Fortune Electric Co., Ltd. and Subsidiaries

Consolidated Financial Statements for the
Six Months Ended June 30, 2021 and 2020

FORTUNE ELECTRIC CO., LTD. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
(In Thousands)

	June 30, 2021 (Reviewed)		December 31, 2020 (Audited)	June 30, 2020 (Reviewed)
ASSETS	**NT$**	**US$ (Note)**	**NT$**	**NT$**
CURRENT ASSETS				
Cash	$ 305,449	$ 10,964	$ 170,816	$ 162,509
Financial assets at amortized cost - current	3,071	110	73,528	3,044
Contract assets	1,108,989	39,806	671,029	721,154
Notes receivable	14,550	522	117,622	77,226
Trade receivables from unrelated parties	2,151,031	77,208	2,513,847	2,732,260
Current tax assets	-	-	9,028	8,567
Inventories, net	2,754,925	98,885	2,228,848	2,884,817
Prepayments	110,080	3,951	116,431	113,630
Non-current assets held for sale	431,075	15,473	511,752	-
Other current assets	39,094	1,403	40,754	34,713
Total current assets	6,918,264	248,322	6,453,655	6,737,920
NON-CURRENT ASSETS				
Financial assets at fair value through other comprehensive income	306,844	11,014	44,343	9,752
Financial assets at amortized cost - non-current	3,859	139	3,859	3,859
Investments accounted for using equity method	828	30	750	952
Property, plant and equipment	1,976,317	70,937	1,982,681	2,025,727
Right-of-use assets	120,421	4,322	118,977	145,255
Intangible assets	35,156	1,262	31,214	25,628
Deferred tax assets	35,030	1,257	47,118	47,781
Prepayments for equipment	8,456	304	5,017	8,981
Refundable deposits	4,831	173	4,738	4,480
Total non-current assets	2,491,742	89,438	2,238,697	2,272,415
TOTAL	$ 9,410,006	$ 337,760	$ 8,692,352	$ 9,010,335
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings	$ 283,131	$ 10,163	$ 229,917	$ 865,011
Short-term bills payable	319,347	11,463	239,790	119,729
Financial liabilities at fair value through profit or loss	-	-	4	2,125
Contract liabilities	1,140,343	40,931	641,601	1,203,405
Notes payable	1,127	41	-	-
Trade payables to unrelated parties	1,886,021	67,696	2,060,705	1,905,208
Trade payables to related parties	479	17	99	-
Other payable	620,967	22,289	333,836	461,379
Current tax liabilities	35,578	1,277	32,311	15,236
Provisions	5,508	198	7,098	6,262
Liabilities directly associated with non-current assets held for sale	267,601	9,605	286,518	-
Lease liabilities - current	9,427	338	8,369	9,993
Other current liabilities	138,107	4,957	94,546	41,730
Total current liabilities	4,707,636	168,975	3,934,794	4,630,078
NON-CURRENT LIABILITIES				
Long-term borrowings	1,121,800	40,265	841,800	841,800
Deferred tax liabilities	53,152	1,908	65,761	61,984
Lease liabilities - non-current	112,455	4,036	111,742	115,283
Net defined benefit liabilities	139,105	4,993	178,859	157,900
Guarantee deposit received	12,725	457	12,380	5,500
Total non-current liabilities	1,439,237	51,659	1,210,542	1,182,467
Total liabilities	6,146,873	220,634	5,145,336	5,812,545
Share capital	2,610,585	93,704	2,610,585	2,610,585
Capital surplus	1,414	51	1,414	1,251
Retained earnings				
Legal reserve	400,777	14,385	400,777	400,777
Special reserve	8,975	322	8,975	8,975
Unappropriated earnings	274,748	9,862	540,612	235,250
Total retained earnings	684,500	24,569	950,364	645,002
Other equity				
Exchange differences on translating foreign operations	(27,928)	(1,003)	(24,158)	(33,268)
Unrealized gain or loss on financial assets at fair value through other comprehensive income	(5,438)	(195)	8,811	(25,780)
Total other equity	(33,366)	(1,198)	(15,347)	(59,048)
Total equity	3,263,133	117,126	3,547,016	3,197,790
TOTAL	$ 9,410,006	$ 337,760	$ 8,692,352	$ 9,010,335

Note: The accompanying financial statements are stated in New Taiwan dollars, the currency of the country in which the Company is incorporated and operates. The translation of New Taiwan dollar amounts into U.S. dollar amounts is included solely for the convenience of the readers outside the Republic of China and has been made at the rate of NT$27.86 to US$1.00 at June 30, 2021, the base rate announced by Bank of Taiwan. Such translation should not be construed as representations that the New Taiwan dollar amounts could be converted at that or any other rate.

(With Deloitte & Touche review report dated August 9, 2021)

FORTUNE ELECTRIC CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(In Thousands, Except Earnings Per Share)
(Reviewed, Not Audited)

	For the Three Months Ended June 30			For the Six Months Ended June 30		
	2021		2020	2021		2020
	NT$	US$ (Note)	NT$	NT$	US$ (Note)	NT$
OPERATING REVENUE						
Sales	$ 1,827,698	$ 65,603	$ 1,594,098	$ 2,723,878	$ 97,770	$ 3,036,741
Construction revenue	551,538	19,797	213,877	1,251,350	44,916	447,946
Total operating revenue	2,379,236	85,400	1,807,975	3,975,228	142,686	3,484,687
OPERATING COSTS						
Cost of goods sold	1,513,985	54,343	1,279,073	2,270,519	81,497	2,481,814
Construction cost	497,720	17,865	203,886	1,116,375	40,071	421,592
Total operating costs	2,011,705	72,208	1,482,959	3,386,894	121,568	2,903,406
GROSS PROFIT	367,531	13,192	325,016	588,334	21,118	581,281
OPERATING EXPENSES						
Selling and marketing expenses	179,610	6,447	109,688	312,832	11,229	288,130
General and administrative expenses	67,980	2,440	40,643	111,345	3,997	78,059
Research and development expenses	30,031	1,078	33,530	56,033	2,011	68,791
Total operating expenses	277,621	9,965	183,861	480,210	17,237	434,980
PROFIT FROM OPERATIONS	89,910	3,227	141,155	108,124	3,881	146,301
NON-OPERATING INCOME AND EXPENSES						
Other income	11,007	395	4,129	17,154	616	9,810
Interest income	379	14	72	929	33	204
Other gains and losses	(5,457)	(196)	2,575	(7,833)	(281)	5,157
Share of profit or loss of associates	169	6	(24)	179	6	(172)
Finance costs	(8,310)	(298)	(6,518)	(15,873)	(570)	(12,528)
Total non-operating income and expenses	(2,212)	(79)	234	(5,444)	(196)	2,471
PROFIT BEFORE INCOME TAX FROM CONTINUING OPERATIONS	87,698	3,148	141,389	102,680	3,685	148,772
INCOME TAX EXPENSE	23,330	837	15,389	29,168	1,047	18,756
NET PROFIT FOR THE PERIOD	64,368	2,311	126,000	73,512	2,638	130,016
OTHER COMPREHENSIVE INCOME AND LOSS						
Items that may be not be reclassified subsequently to profit or loss:						
Unrealized loss on investments in equity instruments at fair value through other comprehensive income	(14,249)	(511)	(45,230)	(14,249)	(511)	(45,230)

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FORTUNE ELECTRIC CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(In Thousands, Except Earnings Per Share)
(Reviewed, Not Audited)

	For the Three Months Ended June 30			For the Six Months Ended June 30		
	2021		2020	2021		2020
	NT$	US$ (Note)	NT$	NT$	US$ (Note)	NT$
Items that may be reclassified subsequently to profit or loss:						
Exchange differences on translating foreign operations	$ (2,133)	$ (77)	$ (3,276)	$ (3,770)	$ (135)	$ (5,488)
Cash flow hedges	-	-	81	-	-	674
Share of the other comprehensive income (loss) of associates accounted for using the equity method	-	-	(13)	-	-	(29)
	(2,133)	(77)	(3,208)	(3,770)	(135)	(4,843)
Total other comprehensive income and loss	(16,382)	(588)	(48,438)	(18,019)	(646)	(50,073)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	$ 47,986	$ 1,723	$ 77,562	$ 55,493	$ 1,992	$ 79,943
EARNINGS PER SHARE						
Basic	$0.25	$0.01	$0.48	$0.28	$0.01	$0.50
Diluted	$0.25	$0.01	$0.48	$0.28	$0.01	$0.50

Note: The accompanying financial statements are stated in New Taiwan dollars, the currency of the country in which the Company is incorporated and operates. The translation of New Taiwan dollar amounts into U.S. dollar amounts is included solely for the convenience of the readers outside the Republic of China and has been made at the rate of NT$27.86 to US$1.00 at June 30, 2021, the base rate announced by Bank of Taiwan. Such translation should not be construed as representations that the New Taiwan dollar amounts could be converted at that or any other rate.

(With Deloitte & Touche review report dated August 9, 2021) (Concluded)

FORTUNE ELECTRIC CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(In Thousands)
(Reviewed, Not Audited)

	Equity Attributable to Owners of the Company										
			Retained Earnings				Other Equity				
	Share Capital	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Total	Exchange Differences on Translating Foreign Operations	Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income	Cash Flow Hedges	Total	Total Equity
BALANCE AT JANUARY 1, 2020	$ 2,610,585	$ 1,251	$ 360,334	$ 11,273	$ 404,437	$ 776,044	$ (27,751)	$ 19,450	$ (674)	$ (8,975)	$ 3,378,905
Appropriation of 2019 earnings											
Legal reserve	-	-	40,443	-	(40,443)	-	-	-	-	-	-
Special reserve	-	-	-	(2,298)	2,298	-	-	-	-	-	-
Cash dividends	-	-	-	-	(261,058)	(261,058)	-	-	-	-	(261,058)
	-	-	40,443	(2,298)	(299,203)	(261,058)	-	-	-	-	(261,058)
Net Income for the six months ended June 30, 2020	-	-	-	-	130,016	130,016	-	-	-	-	130,016
Other comprehensive income (loss) for the six months ended June 30, 2020, net of income tax	-	-	-	-	-	-	(5,517)	(45,230)	674	(50,073)	(50,073)
Total comprehensive income (loss) for the six months ended June 30, 2020	-	-	-	-	130,016	130,016	(5,517)	(45,230)	674	(50,073)	79,943
BALANCE AT JUNE 30, 2020	$ 2,610,585	$ 1,251	$ 400,777	$ 8,975	$ 235,250	$ 645,002	$ (33,268)	$ (25,780)	$ -	$ (59,048)	$ 3,197,790
BALANCE AT JANUARY 1, 2021	$ 2,610,585	$ 1,414	$ 400,777	$ 8,975	$ 540,612	$ 950,364	$ (24,158)	$ 8,811	$ -	$ (15,347)	$ 3,547,016
Appropriation 2020 earnings											
Cash dividends	-	-	-	-	(339,376)	(339,376)	-	-	-	-	(339,376)
Net income for the six months ended June 30, 2021	-	-	-	-	73,512	73,512	-	-	-	-	73,512
Other comprehensive income (loss) for the six months ended June 30, 2021, net of income tax	-	-	-	-	-	-	(3,770)	(14,249)	-	(18,019)	(18,019)
Total comprehensive income (loss) for the six months ended June 30, 2021	-	-	-	-	73,512	73,512	(3,770)	(14,249)	-	(18,019)	55,493
BALANCE AT JUNE 30, 2021	$ 2,610,585	$ 1,414	$ 400,777	$ 8,975	$ 274,748	$ 684,500	$ (27,928)	$ (5,438)	$ -	$ (33,366)	$ 3,263,133
BALANCE AT JUNE 30, 2021 (IN U.S. DOLLARS)	$ 93,704	$ 51	$ 14,385	$ 322	$ 9,862	$ 24,569	$ (1,003)	$ (195)	$ -	$ (1,198)	$ 117,126

Note: The accompanying financial statements are stated in New Taiwan dollars, the currency of the country in which the Company is incorporated and operates. The translation of New Taiwan dollar amounts into U.S. dollar amounts is included solely for the convenience of the readers outside the Republic of China and has been made at the rate of NT$27.86 to US$1.00 at June 30, 2021, the base rate announced by Bank of Taiwan. Such translation should not be construed as representations that the New Taiwan dollar amounts could be converted at that or any other rate.

(With Deloitte & Touche audit report dated August 9, 2021)

FORTUNE ELECTRIC CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
(In Thousands)
(Reviewed, Not Audited)

	For the Six Months Ended June 30		
	2021		2020
	NT$	US$ (Note)	NT$
CASH FLOWS USED IN OPERATING ACTIVITIES			
Income before income tax from continuing operations	$ 102,680	$ 3,686	$ 148,772
Adjustments for:			
Depreciation expenses	60,532	2,173	58,508
Amortization expenses	7,945	285	5,549
Expected credit loss recognized on trade receivables	5,876	211	9,720
Net gain on financial instruments at fair value through profit or loss	-	-	2,125
Finance costs	15,873	570	12,528
Interest income	(929)	(33)	(204)
Share of loss of associates	(179)	(6)	172
Loss on disposal of property, plant and equipment	255	9	45
Reversal of write-downs of inventories	(317)	(11)	(143)
Unrealized net loss on foreign currency exchange	(189)	(7)	8,295
Changes in operating assets and liabilities			
Financial instruments at fair value through profit or loss	(4)	(1)	(1,333)
Contract assets	(437,960)	(15,720)	(185,077)
Notes receivable	103,072	3,700	8,566
Trade receivables	448,451	16,096	(50,470)
Inventories	(544,376)	(19,540)	(384,868)
Prepayments	(26,472)	(950)	58,061
Other current assets	(2,363)	(85)	45,003
Contract liabilities	496,391	17,817	262,753
Notes payable	1,127	40	-
Trade payables	(221,154)	(7,938)	(272,334)
Trade payables to related parties	380	14	(12)
Other payables	(58,713)	(2,107)	(128,455)
Provisions	(1,590)	(57)	84
Other current liabilities	46,086	1,654	(31,220)
Net defined benefit liabilities	(39,754)	(1,427)	(50,170)
Cash used in operations	(45,332)	(1,627)	(484,105)
Interest received	924	33	192
Interest paid	(14,771)	(530)	(12,187)
Income tax paid	(17,696)	(635)	(74,343)
Net cash used in operating activities	(76,875)	(2,759)	(570,443)

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FORTUNE ELECTRIC CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
(In Thousands)
(Reviewed, Not Audited)

	For the Six Months Ended June 30		
	2021		2020
	NT$	US$ (Note)	NT$
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of financial assets at fair value through other comprehensive income	$ (252,750)	$ (9,072)	$ -
Purchase of financial assets at amortized cost	-	-	(1,172)
Proceeds from sale of financial assets at amortized cost	70,457	2,529	-
Payments for property, plant and equipment	(34,782)	(1,248)	(25,178)
Proceeds from disposal of property, plant and equipment	3,108	111	15
Increase in refundable deposits	(98)	(4)	(657)
Payments for intangible assets	(11,588)	(416)	(2,649)
Increase in prepayments for equipment	(11,510)	(413)	(10,097)
Net cash used in investing activities	(237,163)	(8,513)	(39,738)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from short-term borrowings	89,667	3,218	614,200
Proceeds from (repayments of) short-term bills payable	79,557	2,856	(79,718)
Proceeds from long-term borrowings	280,000	10,050	100,000
Proceeds from guarantee deposits received	345	12	1,247
Repayment of the principal portion of lease liabilities	(5,615)	(201)	(5,356)
Net cash generated from financing activities	443,954	15,935	630,373
EFFECT OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	(3,791)	(136)	(5,579)
NET INCREASE IN CASH	126,125	4,527	14,613
CASH AT THE BEGINNING OF THE PERIOD	214,509	7,700	147,896
CASH AT THE END OF THE PERIOD	$ 340,634	$ 12,227	$ 162,509

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FORTUNE ELECTRIC CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
(In Thousands)
(Reviewed, Not Audited)

	June 30		
	2021		2020
	NT$	US$ (Note)	NT$
Cash in the consolidated balance sheets	$ 305,449	$ 10,964	$ 162,509
Cash included in disposal group held for sale	35,185	1,263	-
Cash in the consolidated statements of cash flows	$ 340,634	$ 12,227	$ 162,509

Note: The accompanying financial statements are stated in New Taiwan dollars, the currency of the country in which the Company is incorporated and operates. The translation of New Taiwan dollar amounts into U.S. dollar amounts is included solely for the convenience of the readers outside the Republic of China and has been made at the rate of NT$27.86 to US$1.00 at June 30, 2021, the base rate announced by Bank of Taiwan. Such translation should not be construed as representations that the New Taiwan dollar amounts could be converted at that or any other rate.

(With Deloitte & Touche review report dated August 9, 2021) (Concluded)

FORTUNE ELECTRIC CO., LTD. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JUNE 30, 2021 AND 2020
(In Thousands of U.S. Dollars)
(Reviewed, Not Audited)

1. GENERAL INFORMATION

Fortune Electric Co., Ltd. (the "Company") was incorporated in the Republic of China ("ROC") in August 1969. The Company mainly manufactures, processes and trades transformers, distribution panels, low voltage switch and substation equipment.

The Company's shares have been listed on the Taiwan Stock Exchange ("TSE") since April 1997.

For greater comparability and consistency of financial reporting, the consolidated financial statements are presented in New Taiwan dollars since the Company's stocks are listed on the Taiwan Stock Exchange.

2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Company's board of directors on August 9, 2021.

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

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

   Except for the following, 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:

   1) Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 "Interest Rate Benchmark Reform - Phase 2"

      The Group elected to apply the practical expedient provided in the amendments to deal with the changes in the basis for determining contractual cash flows of financial assets, financial liabilities or lease liabilities resulting from the interest rate benchmark reform. The changes are accounted for by updating the effective interest rate at the time the basis is changed, provided the changes are necessary as a direct consequence of the reform and the new basis is economically equivalent to the previous basis.

      For the hedging relationships that are subject to the reform, the Group applies the following temporary exceptions:

      a) The changes to the hedging relationship that are needed to reflect the changes required by the reform are treated as a continuation of the existing hedging relationship.

      b) If an alternative benchmark rate that is reasonably expected to be separately identifiable within a period of 24 months, the Group designates the rate as a non-contractually specified risk component.

c) After a cash flow hedging relationship is amended, the amount accumulated in the gain/(loss) on hedging instruments of cash flow hedge is deemed to be based on the alternative benchmark rate on which the hedged future cash flows are determined.

d) The Group allocates the hedged items of a group hedge that is subject to the reform to subgroups based on whether the hedged items have been changed to reference an alternative benchmark rate, and designates the hedged benchmark rate separately.

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

New IFRSs	Effective Date Announced by IASB (Note 1)
"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.

1) Annual Improvements to IFRS Standards 2018-2020

Several standards, including IFRS 9 "Financial Instruments", were amended in the annual improvements. IFRS 9 requires the comparison of the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received, with that of the cash flows under the original financial liability when there is an exchange or modification of debt instruments. The new terms and the original terms are substantially different if the difference between those discounted present values is at least 10%. The amendments to IFRS 9 clarify that the only fees that should be included in the above assessment are those fees paid or received between the borrower and the lender.

2) Amendments to IFRS 3 "Reference to the Conceptual Framework"

The amendments replace the references to the Conceptual Framework of IFRS 3 and specify that the acquirer shall apply IFRIC 21 "Levies" to determine whether the event that gives rise to a liability for a levy has occurred at the acquisition date.

3) Amendments to IAS 16 "Property, Plant and Equipment: Proceeds before Intended Use"

The amendments prohibit an entity from deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. The cost of those items is measured in accordance with IAS 2 "Inventories". Any proceeds from selling those items and the cost of those items are recognized in profit or loss in accordance with applicable standards.

The amendments are applicable only to items of 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. The Group shall restate its comparative information when it initially applies the aforementioned amendments.

4) Amendments to IAS 37 "Onerous Contracts - Cost of Fulfilling a Contract"

The amendments specify that when assessing whether a contract is onerous, the "cost of fulfilling a contract" includes both the incremental costs of fulfilling that contract (for example, direct labor and materials) and an allocation of other costs that relate directly to fulfilling contracts (for example, an allocation of depreciation for an item of property, plant and equipment used in fulfilling the contract).

The Group will recognize the cumulative effect of the initial application of the amendments in the retained earnings at the date of the initial application.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICY

a. Statement of compliance

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

b. Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis except for financial instruments which are measured at fair value and net defined benefit liabilities which are measured at the present value of the defined benefit obligation less the fair value of plan assets.

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

1) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;

2) Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and

3) Level 3 inputs are unobservable inputs for an asset or liability.

c. Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and the entities controlled by the Company.

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 interests of the Group 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.

Subsidiaries included in consolidated financial statements:

Investor	Investee	Main Business	% of Ownership June 30, 2021	% of Ownership December 31, 2020	% of Ownership June 30, 2020	Remark
Fortune Electric Co., Ltd.	Power Energy International Ltd.	Trade business, Investment Holding, Agents business	100.00	100.00	100.00	
	Fortune Electric America Inc.	Agents business	100.00	100.00	100.00	
	Fortune Electric Extra High Voltage Co., Ltd.	Transformers manufacturing, machining and trading	100.00	100.00	100.00	
	Fortune Electric Energy Co., Ltd.	Power generation, transmission and power distribution equipment manufacturing	100.00	100.00	100.00	1)
	Fortune Electric Australia Pty., Ltd.	Manufacture of power generation transmission and distribution machinery	100.00	100.00	-	2)
	Fortune Electric technology Co., Ltd.	Electric vehicle charging operation services, planning and construction of various charging stations, research and development and sales of electric vehicle charging related equipment/systems/technology	100.00	-	-	4)
Power Energy International Ltd.	Fortune Electric (Wuhan) Ltd.	Transformers, capacitors, power distribution equipment manufacturing	100.00	100.00	100.00	3)
Fortune Electric (Wuhan) Ltd.	Wuhan Fortune Trade Co., Ltd.	Trade business	100.00	100.00	100.00	3)

1) Fortune Electric Energy Co., Ltd. was established on February 27, 2020 in Taipei City, and the Company acquired 100% ownership of Fortune Electric Energy Co., Ltd. The primary business of Fortune Electric Energy Co., Ltd. is power generation transmission and distribution.

2) Fortune Electric Australia Pty Ltd. was established on November 10, 2020 in Sydney, Australia and the Company acquired 100% ownership of Fortune Electric Australia Pty Ltd. The primary business of Fortune Electric Australia Pty Ltd. is trade business.

3) The Company's board of directors authorized the chairman of the board of directors to sign the equity sale contract of Fortune Electric (Wuhan) Ltd. and its subsidiaries on July 24, 2020. The equity sale contract was signed on August 14, 2020, and is expected to be completed on July 31, 2021. Fortune Electric (Wuhan) Ltd. and its subsidiaries had been classified to non-current assets held for sale and liabilities directly associated with non-current assets held for sale.

4) Fortune Electric Technology Co., Ltd. was established on May 6, 2021 in Taipei City, and the Company acquired 100% ownership of Fortune Electric Technology Co., Ltd. The primary business of Fortune Electric Technology Co., Ltd. is Electric vehicle charging operation services, planning and construction of various charging stations, research and development and sales of electric vehicle charging related equipment/systems/technology. The Company passed the resolution of the board of directors on May 10, 2021 to split and transfer the business related to the electric vehicle charging operation business department to Fortune Electric Technology Co., Ltd. The split-up base date is June 30, 2021.

d. Other significant accounting policies

Except for the following, please refer to the consolidated financial statements for the year ended December 31, 2020.

1) Retirement benefits

Pension cost for an interim period is calculated on a year-to-date basis by using the actuarially determined pension cost rate at the end of the prior financial year, adjusted for significant market fluctuations since that time and for significant plan amendments, settlements, or other significant one-off events.

2) Other long-term employee benefits

Other long-term employee benefits are accounted for in the same way as the accounting required for defined benefit plans except that remeasurement is recognized in profit or loss.

3) Taxation

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

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The same critical accounting judgments and key sources of estimation uncertainty of consolidated financial statements have been followed in these consolidated financial statements as were applied in the preparation of the consolidated financial statements for the year ended December 31, 2020.