borrowings (Note 32)</u>		
Fubon Bank*	\$ 145,481	\$ 207,830
Less: Current portion	<u>-</u>	<u>-</u>
	<u>\$ 145,481</u>	<u>\$ 207,830</u>

* As of December 31, 2021 and 2020, the weighted average effective interest rate of the bank borrowings secured by the Group's freehold land and buildings (refer to Note 32) was 1.048% and 1.043% per annum, and the borrowings are repayable by April 7, 2024. The principal of borrowings due within a year have been fully repaid by the Group in advance.

19. BONDS PAYABLE

	December 31	
	2021	2020
Unsecured domestic convertible bonds	<u>\$ 1,203,723</u>	<u>\$ 1,189,526</u>

On January 15, 2020, the Company issued 12 thousand units of 0% NTD-denominated unsecured convertible bonds in Taiwan, with an aggregate principal amount of \$1,200,000 thousand.

At the time of issuance of the bonds, each bond entitles the holder to convert it into ordinary shares of the Company at a conversion price of \$122. After the conversion price is determined, in the event of ex-rights or ex-dividend, it shall be adjusted according to the conversion price adjustment formula. Conversion may occur at any time between April 16, 2020 and January 15, 2023. If the bonds have not been converted, they will be redeemed at 101.5075% of face value on January 15, 2023.

The convertible bonds contain both liability and equity components. The equity component was presented in equity under the heading of capital surplus - options. The effective interest rate of the liability component was 1.1935% per annum on initial recognition.

Proceeds from issuance (less transaction costs of \$3,745 thousand)	\$ 1,259,004
Equity component (less transaction costs allocated to the equity component of \$241 thousand)	(83,747)
Account on current financial assets at fair value through profit or loss at the date of issue	<u>240</u>
Liability component at the date of issue (less transaction costs allocated to the liability component of \$3,504 thousand)	1,175,497
Interest charged at an effective interest rate of 1.1935%	<u>28,226</u>
Liability component at December 31, 2021	<u>\$ 1,203,723</u>

20. NOTES PAYABLE AND TRADE PAYABLES

	December 31	
	2021	2020
<u>Notes payable</u>		
Operating	<u>\$ 31</u>	<u>\$ 33</u>
<u>Trade payables</u>		
Operating	<u>\$ 1,546,828</u>	<u>\$ 1,212,885</u>

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

21. OTHER LIABILITIES

	December 31	
	2021	2020
<u>Current</u>		
Other payables		
Payables for salaries and bonuses	\$ 189,369	\$ 244,880
Taxes payable	155,918	163,827
Others	<u>418,432</u>	<u>394,527</u>
	<u>\$ 763,719</u>	<u>\$ 803,234</u>
Other liabilities		
Advance receipts	\$ 43,648	\$ 24,073
Refund liabilities (Note 25)	19,403	16,197
Others	<u>5,943</u>	<u>5,198</u>
	<u>\$ 68,994</u>	<u>\$ 45,468</u>
<u>Non-current</u>		
Other liabilities		
Guarantee deposits received	<u>\$ 8,274</u>	<u>\$ 7,469</u>

22. PROVISIONS

	December 31	
	2021	2020
<u>Current</u>		
Warranties	<u>\$ 74,734</u>	<u>\$ 101,630</u>
		Warranties
Balance at January 1, 2021		\$ 101,630
Additional provisions recognized		(26,140)
Effect of foreign currency exchange differences		<u>(756)</u>
Balance at December 31, 2021		<u>\$ 74,734</u>
Balance at January 1, 2020		\$ 100,398
Additional provisions recognized		1,779
Effect of foreign currency exchange differences		<u>(547)</u>
Balance at December 31, 2020		<u>\$ 101,630</u>

The provision for warranty claims represents the present value of management's best estimate of the future outflow of economic benefits that will be required under the Group's obligations for warranties under the legislation on the local sale of goods. The estimate had been made on the basis of historical warranty trends and may vary as a result of new materials, altered manufacturing processes or other events affecting product quality.

23. RETIREMENT BENEFIT PLANS

a. Defined contribution plans

The Company, Cliquefie Co., Ltd., and Cyber Energy Co., Ltd. of the Group adopted a pension plan under the Labor Pension Act (LPA), which is a state-managed defined contribution plan. Under the LPA, an entity makes monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages.

The employees of the Group's subsidiaries Cyber Power Systems (USA), Inc., Nitram SAS, Cyber Power Systems (HK) Limited, Cyber Power Systems K.K., Cyber Power (Shenzhen), Inc., Cyber Energy (Shenzhen), Inc., Ning Yuan Xian Cyber Power, Inc., Cyber Power Technology (Shenzhen) Inc., Best Top (Shenzhen), Inc., Dongguan Cyber Energy Co., Ltd., Cyber Power Systems S.A. DE C.V., and Cyber Power Systems (India) Pvt. Ltd., are members of a state-managed retirement benefit plan operated by the local government. Each subsidiary is required to contribute a specified percentage of payroll costs to the retirement benefit scheme to fund the benefits. The only obligation of the Group with respect to the retirement benefit plan is to make the specified contributions.

As Cyber Power Systems B.V., CyberPower Systems GmbH, Cyber Power System Manufacturing, Inc., and Phisonic Technology Corporation need not contribute to the local retirement benefit plans for their employees, no related retirement benefit plan liabilities were recognized.

The amounts included in the consolidated statements of comprehensive income in respect of the Group's defined contribution plans were as follows:

	December 31	
	2021	2020
Contributions	<u>\$ 61,078</u>	<u>\$ 45,693</u>

b. Defined benefit plans

The defined benefit plan adopted by the Company of the Group in accordance with the Labor Standards Act is operated by the government of the ROC. Pension benefits are calculated on the basis of the length of service and average monthly salaries of the six months before retirement. The Group contributes amounts equal to 2% of total monthly salaries and wages to a pension fund administered by the pension fund monitoring committee. Pension contributions are deposited in the Bank of Taiwan in the committee's name. Before the end of each year, the Group assesses the balance in the pension fund. If the amount of the balance in the pension fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Group is required to fund the difference in one appropriation that should be made before the end of March of the next year. The pension fund is managed by the Bureau of Labor Funds, Ministry of Labor ("the Bureau"); the Group has no right to influence the investment policy and strategy.

Nitram SAS and Cyber Power Systems (India) Pvt. Ltd. operate defined contribution retirement benefit plans for all qualifying employees.

The amounts included in the consolidated balance sheets in respect of the Group's defined benefit plans were as follows:

	December 31	
	2021	2020
Present value of defined benefit obligation	\$ 22,460	\$ 28,089
Fair value of plan assets	<u>(6,923)</u>	<u>(12,239)</u>
Deficit	<u>15,537</u>	<u>15,850</u>
Net defined benefit liabilities	<u>\$ 15,537</u>	<u>\$ 15,850</u>

Movements in net defined benefit liabilities (assets) were as follows:

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liabilities (Assets)
Balance at January 1, 2020	<u>\$ 26,807</u>	<u>\$ (7,063)</u>	<u>\$ 19,744</u>
Service cost			
Current service cost	904	-	904
Net interest expense (income)	<u>177</u>	<u>(30)</u>	<u>147</u>
Recognized in profit or loss	<u>1,081</u>	<u>(30)</u>	<u>1,051</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(252)	(252)
Actuarial loss	<u>216</u>	<u>-</u>	<u>216</u>
Recognized in other comprehensive income	<u>216</u>	<u>(252)</u>	<u>(36)</u>
Contributions from the employer	<u>-</u>	<u>(4,894)</u>	<u>(4,894)</u>
Benefits paid	<u>(214)</u>	<u>-</u>	<u>(214)</u>
Exchange differences on foreign plans	<u>199</u>	<u>-</u>	<u>199</u>
Balance at December 31, 2020	<u>28,089</u>	<u>(12,239)</u>	<u>15,850</u>
Service cost			
Current service cost	804	-	804
Past service cost	-	-	-
Net interest expense (income)	<u>131</u>	<u>(38)</u>	<u>93</u>
Recognized in profit or loss	<u>935</u>	<u>(38)</u>	<u>897</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(90)	(90)
Actuarial loss	<u>627</u>	<u>-</u>	<u>627</u>
Recognized in other comprehensive income	<u>627</u>	<u>(90)</u>	<u>537</u>
Contributions from the employer	<u>-</u>	<u>(1,453)</u>	<u>(1,453)</u>
Benefits paid	<u>(6,507)</u>	<u>6,408</u>	<u>(99)</u>
Exchange differences on foreign plans	<u>(684)</u>	<u>489</u>	<u>(195)</u>
Balance at December 31, 2021	<u>\$ 22,460</u>	<u>\$ (6,923)</u>	<u>\$ 15,537</u>

An analysis by function of the amounts recognized in profit or loss in respect of the defined benefit plans is as follows:

	For the Year Ended December 31	
	2021	2020
Selling and marketing expenses	\$ 378	\$ 427
General and administrative expenses	348	425
Research and development expenses	<u>171</u>	<u>199</u>
	<u>\$ 897</u>	<u>\$ 1,051</u>

Through the defined benefit plans under the Labor Standards Act, the Group is exposed to the following risks:

- 1) Investment risk: The plan assets are invested in domestic and foreign equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of the Bureau or under the mandated management. However, in accordance with relevant regulations, the return generated by plan assets should not be below the interest rate for a 2-year time deposit with local banks.
- 2) Interest risk: A decrease in the government bond interest rate will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the plan's debt investments.
- 3) Salary risk: The present value of the defined benefit obligation is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the present value of the defined benefit obligation.

The actuarial valuations of the present value of the defined benefit obligation were carried out by qualified actuaries. The significant assumptions used for the purposes of the actuarial valuations were as follows:

	December 31	
	2021	2020
Discount rate(s)	0.50%-6.60%	0.50%-6.05%
Expected rate(s) of salary increase	3.00%-7.00%	3.00%-7.00%

If possible reasonable change in each of the significant actuarial assumptions will occur and all other assumptions will remain constant, the present value of the defined benefit obligation would increase (decrease) as follows:

	December 31	
	2021	2020
Discount rates		
0.25%-0.50% increase	<u>\$ (4,454)</u>	<u>\$ (3,668)</u>
0.25%-0.50% decrease	<u>\$ 5,999</u>	<u>\$ 5,318</u>
Expected rates of salary increase/decrease		
0.25%-0.50% increase	<u>\$ 5,960</u>	<u>\$ 5,278</u>
0.25%-0.50% decrease	<u>\$ (4,635)</u>	<u>\$ (3,860)</u>

The sensitivity analysis presented above may not be representative of the actual change in the present value of the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

	December 31	
	2021	2020
Expected contributions to the plan for the next year	\$ <u>307</u>	\$ <u>350</u>
Average duration of the defined benefit obligation	8.36-15.73 years	8.4-15.73 years

24. EQUITY

a. Share capital

Ordinary shares

	December 31	
	2021	2020
Shares authorized (in thousands of shares)	<u>360,000</u>	<u>360,000</u>
Shares authorized (in thousands of dollars)	<u>\$ 3,600,000</u>	<u>\$ 3,600,000</u>
Shares issued and fully paid (in thousands of shares)	<u>80,951</u>	<u>80,951</u>
Shares issued and fully paid (in thousands of dollars)	<u>\$ 809,510</u>	<u>\$ 809,510</u>

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

The authorized shares include 20,000 thousand shares allocated for the exercise of employee stock options.

b. Capital surplus

	December 31	
	2021	2020
May be used to offset a deficit, distributed as cash dividends, or <u>transferred to share capital*</u>		
Issuance of ordinary shares	\$ 1,330,733	\$ 1,330,733
<u>May be used to offset a deficit only</u>		
Issuance of ordinary shares (reclassified by capital surplus - employee share options)	28,526	28,526
<u>May not be used for any purpose</u>		
Employee share options	38,983	38,983
Convertible bonds options	<u>83,747</u>	<u>83,747</u>
	<u>\$ 1,481,989</u>	<u>\$ 1,481,989</u>

* Such 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 once a year).

c. Retained earnings and dividend policy

The proposal for profit distribution or offsetting of losses should be made at the end of every six months of the fiscal year. The board of directors shall prepare a proposal for profit distribution and submit it to the audit committee for inspection, after which it is submitted to the board of directors for approval.

Under the dividend policy as set forth in the amended Articles, where the Company made a profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as 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. The aforementioned distribution of dividends and bonuses from the legal reserve or capital surplus shall be authorized by the board of directors in their meeting attended by at least two-thirds of all directors and resolved by more than half of the directors present, and reported to the shareholders in their meeting.

For the policies on the distribution of employees' compensation and remuneration of directors and supervisors after the amendment, refer to employees' compensation and remuneration of directors and supervisors in Note 26-h.

The Company's Articles also stipulate a dividend policy whereby the total cash dividends distributed should not be lower than 10% of the total shareholders' bonuses.

Appropriation of earnings to the legal reserve shall be made until the legal reserve equals the Company's paid-in capital. 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.

The special reserve is appropriated from the prior unappropriated earnings.

The appropriations of earnings for 2020 and 2019 were as follows:

	For the Year Ended December 31	
	2020	2019
Legal reserve	\$ 46,276	\$ 50,611
Special reserve	17,341	39,840
Cash dividends	437,135	433,088
Cash dividends per share (NT\$)	5.4	5.35

The cash dividends above have been distributed by the resolution of the board of directors on March 23, 2021 and March 24, 2020, respectively. The distribution of the remaining surplus items were also resolved by the shareholders in the shareholders' meeting held on August 30, 2022 and June 12, 2020, respectively.

The offset of losses for 2021 is expected to be resolved by the shareholders in the shareholders' meeting to be held on June 15, 2022.

d. Special reserve

	For the Year Ended December 31	
	2021	2020
Balance at January 1	\$ 114,928	\$ 75,088
Appropriation in respect of:		
Debit to other equity items	<u>17,341</u>	<u>39,840</u>
Balance at December 31	<u>\$ 132,269</u>	<u>\$ 114,928</u>

e. Non-controlling interests

	For the Year Ended December 31	
	2021	2020
Balance at January 1	\$ 530	\$ (10,063)
Share of profit for the year	19,609	10,201
Other comprehensive income (loss) during the year		
Exchange difference on translating the financial statements of foreign operations	<u>(202)</u>	<u>392</u>
Balance at December 31	<u>\$ 19,937</u>	<u>\$ 530</u>

25. REVENUE

	For the Year Ended December 31	
	2021	2020
Revenue from the sale of goods	\$ 8,857,628	\$ 9,139,426
Revenue from the rendering of services	<u>2,274</u>	<u>2,024</u>
	<u>\$ 8,859,902</u>	<u>\$ 9,141,450</u>

a. Contract information

The Group's customary business practices and regulations allow customers to return or take discount on the electronic equipment in certain regional market. The amount of returns and allowances is estimated using the most likely amount, taking into account the transaction records with the customers in the past and the Group's accumulated historical experience. The refund liability (presented in other current liabilities) and the related right to recover products from customers (presented in other current assets) are recorded accordingly. Refer to Notes 17 and 21 for the related information.

For information about warranty liabilities on defective electronic equipment, refer to Notes 4 and 22.

b. Contract balances

	December 31	
	2021	2020
Trade receivables (Note 9)	<u>\$ 1,773,390</u>	<u>\$ 1,824,633</u>

c. Disaggregation of contact revenue

Refer to Note 37 for information about the disaggregation of contact revenue.

26. NET PROFIT (LOSS) FROM CONTINUING OPERATIONS

a. Interest income

	For the Year Ended December 31	
	2021	2020
Bank deposits	\$ <u>5,783</u>	\$ <u>10,265</u>

b. Other income

	For the Year Ended December 31	
	2021	2020
Rental income		
Operating lease rental income		
Investment property	\$ 33,482	\$ 28,399
Government grant revenue	55,781	21,056
Others	<u>25,866</u>	<u>19,995</u>
	\$ <u>115,129</u>	\$ <u>69,450</u>

c. Other gains and losses

	For the Year Ended December 31	
	2021	2020
(Loss)/gain on disposal of property, plant and equipment	\$ (60)	\$ 131
Net foreign exchange losses	(85,077)	(191,404)
Fair value changes of financial liabilities	-	(120)
Lease modification benefits	102	1,892
Others	<u>(152,845)</u>	<u>(2,554)</u>
	\$ <u>(237,880)</u>	\$ <u>(192,055)</u>

d. Finance costs

	For the Year Ended December 31	
	2021	2020
Interest on bank loans	\$ 17,425	\$ 17,943
Interest on lease liabilities	2,307	4,230
Interest on convertible bonds	14,197	14,029
Other finance costs	<u>63</u>	<u>70</u>
	\$ <u>33,992</u>	\$ <u>36,272</u>

e. Impairment losses reversed (recognized)

For the Year Ended December 31
2021 2020

Inventories (included in operating costs)	\$ (31,330)	\$ <u>700</u>
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f. Depreciation and amortization

For the Year Ended December 31
2021 2020

Property, plant and equipment	\$ 95,188	\$ 101,569
Right-of-use assets	102,863	103,454
Investment property	9,355	7,952
Intangible assets	<u>1,251</u>	<u>763</u>
	\$ 208,657	\$ 213,738

An analysis of depreciation by function

Operating costs	\$ 88,777	\$ 84,942
Operating expenses	<u>118,629</u>	<u>128,033</u>
	\$ 207,406	\$ 212,975

An analysis of amortization by function

Operating cost	\$ -	\$ -
Operating expenses	<u>1,251</u>	<u>763</u>
	\$ 1,251	\$ 763

g. Employee benefits expense

For the Year Ended December 31
2021 2020

Post-employment benefits (Note 23)		
Defined contribution plans	\$ 61,078	\$ 45,693
Defined benefit plans	<u>897</u>	<u>1,051</u>
	61,975	46,744
Short-term benefits	<u>1,529,179</u>	<u>1,608,569</u>
Total employee benefits expense	\$ 1,591,154	\$ 1,655,313

An analysis of employee benefits expense by function

Operating costs	\$ 462,095	\$ 460,175
Operating expenses	<u>1,129,059</u>	<u>1,195,138</u>
	\$ 1,591,154	\$ 1,655,313

h. Employees' compensation and remuneration of directors and supervisors

The Company accrued employees' compensation and remuneration of directors and supervisors at rates of no less than 2% and no higher than 2%, respectively, of net profit before income tax, employees' compensation, and remuneration of directors and supervisors. The employees' compensation and remuneration of directors and supervisors for the year ended December 31, 2020 which have been approved by the Company's board of directors on March 23, 2021 were as follows:

Accrual rate

	For the Year Ended December 31, 2020
Employees' compensation	10.65%
Remuneration of directors and supervisors	1.11%

Amount

	For the Year Ended December 31, 2020
	Cash
Employees' compensation	\$ 60,000
Remuneration of directors and supervisors	6,273

The Company incurred a net loss after tax in 2021; therefore, employees' compensation and remuneration of directors and supervisors are not expected to be accrued.

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.

The employees' compensation and remuneration of directors and supervisors for the years ended December 31, 2020 and 2019 which have been approved by the Company's board of directors on March 23, 2021 and March 24, 2020, respectively, were as follows:

	For the Year Ended December 31	
	2020	2019
Employees' compensation	\$ 60,000	\$ 57,605
Remuneration of directors and supervisors	6,273	7,260

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

Information on the employees' compensation and remuneration of directors and supervisors resolved by the Company's board of directors in 2022 and 2021 is available at the Market Observation Post System website of the Taiwan Stock Exchange.

- i. Gains or losses on foreign currency exchange

	For the Year Ended December 31	
	2021	2020
Foreign exchange gains	\$ 56,104	\$ 61,276
Foreign exchange losses	<u>(141,181)</u>	<u>(252,680)</u>
	<u>\$ (85,077)</u>	<u>\$ (191,404)</u>

27. INCOME TAXES RELATING TO CONTINUING OPERATIONS

- a. Major components of tax expense (income) recognized in profit or loss

	For the Year Ended December 31	
	2021	2020
Current tax		
In respect of the current year	\$ 66,387	\$ 136,745
Adjustments for prior years	(624)	(13,672)
Deferred tax		
In respect of the current year	(71,300)	26,880
Effect of tax rate changes	<u>523</u>	<u>5,059</u>
Income tax expense recognized in profit or loss	<u>\$ (5,014)</u>	<u>\$ 155,012</u>

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

	For the Year Ended December 31	
	2021	2020
(Loss)/profit before tax from continuing operations	<u>\$ (57,096)</u>	<u>\$ 627,893</u>
Income tax expense calculated at the statutory rate	\$ 25,468	\$ 195,479
Permanent differences	30	1,373
Tax-exempt income	(937)	(906)
Unrecognized loss carryforwards/deductible temporary differences	(26,226)	(42,816)
Effect of tax rate changes	523	5,059
Adjustments for prior years' tax	(624)	(13,672)
Others	<u>(3,248)</u>	<u>10,495</u>
Income tax expense recognized in profit or loss	<u>\$ (5,014)</u>	<u>\$ 155,012</u>

Affected by the global outbreak of the COVID-19, the Company applied for and received approval from the local tax authorities to pay income tax in installments in accordance with Article 26 of the Tax Collection Act and Rule No. 10904533690 issued by the Ministry of Finance of Taiwan (MOF), of which the profit-seeking enterprise income tax more than 12 months after the balance sheet date shall be recognized as non-current income tax liabilities in the current year.

b. Income tax recognized in other comprehensive income

	For the Year Ended December 31	
	2021	2020
<u>Deferred tax</u>		
In respect of the current year		
Remeasurement of defined benefit plan	\$ <u>100</u>	\$ <u>41</u>

c. Current tax assets and liabilities

	December 31	
	2021	2020
Current tax assets		
Tax refund receivable	\$ <u>30,885</u>	\$ <u>11,614</u>
Current tax liabilities		
Income tax payable - current	\$ 99,671	\$ 145,021
Income tax payable - non-current	<u>16,706</u>	<u>34,379</u>
	\$ <u>116,377</u>	\$ <u>179,400</u>

d. Deferred tax assets and liabilities

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

For the year ended December 31, 2021

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehen- sive Income	Exchange Differences	Closing Balance
<u>Deferred tax assets</u>					
Temporary differences					
Unrealized profit from subsidiaries	\$ 60,587	\$ (14,681)	\$ -	\$ -	\$ 45,906
Unrealized exchange loss	15,041	(7,391)	-	-	7,650
Defined benefit obligation	2,881	-	100	(28)	2,953
Unrealized loss on write-down of inventories	59,479	4,962	-	(1,104)	63,337
Allowance for doubtful accounts	4,664	(128)	-	(82)	4,454
Unrealized warranty provision	12,503	(1,625)	-	(332)	10,546
Unrealized sales returns and discounts	674	476	-	(25)	1,125
Expense	24,294	(11,915)	-	(286)	12,093
Fair value changes of financial assets	24	-	-	-	24
Convertible bonds	2,575	2,606	-	-	5,181
Operating losses carryforwards	-	<u>95,512</u>	-	<u>(226)</u>	<u>95,286</u>
	\$ <u>182,722</u>	\$ <u>67,816</u>	\$ <u>100</u>	\$ <u>(2,083)</u>	\$ <u>248,555</u>

(Continued)

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehen- sive Income	Exchange Differences	Closing Balance
<u>Deferred tax liabilities</u>					
Temporary differences					
Unrealized exchange gain	\$ 1,157	\$ (766)	\$ -	\$ -	\$ 391
Defined benefit obligation	141	-	-	(6)	135
Depreciation	<u>5,807</u>	<u>(2,195)</u>	<u>-</u>	<u>(136)</u>	<u>3,476</u>
	<u>\$ 7,105</u>	<u>\$ (2,961)</u>	<u>\$ -</u>	<u>\$ (142)</u>	<u>\$ 4,002</u>
					(Concluded)

For the year ended December 31, 2020

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehen- sive Income	Exchange Differences	Closing Balance
<u>Deferred tax assets</u>					
Temporary differences					
Unrealized profit from subsidiaries	\$ 96,702	\$ (36,115)	\$ -	\$ -	\$ 60,587
Unrealized exchange loss	12,976	2,065	-	-	15,041
Defined benefit obligation	2,829	-	41	11	2,881
Unrealized loss on write-down of inventories	62,227	(629)	-	(2,119)	59,479
Allowance for doubtful accounts	2,517	2,285	-	(138)	4,664
Unrealized warranty provision	10,313	2,807	-	(617)	12,503
Unrealized sales returns and discounts	6,462	(5,670)	-	(118)	674
Expense	25,646	(880)	-	(472)	24,294
Fair value changes of financial assets	-	24	-	-	24
Convertible bonds	<u>-</u>	<u>2,575</u>	<u>-</u>	<u>-</u>	<u>2,575</u>
	<u>\$ 219,672</u>	<u>\$ (33,538)</u>	<u>\$ 41</u>	<u>\$ (3,453)</u>	<u>\$ 182,722</u>

Deferred tax liabilities

Temporary differences					
Unrealized exchange gain	\$ 1,082	\$ 75	\$ -	\$ -	\$ 1,157
Defined benefit obligation	153	-	-	(12)	141
Depreciation	<u>7,811</u>	<u>(1,674)</u>	<u>-</u>	<u>(330)</u>	<u>5,807</u>
	<u>\$ 9,046</u>	<u>\$ (1,599)</u>	<u>\$ -</u>	<u>\$ (342)</u>	<u>\$ 7,105</u>

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

	December 31	
	2021	2020
Loss carryforwards		
Expiry in 2021	\$ -	\$ 10,795
Expiry in 2022	23,495	24,532
Expiry in 2023	43,042	45,017
Expiry in 2024	83,357	102,327
Expiry in 2025	37,546	48,145
Expiry in 2026	28,117	33,100
Expiry in 2027	5,128	3,657
Expiry in 2028	2,771	27,855
Expiry in 2029	10,134	10,134
Expiry in 2030	187	4,154
No expiration date	<u>2,807</u>	<u>-</u>
	<u>\$ 236,584</u>	<u>\$ 309,716</u>

- f. The aggregate amount of temporary differences 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 \$134,904 thousand and \$303,319 thousand, respectively.

- g. Income tax assessments

The Company's tax returns through 2019 have been assessed by the tax authorities.

28. EARNINGS PER SHARE

Unit: NT\$ Per Share

	For the Year Ended December 31	
	2021	2020
Basic earnings per share	<u>\$ (0.89)</u>	<u>\$ 5.72</u>
Diluted earnings per share	<u>\$ (0.89)</u>	<u>\$ 5.19</u>

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

Net Profit for the Year

	For the Year Ended December 31	
	2021	2020
Earnings used in the computation of basic earnings per share	\$ (71,691)	\$ 462,681
Effect of potentially dilutive ordinary shares		
Interest on convertible bonds (after tax)	<u>-</u>	<u>11,344</u>
Earnings used in the computation of diluted earnings per share	<u>\$ (71,691)</u>	<u>\$ 474,025</u>

Weighted Average Number of Ordinary Shares Outstanding

	Unit: In Thousands of Shares	
	For the Year Ended December 31	
	2021	2020
Weighted average number of ordinary shares in the computation of basic earnings per share	80,951	80,951
Effect of potentially dilutive ordinary shares:		
Compensation of employees	-	866
Convertible bonds	<u>-</u>	<u>9,443</u>
Weighted average number of ordinary shares used in the computation of diluted earnings per share	<u>80,951</u>	<u>91,260</u>

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

29. CAPITAL MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns while maximizing the return to stakeholders through the optimization of the debt and equity balance. The Group's overall strategy remains unchanged.

The capital structure of the Group consists of net debt (borrowings offset by cash and cash equivalents) and equity attributable to owners of the Company (comprising issued capital, reserves, retained earnings and other equity).

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

30. FINANCIAL INSTRUMENTS

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

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

b. Fair value of financial instruments measured at fair value

1) Fair value hierarchy

December 31, 2021

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Redemption right of convertible corporate bonds	\$ <u>-</u>	\$ <u>120</u>	\$ <u>-</u>	\$ <u>120</u>

December 31, 2020

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Redemption right of convertible corporate bonds	\$ -	\$ 120	\$ -	\$ 120

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

2) Valuation techniques and inputs applied for Level 2 fair value measurement

Financial Instrument	Valuation Technique and Inputs
Redemption right of convertible corporate bonds	Binary tree convertible bond evaluation model: According to the evaluation date, stock price, stock price volatility, risk-free interest rate equivalent to the duration of the convertible bond, risk discount rate considering credit risk discount and liquidity reduction factor.

c. Categories of financial instruments

	December 31	
	2021	2020
<u>Financial assets</u>		
Financial assets at amortized cost (1)	\$ 3,611,303	\$ 4,964,521
Financial assets at FVTPL	120	120
<u>Financial liabilities</u>		
Amortized cost (2)	5,683,344	5,348,388

1) The balances include financial assets at amortized cost, which comprise cash and cash equivalents, notes receivable and trade receivables, other receivables, financial assets at amortized cost, and other financial assets.

2) The balances include financial liabilities measured at amortized cost, which comprised short-term borrowings, notes and accounts payable, other payables, long-term loans, guarantee deposits received, bonds payable and lease liabilities.

d. Financial risk management objectives and policies

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

The Group seeks to minimize the effects of these risks by using derivative financial instruments to hedge risk exposures. The use of financial derivatives was governed by the Group's policies approved by the board of directors, which provided written principles on foreign currency risk, interest rate risk, credit risk, the use of financial derivatives and non-derivative financial instruments, and the investment of excess liquidity. Compliance with policies and exposure limits was reviewed by the internal auditors on a continuous basis. The Group did not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

1) Market risk

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

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

a) Foreign currency risk

The Group had foreign currency sales and purchases, which exposed the Group to exchange rate risk. Exchange rate exposures were managed within approved policy parameters utilizing foreign exchange forward contracts.

The Group uses foreign exchange forward contracts to reduce foreign currency risk. It is the Group's policy to negotiate the terms of the hedge derivatives to match the terms of the hedged item to maximize hedge effectiveness.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities are set out in Note 35.

Sensitivity analysis

The Group is mainly exposed to the U.S. dollar and the Chinese Yuan.

The following table details the Group's sensitivity to a 5% increase and decrease in the New Taiwan dollar (the functional currency) against the relevant foreign currencies. The sensitivity rate 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 is 5%. A positive (negative) number indicates an increase (decrease) in pre-tax profit associated with the New Taiwan dollar weakening (strengthening) 5% against the relevant foreign currencies. Conversely, there would be an equal and opposite impact on pre-tax profit for a 5% strengthening (weakening) of the New Taiwan dollar against the relevant foreign currencies.

	USD Impact		CNY Impact	
	For the Year Ended December 31		For the Year Ended December 31	
	2021	2020	2021	2020
Profit or loss	\$ 62,543 (i)	\$ 168,954 (i)	\$ (30,653) (ii)	\$ (33,157) (ii)

i. This was mainly attributable to the exposure on outstanding USD receivables and payables which were not hedged at the end of the reporting period.

ii. This was mainly attributable to the exposure on outstanding CNY bank deposits and payables which were not hedged at the end of the reporting period.

b) Interest rate risk

The Group was exposed to interest rate risk because entities in the Group borrowed funds at both fixed and floating interest rates. The risk is managed by the Group based on management's knowledge and insight obtained from the financial markets to maintain an appropriate mix of fixed and floating rate borrowings.

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

	December 31	
	2021	2020
Cash flow interest rate risk	\$ 145,481	\$ 207,830
Fair value interest rate risk	2,190,000	1,954,396

The Group was also exposed to cash flow interest rate risk in relation to variable-rate bank borrowings.

Sensitivity analysis

The sensitivity analysis below was based on the Group's exposure to interest rates for non-derivative instruments at the end of the reporting period. For floating rate liabilities, the analysis was prepared assuming the amount of the liability outstanding at the end of the reporting period was outstanding for the whole year. 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.

If interest rates had been 100 basis points higher/lower and all other variables were held constant, the Group's pre-tax profit for the years ended December 31, 2021 and 2020 would decrease/increase by \$1,455 thousand and \$2,078 thousand, respectively, which was mainly attributable to the Group's exposure to interest rates on its variable-rate bank borrowings.

2) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. As at the end of the reporting period, the Group's maximum exposure to credit risk (without consideration of the collaterals held as security or other credit enhancements, and irrevocable maximum exposure amounts), which would cause a financial loss to the Group due to the failure of counterparties to discharge an obligation and financial guarantees provided by the Group, could arise from the carrying amount of the respective recognized financial assets as stated in the consolidated balance sheets.

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

Trade receivables consisted of a large number of customers, spread across diverse industries and geographical areas. Ongoing credit evaluation is performed on the financial condition of trade receivables. Credit insurance will be purchased if necessary.

The Group's credit risk is mainly concentrated on their two largest customers, Customers A and B. As of December 31, 2021 and 2020, Customer A accounted for 15% and 19% of total trade receivables, respectively; Customer B accounted for 10% and 11% of total trade receivables, respectively; while Customer C accounted for 11% and 10% of total trade receivables, respectively.

3) Liquidity risk

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

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

The following tables detail the Group's remaining contractual maturities for its non-derivative financial liabilities with agreed upon repayment periods. The tables had been drawn up based on the undiscounted cash flows of financial liabilities from the earliest date on which the Group can be required to pay. The tables include both interest and principal cash flows. Specifically, bank loans with a repayment on demand clause were included in the earliest time band regardless of the probability of the banks choosing to exercise their rights. The maturity dates for other non-derivative financial liabilities were based on the agreed repayment dates.

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

December 31, 2021

	Less than 1 Year	1-2 Years	2-5 Years	5+ Years	Total
<u>Non-derivative financial liabilities</u>					
Non-interest bearing liabilities	\$ 1,969,138	\$ 2,344	\$ 2,083	\$ -	\$ 1,973,565
Lease liabilities	104,690	64,560	1,325	-	170,575
Bonds payable	-	1,203,723	-	-	1,203,723
Variable interest rate liabilities	-	105,481	40,000	-	145,481
Fixed interest rate liabilities	<u>2,190,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,190,000</u>
	<u>\$ 4,263,828</u>	<u>\$ 1,376,108</u>	<u>\$ 43,408</u>	<u>\$ -</u>	<u>\$ 5,683,344</u>

Information on lease liabilities as of December 31, 2021 is as follows:

	Less than 1 Year	1-5 Years	5-10 Years	10-15 Years	15-20 Years	20+ Years
Lease liabilities	<u>\$ 104,690</u>	<u>\$ 65,885</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

December 31, 2020

	Less than 1 Year	1-2 Years	2-5 Years	5+ Years	Total
<u>Non-derivative financial liabilities</u>					
Non-interest bearing liabilities	\$ 1,751,316	\$ 732	\$ 5,975	\$ -	\$ 1,758,023
Lease liabilities	100,174	113,697	24,742	-	238,613
Bonds payable	-	-	1,189,526	-	1,189,526
Variable interest rate liabilities	-	167,830	40,000	-	207,830
Fixed interest rate liabilities	<u>1,954,396</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,954,396</u>
	<u>\$ 3,805,886</u>	<u>\$ 282,259</u>	<u>\$ 1,260,243</u>	<u>\$ -</u>	<u>\$ 5,348,388</u>

Information on lease liabilities as of December 31, 2020 is as follows:

	Less than 1 Year	1-5 Years	5-10 Years	10-15 Years	15-20 Years	20+ Years
Lease liabilities	<u>\$ 100,174</u>	<u>\$ 138,439</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

b) Financing facilities

	December 31	
	2021	2020
Unsecured bank loan facilities:		
Amount used	\$ 1,290,000	\$ 1,204,396
Amount unused	<u>3,280,568</u>	<u>3,640,648</u>
	<u>\$ 4,570,568</u>	<u>\$ 4,845,044</u>
Secured bank loan facilities:		
Amount used	\$ 1,045,481	\$ 957,830
Amount unused	<u>763,519</u>	<u>851,170</u>
	<u>\$ 1,809,000</u>	<u>\$ 1,809,000</u>

31. TRANSACTIONS WITH RELATED PARTIES

Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note. Besides information disclosed elsewhere in the other notes, details of transactions between the Group and other related parties are disclosed below.

Remuneration of Key Management Personnel

	For the Year Ended December 31	
	2021	2020
Short-term employee benefits	<u>\$ 24,212</u>	<u>\$ 24,604</u>

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

32. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

	December 31	
	2021	2020
Pledged time deposits (other financial assets - current)	\$ 36,316	\$ 79,831
Pledged bank deposits (other financial assets - non-current)	42,825	532,940
Property, plant and equipment and investment properties	<u>2,269,333</u>	<u>2,234,661</u>
	<u>\$ 2,348,474</u>	<u>\$ 2,847,432</u>

33. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

- a. The Group's customer, Arris Group, Inc. ("Arris Group"), has sued Cyber Power Systems (USA), Inc. and the Company for violating the contract, claiming that the product's specifications failed to meet the requirements and the warranty obligations were not fulfilled. After careful evaluation, it was found that both the use and design of components of the products produced by the Company met the product specifications as set by the customer, and Arris Group's consent was obtained before production. In addition, since the installation and operating environment was unpredictable, the wear and tear of the internal components should be the normal life cycle of the components. Furthermore, to date Arris Group was unable to prove that there were abnormalities in the functionality or performance of the Group's products within the warranty period. The Group would then propose the following arguments to the court:
- 1) The litigation that implicates Cyber Power Systems (USA), Inc. should be dismissed due to no cause of action.
 - 2) Since the Company did not sign any contract with the plaintiff and did not lead nor directly carry out business activities in the Illinois state, the court has no jurisdiction to rule on the prosecution towards the Company.

The case was won by Arris Group as ruled by the court of first instance of the Illinois District Court in the United States on August 14, 2019. After the management of the Group discussed with the lawyer appointed in this case, the case was determined to be a factual dispute. In accordance with the local laws and regulations of the United States and the past contract litigation and infringement litigation cases, the trial judge of the first instance in this case should send the ruling of this case to the jury for the determination of the facts of the litigation, rather than make a judgment on the case. On June 19, 2020, the Company and Cyber Power Systems (USA), Inc. reached an agreement with Arris Group on the amount of the appeal bond to be deposited, where Cyber Power Systems (USA), Inc. had to deposit \$18,157 thousand (recognized as other financial assets - non-current) in the designated bank account for the appeal bond with Arris Group as the beneficiary.

On November 13, 2021, the court of first instance of the Illinois District Court in the United States ruled that Cyber Power Systems (USA), Inc. should compensate Arris Group according to the first-instance judgment, but the Court of Appeal found that there was a de facto dispute between the Company as a co-defendant, and annulled part of the judgment of the Court of First Instance against the Company, and remanded it to the Court of First Instance for retrial.

The case was finally settled on December 21, 2021, the Group and CommScope, Inc. (Note) reached a settlement, through the completion of signing a global settlement agreement with confidentiality obligations between the three parties, in addition to retaining possible business cooperation opportunities in the future. After the Company and Cyber Power Systems (USA) paid a settlement amount of confidentiality to CommScope, Inc. the three parties withdrew the lawsuit against each other. The Company and Cyber Power Systems (USA), Inc. had completed all transactions and accounting operations related to the settlement agreement on December 27, 2021, and received a formal appeal court order from the three trial appellate judges in this case on January 18, 2022, indicating that they had received a motion from the parties in this case to notify the court of the settlement and requested the issuance of an authorization order. The order would authorize the trial court to formally dismiss the case.

Note: CommScope, Inc. entered into an acquisition agreement with Arris Group, Inc. on November 8, 2018, which was completed on April 4, 2019.

- b. Fundamental Innovation Systems International LLC (hereinafter referred to as FISI Corporation) filed a patent right lawsuit against Cyber Power Systems (USA) in the District Court of the State of Delaware, United States on March 8, 2021. On December 24, 2021, Cyber Power Systems (USA) and FISI Company reached a settlement, and signed an authorization agreement with confidentiality obligations in respect of four patent rights lawsuits owned by the United States, namely, No. 7,239,111, No. 8,624,550, No. 7,453,233 and No. 6,936,936. On December 27, 2021, Cyber Power Systems (USA) paid a one-time settlement authorization fee that must be kept confidential to FISI and completed all transactions and accounting operations related to the content of the settlement agreement. FISI has completed the withdrawal of all patent claims against Cyber Power Systems (USA) on January 3, 2022.
- c. As of December 31, 2021 and 2020, the Group's contingent liabilities including custom guarantees amounted to \$34,752 thousand and \$35,016 thousand, respectively.
- d. The Group issued checks as guarantees for loan commitments; the amounts as of December 31, 2021 and 2020 were as follows:

	December 31	
	2021	2020
Financial guarantees to banks		
USD	<u>\$ 24,300</u>	<u>\$ 24,300</u>
NTD	<u>\$ 4,614,000</u>	<u>\$ 4,114,000</u>

34. OTHER ITEMS

Due to the impact of the COVID-19 pandemic, some of the Group's customer orders were cancelled or postponed since the end of the first quarter of 2020. However, increased temperature screenings, mandatory quarantines of infected people, and stringent border controls imposed by governments both locally and worldwide, as well as the workplace adjustments made by companies in response to the pandemic have changed people's consumption habits; therefore, the pandemic did not have a significant impact on the Group's overall financial position and market demand. The Group's consolidated revenue for the whole year of 2021 had slightly increased compared with the year of 2020.

35. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

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

December 31, 2021

	Foreign Currency	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
USD	\$ 100,277	27.68	\$ 2,776,009
EUR	3,203	31.32	100,326
HKD	385	4.344	1,671
CNY	52	20.08	1,143

Financial liabilities

Monetary items			
USD	55,087	27.68	1,524,773
HKD	25,796	3.549	91,550
CNY	141,512	4.344	614,728

December 31, 2020

	Foreign Currency	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
USD	\$ 163,190	28.48	\$ 4,643,492
EUR	3,382	35.02	118,444
HKD	59	3.673	216
CNY	1,958	4.377	8,569

Financial liabilities

Monetary items			
USD	44,543	28.48	1,265,427
HKD	25,433	3.673	93,417
CNY	153,466	4.377	671,723

For the years ended December 31, 2021 and 2020, realized and unrealized net foreign exchange losses were \$85,077 thousand and \$191,404 thousand, respectively. It is impractical to disclose net foreign exchange losses by each significant foreign currency due to the variety of the foreign currency transactions and functional currencies of the Group.

36. SEPARATELY DISCLOSED ITEMS

a. Information about significant transactions and investees:

- 1) Financing provided to others: Table 1 (attached)
- 2) Endorsements/guarantees provided: Table 2 (attached)
- 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: None
- 6) Disposal of individual real estate at prices of at least NT\$300 million or 20% of the paid-in capital: None
- 7) Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital: Table 3 (attached)
- 8) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital: Table 4 (attached)
- 9) Trading in derivative instruments: None
- 10) Intercompany relationships and significant intercompany transactions: Table 5 (attached)
- 11) Information on investees: Tables 6 to 8 (attached)

b. 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 period, repatriations of investment income, and limit on the amount of investment in the mainland China area: Table 9 (attached)
- 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 10 (attached)
 - a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period
 - b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period
 - c) The amount of property transactions and the amount of the resultant gains or losses
 - d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes

- e) The highest balance, the end of period balance, the interest rate range, and total current period interest with respect to financing of funds
 - f) Other transactions that have a material effect on the profit or loss for the period or on the financial position, such as the rendering or receipt of services
- c. 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 11 (attached).

37. SEGMENT INFORMATION

a. Segment revenue and results

The following was an analysis of the Group's revenue, profits and assets from continuing operations by reportable segments:

For the Year Ended December 31, 2021						
	Taiwan	America	Europe	Others	Adjustment and Reversal	Total
Revenue from external customers	\$ 2,486,719	\$ 5,444,922	\$ 666,297	\$ 261,964	\$ -	\$ 8,859,902
Inter-segment revenue	<u>3,601,835</u>	<u>1,839</u>	<u>90,659</u>	<u>3,197,161</u>	<u>(6,891,494)</u>	<u>-</u>
	<u>\$ 6,088,554</u>	<u>\$ 5,446,761</u>	<u>\$ 756,956</u>	<u>\$ 3,459,125</u>	<u>\$ (6,891,494)</u>	<u>\$ 8,859,902</u>
Segment profit (loss)	<u>\$ (122,728)</u>	<u>\$ (83,939)</u>	<u>\$ 104,883</u>	<u>\$ 178,918</u>	<u>\$ (134,230)</u>	<u>\$ (57,096)</u>
Segment assets	<u>\$ 9,745,277</u>	<u>\$ 2,430,057</u>	<u>\$ 468,378</u>	<u>\$ 2,625,305</u>	<u>\$ (4,877,813)</u>	<u>\$ 10,391,204</u>
For the Year Ended December 31, 2020						
	Taiwan	America	Europe	Others	Adjustment and Reversal	Total
Revenue from external customers	\$ 1,823,299	\$ 6,212,447	\$ 547,885	\$ 557,819	\$ -	\$ 9,141,450
Inter-segment revenue	<u>3,519,352</u>	<u>8,705</u>	<u>66,801</u>	<u>2,238,930</u>	<u>(5,833,788)</u>	<u>-</u>
	<u>\$ 5,342,651</u>	<u>\$ 6,221,152</u>	<u>\$ 614,686</u>	<u>\$ 2,796,749</u>	<u>\$ (5,833,788)</u>	<u>\$ 9,141,450</u>
Segment profit (loss)	<u>\$ 499,556</u>	<u>\$ 205,441</u>	<u>\$ 69,556</u>	<u>\$ 156,658</u>	<u>\$ (303,317)</u>	<u>\$ 627,894</u>
Segment assets	<u>\$ 9,933,000</u>	<u>\$ 3,272,644</u>	<u>\$ 395,893</u>	<u>\$ 2,181,357</u>	<u>\$ (5,188,275)</u>	<u>\$ 10,594,619</u>

Note: The Group operates in four principal geographical areas - Taiwan, America, Europe and others.

b. Revenue from major products

For the Year Ended December 31		
	2021	2020
Product A	\$ 6,596,447	\$ 6,813,657
Product B	1,777,596	1,667,754
Product C	151,563	251,410
Others	<u>334,296</u>	<u>408,629</u>
	<u>\$ 8,859,902</u>	<u>\$ 9,141,450</u>

c. Geographical information

Reportable segments of the Group are based on geographical location.

d. Information about major customers

Of the total sales revenue of \$8,859,902 thousand and \$9,141,450 thousand, approximately \$1,229,743 thousand and \$1,644,160 thousand for the years ended December 31, 2021 and 2020, respectively, were sales to the Group's largest customer - A. Except for customer A, no other single customer contributed 10% or more to the Group's total sales revenue for both 2021 and 2020.

TABLE 1

CYBER POWER SYSTEMS, INC. AND SUBSIDIARIES

FINANCING PROVIDED TO OTHERS
FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No.	Lender	Borrower	Financial Statement Account	Related Party	Highest Balance for the Period	Ending Balance	Actual Borrowing Amount	Interest Rate (%)	Nature of Financing	Business Transaction Amount	Reasons for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower	Aggregate Financing Limit	Note
													Item	Value			
0	Cyber Power Systems, Inc.	CyberPower Systems GmbH	Other receivables from related parties	Yes	\$ 52,530	\$ 46,980 (Note E)	\$ 23,490	-	Short-term financing	\$ -	Operating capital	\$ -	-	\$ -	Note B	Note D	
		Cyber Power Systems (India) Pvt. Ltd.	Other receivables from related parties	Yes	17,106	16,201	16,201	-	Business relationship	Sales 19,458	-	-	-	-	Note A	Note C	
		Cyber Power Systems S.A. DE C.V.	Other receivables from related parties	Yes	56,355	8,147	8,147	-	Business relationship	Sales 139,783	-	-	-	-	Note A	Note C	
		Cyber Power Systems (USA), INC.	Other receivables from related parties	Yes	68,660	-	-	-	Business relationship	Sales 2,950,525	-	-	-	-	Note A	Note C	

Note A: The limit is the business transaction amount for the previous year.

The business transaction amount for Cyber Power Systems (India) Pvt. Ltd. for the previous year comprises sales of goods of \$19,458 thousand.
The business transaction amount for Cyber Power Systems S.A. DE C.V. for the previous year comprises sales of goods of \$139,783 thousand.
The business transaction amount for Cyber Power Systems (USA), INC. for the previous year comprises sales of goods of \$2,950,525 thousand.

Note B: Financing limit for each borrower is 10% of the net value of the financing company = \$3,992,273 x 10% = \$399,227.

Note C: Aggregate financing limits is 20% of the net value of the financing company = \$3,992,273 x 20% = \$798,455.

Note D: Aggregate financing limits is 40% of the net value of the financing company = \$3,992,273 x 40% = \$1,596,909.

Note E: The highest financing limit to the entity resolved in the board of directors’ meeting which is still effective.

TABLE 2

CYBER POWER SYSTEMS, INC. AND SUBSIDIARIES

ENDORSEMENTS/GUARANTEES PROVIDED
FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars, In Thousands of Foreign Currencies)

No.	Endorser/Guarantor	Endorsee/Guarantee		Limits on Endorsement/ Guarantee Given on Behalf of Each Party	Maximum Amount Endorsed/ Guaranteed During the Period	Outstanding Endorsement/ Guarantee at the End of the Period	Actual Borrowing Amount	Amount Endorsed/ Guaranteed by Collateral	Ratio of Accumulated Endorsement/ Guarantee to Net Equity in Latest Financial Statements (%)	Aggregate Endorsement/ Guarantee Limit	Endorsement/ Guarantee Given by Parent on Behalf of Subsidiaries	Endorsement/ Guarantee Given by Subsidiaries on Behalf of Parent	Endorsement/ Guarantee Given on Behalf of Companies in Mainland China	Note
		Name	Relationship											
0	Cyber Power Systems, Inc.	Cyber Power Systems (USA), Inc.	A company in which the Company directly holds 100 percent of the voting shares	The limit is 30% of the net value of the financing company based on the latest audited financial statements.	\$ 410,904 (US\$ 14,400)	\$ 398,592 (US\$ 14,400) Note B	\$ -	\$ -	9.98	Note A	Y	N	N	
		CyberPower Systems GmbH	A company in which the Company directly holds 100 percent of the voting shares	The limit is 30% of the net value of the financing company based on the latest audited financial statements.	19,493 (US\$ 500 and Euro 150)	18,538 (US\$ 500 and Euro 150) Note B	-	-	0.46	Note A	Y	N	N	

Note A: Aggregate endorsement/guarantee limit is 50% of the net value of the financing company = \$3,992,273 x 50% = \$1,996,137.

Note B: The calculation of the maximum amount endorsed/guaranteed during the period and outstanding endorsement/guarantee at the end of the period was based on the average buy/sell closing exchange rate for the year ended December 31, 2021.

CYBER POWER SYSTEMS, INC. AND SUBSIDIARIES

**TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

Buyer	Related Party	Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Receivable (Payable)		Note
			Purchase/Sale	Amount	% of Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% of Total	
Cyber Power Systems, Inc.	Cyber Power Systems (USA), Inc. Cyber Power System S.A.DE C.V.	Subsidiary Third-tier subsidiary	Sale	\$ (2,724,853)	(49)	Note	Note	Note	Accounts receivable \$1,432,033	65	
			Sale	(237,565)	(4)	Note	Note	Note	Accounts receivable \$114,178	5	
	Cyber Power Systems B.V. Nitram SAS Cyber Power Systems (HK) Limited Cyber Power (Shenzhen), Inc.	Third-tier subsidiary	Sale	(219,549)	(4)	Note	Note	Note	Other receivable \$8,147	16	
		Third-tier subsidiary	Sale	(188,712)	(3)	Note	Note	Note	Accounts receivable \$15,373	1	
		Third-tier subsidiary	Sale	(188,712)	(3)	Note	Note	Note	Accounts receivable \$59,087	3	
		Third-tier subsidiary	Purchase	831,054	24	Note	Note	Note	Accounts payable \$(287,224)	(20)	
		Third-tier subsidiary	Processing cost	761,620	82	Note	Note	Note	Accounts payable processing cost \$(501,294)	(35)	

Note: Terms of the transactions are as follows:

1. Purchases of goods

Cyber Power Systems (HK) Limited

Cyber Power Systems (HK) Limited: After referring to market practices, the payment term is 60 days.

2. Processing cost

Cyber Power (Shenzhen), Inc.

Managed by the cost-plus method. The estimated processing cost is prepaid at the beginning of each month, and offset against the actual processing cost at the end of month.

3. Sales of goods

Cyber Power Systems (USA), Inc.

Cyber Power Systems B.V.

Nitram SAS

Cyber Power System S.A.DE C.V.

The Company’s pricing strategy for the sale of goods to related parties varies according to their scope of the market and competitiveness. The period of collection of trade receivables from related parties is 120 to 180 days. The situation of the use of funds by associates is also taken into consideration when deciding the collection period of receivables from associates, while the collection period for third parties is 30 to 120 days.

TABLE 4

CYBER POWER SYSTEMS, INC. AND SUBSIDIARIES

**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, Unless Stated Otherwise)**

Company Name	Related Party	Relationship	Ending Balance	Turnover Rate	Overdue		Amounts Received in Subsequent Period	Allowance for Impairment Loss
					Amount	Actions Taken		
Cyber Power Systems, Inc.	Cyber Power Systems (USA), Inc.	Subsidiary	Accounts receivable \$1,432,033	1.52	\$ -	-	\$ 487,983	\$ -
	Cyber Power Systems S.A. DE C.V	Subsidiary	Accounts receivable \$114,178	2.36 (Note)	-	-	24,704	-
			Other receivable \$8,147		-	-	-	-

Note: The calculation of turnover rate does not include other receivables.

TABLE 5

CYBER POWER SYSTEMS, INC. AND SUBSIDIARIES

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars)

No. (Note A)	Investee Company	Counterparty	Relationship (Note B)	Transactions Details			% of Total Sales or Assets (Note C)
				Financial Statement Account	Amount	Payment Terms	
0	<u>For the year ended December 31, 2021</u>						
	Cyber Power Systems, Inc.	Cyber Power Systems (USA), Inc.	1	Sales	\$ 2,724,853	Note D	31
		Cyber Power Systems (USA), Inc.	1	Accounts receivable	1,432,033	Note D	14
		Cyber Power Systems B.V.	1	Sales	219,549	Note D	2
		Cyber Power Systems B.V.	1	Other income	14,638	Note D	-
		Cyber Power Systems B.V.	1	Accounts receivable	15,373	Note D	-
		Nitram SAS	1	Sales	188,712	Note D	2
		Nitram SAS	1	Accounts receivable	59,087	Note D	1
		CyberPower Systems GmbH	1	Sales	2,769	Note D	-
		CyberPower Systems GmbH	1	Accounts receivable	1,484	Note D	-
		CyberPower Systems GmbH	1	Other receivables	23,490	Note D	-
		Cyber Power Systems S.A. DE C.V.	1	Sales	237,565	Note D	3
		Cyber Power Systems S.A. DE C.V.	1	Accounts receivable	114,178	Note D	1
		Cyber Power Systems S.A. DE C.V.	1	Other receivables	8,147	Note D	-
		Cyber Power (Shenzhen), Inc.	1	Processing cost	761,620	Note D	9
		Cyber Power (Shenzhen), Inc.	1	Inventory processing cost	23,458	Note D	-
		Cyber Power (Shenzhen), Inc.	1	Accounts payable - processing cost	501,294	Note D	5
		Ning Yuan Xian Cyber Power, Inc.	1	Cost of goods sold	1,384	Note D	-
		Cyber Power Systems K.K.	1	Sales	98,207	Note D	1
		Cyber Power Systems K.K.	1	Accounts receivable	8,509	Note D	-
		Best Top (Shenzhen), Inc.	1	Inventory processing cost	2,142	Note D	-
		Best Top (Shenzhen), Inc.	1	Cost of goods sold	8,012	Note D	-
		Dongguan Cyber Energy Co., Ltd.	1	Cost of goods sold	14,852	Note D	-
		Cyber Power Systems (HK) Limited	1	Cost of goods sold	831,054	Note D	9
		Cyber Power Systems (HK) Limited	1	Sales	48,679	Note D	-
		Cyber Power Systems (HK) Limited	1	Accounts payable	287,224	Note D	3
		Cyber Power Systems (India) Pvt. Ltd.	1	Sales	43,943	Note D	-
		Cyber Power Systems (India) Pvt. Ltd.	1	Other receivable	16,201	Note D	-
		Cyber Power Systems (India) Pvt. Ltd.	1	Accounts receivable	32,857	Note D	-
		Cyber Energy Co., Ltd.	1	Other income	5,829	Note D	-
		Cyber Energy Co., Ltd.	1	Other receivables	1,713	Note D	-
		Cliquefie Co., Ltd.	1	Commission	5,049	Note D	-
		Cyber Power Systems Manufacturing, Inc.	1	Processing cost	71,595	Note D	1
		Cyber Power Systems Manufacturing, Inc.	1	Accounts payable - processing cost	1,044	Note D	-
		Phisonic	1	Processing cost	24,243	Note D	-
		Phisonic	1	Prepayments	3,136	Note D	-

(Continued)

No. (Note A)	Investee Company	Counterparty	Relationship (Note B)	Transactions Details			% of Total Sales or Assets (Note C)
				Financial Statement Account	Amount	Payment Terms	
1	Cyber Power Systems (USA), Inc.	Cyber Power Systems S.A. DE C.V.	3	Sales	\$ 1,812	Note D	-
2	Cyber Power Systems B.V.	CyberPower Systems GmbH Nitram SAS	3	Sales	89,068	Note D	1
			3	Sales	1,427	Note D	-
3	Cyber Power (Shenzhen), Inc.	Best Top (Shenzhen), Inc.	3	Accounts payable	10,414	Note D	-
		Best Top (Shenzhen), Inc.	3	Accounts payable - processing cost	21,271	Note D	-
		Best Top (Shenzhen), Inc.	3	Processing cost	114,093	Note D	1
		Ning Yuan Xian Cyber Power, Inc.	3	Processing cost	152,649	Note D	2
		Ning Yuan Xian Cyber Power, Inc.	3	Accounts payable	3,300	Note D	-
		Dongguan Cyber Energy Co., Ltd.	3	Accounts payable	11,792	Note D	-
4	Cyber Power Systems (HK) Limited	Ning Yuan Xian Cyber Power, Inc.	3	Sales	45,647	Note D	1
		Ning Yuan Xian Cyber Power, Inc.	3	Cost of goods sold	225,152	Note D	3
		Ning Yuan Xian Cyber Power, Inc.	3	Accounts receivable	21,357	Note D	-
		Ning Yuan Xian Cyber Power, Inc.	3	Accounts payable	84,585	Note D	1
5	Dongguan Cyber Energy Co., Ltd.	Cyber Energy (Shenzhen), Inc.	3	Other payable	12,000	Note D	-
		Cyber Energy Co., Ltd.	3	Sales	445,236	Note D	5
		Cyber Energy Co., Ltd.	3	Accounts receivable	164,291	Note D	2
		Best Top (Shenzhen), Inc.	3	Cost of goods sold	1,383	Note D	-
		Cyber Power Systems (HK) Limited	3	Cost of goods sold	30,499	Note D	-
		Cyber Power Systems (HK) Limited	3	Sales	584,176	Note D	7
		Cyber Power Systems (HK) Limited	3	Accounts receivable	106,229	Note D	1
		Cyber Power Systems (HK) Limited	3	Accounts payable	9,718	Note D	-
		Cyber Power Technology (Shenzhen), Inc.	3	Sales	44,031	Note D	-
		Cyber Power Technology (Shenzhen), Inc.	3	Accounts payable	12,929	Note D	-

Note A: The intercompany transactions between each company are identified and numbered as follows:

1. Parent company: 0.
2. Subsidiaries are numbered starting from 1.

Note B: The types of transactions between related parties are as follows:

1. From parent company to subsidiary.
2. From subsidiary to parent company.
3. Between subsidiaries.

Note C: The percentage to total assets or sales is the ratio of the ending balance to consolidated assets or the cumulative income amount to consolidated revenue.

(Continued)

Note D: 1. The transactions between parent company and subsidiary.

a. Purchase of goods

Ning Yuan Xian Cyber Power, Inc.

Best Top (Shenzhen), Inc.

Cyber Power Systems (HK) Limited

Dongguan Cyber Energy Co., Ltd

Ning Yuan Xian Cyber Power, Inc.: After referring to market practices, and offset against the actual processing cost at the end of each month.

Best Top (Shenzhen), Inc.: After referring to market practices, prepayment of the current estimated merchandise cost is made at the beginning of each month, and then the amount is offset against the actual processing cost at the end of each month.

Cyber Power Systems (HK) Limited: After referring to market practices, the payment term is 60 days.

Dongguan Cyber Energy Co., Ltd: After referring to market practices, and offset against the actual processing cost at the end of each month.

b. Processing cost

Cyber Power (Shenzhen), Inc.

Best Top (Shenzhen), Inc.

Cyber Power Systems Manufacturing, Inc.

Phisonic Technology Corporation

Cyber Power (Shenzhen), Inc.: Managed by the cost-plus method, and the estimated processing cost is prepaid at the beginning of each month, and offset against the actual processing cost at the end of month.

Best Top (Shenzhen), Inc.: After referring to market practices, prepayment of the current estimated merchandise cost is made at the beginning of each month, and then the amount is offset against the actual processing cost at the end of each month, according to the specifications set by both parties in the contract.

Cyber Power Systems Manufacturing, Inc.: Managed by the cost-plus method, and the estimated processing cost is prepaid at the beginning of each month, and offset against the actual processing cost at the end of month.

Phisonic Technology Corporation: Managed by the cost-plus method, and the estimated processing cost is prepaid at the beginning of each month, and offset against the actual processing cost at the end of month.

c. Other operating costs - inventory processing cost

Cyber Power (Shenzhen), Inc.

Best Top (Shenzhen), Inc.

The price is set according to the contract. The Company prepays the estimated amount at the beginning of every month, which is offset against the actual processing cost at the end of every month.

(Continued)

d. Sale of goods

Cyber Power Systems (USA), Inc.

Cyber Power Systems B.V.

Nitram SAS

Cyber Power Systems Gmbh

Cyber Power Systems S.A. DE C.V.

Cyber Power Systems K.K.

Cyber Power Systems (HK) Limited

Cyber Power Systems (India) Pvt. Ltd.

The pricing strategy of the Company for the sales to related parties varies according to the size and competitiveness of the market. The period of collection of trade receivables between the related parties is 90 to 180 days. The situation of the use of funds by associates is also taken into consideration when deciding the collection period of receivables from associates, while the collection period for third parties is 30 to 120 days.

e. Operating expense

Cliduefie Co., Ltd.

Prices are set based on the contract specifications as stipulated by both parties, and offset against the actual payables at the end of every month.

f. Other revenue

Cyber Power Systems B.V.

Cyber Energy Co., Ltd.

Prices are set based on the contract specifications as stipulated by both parties, and offset against the actual payables at the end of every month.

2. Transactions between subsidiaries.

a. Purchase/sale of goods

Sales from Cyber Power Systems (USA), Inc. to Cyber Power Systems S.A. DE C.V.: The terms are set according to the contract. The period of collection of trade receivables between the related parties is 60 days.

Sales from Cyber Power Systems B.V. to CyberPower Systems GmbH: The terms are set according to the contract. The period of collection of trade receivables between the related parties is 90 days.

Sales from Cyber Power Systems B.V. to Nitram SAS: The terms are set according to the contract. The period of collection of trade receivables between the related parties is 90 days.

Cyber Power Systems (HK) Limited purchases from Ning Xian Cyber Power, Inc.: The terms are set according to the contract. The period of collection of trade receivables between the related parties is 60 days.

Sales from Cyber Power Systems (HK) Limited to Ning Xian Cyber Power, Inc.: The terms are set according to the contract. The period of collection of trade receivables between the related parties is 90 days.

Sales from Dongguan Cyber Energy Co., Ltd. to Cyber Energy Co., Ltd.: The terms are set according to the contract. The period of collection of trade receivables between the related parties is 60 days.

Dongguan Cyber Energy Co., Ltd. purchases from Best Top (Shenzhen), Inc.: The terms are set according to the contract. The period of collection of trade receivables between the related parties is 30 days.

Dongguan Cyber Energy Co., Ltd. purchases from Cyber Power Systems (HK) Limited: The terms are set according to the contract. The period of collection of trade receivables between the related parties is 60 days.

Sales from Dongguan Cyber Energy Co., Ltd. to Cyber Power Systems (HK) Limited: The terms are set according to the contract, and the current estimated payment is prepaid at the beginning of each month, and offset against the actual payment at the period of collection of trade receivables between the related parties is 60 days.

Sales from Dongguan Cyber Energy Co., Ltd. to Cyber Power Technology (Shenzhen), Inc.: The terms are set according to the contract. The period of collection of trade receivables between the related parties is 60 days.

(Continued)

b. Processing cost

Cyber Power (Shenzhen), Inc. contracted Ning Yuan Xian Cyber Power, Inc. for cost processing: After referencing the market price, the company will follow the specifications set by both parties in the contract, and prepay the current estimated processing amount at the beginning of each month, which would be offset against the actual processing cost at the end of each month.

Cyber Power (Shenzhen), Inc. contracted Best Top (Shenzhen), Inc. for cost processing: After referencing the market price, the company will follow the specifications set by both parties in the contract, and prepay the current estimated processing amount at the beginning of each month, which would be offset against the actual processing cost at the end of each month.

(Concluded)

TABLE 6

CYBER POWER SYSTEMS, INC. AND SUBSIDIARIES

INFORMATION ON INVESTEEES
FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

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
				December 31, 2021	December 31, 2020	Number of Shares	%	Carrying Amount			
Cyber Power Systems, Inc.	Broad Win International Investment Co., Ltd.	Samoa.	Investment	\$ 687,712	\$ 687,712	22,495,329	100.0	\$ 964,456	\$ 134,976	\$ 134,976	Subsidiary
	Cyber Power Systems (USA), Inc.	U.S.A.	Selling of uninterruptible power systems	412,870	412,870	13,000,000	100.0	317,226	(98,074)	(98,074)	Subsidiary
	Fast Wind International Limited	Mauritius	Investment	165,900	165,900	4,438,245	100.0	317,054	105,297	105,297	Subsidiary
	Cliquefie Co., Ltd.	Taiwan	Selling of electronic products	17,600	17,600	1,760,000	96.7	5,961	(10,773)	(10,417)	Subsidiary
	Cyber Power Systems Manufacturing, Inc.	Philippines	Production of uninterruptible power systems	9,181	9,181	15,600	100.0	21,198	3,122	3,122	Subsidiary
Cliquefie Co., Ltd.	Phisonic Technology Corporation	Philippines	Production of uninterruptible power systems	6,224	6,224	10,000	100.0	2,855	(9,321)		Second-tier subsidiary
Broad Win International Investment Co., Ltd.	Planet Technology Limited	Samoa.	Investment	24,638	24,638	1,000,000	100.0	492,708	58,738		Second-tier subsidiary
	Join Master Co., Ltd.	British Virgin Islands	Investment	13,235	13,235	3,944	100.0	34,856	4,650		Second-tier subsidiary
	Portal Star Co., Ltd.	Mauritius	Investment	222,040	222,040	7,338,000	100.0	307,957	64,790		Second-tier subsidiary
	Cyber Power Systems (HK) Limited	Hong Kong	Selling of uninterruptible power systems	373	373	100,000	100.0	115,303	21,709		Second-tier subsidiary
	Shining Pearl Co., Ltd.	Mauritius	Investment	427,426	427,426	14,000,000	100.0	22,079	(14,911)		Second-tier subsidiary
Join Master Co., Ltd.	Cyber Power Systems K.K.	Japan	Selling of uninterruptible power systems	13,235	13,235	3,800	100.0	34,856	4,650		Third-tier subsidiary
Shining Pearl Co., Ltd.	Cyber Power Systems (India) Pvt. Ltd.	India	Selling of uninterruptible power systems	427,426	427,426	91,665,685	100.0	22,079	(14,911)		Third-tier subsidiary
Fast Wind International Limited	Global Way Co., Ltd.	Mauritius	Investment	20,674	20,674	430,000	100.0	116,817	37,862		Second-tier subsidiary
	Full Star Co., Ltd.	Mauritius	Investment	80,747	80,747	1,870,400	100.0	146,740	23,259		Second-tier subsidiary
	Grown Tech Co., Ltd.	Mauritius	Investment	1,058	1,058	25,000	100.0	18,045	16,834		Second-tier subsidiary
	Global Win Co., Ltd.	Belize City	Investment	63,421	63,421	1,700,831	100.0	89,232	27,342		Second-tier subsidiary
Global Way Co., Ltd.	Cyber Power Systems B.V.	Netherlands	Selling of uninterruptible power systems	20,674	20,674	7,000	100.0	116,817	37,862		Third-tier subsidiary
Full Star Co., Ltd.	Nitram SAS	France	Selling of uninterruptible power systems	80,747	80,747	1,819	100.0	146,740	23,259		Third-tier subsidiary
Grown Tech Co., Ltd.	CyberPower Systems GmbH	Germany	Selling of uninterruptible power systems	1,058	1,058	1	100.0	18,045	16,834		Third-tier subsidiary
Global Win Co., Ltd.	Cyber Power Systems S.A. DE C.V.	Mexico	Selling of uninterruptible power systems	63,421	63,421	1,700,831	100.0	89,232	27,342		Third-tier subsidiary

TABLE 7

CYBER POWER SYSTEMS, INC. AND SUBSIDIARIES

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2021

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Buyer	Related Party	Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Receivable (Payable)		Note
			Purchase/Sale	Amount	% of Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% of Total	
Cyber Power Systems (USA), Inc.	Cyber Power Systems, Inc.	The parent company that directly holds 100% of the voting shares	Purchase	\$ 2,724,853	97	Note	Note	Note	Accounts payable \$(1,432,033)	(100)	
Cyber Power Systems B.V.	Cyber Power Systems, Inc.	The parent company that directly holds 100% of the voting shares	Purchase	219,549	99	Note	Note	Note	Accounts payable \$(15,373)	(100)	
Cyber Power Systems S.A. DE. C.V.	Cyber Power Systems, Inc.	The parent company that directly holds 100% of the voting shares	Purchase	237,565	99	Note	Note	Note	Accounts payable \$(122,325)	(100)	
Nitram SAS	Cyber Power Systems, Inc.	The parent company that directly holds 100% of the voting shares	Purchase	188,712	100	Note	Note	Note	Accounts payable \$(59,087)	(94)	
Cyber Power Systems (HK) Limited	Cyber Power Systems, Inc.	Investments accounted for using the equity method	Sale	(831,054)	(93)	Note	Note	Note	Accounts receivable \$287,224	90	
Cyber Power (Shenzhen), Inc.	Cyber Power Systems, Inc.	The parent company that directly holds 100% of the voting shares	Processing revenue	(761,620)	(97)	Note	Note	Note	Accounts receivable - processing cost \$501,294	100	
	Ning Yuan Xian Cyber Power, Inc.	The same parent company	Processing cost	152,649	57	Note	Note	Note	Accounts payable - processing cost \$(3,300)	(9)	
Cyber Power (Shenzhen), Inc.	Best Top (Shenzhen), Inc.	Substantive related party	Processing cost	114,093	43	Note	Note	Note	Accounts payable - processing cost \$(21,271) Accounts payable \$(10,414)	(61) (15)	
Ning Yuan Xian Cyber Power, Inc.	Cyber Power Systems (HK) Limited.	The same parent company	Sale	(225,152)	(59)	Note	Note	Note	Accounts receivable \$84,585	89	
Dongguan Cyber Energy Co., Ltd.	Cyber Power Systems (HK) Limited	The same parent company	Sale	(584,176)	(54)	Note	Note	Note	Accounts receivable \$106,229	36	
	Cyber Energy Co., Ltd.	Substantive related party	Sale	(445,236)	(41)	Note	Note	Note	Accounts receivable \$164,291	56	

(Continued)

Buyer	Related Party	Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Receivable (Payable)		Note
			Purchase/Sale	Amount	% of Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% of Total	
Ning Yuan Xian Cyber Power, Inc.	Cyber Power (Shenzhen), Inc.	The same parent company	Processing revenue	(152,649)	(40)	Note	Note	Note	Accounts receivable - processing cost \$3,300	3	
Best Top (Shenzhen), Inc.	Cyber Power (Shenzhen), Inc.	Substantive related party	Processing revenue	(114,093)	(88)	Note	Note	Note	Accounts receivable - processing cost \$21,271	67	
									Accounts receivable \$10,414	33	
Cyber Power Systems (HK) Limited	Ning Yuan Xian Cyber Power, Inc.	The same parent company	Purchase	225,152	25	Note	Note	Note	Accounts payable \$(84,585)	(41)	
	Dongguan Cyber Energy Co., Ltd.	The same parent company	Purchase	584,176	66	Note	Note	Note	Accounts payable \$(106,229)	(52)	
Cyber Energy Co., Ltd.	Dongguan Cyber Energy Co., Ltd.	Substantive related party	Purchase	445,236	99	Note	Note	Note	Accounts payable \$(164,291)	(100)	

Note: Refer to Table 5.

(Concluded)

TABLE 8

CYBER POWER SYSTEMS, INC. AND SUBSIDIARIES

**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, Unless Stated Otherwise)**

Company Name	Related Party	Relationship	Ending Balance	Turnover Rate	Overdue		Amounts Received in Subsequent Period	Allowance for Impairment Loss
					Amount	Actions Taken		
Cyber Power (Shenzhen), Inc.	Cyber Power Systems, Inc.	The ultimate parent company that indirectly holds 100% of the voting shares	Accounts receivable - processing cost\$ 501,294	1.43	\$ -	-	\$ 156,312	\$ -
Dongguan Cyber Energy Co., Ltd.	Cyber Energy Co., Ltd.	Substantive related party	Accounts receivable164,291	1.41	-	-	146,428	-
Cyber Power Systems (HK) Limited	Cyber Power Systems, Inc.	The ultimate parent company that indirectly holds 100% of the voting shares	Accounts receivable287,224	3.33	-	-	212,306	-
Dongguan Cyber Energy Co., Ltd.	Cyber Power Systems (HK) Limited	The same parent company	Accounts receivable106,229	3.62	-	-	105,272	-

TABLE 9**CYBER POWER SYSTEMS, INC. AND SUBSIDIARIES****INFORMATION ON INVESTMENTS IN MAINLAND CHINA****FOR THE YEAR ENDED DECEMBER 31, 2021****(In Thousands of New Taiwan Dollars, In Thousands of Foreign Currencies)**

Investee Company	Main Businesses and Products	Paid-in Capital	Method of Investment	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2021	Investment Flows		Accumulated Outward Remittance for Investments from Taiwan as of December 31, 2021	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note E)	Carrying Amount as of December 31, 2021	Accumulated Repatriation of Investment Income as of December 31, 2021	Note
					Outflow	Inflow							
Cyber Power (Shenzhen), Inc.	Production of uninterruptible power systems	\$ 34,025 (US\$ 1,000)	Note A	\$ 24,638 (US\$ 750)	\$ -	\$ -	\$ 24,638 (US\$ 750)	\$ 58,738	100.00	\$ 58,738	\$ 492,708	\$ -	
Cyber Energy (Shenzhen), Inc.	Production of uninterruptible power systems	149,533 (US\$ 5,000)	Note B	150,716 (US\$ 5,037)	-	-	150,716 (US\$ 5,037)	66,499	100.00	66,499	293,558	-	
Ning Yuan Xian Cyber Power, Inc.	Production of uninterruptible power systems	286,619 (CNY 62,000)	Note C	- -	-	-	- -	(16,850)	100.00	18,080	309,424	-	
Cyber Power Technology (Shenzhen), Inc.	Selling of uninterruptible power systems	72,526 (US\$ 2,338)	Note D	71,324 (US\$ 2,301)	-	-	71,324 (US\$ 2,301)	(1,709)	100.00	(1,709)	14,399	-	
Dongguan Cyber Energy Co., Ltd.	Production of uninterruptible power systems	27,228 (CNY 6,000)	Note E	- -	-	-	- -	56,568	100.00	56,568	190,666	-	

Note A: Parent company: Cyber Power Systems, Inc.; subsidiary: Broad Win International Investment Co., Ltd.; second-tier subsidiary: Planet Technology Limited; third-tier subsidiary: Cyber Power (Shenzhen), Inc.

Note B: Parent company: Cyber Power Systems, Inc.; subsidiary: Broad Win International Investment Co., Ltd.; second-tier subsidiary: Portal Star Co., Ltd.; third-tier subsidiary: Cyber Energy (Shenzhen), Inc.

Note C: The investment was made directly from Cyber Power (Shenzhen), Inc.

Note D: Parent company: Cyber Power Systems, Inc.; subsidiary: Broad Win International Investment Co., Ltd.; second-tier subsidiary: Portal Star Co., Ltd.; third-tier subsidiary: Cyber Power Technology (Shenzhen), Inc.

Note E: Dongguan Cyber Energy Co., Ltd. was established by Cyber Energy (Shenzhen), Inc. from its own fund.

Note F: Financial statements of these companies, which were audited by the accounting firm of the parent company.

Accumulated Outward Remittance for Investments in Mainland China as of December 31, 2021	Investment Amounts Authorized by the Investment Commission, MOEA	Upper Limit on the Amount of Investment Stipulated by the Investment Commission, MOEA
\$ 246,678 (US\$ 8,088)	\$ 301,823 (US\$ 10,088)	\$ 2,395,364

TABLE 10

CYBER POWER SYSTEMS, INC. AND SUBSIDIARIES

**SIGNIFICANT TRANSACTIONS WITH INVESTEE COMPANIES IN MAINLAND CHINA, EITHER DIRECTLY OR INDIRECTLY THROUGH A THIRD PARTY, AND THEIR PRICES, PAYMENT TERMS, AND UNREALIZED GAINS OR LOSSES
FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

Investee Company	Relationship	Transaction Type	Amount	Transaction Details			Notes/Accounts Receivable (Payable)		Unrealized (Gain) Loss	Note
				Price	Payment Terms	Comparison with Normal Transactions	Ending Balance	%		
Cyber Power Systems, Inc. and Cyber Power (Shenzhen), Inc.	A subsidiary of the Company indirectly holding 100% of the voting shares	Processing cost	\$ 761,620	Note A	Note A	Note A	Accounts payable - processing cost \$(501,294)	(35)	\$ -	
		Inventory processing cost	23,458	Note A	Note A	Note A	Prepayments \$ -	-	-	
Cyber Power Systems, Inc. and Dongguan Cyber Energy Co., Ltd.	A subsidiary of the Company indirectly holding 100% of the voting shares	Purchases	14,852	Note B	Note B	Note B	Accounts payable \$ -	-	-	
Cyber Power Systems, Inc. and Ning Yuan Xian Cyber Power, Inc.	A subsidiary of the Company indirectly holding 100% of the voting shares	Purchases	1,384	Note A	Note A	Note A	Accounts payable \$ -	-	-	
The transactions between Cyber Power Systems (HK) Limited and Ning Yuan Xian Cyber Power, Inc.	The same parent company	Sales	45,647	Note C	Note C	Note C	Accounts receivable \$21,357	7	-	
		Purchases	225,152	Note C	Note C	Note C	Accounts payable \$(84,585)	(41)	(19,920)	
The transactions between Cyber Power (Shenzhen), Inc. and Best Top (Shenzhen), Inc.	Substantive related party	Processing cost	114,093	Note A	Note A	Note A	Accounts payable - processing cost \$(21,271)	(61)	-	
							Accounts payable \$(10,414)	(15)	-	
The transactions between Cyber Power (Shenzhen), Inc. and Ning Yuan Xian Cyber Power, Inc.	The same parent company	Processing cost	152,649	Note A	Note A	Note A	Accounts payable \$(3,300)	(9)	-	
The transactions between Dongguan Cyber Energy Co., Ltd. and Cyber Power Systems (HK) Limited	The same parent company	Sales	584,176	Note D	Note D	Note D	Accounts receivable \$106,229	36	-	
		Purchases	30,499	Note D	Note D	Note D	Accounts payable \$(9,718)	(4)	-	

(Continued)

Investee Company	Relationship	Transaction Type	Amount	Transaction Details			Notes/Accounts Receivable (Payable)		Unrealized (Gain) Loss	Note
				Price	Payment Terms	Comparison with Normal Transactions	Ending Balance	%		
The transactions between Dongguan Cyber Energy Co., Ltd. and Best Top (Shenzhen), Inc.	Substantive related party	Purchases	\$ 1,383	Note E	Note E	Note E	Accounts payable \$ -	-	-	
The transactions between Dongguan Cyber Energy Co., Ltd and Cyber Power Technology (Shenzhen), Inc.	The same parent company	Sales	44,031	Note F	Note F	Note F	Accounts receivable \$12,929	4	-	
The transactions between Dongguan Cyber Energy Co., Ltd and Cyber Energy Co., Ltd.	Substantive related party	Sales	445,236	Note G	Note G	Note G	Accounts receivable \$164,291	56	-	

Note A: Processing cost: Managed by the cost-plus method, and the estimated processing cost is prepaid at the beginning of each month, and offset against the actual processing cost at the end of month.

Inventory processing cost: According to the specifications set by both parties in the contract, the current estimated processing amount is prepaid at the beginning of each month, and then offset against the actual processing cost at the end of month.

Note B: After referring to market price, according to the specifications set by both parties in the contract, and offset against the actual payables at the middle of each month.
After referring to market price, and offset against the actual processing cost at the end of month.

Note C: The payment term is 60 days, the collection term is 60 days, according to the specifications set by both parties. For sales, the current estimated accounts are pre-collected at the beginning of each month, and the actual payment will be offset within 90 days of the monthly settlement.

Note D: The payment term is 60 days, the collection term is 60 days, according to the specifications set by both parties. For sales, the current estimated accounts are pre-collected at the beginning of each month, and the actual payment will be offset within 60 days of the monthly settlement.

Note E: The collection term is 30 days, according to the specifications set by both parties in the contract.

Note F: The collection term is 60 days, according to the specifications set by both parties in the contract.

Note G: The collection term is 60 days, according to the specifications set by both parties.

Note H: Financing provided to an investee company in mainland China, either directly or indirectly through a third party: None.

(Concluded)

TABLE 11**CYBER POWER SYSTEMS, INC. AND SUBSIDIARIES****INFORMATION OF MAJOR SHAREHOLDERS****DECEMBER 31, 2021**

Name of Major Shareholder	Shares	
	Number of Shares	Percentage of Ownership (%)
Hsien Yueh Investment Co., Ltd.	5,418,089	6.69
Ning Yuan Investment Co., Ltd.	5,400,000	6.67
Jie Cheng Investment Co., Ltd.	5,329,551	6.58
Li Heng Investment Co., Ltd.	4,555,574	5.62
Mao Fei Investment Co., Ltd.	4,379,072	5.40
Chih Yuan Investment Ltd.	4,261,880	5.26

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